

Menora Mivtachim Holdings Ltd.

Periodic Report for 2025

IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the December 31, 2025, financial report of Menora Mivtachim Holdings Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on March 30, 2026.

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

Periodic Report for 2025

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Menora Mivtachim Holdings Ltd.

MENORA MIVTACHIM

Chapter A

Description of the Corporation's Business

Menora Mivtachim Holdings Ltd.

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MENORA MIVTACHIM

Part A

The Corporation's Activity and a Description of the Development of its Business

Menora Mivtachim Holdings Ltd.

This chapter was prepared in accordance with Regulation 8C to the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - the "Securities Regulations"), but the provisions of Regulations 8(b), 8A and 8B of the Securities Regulations do not apply to information in the periodic report of a corporation that consolidated or proportionately consolidated an insurer or where the insurer is its associate, insofar as this information pertains to the insurer.

Since most of the Company's holdings are in corporations, which are insurers (Menora Mivtachim Insurance Ltd., Menora Mivtachim Pension and Provident Funds Ltd., and Shomera Insurance Company Ltd.), most of this chapter was drawn up in accordance with the circulars of the Commissioner of the Capital Market, Insurance and Savings, which applied the said Securities Regulations to insurers, with the changes required due the nature of Mivtachim's activity, with some of the provisions different from those required according to the said regulations.

All parts of the Periodic Report should be read as a single unit.

Definitions

For the sake of convenience, in this chapter, the following abbreviations shall have the meaning assigned to them, unless explicitly stated otherwise:

General

The "**Company**" - Menora Mivtachim Holdings Ltd;

The "**Group**" - the Company and companies under its control, whether directly or indirectly, as the case may be;

"**Menora Mivtachim Insurance**" - Menora Mivtachim Insurance Ltd.;

"**Menora Mivtachim Capital Raising**" - Menora Mivtachim Capital Raising Ltd.;

"**Menora Mivtachim Engineers**" - Menora Mivtachim and The Association of Engineers Provident Funds Management Ltd.;

"**Menora Mivtachim Real Estate**" - Menora Mivtachim Real Estate Ltd.;

"**Menora Mivtachim Pension and Provident Funds**" - Menora Mivtachim Pension and Provident Funds Ltd.;

"**Shomera**" - Shomera Insurance Company Ltd. and the companies under its control;

"**ERN**" - ERN Ltd. and companies under its control;

"**Ampa Capital**" - Ampa Capital Ltd.

"Yesodot" [1]- Yesodot A. Financial Support Ltd.

Defined Terms

"**Designated bonds**" - illiquid CPI-linked government bonds bearing guaranteed return, which are issued to pension funds, provident funds and insurance companies;

"**Institutional entity**"- an insurer and management company;

"**Insurance premiums**" or "**Premium**" - the amount payable by the policyholder to the insurer in accordance with the terms and conditions of the policy, including fees;

"**Contributions towards benefits**" - the amount paid by planholders (salaried employees, self-employed and employers) in a pension fund or insurance fund for the pension insurance or saving in the provident fund, as the case may be;

The "**Financial Statements**" - the Company's audited financial statements as of December 31, 2024;

The "**Commissioner**"- Commissioner of the Capital Market;

"**Voluntary investments**" - investments of the Group's assets other than through designated bonds;

"**Management company**" - a company that manages a pension fund or provident funds, and is licensed to do so in accordance with the Provident Funds Law;

The "**Commissioner's circulars**" - circulars, position papers, and clarifications published by the Commissioner;

The "**National Health Insurance Law**" – the National Health Insurance Law, 1994;

The "**Pension Advice Law**" - The Financial Services Supervision Law (Consulting, Marketing and Pension Clearing System), 2005;

The "**Companies Law**" - the Companies Law, 1999;

The "**Insurance Contracts Law**"- the Insurance Contract Law, 1981;

The "**Supervision Law**" - Supervision of Financial Services Law (Insurance), 1981;

The "**Securities Law**"- the Securities Law, 1968;

The "**CRAV Law**" - Road Accident Victims Compensation Law, 1975;

The "**Provident Funds Law**" – Financial Services Supervision Law (Provident Funds), 2005;

The **"Regulated Financial Services Law"** - Financial Services Supervision Law (Regulated Financial Services), 2016;

"**Underwriting**" - the process of approving an insurance offer and pricing the policy, in accordance with, among other things, actuarial assumptions;

"**Insurance benefits**"- amounts payable upon the occurrence of an insured event according to the terms and conditions of the policy;

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[1] The Company became a controlling shareholder in Yesodot during February 2026 (see Section 2.7 to the Report of the Board of Directors).

"**Collective**" - a group of people (usually associated with a single organization), with whom the insurance company enters into a single agreement, under which all group members are insured or entitled to be insured;

"**Pension product**" - as defined in the Pension Advice Law;

"**Income Tax Ordinance**" or the "**Ordinance**" - Income Tax Ordinance [New Version];

"**Earned Premium**" - the premium for the reporting year;

The "**Capital Market Authority**" - the Capital Market, Insurance and Savings Authority as defined by the Supervision Law;

"**Retention**"- the maximum amount of risk retained by an insurer after transferring some of the risk to a reinsurer;

"**Provident Funds Regulations**"- Income Tax Regulations (Rules for the Approval and Management of Provident Funds), 1964;

"S&P" - the international rating agency Standard & Poor's.

1. Description of the General Development of the Corporation's Business

1.1 The corporation's activity and a description of the development of its business

Menora Mivtachim Holdings Ltd. (hereinafter - the "**Company**"), is a holding company and one of the five largest insurance and finance groups in Israel.

The Company is a publicly-traded company, whose shares are traded on the Tel Aviv Stock Exchange Ltd. (hereinafter - the "**TASE**"). The Company's principal shareholders are Palamas Establishment and Najaden Establishment (foreign corporations), which hold jointly in trust approx. 63%[2] of the Company's shares for Mss. Niva Gurevitch and Tali Griffel, respectively. The foreign corporations awarded Ms. Tali Griffel and Ms. Niva Gurevitch powers of attorney to vote on behalf of each of them (respectively) at general meetings of the Company, and accordingly Ms. Tali Griffel and Ms. Niva Gurevitch are considered as the Company's controlling shareholders (hereinafter - the "**Controlling Shareholders**"). As of the report date, the Company's CEO, Mr. Ari Kalman, holds - through an employee trust company - approx. 2.77%[3] of the Company's shares. The remaining Company shares are widely held.

The Company was incorporated in Israel (Palestine) in 1935 as a privately-held company named General Liability Office Ltd., and after a number of name changes over the years, in 2006 it changed its name to its current name.

In 1982, the Company's shares were issued to the public on the Stock Exchange, and the Company became a publicly-traded company.

[2] Fully diluted, after deduction of the dormant shares acquired within the share buyback plan, as of the report publication date - 62.66%.

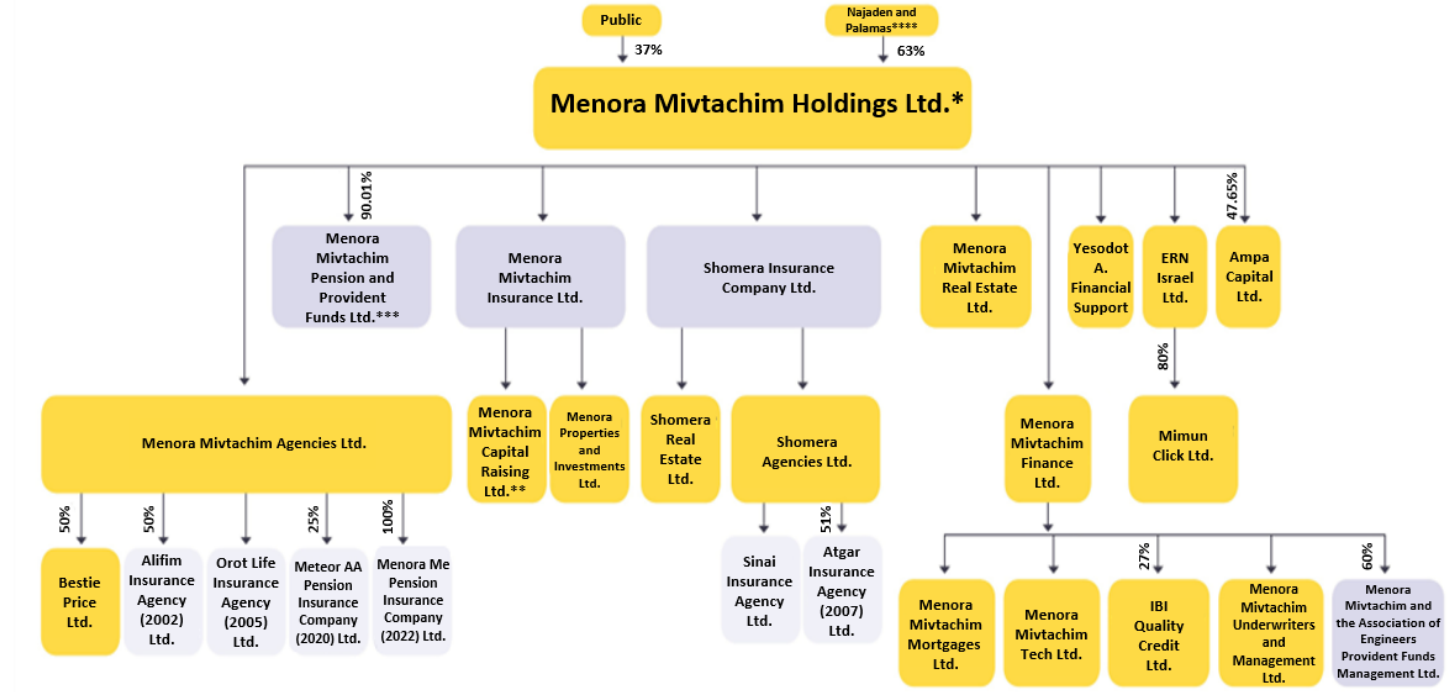
[3] Fully diluted, after deduction of the dormant shares acquired within the share buyback plan, as of the report publication date - 2.74%.

As of the report date, the Company is engaged, through subsidiaries under its control, in all of the key insurance segments, including life insurance and long-term savings - which includes pension and provident funds, property and casualty insurance - which includes motor insurance (compulsory and property), other property and casualty insurance, and health insurance. Furthermore, via subsidiaries under its control, the Company engages in additional Credit Segment activities, such as providing undertakings for repayment of means of payment and the provision of retail credit (including mortgages), construction financing and credit activity, as well as financing for SMEs (small and medium-sized enterprises) and credit for real estate (through an associate), as well as providing securities distribution services and underwriting undertakings and investments in real estate.

In addition, the Group holds a control stake and/or means of control in various insurance agencies, through Menora Mivtachim Agencies Ltd. (which is wholly-owned and controlled by the Company), and through subsidiaries of Shomera Insurance Company Ltd. (hereinafter - "**Shomera**").

1.2 The Group's Structure of holdings

The following is a schematic diagram of the Group's main holding structure, as of December 31, 2025.[4] A list of the Company's material investees is set forth in Part V of the Periodic Report, as part of Regulation 11 of the Securities Regulations (hereinafter - "**Additional Details Report**").



The Company has immaterial holdings in additional companies.
*In the absence of a marking of holding percentages.
**A bond company which is a reporting corporation.
***9.99% of the Company's issued capital is held by Allied Holdings Ltd.
****After deduction of the dormant shares acquired within the share buyback plan.

[4] Menora Holdings increased its holding in ERN to 100% as well as a 60.01% holding in Yesodot.

1.3 Areas of Activity

The Group is engaged in the following areas of activity:

1.3.1 Life insurance and long-term savings

The life insurance and long-term savings segment provides policyholders/ planholders with the option to save, including towards pension, for the long-term (old-age pension or lump sum when the policyholder or planholder reaches the relevant age) (hereinafter - "**Savings**"), and in some of the products also coverage for insured events arising from various risks that arise during the individual's life, such as: Permanent health insurance, disability and life insurance (whether in the form of a lump sum or in the form of periodic payments) (hereinafter - "**Insurance Coverages**"). For details regarding activity in this area, see Chapter 2 below.

1.3.2 P&C Insurance

The activity in P&C insurance includes the following areas of activity:

Compulsory motor insurance: this type of insurance is statutory, in accordance with the Motor Vehicle Insurance Ordinance [New Version], 1970 (hereinafter - the "**Motor Vehicle Insurance Ordinance**"). This insurance provides an insurance coverage for the motor vehicle's owner and its driver against any liability they may incur under the CRAV Law and against any other liability they may incur due to bodily injury caused to the driver of the vehicle, the passengers therein, or pedestrians injured as a result of use of motor vehicle. For details regarding activity in this area, see Chapter 3 below.

Motor property insurance: This insurance includes insurance coverage for loss or damage of insured vehicles and for the policyholders' liability in respect of property damage caused to the third party by the insured vehicles. Policyholders may purchase coverage solely for third party liability or incorporate additional coverages. For details regarding activity in this area, see Chapter 4 below.

Other P&C insurance: This subsegment includes the Group's operations in other P&C Insurance subsegments, which are not included in the compulsory motor insurance or the motor property insurance subsegments. In this segment, the Group operates in two key subsegments - the liability insurance and the property insurance, and in other P&C insurance subsegments, whose scope of activity is immaterial. For details regarding activity in this area, see Chapter 5 below.

1.3.3 Health Insurance

This segment includes the Group's activity in the long-term health insurance subsegments including medical expenses insurance, critical illness insurance, long-term care insurance (including collective insurance to health maintenance organizations), personal accidents (long-term), dental insurance, and short-term health insurance of up to one year, and specifically travel insurance, foreign workers insurance, and tourists insurance. For details regarding activity in this area, see Chapter 6 below.

1.3.4 Credit Segment

The Group's credit activity includes the provision of business credit, including real estate credit, the provision of consumer credit (consumer loans in the private market, including mortgages), as well as early payment services or repayment undertakings. For details regarding activity in this area, see Chapter 7 below.

1.3.5 Other Activities

Furthermore, the Company has other activities, which were not included in the above operating segments, since their scope is not sufficient to constitute a separate segment, including holding several insurance agencies as a marketing arm, provision of securities distribution services and underwriting undertakings, investment in real estate through Menora Mivtachim Real Estate Ltd. and investing activities in other associates, as detailed in Section 8.5.3 below.

The description of the Company's operating segments will be provided separately, except with regard to matters that pertain to all of the Group's operating segments, which will be described together in Chapter **8** below.

The above operating segments are subject to the legal provisions that apply to insurers, including The Supervision Law and the Insurance Contracts Law, and the regulations promulgated thereunder, and to the Commissioner's Directives, as published from time to time.

For information about key legislative limitations applicable to the operating segments, see Section **8.2.1** below.

1.4 Equity investments in the Corporation and transactions in its shares

No equity investments were made in the Company during the two years that preceded the date of this report, and to the best of the Company's knowledge, no material off-floor transactions were executed by the Company's interested parties. Regarding the Company's share buyback plan, see Section **1.5** below.

1.5 Dividend distribution

In December 2021, the Company adopted a dividend distribution policy, whereunder as from 2022, the Company will distribute to its shareholders a dividend of at least 35% of the distributable annual income, subject to compliance with the distribution criteria set in the Companies Law, and subject to restrictions and financial covenants. For further details, see the immediate report dated December 19, 2021 (Ref. No.: 2021-01-111307) and Note 20 to the Financial Statements.

In January 2022, the Company's Board of Directors approved a share buyback plan of Company shares, totaling up to NIS 100 million, which constitutes a "distribution" as defined in the Companies Law, in addition to the dividend distribution policy adopted by the Company as detailed above. For further details, see the Company's immediate report dated January 31, 2022 (Ref. No. 2022-01-013273). In November 2022, the share buyback was completed in accordance with the plan, with 1,388,921 shares being brought by the Company; the shares became dormant shares, representing 2.19% of the Company's issued and paid-up share capital. It is noted that as of February 2024, some of the options allocated to the offerees under said option plan vested; as a result, some of the dormant shares were and will be allocated in accordance with the exercises made by the offerees and become liquid shares.

In 2024, and in accordance with the policy, the Company distributed dividend totaling approx. NIS 460 million. For further details, see the Company's immediate reports dated March 31, 2024, August 29, 2024 and November 28, 2024 (Ref. Nos. 2024-01-035040, 2024-01-095845 and 2024-01-620037).

In March and August 2025, and in accordance with the distribution policy, the Company's Board of Directors declared dividend distributions totaling approx. NIS 150 million and NIS 450 million, respectively. For further details, see the Company's immediate reports dated March 16, 2025 and August 31, 2025 (Ref. Nos.: 2025-01-017142 and 2025-01-065290).

As of the report date, the balance of distributable profits, as defined in the Companies Law, is NIS 8,495 million. For information regarding restrictions on dividend distribution as well as on dividend distribution subsequent to the balance sheet date, see Section **16.3** to the Report of the Board of Directors.

1.6 Dividends from investees (in NIS million)

Investee	2025	2024
Menora Insurance	1,200	300
Pension	130 (The Company's share is NIS 117 million)	100 (The Company's share is NIS 90 million)
Shomera	100	180
ERN	30 (The company's share is approx. NIS 21 million)	20 (The Company's share is approx. NIS 14 million)
Menora Agencies	7	-
Total	**1,445**	**584**

For information regarding dividend distribution subsequent to the balance sheet date, see Section **16.4** to the Report of the Board of Directors.

MENORA MIVTACHIM

Part B

Description and Information regarding the Corporation's Areas of Activity

Menora Mivtachim Holdings Ltd.

2. Life Insurance and Long-Term Savings

2.1 General description of the segment

This segment includes the life insurance activities, that are managed through Menora Mivtachim Insurance; it comprises the management of savings funds, including pension savings, individual savings, and coverage for insured events that arise from various risks over the person's life, such as: Death, disability and permanent health insurance. Furthermore, in the long-term savings segment (pension savings), the Group manages pension funds, provident funds, and advanced education funds, through Menora Mivtachim Pension and Provident Funds, and through Menora Mivtachim Engineers.

Over the years, there have been many changes in the field of life insurance and long-term savings, which affected or may affect the Group's activity in this field, in view of changes and regulatory reforms that mainly focus on increasing competition and transparency and improving market digitization, among other things through the Pension Clearing System and the "Har Habituach" website of the Capital Market Authority, achieving uniformity of products and the selection of default pension funds (see Section **2.1.2** below), whose objective is to encourage competition and reduce the management fees in the pension savings market.

This policy by the Government and the Commissioner is reflected in comprehensive and frequent reforms in the industry, which drive significant changes in competition and in the activity of market players. See Section **2.3** below.

For information about key legislative restrictions that apply to the Group's activity in the life insurance and long-term savings segment and to the Group's activity as a whole, see Section **8.2.2** below.

Following is a summary of the main points of the key reforms which were implemented in the segment in recent years.

2.1.1 Pension clearing house

The Pension Clearing System has been operating since 2013, and it constitutes an information clearing house in the field of long-term savings, while regulating the work interfaces among all institutional entities, savers, employers, operating entities, consultants and pension agents, among other things, in order to streamline the work and control processes, while improving the reliability of the receipt of funds, and increasing the availability of information and transparency in the management of public savings.

As part of this process, the Commissioner published a circular entitled **Uniform Format for Transferring Information and Data in the Pension Savings Market** (hereinafter - the "**Uniform Format Circular**"), which includes various appendices, that define the uniform format for transferring information to the clearing system for various types of events. This circular is amended from time to time and is expected to be amended several times

over the next few years, until the regulation of most of the activities that require the exchange of information between institutional entities, license holders, employers, operating entities, and the clearing system, and for the purpose of executing actions.

Thus, on November 30, 2025, a draft amendment to the Uniform Format Circular was published that includes the gradual conversion of the various interfaces from asynchronous technology (in which the Clearing System currently operates) to synchronous technology (API), in order to allow the customer or the licensee acting on his behalf, to immediately receive the full information requested by him, while replacing the structure of the information file (which is currently an information-intensive file), in a series of information files dedicated to individual issues, according to the specific needs of the customer, the licensee or the employer, as applicable, and adding information files designed to help make the information required to exhaust tax rights more accessible. Furthermore, the draft includes the transfer of interfaces for conducting common operations in the Pension Savings Subsegment, including new operations that have not yet been regulated, to synchronous technology, which will allow for immediate indication of various actions such as joining a pension product, updating investment tracks, updating an insurance track, a request to transfer funds between provident funds, granting power of appointment to a license holder, appointing beneficiaries, etc. The draft involves significant computerized developments, and is expected to take effect, gradually, from 2027 onwards.

In addition, the Commissioner published a circular entitled **Method of Making Contributions into a Provident Fund** (hereinafter - the "**Circular**"), which regulates the method of making such a contribution and a uniform reporting format to the institutional entities (named the "**Employers Interface**"), and feedback to employers, including through the clearing system.

As of February 2025, all employers are required to report online via the employer interface. The Circular and the Employers Interface improved the operational efficiency of the institutional entities in connection with dealing with employers, that have already started reporting in the format of the Employers Interface.

The complex set of directives created (and which will be created later) is expected to lead to streamlining of the institutional entities, while improving service to customers; it requires entities to continue investing considerable amounts in order to meet the complex technological requirements, which will allow them to provide a reliable response within the set schedules.

2.1.2 Default pension fund

In July 2016, the Commissioner published a circular entitled **Provisions Regarding Selecting Provident Funds** (hereinafter - the "**Circular**"). The circular stipulates that comprehensive pension funds will be selected, that will serve as default funds for all Israeli employees, who have not actively selected another provident fund, and whose employer did not conduct an independent tender on its behalf regarding this matter, which should take place every few years; the management companies that will win the tender will be committed to the tender's terms and conditions for 10 years from the date on which the planholder signed-on. Furthermore, the conditions and criteria were set under which an employer and a workers organization may hold an independent tender to select a pension fund, savings provident funds, or advanced education fund, that will serve as the default fund of their employees.

Since 2016, the Commissioner holds tenders according to rules set for the purpose of selecting the default funds, which are selected for a certain period.

In September 2024, the details of the 4 funds selected by the Commissioner as default funds were published for a period of four years, commencing from November 2024. The maximum management fees that the said 4 funds may collect are 0.22% of the accrual (annualized) and 1% of the contributions. As of June 2025, the distribution mechanism in which an employer must actively add new employees, who did not actively select their pension fund, to any of the default funds, in such a way that the employers add the new employees to one of the 4 default funds, in accordance with their ID number check digit, while preference was given to joining the 2 smallest funds (Mor and Infinity), instead of joining a certain default fund determined by the employer from the default funds.

The selection of the default funds as part of the previous tenders affected the number of new planholders who sign-on to the pension funds managed by the Group and slowed down the increase in the number of insured planholders (hereinafter - "**Active Planholders**") in those pension funds. It is noted that the competition in the pension sector in 2025 took place among all pension funds operating in the market - and the level of intensity of the competition against the other pension funds is not lower than that in the competition against the default funds.

For information about further existing and expected regulatory changes that may affect the management fees, see Section **8.2.2** below.

2.2 Services and products

This section includes a general and condensed description of the products' characteristics and uses, the nature of the insurance coverages, the main markets, and trends and changes in their demand and supply. The full and binding terms and conditions are the terms and conditions set out in each bylaws, policy and/or insurance contract, as the case may be. The description is for the purposes of this report only and may not be used for interpretation of the policy. For further details regarding the regulatory provisions that apply to the products and services in the segment, see Section **8.2.2** below.

2.2.1 Uniform products

Alongside the creation of a uniform format for the delivery of information and the execution of actions, as part of the Uniform Format Circular, the Commissioner started promoting uniformity with regards to the products themselves. Accordingly, texts of standard bylaws were published in respect of some of the long-term savings products, and the institutional entities were required to adapt their products' bylaws to the said standard bylaws. As part of this process, the comprehensive provident funds, the savings provident funds, investment provident funds, and long-term savings provident funds for children, had already become products which have uniform bylaws, with minor changes between one entity to another.

2.2.2 Life Insurance

The life insurance subsegment provides coverage to insured events that arise from various risks over the person's life, such as: Death, permanent health and disability insurance (hereinafter - "**Insurance Coverages**"), and some insurance plans also incorporate a component of financial accrual (hereinafter - "**Savings**"), including a guaranteed life expectancy component. The combination of the two components (insurance coverage and savings) in a combined policy or in separate policies depends on the policyholder's selection and his/her personal needs. Life insurance policies are long-term policies that may be purchased independently or as part of employer-employee relationship as a salaried employee or as a controlling shareholder (hereinafter - "**Executive Insurance**").

General description

The Group markets Executive Insurance policies, insurance policies for the self-employed (which are subject to the Provident Funds Regulations), and individual insurance policies. These policies include capital savings component (that allows the withdrawal of the redemption values in the form of a lump sum) or an annuity component (that allows the policyholder to receive a monthly annuity during his/her remaining life and/or payment of an annuity to his/her relatives), or a combination of the two (as selected by the policyholder and subject to the provisions of the law), and occasionally various insurance coverages, or any of the above components, separately from the other components (various types of insurance coverages or various types of savings).

In some of the savings products, the policyholder has a number of defined investment tracks to select from, which vary in terms of the investments mix.

Types of insurance plans in the life insurance subsegment

Following is a breakdown of the key types of life insurance products and plans marketed by the Group:

- **Pure risk life insurance**

  An insurance policy covering death for any reason and providing the beneficiaries set by the policyholder a lump sum or a monthly allowance. As part of these insurance policies, the Group also markets dedicated life insurance policies that serve as security for the mortgage provider in the event of the death of the policyholder (including life insurance policies designed to secure the payment of a mortgage to people with a life-limiting disability, in accordance with the provisions of the law). The policy also allows to incorporate a private dwelling insurance coverage in respect of the apartment for which the loan was taken.

- **Accidental death insurance**

  In 2024, the Company resumed marketing coverage which guarantees the payment of a lump sum to the beneficiaries in the event of the policyholder's death due to an accident.

- **Collective life insurance**

  Collective life insurance policies are usually marketed to employers or collectives that represent a group of policyholders who are linked to one another and wish to insure the members of the group in a life insurance coverage, which is subject to the collective life insurance regulations, as well as other collective insurance coverages, with the premium usually collected through the policyholder for all group members who are insured.

- **Permanent health insurance**

  A coverage that grants the policyholder, after a waiting period - normally several months from the date on which the insured event took place - a monthly payment and/or exemption from paying a premium during the period in which he/she was unable to work in the event of a disability that causes a full or partial loss of the ability to work, as a result of an illness or accident. This coverage is sold as the main coverage or as an additional coverage in other insurance policies. The said coverage is sold to salaried employees and the self-employed.

- **Collective permanent health insurance**

  Collective permanent health insurance policies are usually marketed to employers and grant their insured employees, after a waiting period of several months from the date on which the insured event took place, a

monthly payment and an exemption from paying a premium during the work incapacity period in the event of a disability that causes a full or partial loss of work capacity as a result of an illness or accident. The policies are subject to the collective disability insurance regulations, and the premium is usually collected through the policyholder for all policyholders. See also Section **8.2.2.1(k)** below.

- **Supplementary disability insurance in the pension fund (TOP umbrella)**

  A coverage that grants a policyholder, who is an Active Planholder in the pension fund, a monthly payment and/or exemption from paying a premium and contributions towards benefits in the pension fund during the work incapacity period in the event of a disability that causes a full or partial loss of work capacity, as a result of an illness or accident; however, despite the fact that the planholder holds a disability insurance with the pension fund, he/she is not entitled to receive from it a disability annuity.

  The abovementioned compensation shall be paid in respect of one or more of the following cases, as selected by the policyholder: (a) Where the planholder is in the qualification period in the pension fund; (b) if the policyholder opted to insure his/her specific occupation separately from the coverage offered by the pension fund according to the planholder's level of education, qualifications and experience; (c) a coverage granting financial compensation due to the offsetting - by the pension fund - of the disability allowance from a government body.

  As from October 2021, the coverage is also marketed to employers as a collective policy for their employees.

- **Occupational disability insurance**

  A coverage that grants the policyholder a lump sum in the event of an accident or an illness, as a result of which the policyholder finds himself/herself in a state of absolute and permanent occupational disability.

- **Top Finance policy**[5]

  A policy the Group began to market in 2005. This insurance policy includes a savings component only and is marketed as an individual insurance policy. The savings accrued in the policy are invested in one or more of the various investment tracks available to a policyholder and in accordance to their instructions. Management fees are deducted from the invested savings according to the agreement between the company and policyholder.

[5] The premiums and redemptions data of these policies are not included in the report of the life insurance business.

- **"Status" policy**

  A policy the Group began to market in 2004. In this policy the insurance coverages, the savings and the expenses are completely separated. The policy is marketed as executive insurance, individual insurance, or retirement benefits insurance for the self-employed. The policy is a participating policy offering several investment tracks that the policyholder may opt for, with the default being an investment in a track that suits the policyholder's age. As from 2013, and in accordance with the Commissioner's directive, the Group markets a "Status 2015" policy to salaried employees and self-employed customers, whose age does not exceed 60; the policies have the status of provident funds that do not include a guaranteed life expectancy annuity conversion factor; for salaried employees and self-employed customers, who are older than 60, the Group markets "Status" policies, that include a guaranteed life expectancy annuity conversion factor. The savings accrued in the policy are invested in one or more of the various investment tracks available to a policyholder and in accordance to their instructions. Management fees are deducted from the invested savings according to the agreement between the company and policyholder.

- **Policies for senior citizens**

  Policies designed to address the needs and preferences of customers approaching retirement age by way of depositing lump sums to be used to make periodic payments, with and without an annuity conversion factor; payments over a predefined period; immediate or future annuity payments for various periods.

  The savings accrued in the policy are invested in one or more of the various investment tracks available to a policyholder and in accordance to their instructions, with the default being an investment in a track that suits the policyholder's age. Management fees are deducted from the invested savings according to the agreement between the company and policyholder.

- **Dedicated products comprising retirement and early retirement arrangements**

  The Group markets to government ministries, institutions and large Israeli entities dedicated retirement and early retirement policies. The policies (both policies that are subject to the Provident Fund Regulations and individual policies, as the case may be) offer annuity solutions for the early retirement period, old-age pension, annuities to surviving family members, etc., and they supplement or add upon those entities pension arrangements. The policies, which are mostly issued as part of a tender held by the above entities are adapted to the specific needs of each of those entities in accordance with the retirement arrangements that are drawn up with their employees. In most cases, the dedicated policies guarantee those who retire (as part of early retirement and/or upon reaching retirement age)

a CPI-linked allowance or annuity, without management fees, and the Group derives its profits from the interest spread and life expectancy that differs from that estimated by the Group.

Following is a breakdown of the key types of life insurance products and plans marketed by the Group, in respect of which the latter still receives contributions and/or premiums on a regular basis:

- **"Adif" policy**

  Through the end of 2003, the Group marketed an "Adif" insurance policy, in which the insurance premium is split between the life insurance component (including expenses) and the savings component, and the ratio between those components was set by the policyholder or the insured person. The accrued savings in policies of this type, which were marketed until 1990, are CPI-linked plus the interest specified therein. The policies which were marketed from 1991 through the end of 2003 are "participating policies" (yield-dependent), and the policyholder can select either a capital payment, an annuity or a combination of the two. Management fees are set in the policy's terms and conditions. In light of Amendment No. 3 to the Provident Funds Law, the accrual in the policy in respect of contributions from January 2008 and thereafter (in policies that are subject to the Provident Fund Regulations) will be paid as annuity.

- **"Mixed" (traditional) policy**

  Through the end of June 2001, the Group marketed a "mixed" (traditional" insurance policy, the insurance amount of which combines the savings component with the life insurance component. Upon the occurrence of an insured event (death or end of term), the predefined insurance amount specified in the policy is paid. The accrued savings in policies of this type, which were marketed until 1990, are CPI-linked plus the interest specified therein. The policies which were marketed from 1991 through the end of June 2001 are "participating policies" (yield-dependent). Management fees are set in the policy's terms and conditions. This policy was mostly issued as a capital policy (although in some of the policies there is an annuity appendix). In light of Amendment No. 3 to the Provident Funds Law, the accrual in the policy in respect of contributions from January 2008 and thereafter (in policies that are subject to the Provident Fund Regulations) will be paid as annuity.

- **Accidental disability insurance**

  Coverage that guarantees the payment of a lump sum to the policyholder in the event of accidental disability. In the event of a full and permanent disability, the insurance amount will be paid in full, and in the event of a partial disability, a relative share of the insurance amount will be paid out of the full insurance amount, according to a table set in the policy. Following the Amendment to the Provisions of the Consolidated Circular (Chapter 6, Part 3, Articles 2, 3, and 4) Insurance of Personal Accidents - was

discontinued; as of May 2021, coverage of accidental disability is being marketed.

2.2.3 Pension

The pension fund subsegment enables policyholders to save for pension in the long term (old-age pension) and also provides coverage for disability (disability annuity) and death (survivors' pension).

2.2.3.1 Comprehensive new pension fund Menora Mivtachim Pension (formerly - "New Mivtachim")

The fund provides coverage in the event of death, permanent health insurance and retirement upon reaching retirement age. As from March 2005, the fund is managed as an "accrued return fund", in which an amount is accrued for each planholder (as long as he/she does not receive old-age pension from the fund), and this accrual - when divided by an actuarial conversion factor - shall serve as the old-age pension to which he/she be entitled upon reaching retirement age, in accordance with his/her personal circumstances and depending on whether he/she opted for a survivors pension and a guaranteed payments period. The policyholder also has disability and life insurance coverages, which cover him/her before reaching retirement age, and these coverages will be funded by deducting the cost of the risks from the planholder's account every month. The scope of the coverages shall be decided according to the insurance track selected by the planholder.

The accumulated cost of the insurance coverages that will be given to the planholder in respect of the insurance period shall not exceed 35% of the contributions towards benefits that will be deposited for him/her with the fund as part of the compensation components. The monthly contributions into the fund are capped at up to 20.5% of twice the average wage in Israel (in 2025 the monthly contribution cap stood at NIS 5,460, and in 2025 it stands at NIS 5,645), which is calculated cumulatively for each tax year).

"Menora Mivtachim Pension" has twenty investment tracks, and three investment portfolios to manage the fund's assets against the fund's liabilities to annuity recipients. The bylaws are amended from time to time, with the approval of the Commissioner or at his request.

A comprehensive pension fund is required to invest 30% of its assets in "Arad" designated bonds, which are issued by the State of Israel, or in guaranteed-return investment channel. The yields on the designated bonds and the guaranteed-return investment channel are allocated (60%) to the fund's assets portfolio against the liabilities for annuity recipients, and the remaining balance is allocated to the planholders' investment tracks. As from October 1, 2022, pension

funds do not issue new designated bonds (in respect of new contributions and in respect of expired designated bonds), and they were replaced with the Government's undertaking - in respect of 30% of the pension fund's assets - to supplement the return of the pension fund to a target return of 5.15% with the addition of linkage differences (the "target return") - according to the Economic Efficiency Law (Legislative Amendments to Achieve the Budgetary Targets for Budget Years 2021 and 2022), 2021.

According to said law, a fund will be set up - to be managed by the government - for the supplementation of the return, and the government will transfer to the fund the payments required to comply with the undertaking to supplement the return differences. At the same time, the pension fund provides assets that will be held against the undertaking to supplement the abovementioned return, that those assets are managed through a guaranteed-return investment track and invested in capital markets in Israel and across the world (in accordance with the investment policy of the pension fund's investment track with the largest amount of assets under management, or another investment track out of the fund's investment tracks, that will be selected in a manner that will be determined by the Minister of Finance at the approval of the Finance Committee). The State's undertaking shall be assessed within 5 years from the date on which the law comes into effect (separately for each and every month) - if it transpires that the return achieved in respect of the assets held against the liability in a specific month is lower than the five-year target return, the government (through the abovementioned return supplementation fund) shall transfer the difference to the pension fund, and if it transpires that the return achieved is higher than the target return, the pension fund shall transfer the difference to the abovementioned return supplementation fund. For further details regarding supplementary provisions which were published further to the abovementioned Economic Efficiency Law - see Section **8.2.2.2(f)** below.

2.2.3.2 General new pension fund "Menora Mivtachim Supplementary" (formerly - "New Mivtachim Plus")

The fund was established in 1997 and is a new general pension fund (named "**General Fund**" or "**Supplementary Fund**"), which is designed mainly to receive contributions towards benefits out of wages that exceed twice the average wage in Israel, and one-off contributions for the purpose of purchasing an annuity upon reaching retirement age.

According to the bylaws, comprehensive pension coverage is provided, which is similar to the coverage provided by the comprehensive fund, to any planholder seeking such coverage, under

various insurance tracks from which the planholder may choose, but planholders will retain the option to opt for a basic track, i.e. - without life or disability insurance coverage that provide coverage before reaching retirement age. **"Menora Mivtachim Supplementary"** has sixteen investment tracks, and two investment portfolios to manage the fund's assets against the fund's liabilities to annuity recipients. The bylaws are amended from time to time, with the approval of the Commissioner or at his request.

Although the number of policyholders in "Menora Mivtachim Supplementary" is higher than the threshold set in the Commissioner's Directives as the threshold above which there is no requirement to purchase reinsurance for the insurance tracks, since the amount of planholders' assets under management in the fund's insurance tracks has not yet reached the critical mass required for efficient diversification of the demographic risk, reinsurance was purchased from Menora Mivtachim Insurance for the insurance tracks, and such reinsurance is expected to be purchased until such a critical mass is reached.

2.2.4 Provident

Provident funds offer savers (hereinafter - "**planholders**") an additional option for mid-term savings (advanced education funds) or long-term savings (savings provident funds[6]), entitling them to various tax benefits and the option (under certain conditions) to withdraw accrued funds as a lump sum. Menora Mivtachim Pension and Provident Funds manages 6 types of provident funds: savings provident funds (which continue to be managed as provident funds for retirement with regard to the funds deposited therein through the end of 2007), advanced education funds, central severance pay funds (and a central provident fund for participation in budgetary pension), provident fund for other purposes and investment provident fund (including investment provident fund - long-term savings for children) and a self-directed provident fund. Menora Mivtachim Engineers manages an advanced education fund.

Savings provident funds, individual provident funds for retirement and self-directed provident fund are long-term provident funds (withdrawal of a lump sum from these funds will only be allowed if certain conditions are satisfied).

Advanced education funds are mid-term provident funds.

Central severance pay funds (which were closed to contributions starting 2011), and provident funds for other purposes are usually short-term provident funds, aimed only at certain types of planholders.

[6] Through 2008, those funds were called provident funds for retirement, and between 2008 and 2015 they were called non-annuity provident funds.

Investment provident funds are designed to pay a capital amount to a self-employed planholder. Any contributions made to this fund shall not be entitled to tax benefits, will be limited to up to NIS 70 thousand (CPI-linked, as of the beginning of 2026 - approx. NIS 83.6 thousand to date) in each fiscal year, and shall be deemed as conferring a tax-exempt annuity (recognized annuity) for the purpose of receipt of the funds after the planholder's reaching the age of 60. The withdrawal of the funds as a capital amount shall be liable to capital gains tax. These funds compete the savings policies and the mutual funds.

Investment provident fund - long-term savings for children - operates in accordance with the **National Insurance Regulations (Long-Term Savings for Children), 2016**, according to which every month the National Insurance Institute will deposit - with an investment provident fund or a bank account, at selected by the parent - NIS 50 (as of early 2025 - CPI-linked, approx. NIS 59) out of the child allowance for every child entitled for such an allowance. Furthermore, the parent may increase the contribution amount by further NIS 50 (CPI-linked, as of the beginning of 2025 - approx. NIS 59) out of the child allowance paid to him/her.

Set forth is the list of provident funds operating in the subsegment and managed by Menora Mivtachim Pension and Provident Funds:

(1) Menora Mivtachim Hishtalmut (fund type: advanced education fund); (2) Menora Mivtachim Retirement Benefits and Severance Pay (fund type: savings provident fund, retirement benefits provident fund and personal provident fund for severance pay); (3) More Menora Mivtachim (fund type: Savings provident fund, retirement benefits provident fund and personal provident fund for severance pay, sectoral fund[7]); (4) Menora Mivtachim Yoter (fund type: Savings provident fund, retirement benefits provident fund and personal provident fund for severance pay, includes 3 guaranteed return tracks); (5) Menora Mivtachim Amir (fund type: Savings provident fund, retirement benefits provident fund and personal provident fund for severance pay (includes 2 guaranteed return tracks); (6) Menora Central Severance Pay Fund (fund type: Central severance pay fund); (7) Mivtachim Central Severance Pay Fund (fund type: Central severance pay fund); (8) Menora Mivtachim Participating in Budgetary Pension (fund type: Central provident fund for participation in budgetary pension); (9) Mivtachim Provident Fund for Vacations, Holidays and Recreation (fund type: Provident fund for other purpose - vacation and recreation); (10) Menora Mivtachim Savings Top (fund type: Investment provident fund); (11) Menora Mivtachim Savings for

[7] As part of the agreement between Menora Mivtachim Pension and Provident Funds and Hever Permanent Army Soldiers and Pensioners Organization Ltd. (hereinafter - "**Hever**") which was signed with respect to the fund, it is stipulated that Hever will be allowed, upon fulfillment of the terms set out in the agreement, to instruct the transfer of the management of the fund to another management company, subject to approval of the Commissioner.

Children (fund type: Investment provident fund - long-term savings for children); (12) Menora Self-Directed Provident Savings Fund (type of fund: self-directed provident savings fund). The Group also has approval to manage a self-managed advanced education fund, but as of the reporting date, such an advanced education fund has yet to begin to operate.

As part of the provident funds subsegment, the Group also manages "Omega Advanced Education Fund", which is a sectoral advanced education fund, through Menora Mivtachim Engineers.

2.2.5 Set forth below is a summary of information regarding pension funds and provident funds

	New pension funds in 2025 (in NIS million)					
	Comprehensive	**Supplementary**	**Provident funds for retirement benefits and severance pay**	**Advanced education funds**	**Other**	**Total**
Assets under management	298,882	10,394	23,710	24,191	6,062	363,239
Contributions towards benefits	18,648	1,105	511	3,190	960	24,414
Net contributions	7,336	1,454	(84)	1,211	346	10,263
Rate of management fees on assets	0.15%	0.26%	0.48%	0.58%	0.49%	
Rate of management fees on contributions	1.73%	1.05%	0.37%		0.01%	

	New pension funds in 2024 (in NIS million)					
	Comprehensive	Supplementary	Provident funds for retirement benefits and severance pay	Advanced education funds	Other	Total
Assets under management	254,127	7,915	21,240	20,264	5,102	308,649
Contributions towards benefits	17,631	885	501	2,919	963	22,900
Net contributions	11,130	1,261	576	1,490	476	14,932
Rate of management fees on assets	0.15%	0.30%	0.50%	0.59%	0.48%	
Rate of management fees on contributions	1.73%	1.06%	0.43%		0.01%	

2.3 Competition

2.3.1 Life insurance, pension and long-term savings

In the local long-term savings segment,[8] total assets under management as of September 30, 2025 amounted to NIS 2,631 billion, an increase of approx. NIS 399 billion, which constitutes an increase of approx. 17.9% compared to the total assets as of September 30, 2024. The assets of the long-term savings subsegment are composed of approx. NIS 534 billion in assets in the life insurance subsegment, approx. NIS 1,096 billion in the pension subsegment, and in provident funds subsegment - approx. NIS 1,001 billion.

The Group's market share in this segment as of September 30, 2025 amounted to approx. 14.7% of total assets in Israel, compared to approx. 14.9% as of September 30, 2024, and the market share in the life insurance subsegment as of 2025 stood at approx. 7.1%, in the pension funds subsegment - 27.2%, in the provident funds subsegment - 5.1%, compared to 7.0%, 28.4%, and 5.3% as of September 30, 2024, respectively.

According to the institutional entities' financial statements and the Commissioner's data, in the first nine months of 2025, revenues from premiums and contributions towards benefits in the long-term savings subsegment in Israel amounted to approx. NIS 132.2 billion, compared to approx. NIS 120.8 billion in the corresponding period last year - an increase of approx. NIS 11.4 billion, that constitute an increase of approx. 9.4%.

The Group's market share in this segment in the first nine months of 2025 amounted to approx. 14.9% of revenues from premiums and contributions

[8] In accordance with the Institutional Entities Circular, Total Assets for Long-Term Savings 2026-9-1 and Institutional Entities Circular 2025-9-1.

towards benefits (including one-off contributions), compared to approx. 15.4% in the corresponding period last year, with the market share in the life insurance subsegment standing at approx. 9.4%, in the pension funds subsegment - 22.4%, and in the provident funds subsegment - 7.0% compared to 8.9%, 23.2%, and 7.4% in the corresponding period last year, respectively.

For details of the Group's revenues from premiums and contributions towards benefits, see Sections **6.3.7, 6.4.3** and **6.5.3** to the Report of the Board of Directors.

Competitive conditions in the segment and main competitors

In the long-term savings subsegment, the Group's main competitors are the four other major insurance groups and investment houses that manage pensions savings funds. The possibility of switching between the various products and the substitution between the products increased the competition in the field of long-term savings assets. In recent years, the trend whereby existing customers transfer their funds from executive insurance products to pension funds has gained momentum, and concurrently the decline in the number of new policyholders signing-on to executive insurance plans has intensified, especially from the date on which new customers were only allowed to sign-on to executive insurance plans if the customer first contributed towards a first pension savings tier with an annuity provident fund, which is not an insurance fund (at the total of the Monthly Contribution Cap of a comprehensive pension fund) – in accordance with the Income Tax Regulations (Rules for Approval and Management of Provident Funds) (Amendment), 2023 whose effective date is September 1, 2023.

At the same time, the intensive competition in the pension funds subsegment continued, involving both the 4 default funds (for details see above) and the pension funds of the other insurance groups - which increased the rate of planholders switching between the various pension funds.

For details regarding the effect of new regulatory provisions on the competition in the segment as a whole and in the pension funds subsegment in particular, see also Section **8.2.2** below.

Following are specific characteristics of the competition in the various subsegments in which the Group operates as part of its activity in the segment.

The following table provides information about the transfer of money from and to the Company in the long-term savings subsegment from 2024 to 2025:

	For the year ended December 31, 2025			
	NIS million			
	Company's activity			
	Life Insurance	Provident funds	Pension funds	Total
Transfers to the Company from other entities:				
Transfers from other insurance companies	52	419	2,028	2,499
Transfers from pension funds	20	292	9,441	9,753
Transfers from provident funds	51	2,628	985	3,664
Total transfers to the company	123	3,339	12,454	15,916
Transfers from the Company to other entities:				
Transfers to other insurance companies	71	29	48	148
Transfers to pension funds	961	236	15,639	16,836
Transfers to provident funds	974	3,133	972	5,079
Total transfers from the Company	2,006	3,398	16,659	22,063
Net transfers	(1,883)	(59)	(4,205)	(6,147)

	For the year ended December 31, 2024			
	NIS million			
	Company's activity			
	Life Insurance	Provident funds	Pension funds	Total
Transfers to the Company from other entities:				
Transfers from other insurance companies	63	440	2,324	2,827
Transfers from pension funds	11	312	8,351	8,674
Transfers from provident funds	56	3,132	815	4,003
Total transfers to the company	130	3,884	11,490	15,504
Transfers from the Company to other entities:				
Transfers to other insurance companies	91	29	31	151
Transfers to pension funds	950	104	11,407	12,461
Transfers to provident funds	831	2,620	753	4,204
Total transfers from the Company	1,872	2,753	12,191	16,816
Net transfers	(1,742)	1,131	(701)	(1,312)

2.3.2 Life Insurance

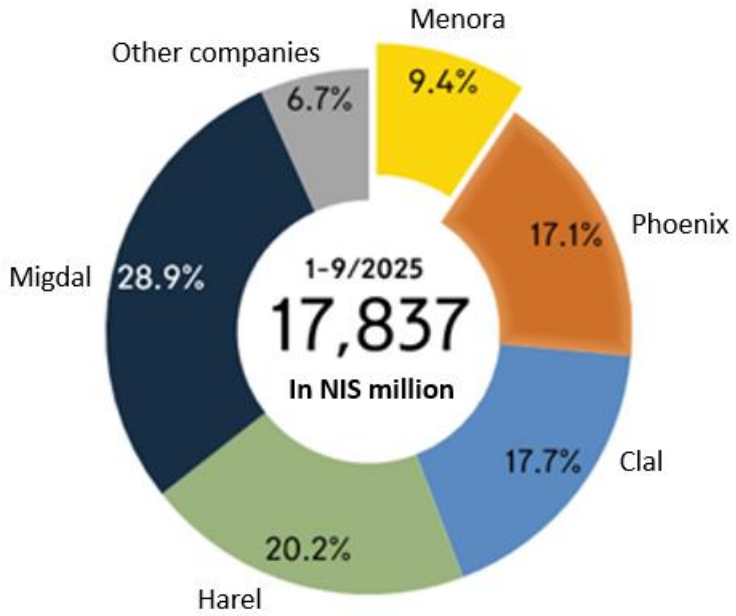
The competition in the life insurance subsegment focuses mainly on a range of insurance plans offered by the insurance companies, including insurance rates, compensation for insurance agents, management fees on premiums and fixed, the return on assets achieved over time, the level of risks associated with the assets relative to the achieved or guaranteed return, and the service provided to the policyholders.

The revised assumptions and compensation model of insurance agents, which was incorporated into the permit for marketing pure risk life insurance products, moderates the cancellation rate of these products and enables effective retention of the insurance portfolio.

The Group believes that those trends, including the change in customers' preferences with regard to the management of the pension saving as stated in Section **2.3.1** above, are expected to continue in the next few years.

The Group's assessment constitutes forward-looking information, which may not materialize due to the behavior of the market, the customers and the insurance agents.

According to the data of the Capital Market, Insurance and Savings Department in The Ministry of Finance, Following is the breakdown of gross premiums from the life insurance business between the companies competing in the segment as of September 30, 2025:



For further details regarding the Group's revenues from premiums in this subsegment, see Sections **5.3.8** and **5.3.12** to the Report of the Board of Directors.

The Group's ability to compete with other market players in this area of activity depends, among other things, on the expansion of its sales function, increased efficiency in production inputs while maintaining service levels, development of unique products, most of the output is focused on retention of the existing portfolio and on leading in returns to policyholders.

The key factors that affect the competition in the subsegment are the insurance companies, the pension funds and the investment houses competing for their market share, as well as the insurance agents that also influence the various insures' market shares, in view of the changes in the regulation that apply to the area of activity.

The factors that enhance the Group's positioning in terms of competition are: The attractiveness of its range of products, the insurance premiums it offers, and the level of service to policyholders, employers and insurance agents.

Pension

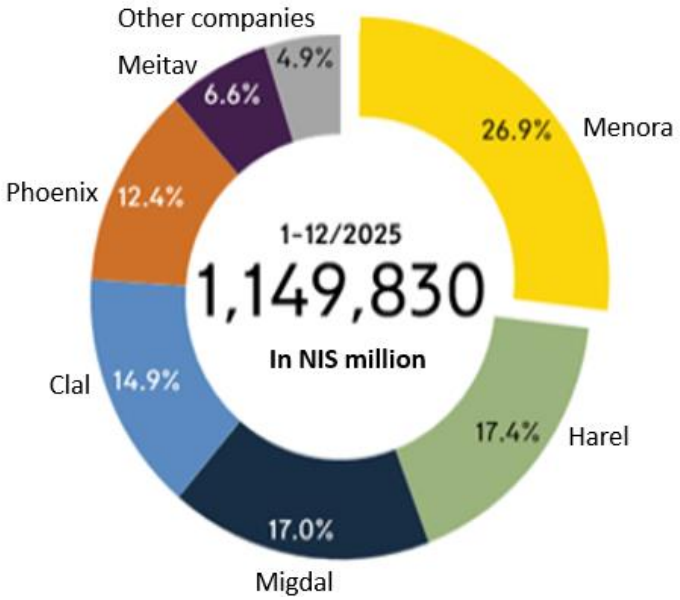
The competition in this subsegment focuses on the efforts to recruit new customers, to transfer planholders between the various pension funds, and to encourage planholders to switch from executive insurance and provident funds to pension funds. The competition focuses mainly on the amount of management fees that will be collected from the planholders, the returns arising from the management of investments in the various investment tracks, and the level of service to the planholder and the organization to which he/she belongs. As from November 2016, and increasingly since April 2019, when the terms of historical default agreements ended, new employees, who did not actively choose their pension fund, are directed to one of the selected default funds (see Section **2.1.2** above), a fact that increased the competition between all the pension funds in the subsegment in general, and the competition with regard to new employees who joined pension funds in particular.

As from 2017, once one signs-on to a pension fund, a process is carried out of identifying inactive savings in the other pension funds, and unifying the funds in the new pension fund, unless the planholder objected to this. Therefore, the increase in the number of planholders who sign-on to the selected default funds will later have an effect on those funds' market shares, at the expense of the other pension funds.

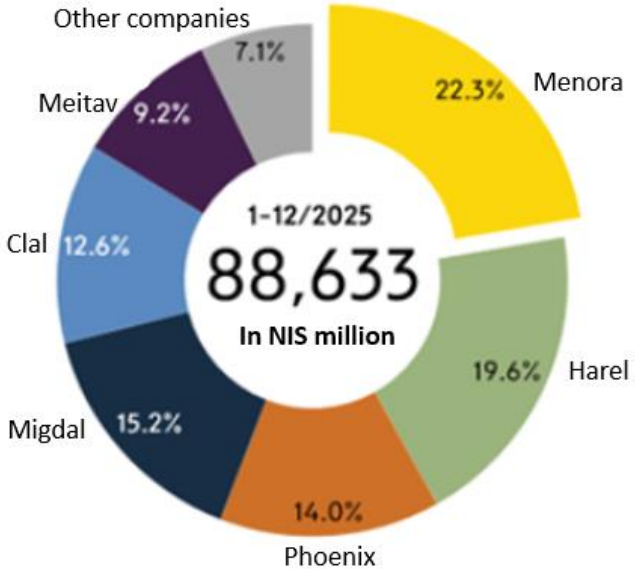
The main competitors in the pension funds subsegment are: Makefet Ishit, controlled by the Migdal Group; Clal Pension, controlled by the Clal Group; Harel Pension controlled by the Harel Group; Phoenix Pension controlled by the Phoenix group, Altshuler Shaham and Meitav Dash.

In April 2022, 2 new pension funds (More and Infinity) commenced operations, which were selected as default funds in the tender held by the Commissioner (see Section **2.1.2** above).

According to the Capital Market Authority's data, the breakdown of the pension funds' assets[9] between the entities competing in the subsegment as of December 31, 2025 is as follows:



According to data from pension fund management companies,[10] the breakdown of contributions towards benefits between the competitors in this subsegment as of December 31, 2025 is as follows:



For further details regarding the Group's revenues from contributions towards benefits in this subsegment, see Section **6.4.3** to the Report of the Board of Directors.

[9] Based on Pension Net data.
[10] Based on Pension Net data.

In order to retain and expand its existing customer portfolio, Menora Mivtachim Pension and Provident Funds takes steps to convince its planholders not to switch to the competing pension funds, and at the same to recruit new customers. As part of those efforts, Menora Mivtachim Pension and Provident Funds emphasizes its economies of scale advantage over other competing market players. Furthermore, Menora Mivtachim Pension and Provident Funds takes steps to achieve optimal returns to policyholders in respect of their accrual with the pension fund. Menora Mivtachim Pension and Provident Funds embarked from time to time on a range of advertising campaigns in various media outlets.

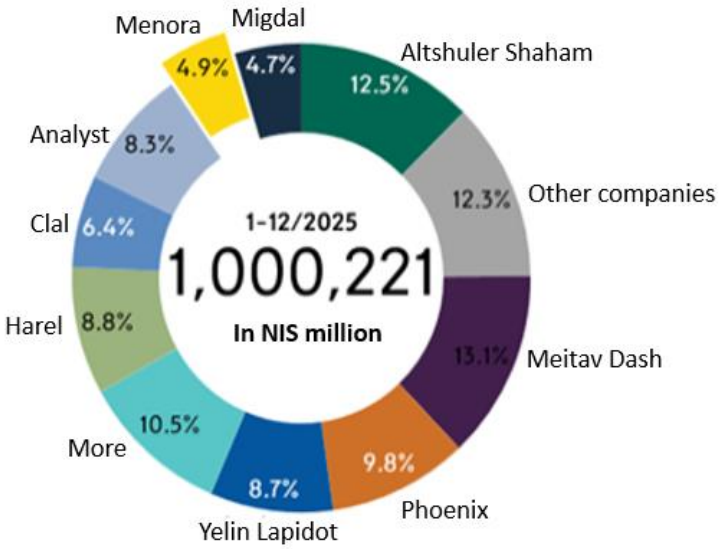
Provident funds

In the provident funds subsegment there is constant competition between multiple market players, and competition focuses on achieving returns (in relation to the risk level), the amount of management fees and the quality of the service.

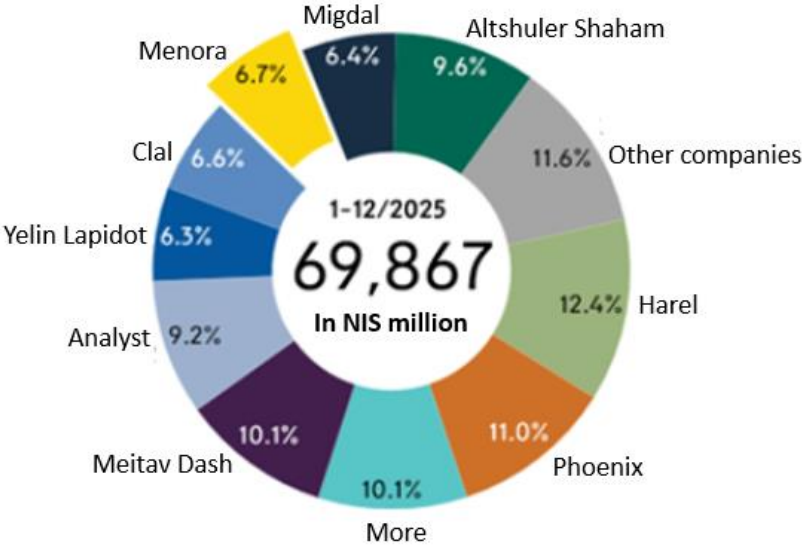
The Group's main competitors in this subsegment are Altshuler Shaham, Yelin Lapidot, Meitav-Dash, More, Analyst, Harel Group, Clal Group, Migdal Group, and Phoenix Group.

The Group estimates that of the Report approval date, its market share in the subsegment is approx. 4.9% (the Group's estimate is based on the assets under management of Menora Mivtachim Pension and Provident Funds and Menora Mivtachim Engineers, proportionately to the estimate of total assets under management in this subsegment).

According to the Capital Market, Insurance and Savings Authority's data, Following is a breakdown of the provident funds' assets under management[11] (including advanced education funds without the data of the guaranteed return funds), between the entities competing in the subsegment as of December 31, 2025:



According to data from provident fund management companies,[12] the breakdown of contributions towards benefits between the competitors in this subsegment (including advanced education funds and excluding data of guaranteed return investments), as of December 31, 2025 is as follows:



[11] Based on Gemel Net data.
[12] Based on Gemel Net data.

For further details regarding the Group's revenues from contributions towards benefits in this subsegment, see Section **6.5.3** to the Report of the Board of Directors.

2.3.3 Methods for dealing with competition and the factors that affect the Group's competitive position in this segment

The main methods employed by the Group to tackle competition are: synergy between the various Group companies in the provision of comprehensive solutions to Group customers in all long-term savings channels, while relying on the size and stability of Menora Mivtachim Pension, the largest pension fund in Israel; improving customer services while increasing operational efficiency; investing in automation and digitization of service and operation processes; expanding the agents function, and receiving support from the agents who work with the Group as a source of customer referrals; expanding the direct marketing function of the Menora Mivtachim Group, participating in key tenders in the field and more.

The main factors that affect the Group's competitive positioning in this subsegment are: Menora Mivtachim Pension and Provident Funds' being a leader in the pension funds subsegment; the Group's financial resilience; the high level of service provided by the Group as part of its management of claims and payment of insurance benefits, and its long-term relationships with agents that market its products.

2.4 Customers

The Group is not dependent on a single customer or a small number of customers. In addition, the Group does not have a single customer the total revenues from which accounts for 10% or more of its revenues as per its financial statements.

2.4.1 Life Insurance

Following are data regarding the breakdown of the gross premium between planholders who are salaried employees and individual and self-employed policyholders and collectives (in percentages):

Customer	2025	2024
Salaried employee planholders	48.4%	54.0%
Private individuals and self-employed	48.9%	43.8%
Collective	2.6%	2.2%
Total	**100%**	**100%**

For information about the rate of redemptions from average reserve in life insurance, see Sections **5.3.8** and **5.3.12** to the Report of the Board of Directors.

2.4.2 Pension

Following is a breakdown of the contributions towards benefits between planholders who are salaried employees and planholders who are self-employed (in percentages):

Customer	2025	2024
Salaried employee planholders	97.3%	97.3%
Policyholders - private individuals and self-employed	2.7%	2.7%
Total	**100%**	**100%**

2.4.3 Provident funds

Following is a breakdown of the contributions towards benefits between planholders who are salaried employees, planholders who are individuals and planholders who are employees (in central funds) (in percentages):

Customer	2025	2024
Salaried employee planholders	77%	75%
Self-employed planholders	22%	24%
Employers planholders in central funds	2%	2%
Total	**100%**	**100%**
The rate of redemptions of average reserve	13%	13%

3. Compulsory Motor Insurance

3.1 General description of the segment

Compulsory motor insurance is statutory, in accordance with the Motor Vehicle Insurance Ordinance [New Version], 1970 (hereinafter - the "**Motor Vehicle Insurance Ordinance**").

A compulsory motor policy, pursuant to the Motor Insurance Ordinance, covers the motor vehicle's owner and its driver against any liability they may incur under the Road Accident Victims Compensation Law, 1975 (hereinafter - the "**Compensation Law**") and against any other liability they may incur due to bodily injury caused to the driver of the vehicle, the passengers therein, or pedestrians injured as a result of the use of the motor vehicle.

The Compensation Law is designed to put in place an efficient and swift mechanism to check the entitlement to compensation and its rate, regardless of the issue of blame. Among other things, the law determines the definition of a road accident, who is entitled to compensation, and the legal provisions that apply in such cases.

Road accidents victims, who are unable to claim compensation from an insurer company due to one of the following circumstances: (1) they were hit by an uninsured vehicle; (2) unknown insurer (such as in the case of a hit and run accident); and (3) the vehicle's insurer is under liquidation - are entitled to compensation from the Road Accident Victims Compensation Fund (hereinafter - "**Karnit**"). Karnit is a statutory corporation established by virtue of the Compensation Law. Karnit's activity is financed from a provision of the insurance companies at a fixed rate of 1% of the (net) premium in respect of compulsory motor insurance policies, as detailed in the **Road Accident Victims Compensation Ordinance (Financing of the Fund), 2002** (hereinafter - the "**Addition to the Fund's Financing**").

Since 2003, the competition in the subsegment has been monitored.

The Motor Insurance Regulations (Creation and Management of Databases), 2004 (hereinafter - the "**Database Regulations**"), regulate the creation and activity of databases in the compulsory motor insurance subsegment: A statistical database used to collect statistical information and assess the cost of risks in the compulsory motor insurance subsegment, and the database for identifying insurance fraud.

The said databases are managed by operators, which are not related to the insurance companies.

The operator of the statistical database is authorized, by law, to collect from insurance companies active in the subsegment relevant data for the purpose of determining the "cost of pure risk", which serves the Commissioner to set the residual insurance tariff and to approve the insurers' tariffs in the compulsory motor subsegment. The insurance companies are required to provide the operator with such data every quarter.

The database for identifying insurance fraud collects data from all insurance companies and other external databases and is used to identify and prevent fraud in the underwriting and claims processes of the compulsory motor subsegment. According to the Commissioner's circular on this matter, except for certain circumstances (such as when insurance is renewed for a vehicle which was insured by the same insurer in the previous year, or when the vehicle is part of a car fleet or collective), it is forbidden to issue a compulsory motor insurance certificate to private and commercial vehicles weighing up to 3.5 tons and motorcycles, without first verifying - during the underwriting process - certain details in the database, at the very least.

The activity of the database and the way it is used by the companies were determined in a sectoral agreement and in the Commissioner's circular. The insurers bear the entire cost of setting up and operating the databases. The payments borne by insurers for the services of the databases are determined, among other things, based on each insurer's relative share in the subsegment according to the previous year's data, and on the quality and dates of the reporting to the database.

As part of the monitored competition, the insurance companies collect insurance premiums in accordance with a differential compulsory motor insurance tariff, which is based on using variables included in the risk classification plan published by the operator of the statistical database, which were approved by the commissioner as variables that an insurer may use, in order to adjust the policyholder's risk premium. Since on the one hand, compulsory motor insurance is a statutory requirement, and on the other hand, each insurance company may refuse to insure a policyholder according to its discretion, the residual insurance was put in place (hereinafter - the "**Pool**"). The Pool's activity is regulated by **The Motor Insurance Regulations (Residual Insurance Arrangement and Mechanism for Determining the Tariff), 2001**, and a Commissioner circular published on the matter. A vehicle owner, who was refused insurance as described above, and failed to obtain an insurance coverage with one of the companies operating in the subsegment may purchase compulsory motor insurance through the Pool.

The Pool constitutes co-insurance of all insurance companies in the compulsory motor insurance subsegment, which participate in it and bear its expenses and losses or profits according to their relative shares in the total insurance premiums in the compulsory motor subsegment. The relative share of each insurer is determined according to its actual share in the relevant underwriting year.

As of underwriting year 2025, the Group's share in the Pool stood at approx. 14.35%, compared with the Group's relative share in the Pool in underwriting year 2024, which stood at approx. 14.91%.

According to the legislative arrangement, the expected loading component for the financing of the cost of insuring motorcycles as stated above is set as a rate of the "cost of the pure risk" (as defined in the Motor Insurance Ordinance), and its range is limited. The loading component may range between 5.5% to 8%.

The insurance premiums collected by the Company are subject to the Commissioner's approval. For details regarding the monitoring of tariffs, see Section 3.2 below.

The responsibility for 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 Medications Ordinance - due to bodily injury as a result of road accidents - lies with the health maintenance organizations, except for the treatments listed in the Third Addendum to the Law. Furthermore, the insurance companies bear the medical expenses in the following cases: 1. When the victim is not an Israeli resident or citizen (tourists, foreign workers, Palestinians) 2. Soldiers 3. Ordinary long-term care as opposed to complex long-term care; 4. Evacuation by an ambulance without hospitalization; 5. Victims of workplace accidents in the event of a road accident.

In order to finance the provision of medical services to victims of road accidents by the health maintenance organizations, it was determined that insurers are required to transfer to the health maintenance organizations - through Karnit and until the 10th of each month - 12.66% of the insurance premiums they collected in the previous month in respect of each compulsory motor insurance policy they issued (hereinafter - the "**Addition to the Financing of the Cost of Provision of Services**"). For that purpose, the "**Insurance Premiums**" - the total amount of all payments collected from a policyholder in the compulsory motor insurance subsegment, except for the addition to the financing of Karnit in accordance with the **Road Accident Victims Compensation Ordinance (Financing of the Fund), 2002** (hereinafter - the "**Fund's Financing Ordinance**").

Furthermore, in accordance with the Amendment to The National Insurance Law (Combined Version) 1995, as from January 1, 2023 to December 31, 2024, instead of paying subrogation claims to the National Insurance Institute by virtue of the Compensation Law, insurers are required to transfer to Karnit - by the 10th of each month - 10% of the Insurance Premiums. As from January 1, 2025, the said rate will stand at 10.95% of the Insurance Premiums. For that purpose, the "**Insurance Premiums**" - the total amount of all payments collected from a policyholder in the compulsory motor insurance subsegment, including excess budget of the Road Accident Victims Compensation Fund, and except for the Addition to the financing of the Fund and the Addition to the Financing of the Cost of Provision of Services (hereinafter - the "**Additional Compensation of the National Insurance Institute**").

A standard compulsory motor insurance policy is normally used in the subsegment. For details, see Section **3.2** below.

As stated above, according to the no fault rule as per the Compensation Law, each insurer compensates the passengers who travelled in the vehicle insured by that insurer, regardless of whether the driver was to blame or not. The Compensation Law also stipulates that with regard to third parties involved in a road accident in which a number of vehicles were involved (for example, pedestrians), the insurers shall be "jointly and severally liable", and the insurers will usually bear an equal share of the costs arising from such a liability. **The Road Accident Victims Compensation Ordinance (Arrangements for Dividing the Compensation Burden**

among Insurers), 2001 establishes exceptions to said rule and is designed to have insurers share the burden of payment, where the risk associated with the vehicles involved in an accident varies significantly - such as in the case of a motorcycle and another vehicle, or a light vehicle and a heavy vehicle. In those cases, the burden division orders set the indemnification that insurers are entitled to receive from one another (named "**balancing payments**"). In connection with this matter, the Israeli Insurance Association operates a clearing outline, through the clearing center of the Israeli Insurance Association, which is designed, among other things, to transfer the balancing payments between the insurers.

For information about key legislative restrictions that apply to the Group and their effect on this segment, and on the Group's activity as a whole, see Section **8.2.1** below.

3.2 Services and products

This section includes a general and condensed description of the products' characteristics and uses, their main markets, and trends and changes in their demand and supply. The full and binding terms and conditions are the terms and conditions set out in each policy and/or insurance contract, as the case may be. The description is for the purposes of this report only and may not be used for interpretation of the policy.

As stated above, a compulsory motor policy, pursuant to the Motor Insurance Ordinance, covers the motor vehicle's owner and its driver against any liability they may incur under the Compensation Law and against any other liability they may incur due to bodily injury caused to the driver of the vehicle, the passengers therein, or pedestrians injured as a result of the use of the motor vehicle.

The main characteristics of the segment are as follows:

- **Product uniformity** - as stated above, the insurance coverage in the compulsory motor insurance subsegment is fixed and uniform across all insurance companies and is prescribed according to the provisions of the law. Accordingly, the competition in this segment focuses mainly on the price, as described below in this Section **3.3** below.

  The industry has in place a uniform standard policy that constitutes a standard insurance contract (hereinafter - "**Standard Policy**"), in accordance with the provisions of the **Supervision of Financial Services Regulations (Insurance) (Contract Terms and Conditions for Compulsory Motor Insurance), 2010**, standard policies for individual vehicle owners, and standard policies for trading purposes, aimed at policyholders who hold a number of vehicles at the same time for the purpose of repairs, trade, etc. (such as: owners of auto repair shops, importers, etc.). The regulations set minimum terms and conditions for compulsory motor insurance, which insurers are not allowed to change, but are allowed to extend in terms of the scope of the insurance coverage. The regulations also stipulate the wording of the insurance certificate an insurer is required to issue as part of motor insurance.

The said provisions include, among other things, the insurer's duty to allow various entities to inspect and review the compulsory motor insurance policy and its conditions. It was thus stipulated that an online indication of the motor insurance policy for potential users of the vehicles will also display the restrictions on or expansions to the insurance coverage, including coverage when the vehicle is not in use, coverage for a specific driver, and an insurance certificate that includes a deductible.

- **Advance payment** - a compulsory motor insurance policy will come into force only after advance payment of the entire premium in respect thereof.
- **Amount and methods of compensation** - except for the compensation cap in respect of damage components other than pecuniary damages, and the coverage for loss of income, which is limited to up to three times the average wages in Israel, the coverage is not limited in amount.
- **No fault** - according to the provisions of the Compensation Law, the liability of the owner of the vehicle or the person driving the vehicle is absolute, and therefore, the entitlement of the road accident's victim to compensation does not depend on proof of fault.
- **Exclusive cause of action -** A person who is injured in a road accident, and under the Compensation Law has a cause of action, must file a claim under the Compensation Law, and may not file a claim in respect of his/her damage under any other law. A person who does not have a cause of action under the Compensation Law, may file a claim under the General Tort Law.
- **Long-tail claims** - the insurance claims in this segment are characterized with a relatively long investigation time, of several years, between the date on which the insured event took place, and the date on which the claim is settled.
- **Monitoring tariffs** - the provisions regarding P&C insurance contract in the Consolidated Circular include various provisions regarding insurance premiums in the compulsory motor subsegment, and procedures for setting insurance premiums that an insurer may collect, and the manner by which they are to be submitted for the Commissioner's approval. According to the provisions of the Consolidated Circular, the risk premium component in the compulsory motor insurance tariff (the net insurance premium) should be uniform for all policyholders that comply with the same variables as set in the risks classification plan published by the operator of the statistical database, which the Commissioner approved as variables that an insurer will be allowed to use in order to set the tariff, such as: Engine size, fuel type, horse power, number of airbags, sex and/or age of the driver and/or number of years since the driving license was issued for the youngest driver who is expected to drive the vehicle, the number of previous claims and/or the number of times the driving license of each of those expected to drive the vehicle was suspended in the past three years, the presence in the vehicle of an Anti-lock Braking System (ABS) and/or an Electronic Stability Program (ESP) and/or a Forward-Collision Warning system (FCW) and/or a Lane Departure Warning system (LDW). Each insurer may select, which of the variables it will use to set the tariff.

Furthermore, the insurer may collect fees - to cover management expenses, agents' fees and commissions and the income, at the rate of up to 18% of the risk premium, as well as the Addition to the Financing of the Cost of Provision of Services, the Addition to the Fund's Financing, and the Additional Compensation of the National Insurance Institute as stated above.

The insurer may give discounts only from the fees, except for compulsory motor insurance for car fleets as detailed below.

An insurer may give a discount in respect of the net insurance premium only in car fleets, by using a different tariff formula, which was submitted to the Commissioner in advance.

"Car fleet" - comprises at least 40 vehicles all of which are owned by a single owner and covered by the same insurer.

3.3 Competition

16 insurance companies (including the Pool) operate in the field of compulsory motor insurance, including direct insurance companies. Since this area of activity is characterized by a uniform coverage, competition focuses mainly on prices, and is affected, among other things, by the fact that there are multiple competitors, and by steps taken by the Commissioner to increase tariffs transparency (including by making it possible to compare tariffs on the Capital Market Authority's website).

According to the insurance companies' financial statements, in the first nine months of 2025, revenues from compulsory motor insurance amounted to NIS 5,358 million (excluding the transfer of 10.95% to the National Insurance Institute in accordance with the Compensation Law, in lieu of subrogation claims), compared to NIS 5,150 million in the corresponding period last year. An increase of approx. NIS 208 million, which constitute approx. 4% of total insurance premiums earned in the segment. In the first nine months of 2025, the Group (Menora Mivtachim Insurance and Shomera) holds a market share of approx. 14.8%, compared to 15.2% in the corresponding period last year.

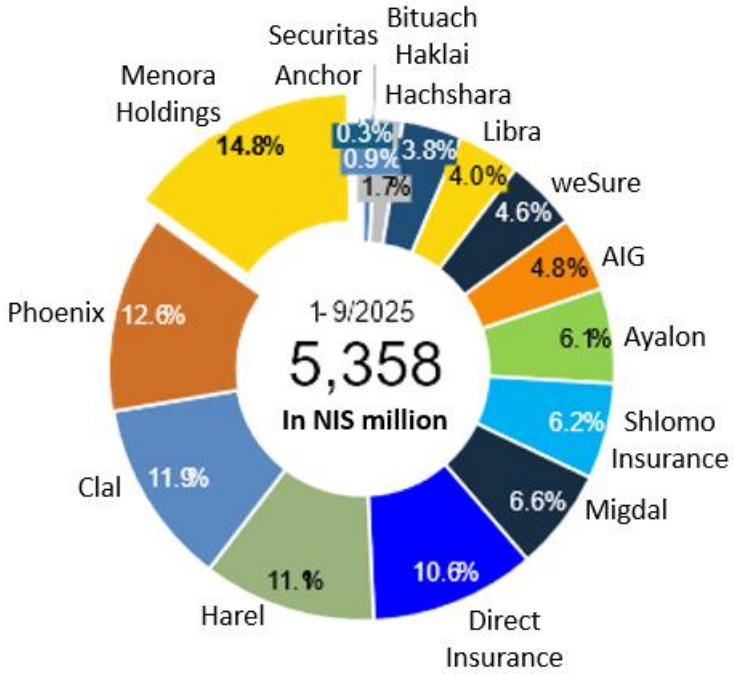
According to the insurance companies' financial statements, the share of the five largest market players in the first nine months of 2025 stood at approx. 61.1% of the total insurance premiums in this segment, compared to 61.2% in the corresponding period last year. The largest insurance companies in the compulsory motor insurance subsegment in 2025 are the Group, Phoenix, Harel, Clal and Direct Insurance.

For details regarding the Group's revenues from premiums, see Section **6.6.4** to the Report of the Board of Directors.

Following is a breakdown of market share data, by companies operating in the segment:

The uniform insurance coverage provided by all insurance companies and the availability of comparative information regarding prices cause price to be the key

variable when making a decision to purchase the insurance policies. The insurance companies vary from each other in terms of the variables that decide the tariff, and consequently in terms of the market segments they focus on. A factor that may affect the Group's competitive positioning is other insurance companies' using variables that are different from those used by the Group.



3.4 Customers

Following is a breakdown of gross premiums between individual policyholders and small business customers and car fleets and collectives:

	Gross premiums in 2025 (NIS million)	% of total revenues for 2025	Gross premiums in 2024 (NIS million)	% of total revenues for 2024
Individual policyholders and small business customers	643	67%	701	71%
Car fleets and collectives	313	33%	280	29%
Total	**956**	**100%**	**981**	**100%**

The Group does not have a single customer in the compulsory motor insurance subsegment, the total revenues from which constitute 10% or more of the total amount of the Group's revenues in the subsegment, and the Group is not dependent on a single customer or a small number of customers in this segment.

Furthermore, the Group is not aware of permanent characteristics of customers in the compulsory motor insurance segment. According to the Group's assessment, the rate of renewals[13] in 2025 was approx. 64%, similarly to 2024, and the percentage of customers who purchased compulsory motor insurance and motor property insurance was approx. 84% of the entire population of policyholders holding a compulsory motor insurance with the Group, compared with 74% in 2024.

Following is a breakdown of insurance premiums by customers' loyalty years in the compulsory motor insurance subsegment for the periods described in the Report:

	Premium turnover in NIS million		% of total revenues	
Number of loyalty years	**2025**	**2024**	**2025**	**2024**
No loyalty	445	552	47%	56%
Loyalty of one year	264	174	28%	18%
Loyalty of two years	101	80	11%	8%
Over three loyalty years	146	175	15%	18%
Total	**956**	**981**	**100%**	**100%**

[13] The rates are in premium terms.

4. Motor Property Insurance

4.1 General description of the segment

Motor property insurance includes insurance coverage for loss or damage of insured vehicles and for the policyholders' liability in respect of property damage caused to the third party by the insured vehicles. Policyholders may purchase coverage solely for third party liability or incorporate additional coverages.

Appraisers' arrangement: The Consolidated Circular sets out the rules for conduct of appraisers and a mechanism for appealing their assessments, as well as provisions regarding the expansion of the disclosure regarding the policyholders' rights, increasing their involvement in the process of selecting the appraiser and expanding the transparency to the policyholders in the damage assessment process. In accordance with the circular's provisions, the insurance companies publish a list of external appraisers, from which the policyholder may select his/her preferred appraisers. An assessment of an external appraiser,[14] constitutes the binding appraisal, and it binds the parties, subject to the insurer and the policyholder's right to appeal the assessment to a deciding appraiser, through an alternative appraisal.

In May 2024, the Commissioner published a circular amending the provisions of the Consolidated Circular, Chapter 6, Part 2 - Provisions in the Motor Property Industry The circular includes provisions regarding the regulation of claims settlement in the Motor Property Subsegment, including, among other things, the engagement with appraisers and auto repair shops, and various provisions pertaining to the marketing of the policy and the settlement of the claim.

The coming into force of the amendment depends on the publication of professional provisions regarding "market price" under Section 153 of the Licensing Services and Professions in the Automotive Industry Law, 2016, which have not yet been published.

In July 2024, Israel Garage Association (non-profit entity) filed an administrative petition against the Capital Market, Insurance and Savings Authority and against the Ministry of Transport regarding the Reform in the Motor Property Subsegment (hereinafter - the "**Auto Repair Shop Association Petition**") as part of which it requested various remedies; among other things, it requested to order the cancellation of the provisions of the consolidated circular regarding the Motor Property Subsegment and to order the cancelation of the Filing of Insurance Plans in the Motor Property Subsegment Circular and the cancellation of the practice whereby differences in spare parts prices are offset, which was approved as part of an in-principle decision of September 19, 2023 (for details regarding the Circular

[14] For that purpose, an "external appraiser" - an appraiser who is not a inhouse appraiser, and is included in the list of external appraisers. An "inhouse appraiser" is an appraiser that may find himself in a conflict of interest due to a special relationship with the insurer, including in accordance with presumptions set in that regard in the circular.

of Filing of Insurance Plans in the Motor Property Subsegment and in-principle ruling, see Section **8.2.3** below) and to order the respondents to draw up a new regulation, which will cancel the authorized auto repair shops.

In the opinion of the Group, the provisions of the circular will have an extensive impact on operational and commercial aspects of motor vehicle insurance policies - property (self insurance and third party insurance); however, at this stage the Group is unable to predict and/or estimate its scope.

The Group's assessment in this matter constitutes forward-looking information that is based on the information available to it at the report publication date. Actual results may vary from those estimated, which will be affected, among other things, by the behavior of the various parties involved in its application, and, among other things, the advancement of the Ministry of Transport's regulation regarding the cost of the spare parts and the definition of "market price", the behavior of spare parts suppliers, auto repair shops, appraisers, agents, customers and competing entities, the results of the Auto Repair Shop Association Petition, and the conduct of the relevant regulators, including the Ministry of Transport and the Capital Market Insurance and Savings Authority.

Information and disclosure: In order to deal with the lack of transparency and the information gaps that exist in the used cars market, which had an adverse effect on potential car buyers and on the insurance companies, the insurance companies and The Insurance Companies Clearing Center Ltd. had set up a database, which focuses mainly on recording vehicles' accidents history, and which will be available to those who buy used cars and to the insurance companies that will opt to join the database (hereinafter - the "**Database**"). The Database was awarded a conditional exemption from cartel clearance, which was in effect through February 2021. In view of the expiry of the abovementioned exemption, self-assessments were received according to which, subject to compliance with their terms and conditions, the arrangement constitutes a joint venture that meets the terms and conditions set forth in Section 9A to the Antitrust Rules (Class Exemption for Joint Ventures) (Temporary Ordinance), 2006. The revised assessment is valid for a period of 3 years from the previous assessment, i.e. through February 2027, as long as no material changes have occurred with regard to the arrangement's circumstances. However, if the term of the abovementioned The Antitrust Rules (Class Exemption for Joint Ventures) (Temporary Ordinance), 2006, which are due to expire on September 15, 2026, will not be extended - the self-assessment shall also expire on the said date.

The Database started operating on May 20, 2013. The Group joined the Database and the arrangement. Every insurer can join the arrangement (i.e., deliver data to the database and submit queries) or leave the arrangement at least once every calendar year by giving a 90-day advance notice. The inability of an insurer to provide data at the required level of detail will not be a justification for refusing to include it in the arrangement. The Company uses the Database during the ordinary course of business.

Arbitration arrangement in subrogation claims: The damages covered as part of motor property insurance are sometimes caused by the negligence of another person. In such a case, the payment of insurance benefits to a policyholder confers upon the insurer a right to receive compensation from the person who caused the damage - "subrogation" right. For details regarding the arrangement for settlement of subrogation claims between the insurance companies, see Section **8.17.10** below.

For information about key legislative restrictions that apply to the Group on this segment, and on the Group's activity as a whole, see Sections **8.2** and **8.2.3** below.

4.2 Services and products

This section includes a general and condensed description of the products' characteristics and uses, their main markets, and trends and changes in their demand and supply. The full and binding terms and conditions are the terms and conditions set out in each policy and/or insurance contract, as the case may be. The description is for the purposes of this report only and may not be used for interpretation of the policy.

A motor property insurance policy includes coverages in respect of damage caused to the insured car as a result of the risks listed in the policy, such as: Fire, accidental collision, theft and more, and a damage caused to a third party's property by the insured car. Policyholders may purchase coverage solely for damage caused to a third party or incorporate additional coverages. At the insurance offer stage, the policyholder may select coverage under one of four alternatives: (1) Comprehensive insurance (covering damage to the policyholder's car and damage to third party; (2) comprehensive insurance without theft coverage; (3) comprehensive insurance without accidents coverage for the policyholder's car; and (4) third-party insurance only, provided that the waiver was carried out through an explicit notice which was documented by the insurer.

The motor property insurance is divided into two main groups, according to the type of the car:

(1) Insurance policy covering property damage and third-party damage to private vehicles and commercial vehicles with maximum weight of up to 3.5 tons (comprehensive insurance and third-party insurance), in accordance with **The Supervision of Insurance Business Regulations (Contract Terms and Conditions for Insuring a Private Vehicle), 1986** and in the addendum to the regulations (hereinafter - the "**Motor Property Regulations**" or the "**Standard Policy**", respectively). The Standard Policy sets wording and minimum terms and conditions for comprehensive motor insurance, and the insurer may modify them only if the change works for the benefit of the policyholder. Expansions may be added to the Standard Policy regarding the scope of the coverage, the risks, liabilities, and the policyholders' property.

A policyholder, who owns at least 40 private vehicles, which are all insured by a single insurer, may - at the insurance offer stage and by giving an explicit

notice that will be documented by the insurer - waive the applicability of the Standard Policy in whole or in part.

(2) Insurance policy covering property damage and third-party property damage, vehicles other than private and commercial vehicles whose weight is up to 3.5 tons, such as: Trucks, buses, trailers, supported vehicles, forklifts, motorbikes and other vehicles). This insurance is not subject to the provisions of the Standard Policy.

The Group also offers its policyholders to acquire - as an addition to the policy, expansions or riders for receipt of various services for the vehicle, such as: Roadside assistance and towing services, courtesy cars, repair of windscreens, and more.

The main characteristics of the segment are as follows:

Motor property insurance policy is, in most cases, for a period of up to one year.

"**Short-tail claims**" - claims in this subsegment are characterized with a short period between the occurrence of the insured event and the settlement of the claim. The prescription period of a claim for motor property insurance benefits is three years from the occurrence of the insured event. However, the prescription period in respect of third party coverage and the time it takes to settle the claim are longer.

Regulation of tariffs - the motor property insurance tariff is regulated by the Commissioner. The tariff is a maximum tariff; it is not uniform and depends on a number of factors, such as: The type of insured vehicle, the policyholder's accumulated claims history, the driver's age and the number of drivers allowed to drive the car.

4.3 Competition

16 insurance companies operate in the field of motor property insurance, including direct insurance companies.

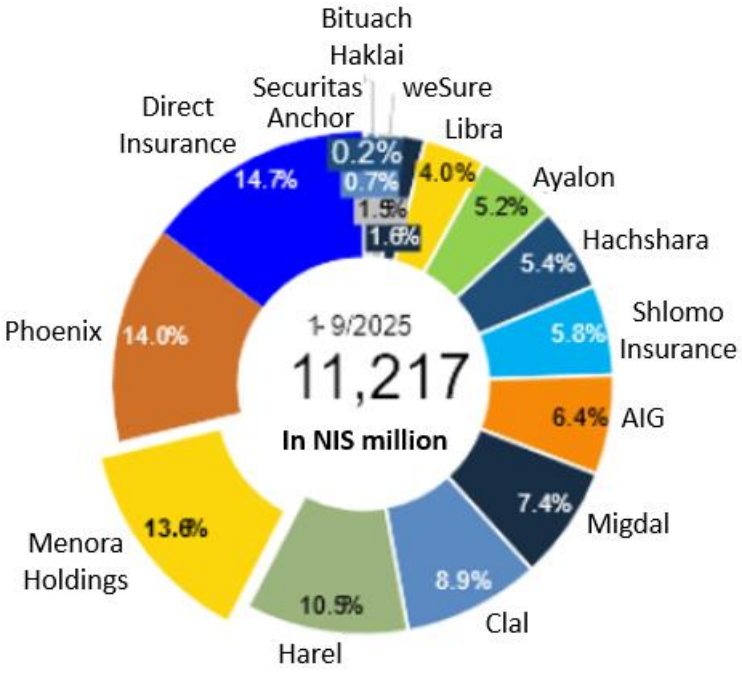
According to the insurance companies' financial statements, in the first nine months of 2025, revenues from motor property insurance amounted to approx. NIS 11,217 million, compared to approx. NIS 11,107 million in the corresponding period last year - an increase of approx. NIS 109 million in insurance premiums, that constitute approx. 1% of the total revenues from insurance premiums in the subsegment.

The Group's market share as reflected in revenues from insurance premiums in the first nine months of 2025 is approx. 13.6% compared to approx. 13.8% in the corresponding period last year.

For details regarding the Group's revenues from premiums, see Section **6.6.4** to the Report of the Board of Directors.

The largest insurance companies in the field of motor property insurance in 2025 are Phoenix, the Group, Direct Insurance, Harel and Clal.

Following is a breakdown of market share data, by companies operating in the segment:



The uniform insurance coverage in this segment in accordance with the Standard Policy is modular and allows the selection of all or some of the coverages, as decided by the policyholder. The flexibility of the selection process expands the potential competition between the various companies in respect of each and every component in the modular policy. The competition focuses mainly on the price to the customer in accordance with the scope of the coverage he/she selected. Therefore, the Group places an emphasis in this segment on a competitive tariff and specialized products that are adapted to distinct populations and include dedicated benefits for those populations, and dynamic products that allow the customer to benefit from a flexible coverage or price, such as the "Occasional Driver" coverage, that allows a policyholder to purchase a coverage for a fixed period for a driver who does not comply with the general definition of those who are allowed to drive as per the policy; and the "Miley" product, that includes tiered premium discounts, in accordance with the annual mileage of the car, and the "MenoraOn" product, that includes a personal pricing by driver/s and payment of insurance premiums based on the mileage and the quality of driving. The factors that reinforce the Group's positioning compared to its competitors are its extensive agents base and direct sales channel, the emphasis it places on high service levels and strict monitoring of various aspects of its activity.

4.4 Customers

In the motor property insurance segment, the Group mainly insures private customers.

The Group does not have a single customer in the motor property subsegment, the total revenues from which constitute 10% or more of the total amount of the Group's revenues, and the Group is not dependent on a single customer or a small number of customers in this subsegment.

Following is a breakdown of gross premiums between individual policyholders and car fleets and collectives:

	Gross premiums in 2025 (NIS million)	% of total revenues for 2025	Gross premiums in 2024 (NIS million)	% of total revenues for 2024
Individual policyholders and small business customers	1,658	89%	1,683	89%
Car fleets and collectives	212	11%	210	11%
Total	**1,870**	**100%**	**1,894**	**100%**

Furthermore, the Group is not aware of permanent characteristics of customers in the motor property segment. In the opinion of the Group, the rate of renewals[15] in the motor property insurance subsegment in 2025 stood at approx. 61%, compared to 60% in 2024. The rate of customers who purchased motor property insurance and compulsory motor insurance, out of the total number of customers, who purchased motor property insurance in 2025, is approx. 90%, similarly to the previous year.

Following is a breakdown of insurance premiums by customers' loyalty years in terms of premiums turnover for the periods described in the Report:

	Premium turnover in NIS million		% of total revenues	
Number of loyalty years	**2025**	**2024**	**2025**	**2024**
No loyalty	837	866	45%	46%
Loyalty of one year	414	367	22%	19%
Loyalty of two years	203	196	11%	10%
Over three loyalty years	415	466	22%	25%
Total	**1,870**	**1,894**	**100%**	**100%**

[15] The rates are in premium terms.

5. Other Property and Casualty Insurance

5.1 General description of the segment

In this segment, the Group operates in two key subsegments - the liability insurance and the property insurance, and in other P&C insurance subsegments, in which the Group's scope of activity is immaterial.

Liability insurance includes coverage is provided in respect of the policyholder's financial liability under law vis a vis a third party other than the policyholder, up to the liability limit specified in the policy.

Property insurance include coverage for loss or damage caused to the insured property and related damages, as a result of the risks covered by the policy (in a "**listed risks**" format, or in an "**all risks**" format).

For information about key legislative restrictions that apply to the Group on this segment, and on the Group's activity as a whole, see Section **8.2.1** below.

5.2 Services and products

5.2.1 Description of the segment products and insurance coverages included therein

This section includes a general and condensed description of the products' characteristics and uses, their main markets, and trends and changes in their demand and supply. The full and binding terms and conditions are the terms and conditions set out in each policy and/or insurance contract, as the case may be. The description is for the purposes of this report only and may not be used for interpretation of the policy.

5.2.1.1 Liability insurance

General

Most policies in the liability insurance subsegment cover the policyholder in respect of a liability it may incur towards a third party under the provisions of the law in respect of bodily injury or damage to property caused to it.

A liability limit is set in liability insurance, which is the maximum amount to be paid by the insurer in the event of damage, plus reasonable legal costs.

The term of insurance policies of this type is normally one year.

An insurance claim in the liability insurance subsegments is not extinguished as long as the third-party claim against the policyholder has not been extinguished. Due to the long period of time that elapses from the date on which the grounds for the claim against the policyholder arise and the disclosure date and/or the claim's filing date, and due to the time

it takes to investigate the those claims, which are complex in nature, this subsegment is deemed a long-tail claims activity.

Liability insurance can be issued according to one of two coverage bases:

Occurrence basis - in this policies, the coverage is provided for a liability in respect of events that occurred during the insurance period. The claim may be filed to the insurance company even after the end of the insurance period, subject to the prescription period.

Claims made basis - in these policies, coverage is provided for a liability in respect of claims which were initially filed against the policyholder during the insurance period, even if the grounds against the policyholder have arisen before the insurance inception date, provided that they have arisen within "the retroactive period" defined in the policy, i.e., after a certain date agreed upon.

The liability insurance subsegment is considered a volatile subsegment, due to the high level of uncertainty associated with the settlement of the claims, specifically in occurrence basis policies; such uncertainty arises, among other things, from long-tail claims, changes in judicial trends and cultural changes that increase the incidence and severity of the claims.

The liability insurance subsegment includes all liability insurance policies, except for compulsory motor insurance. The main types of insurance in this subsegment are: Third party liability insurance (hereinafter- "**third-party insurance**"), employer liability insurance, professional liability, product liability and directors' and officers' liability insurance.

The main products marketed by the Group in the liability insurance subsegments are as follows:

(1) **Third Party Insurance** - the third party liability insurance policy covers the policyholder's liability under any law - usually a liability stemming from the Torts Ordinance - in respect of bodily injury (other than in respect of the use of motor vehicle) or damage to property which were caused to third parties, who are not policyholder employees, and which were caused due to an accident that took place in the insurance period in connection with the activity in respect of which the policyholder purchased the insurance coverage.

This insurance may be purchased as an independent product or as a coverage as part of policies to businesses, a home insurance policy, or as part of a policy covering contract work.

The insurance premium is set as a function of a number of variables, the key of which are: The policyholder's occupation, the scope of the policyholder's activity, the desired liability limit, the policyholder's claims history, the exposure to environmental hazards or risks, the means of protection the business has in place, and more.

This insurance is usually made on an event by occurrence basis.

(2) **Employers' liability insurance** - coverage for the policyholder in respect of its liability for bodily injury only, which was caused to the employee in the course of his/her work for the policyholder, due to the policyholder's negligence, over the insurance period. In most cases, the covered liability is a liability under the Torts Ordinance and/or the Liability for Defective Products Law, 1980.

The insurance is a residual insurance, on top of the coverage under The National Insurance Law [Combined Version] 1995.

This insurance may be purchased as an independent product or as a coverage as part of policies to businesses, a home insurance policy, or a policy covering contract work.

The insurance premium is set as a function of a number of variables, the key of which are: The number of employees, the amount of annual salary paid by the employer, the employer's area of activity, the liability limit, the policyholder's claims history, the means of protection the business has in place, and more.

This insurance is usually made on an event by occurrence basis.

(3) **Professional liability insurance** - this insurance covers the liability of the policyholder - a professional - in respect of failure in the performance of his/her professional duty that constitute negligence, error or omission of the policyholder as part of his/her profession, in respect of which the coverage was provided, whose result is damage caused to a third party regardless of whether it is a customer of the policyholder or not. This insurance is sold as an independent policy or as a policy incorporated into a product liability insurance.

The main factor that affects the insurance premium is the policyholder's occupation, and the scope of activity, liability limit, years of experience in the profession, the number of employees, the revenues turnover, the policyholder's claims history, and the territory of the coverage and jurisdiction also affects the insurance premium.

This insurance is made on a claims made basis.

(4) **Product liability insurance** - this insurance covers the policyholder's liability in respect of bodily injury caused to a third party and/or damage to property of a third party, which was caused by faulty products manufactured, imported or supplied by the policyholder, once the products are no longer in the policyholder's possession, by virtue of the Liability for Defective Products Law, which applies to the manufacturer (as defined in the law, which also includes an importer and/or supplier) only a liability in respect of bodily injury, and by virtue of the Torts Ordinance, which applies to the manufacturer a liability for bodily injury or damage to property.

This insurance is sold as an independent policy or as a policy incorporated into a professional liability insurance, and sometimes also with a third party liability insurance policy.

The main factor that affects the insurance premium is the policyholder's occupation, and the scope of activity, the question of whether there is an export activity or not, the required retroactive period, the liability limit, the policyholder's claims history, and the applicability of the coverage in the territory also affect the insurance premium.

This insurance is usually made on a claims made basis.

(5) **Directors and officers liability insurance** - an insurance that covers directors and officers' legal liability in respect of damage caused due to their act or omission, whether in good faith or due to negligence, in their capacity as Company officers. The liability covered under this policy is mainly by virtue of the Companies Law and other legal provisions, which impose a personal liability on Company officers.

The policyholder in this insurance is the company that purchases the coverage for the officers and directors that serve and/or served in the past therein, and which are defined as insured.

This insurance is sold as an independent policy or incorporated into a professional liability insurance.

The insurance premium in this subsegment is set as a function of a number of variables, the key of which are: The liability limit, the policyholder's claims history, the Company's area of activity, the composition of the shareholders, the Company's structure and financial resilience, and its status as a publicly-traded company or a privately-held company.

This insurance is usually made on the basis of the filing the claim.

The activity in these products involves a high rate of reinsurance, due to, among other things, the insurance amounts, the severity of the potential claims, and the heterogeneity of the risk mix.

5.2.1.2 Property insurance

General

Property insurance include coverage for loss or physical damage caused to the insured property and related damages, as a result of the risks covered by the policy (in a "**listed risks**" format, or in an "**all risks**" format). Furthermore, one may purchase coverage for consequential damage arising from the physical damage ("**loss of income**" coverage). In property insurance, the Group offers insurance to the private sector and the business sector.

The main products marketed by the Group in the property insurance subsegment:

Home insurance premiums

Home insurance policies include coverage in respect of loss or damage caused to the insured home as a result of the risks listed in the policy.

The policies are subject to minimum conditions which were set as part of the **Addendum to the Supervision of Insurance Business Regulations (Contract Terms and Conditions for Insuring Homes and their Contents), 1986** (hereinafter in this section: the "**Home and Contents Insurance Regulations**" or the "**Standard Policy**", respectively).

The insurance company may only change the terms of the Standard Policy in favor of the policyholder, and it may expand it in terms of the scope of the coverage, the insured property and risks, and types of liability insurance that are related to the home (such as third-party insurance). The insurance is aimed at private sector homes.

The Standard Policy defines the minimum insurance coverage for a building and its contents. The policy provides coverage on a listed risks basis: Fire, lightning, thunder, explosion, storm and flood risks, theft, burglary and earthquake risks, as well as other risks and risks related to water and other liquids ("**pipe damages**"), at the request of the policyholder and at the agreement of the insurer.

The Standard Policy includes an earthquake risk coverage in respect of the building and contents, unless the policyholder waived this coverage and this was documented by the policyholder and noted by the insurer in the policy's specification.

The Group offers a number of home and/or contents insurance tracks, which are based on the terms and conditions of the Standard Policy. Some of the tracks offered under the policies confer upon the policyholder the option to purchase, at his/her selection, additional coverages, such as: Coverage for all risks in respect of jewelry and valuables, coverage for all risks in respect of home contents, and more.

Mortgage insurance - the Group markets policies that cover only the building to borrowers that undertook mortgages in order to finance the purchase of their home. These policies are pledged in favor of the lender. Sometimes, this insurance is sold in combination with life insurance (risk), in order to cover the outstanding balance of the loan in the event of the policyholder's death.

Loss of property - insurance covering loss of property or damage to property (such as commodities, machinery, equipment, plants, various types of inventory, etc.), other than a home or motor vehicle. Generally, the policies cover fire, burglary, natural disasters and earthquake risks. As part of these policies, it is possible to purchase coverage for consequential damage in the form of loss of income, which is a consequence of the physical damage to property.

Engineering insurance (contractor work/construction) - coverage for contract work, equipment and materials in respect of accidental damage.

Comprehensive insurance for businesses - an "umbrella" insurance for businesses, that includes a basic coverage in respect of loss or damage to contents and building, to which the policyholder can add a liability insurance coverage, loss of income coverage, and more.

Comprehensive insurance for house committees - house committees insurance covers a loss or damage that will be caused to the joined property and the liability of the representatives of the owners of flats in the condominium arising from an accidental event caused in the joint parts that caused bodily injury or damage to property of a third party.

5.2.1.3 Other insurance subsegments

Personal accidents insurance (short-term)

Personal accidents insurance awards a one-off fixed compensation due to disability (temporary and/or permanent) and/or the policyholder's death due to an accident. Furthermore, sometimes the coverage also includes a weekly compensation in respect of temporary disability (partial or full), as a result of an accident and/or in respect of temporary disability or permanent health insurance due to illness.

The insurance period in these policies is normally one year.

The policy is sold both as an independent policy and as part of combined policies, among other things, in the business sector.

Sale Law policies and guarantees

Sale Law policies - policies in accordance with **The Sale Law (Apartments) (Guaranteeing Investments of Apartment Buyers), 1974 (hereinafter - the "Law")**, including an undertaking by an insurer to reimburse to an apartment buyer funds that he/she paid, net of the VAT component, on account of the price of the apartment he/she purchased from a developer that engaged with the insurer, and whose construction has not yet been completed, provided that one of the grounds set in the law is fulfilled as detailed below:

- A seller of the apartment will not be able to finalize the transfer ownership or another right in the apartment to the buyer as agreed in the sale contract;
- It is absolutely impossible to complete the construction and hand over possession of the apartment to the buyer (termination of the purchase agreement is not included in this reason).

The wording of the Sale Law policies, which are marketed by Menora Insurance, was adjusted, mutatis mutandis, to the provisions published on the matter under the regulations and amendments under the Sale Law, as revised from time to time.

The insurance period of Sale Law policies is not fixed; it ends subject to the fulfillment of all three conditions set in the Law for the cancellation or expiry or the policy, i.e., the completion of the construction work, the handing over of possession of the apartment, and the registration of the rights to the apartment in the name of the buyer, with the rights being clear of any pledge. The risk in these policies declines with the progress of construction, the increase in sales and the collection of proceeds from sales. Upon completion of the construction work (receipt of "**Certificate of Occupancy**"), the risk declines significantly, and it is negligible and close to zero.

Tender guarantees - guarantees required as a precondition for submission of a bid for participation in the tender as set by the offeree in the tender documents. The purpose of the guarantees is to ensure an engagement between the bidding customer and the bidder, if the offeree will select the bidding customer's bid as the winning bid.

Performance guarantees - guarantees that reflect undertakings to pay the beneficiary - normally the commissioner of a work or service - in one lump sum or several payments, any amount up to the guarantee amount in respect of the breach of the guaranteed party/the policyholder's undertaking - normally a contractor or developer in a project or a service provider - which gave an undertaking to the person commissioning the work or the service as stated above.

Performance guarantees in combination transactions and/or raze and rebuild and/or NOP 38 with land owners with closed-end financing - guarantees issued in favor of interest holders to the land, who are entitled - in exchange for the transfer to the developer of some of their rights to the land and building rights - to receive some of the apartments to be built in the project that will be constructed on the land in exchange for their current apartments (each land owner has an interest and right to a specific apartment). All the land is pledged in favor of the lenders, including that part of the land that constitutes the share of the future apartment of the land owners.

Guarantees in favor of mortgage banks - in order to be able to pledge all of the project's land in its entirety in favor of the lenders, as part of combination/ raze and rebuild transactions, in respect of existing mortgaged apartments, against a loan given to the apartment owners, the mortgaging bank is required to remove the mortgage recorded in its favor on an apartment of a tenant that has not yet repaid the mortgage prior to the engagement in the combination/ raze and rebuild transaction. The mortgage bank will only consent to the removal of the aforementioned mortgage if it will receive an autonomous guarantee in its favor instead of the mortgage.

Guarantees for tax payments - a guarantee provided in favor of the Israel Tax Authority to secure the tax payments in projects, and specifically betterment tax.

Guarantees to ensure rent payments - Guarantees issued in raze and rebuild projects to secure the rent payments, which the developer undertakes to pay with respect to the landowners and tenants from the date on which the apartment is evacuated through the date on which construction is completed and the new apartment is delivered.

Formal guarantees - guarantees in favor of a beneficiary, which is a competent authority in order to ensure the guaranteed party/policyholder's compliance with the terms and conditions of the license it was awarded, or to ensure the completion of a proceeding between the customer and the authority.

Guarantees to secure payments - a guarantee that constitutes an undertaking to pay a certain amount if the guaranteed party/policyholder will fail to pay the amount it undertook to pay a third party.

Other risks

The Group issues policies that cover other various risks which were not included in the above subsegments, since the scope of its activity in those subsegments is immaterial.

5.3 Competition

The Group's share in this area of activity grew during the reporting period, as reflected in revenues from premiums, as detailed below:

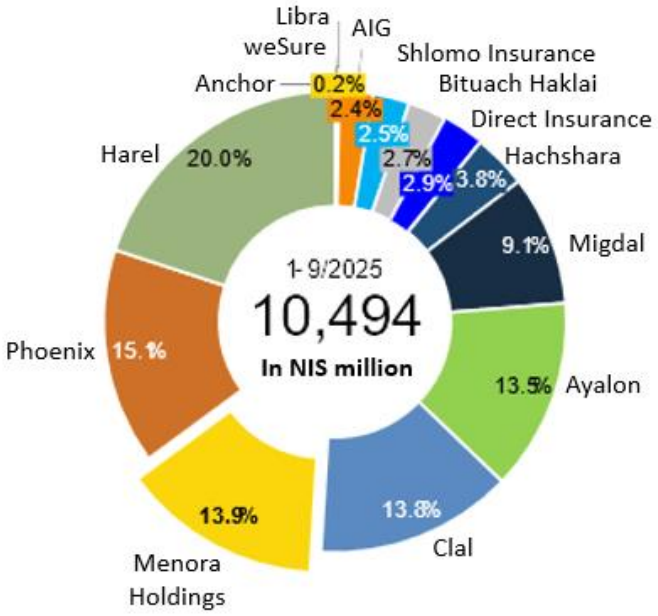
According to the insurance companies' financial statements, in the first nine months of 2025, revenues from other property and casualty insurance amounted to approx. NIS 10,494 million, compared to approx. NIS 10,162 million in the corresponding period last year - an increase of approx. NIS 332 million in insurance premiums, that constitute approx. 3.3% of the total revenues from insurance premiums.

The Group's market share as reflected in revenues from insurance premiums in the first nine months of 2025 is approx. 13.9% compared to 13.2% in the corresponding period last year.

In this segment, the Group competes with most of the insurance companies in Israel. According to the financial statements data of the insurance companies, the five largest insurance companies operating in this segment are Harel, Phoenix, Clal, Ayalon and the Group. According to these data, the share of the five largest market players in the first nine months of 2025 stood at approx. 76.3% of the total gross insurance premiums in this segment, compared to approx. 76.2% in the corresponding period last year.

For details regarding the Group's revenues from premiums, see Section **6.6.4** to the Report of the Board of Directors.

Following is a breakdown of market share data, by companies operating in the segment:



The competition in the segment is affected both on the demand side for products by various business companies in Israel, and on the supply side and quality of products offered by the insurance companies. The reinsurance market and the changes that take place therein in connection with the segment also constitute a major factor affecting competition. Furthermore, in the large business insurance and in the directors insurance subsegment, the policyholders are represented by insurance advisors, a fact that clarifies the importance of the quality of the coverage, and at the same time also creates pressure to reduce tariffs. The insurance products included in the property insurance subsegment, such as marine, aviation, engineering and electronic equipment insurance require specific specialty and provide a complex coverage, and therefore, the competition in these subsegments is based, among other things, on the quality of the insurance coverage provided by the Group. The factors that reinforce the Group's positioning compared to its competitors are its product mix, which includes innovative products in the various areas of activity, its extensive agents base, the emphasis it places on high service levels and strict monitoring of various aspects of its activity.

5.4 Customers

In the other property and casualty insurance subsegment, the Group insures private and business customers, as well as institutional entities. The Group conducts an underwriting process for each and every policyholder, except for old collectives of mortgage banks.

The Group does not have a single customer, the total revenues from which constitute 10% or more of the total amount of the Group's revenues in the segment, and the Group is not dependent on a single customer or a small number of customers in this segment. Furthermore, the Group is not aware of permanent characteristics of customers in the property and casualty insurance segment.

Breakdown of gross insurance premiums from customers*:

Type of customer	Gross premiums in 2025 (NIS million)	% of total revenues for 2025	Gross premiums in 2024 (NIS million)	% of total revenues for 2024
Collectives and large enterprises	1,084	57%	1,031	59%
Individuals and small business customers	817	43%	720	41%
Total	**1,901**	**100%**	**1,751**	**100%**

* The breakdown in the liability insurance subsegments was made according to liability limits. The breakdown in the property insurance subsegments was made according to premium amounts.

Private customers and small business customers constitute the largest share of the Group's insurance portfolio.

Following is a breakdown of insurance premiums by customers' loyalty years in the comprehensive home insurance sub segment for the periods described in the Report:

	Premium turnover in NIS million		% of total revenues	
Number of loyalty years	2025	2024	2025	2024
No loyalty	52	54	15%	18%
Loyalty of one year	45	39	13%	13%
Loyalty of two years	33	32	10%	10%
Over three loyalty years	211	183	62%	59%
Total	**340**	**308**	**100%**	**100%**

In 2025, the renewal rate[16] in the comprehensive home insurance subsegment stood at approx. 86% compared to 87% in 2024.

[16] The rates are in premium terms.

6. Health Insurance

6.1 General description of the segment

Health services in Israel are composed of three tiers: The first - The basic Healthcare Services Basket in accordance with the National Health Insurance Law and the regulations promulgated thereunder; the second - supplementary healthcare services in health maintenance organizations (hereinafter - "**SHABAN**"); and the third - private health insurance through the insurance companies. The private health insurance policies provide insurance coverages that replace, supplement, or add to the basic Healthcare Services Basket and/or the SHABAN services of health maintenance organizations in Israel, by way of expanding the insurance coverage, with the right to select the service and flexibility in terms of exercising medical rights being the policyholder's. In addition, some of these policies allow the policyholder to receive medical services using advanced medical technology, and cover drugs in accordance with the definitions set in the relevant policy, which are not included in the Healthcare Services Basket or in SHABAN.

This segment includes the Group's activity in the private health insurance subsegments, as part of individual policies or collective policies, that provide insurance coverage whereby the customer is indemnified or compensated in respect of medical events, both on a long-term basis as part of medical expenses insurance, dental insurance, long-term care insurance, personal accidents insurance (long-term), and critical illness insurance, and short-term health insurance (up to one year), travel insurance, foreign workers insurance, and tourists insurance. The policies mainly cover a range of medical events caused to the policyholder due to illness and/or accident.

The activity in the private health insurance subsegment is carried out subject to regulatory provisions, whose aim is to increase competition and transparency in this segment.

These provisions establish uniform coverage in various policies as detailed below. Furthermore, the legislation in this field regulates, among other things, the relationship between the insurance companies and physicians and medical institutions, with which they have agreements in place, including the manner of payment for their services. Furthermore, in the field of individual policies, there are provisions whereby medical expenses and critical illness policies are renewed automatically every two years, as well as provisions that require insurance companies to give policyholders the option to purchase health insurance policies regardless of their purchase of other additional insurance policies.

Health reform:

In March 2022, the Capital Market Authority published the health insurance reform for revision of insurance plans, which came into effect in October 2023 (hereinafter - the "**Effective Date**"). Accordingly, **an amendment was published to various chapters in the provisions of the Consolidated Circular Chapter 6, Part 3, which deal with the drawing up of a health insurance plan (hereinafter - the "Reform")**; the Reform prescribes that the structure of health insurance shall include 5 pillars:

First pillar - a uniform basic health insurance policy that includes the following coverages: A policy covering transplants and special treatments abroad, medicines that are not included in the Israeli health care basket, and surgical procedures and alternative treatments to surgical procedures abroad;

Second pillar - a policy that includes one of the following alternatives: (a) A policy covering surgical procedures and alternative treatments to surgical procedures in Israel Supplementary SHABAN, with a deductible of NIS 5,000; (b) a policy covering surgical procedures and alternative treatments to surgical procedures in Israel Supplementary SHABAN, without a deductible; (c) a policy covering surgical procedures and alternative treatments to surgical procedures in Israel, From the First Shekel (hereinafter - "**From the First Shekel Surgery Policy** ");

Third pillar - a rider policy that will include an expansion for one or more of the insurance plans in the first pillar, second pillar or the fifth pillar;

Fourth pillar - ambulatory insurance policies, which include one or more of the following covers: (a) consultation, medical diagnosis and tests; (b) home hospitalization (c) treatments using advanced technology and medical accessories; (d) medical support and treatments during a significant medical event, such as surgery, hospitalization or critical illness; (e) any insurance appendix approved by the Commissioner in advance and in writing;

Fifth pillar - critical illness policy.

Furthermore, regarding the signing-on of insurance applicants to the health insurance policies described above, it was stipulated that in view of the importance of the coverage in the first pillar, the insurance applicant is first required to purchase a basic health insurance policy, unless one of the following exclusions applies: (a) Due to an underwriting procedure, the insurance applicant was refused insurance, or a certain exclusion is required; (b) the insurance applicant is older than 65, and does not wish to hold one or more of the insurance plans included in the basic insurance policy. In addition, it was stipulated that the marketing entity is required to explain the structure of the new insurance, including the differences between the basic policy and the riders, while reflecting the insurance premium.

Beyond the above, it is stipulated that a marketing entity shall not sell an individual policy that awards indemnity to an insurance applicant, who has an individual insurance policy that provides a similar coverage (without canceling the existing policy), unless one of the following exclusions applies: (a) The policy that will be offered to the insurance applicant includes only the remaining insurance coverage; (b) the rate of the cost of the similar insurance coverage between the policies does not exceed ten percent of the premium amount approved by the Commissioner; (c) due to an underwriting procedure, a certain exclusion is required in a medications policy, and the insurance applicant has an old medications policy without those exclusions; (d) an insurance applicant, who wishes to switch from a collective insurance policy to an individual insurance policy without discontinuing the insurance coverage. In addition, it was decided that a premium discount will be given at a fixed-rate for a period of at least ten years.

Supervision of Financial Services Directives (Insurance) (Conditions in an Insurance Contract for a Basic Health Insurance Policy), 2021 were published at the same time, which suggest to set a wording for the said policies, which define a uniform coverage, in order to make it easier for policyholders to make comparisons between the various companies. Furthermore, an amendment was published to the **Supervision of Financial Services Regulations (Insurance) (Conditions in an Insurance Contract for Surgical Procedures and Alternative Treatments to Surgical Procedures in Israel), 2021**, which makes the adjustments required for the uniform insurance policy, as derived from the said reform, and certain updates in the policy's list of exclusions.

In June 2023, **the Economic Plan Law (Legislative Amendments for Implementing Economic Policies for the Budget Years 2023 and 2024), Chapter S (Health) (hereinafter - the "Economic Arrangements Law")** was published, which amends The Financial Services Supervision Law, and sets a requirement whereby an insurer will pay the health maintenance organization for a surgical procedure which was executed and financed through a SHABAN plan when the following two conditions are met: (1) The planholder is insured under a "first shekel" surgical procedure insurance policy, and the said policy covers such a surgical procedure; (2) the surgeon is part of a surgical procedures arrangement with the insurance company; (3) the surgical procedure was carried out and financed through a SHABAN plan, even if there are differences between the SHABAN plan and the policy in terms of the method employed to execute the surgical procedure, the medical center in which it is carried out, and the technology and the devices required for the surgical procedure.

In this regard, it was determined that the amount that will be paid to the health maintenance organization shall be equal to the price of the surgical procedure as per the Ministry of Health's price list, or as set in a dedicated order that will be set at the recommendation of the Commissioner - the lower of the two. The policyholder's deductible shall be deducted from this amount, to the extent that he paid it. It was also stipulated that the insurer may submit to the Commissioner an appeal to the payment notice as stated above within 30 days from receipt of such notice, and the appeal will not delay the payment to the health maintenance organization, and the Commissioner is required to inform the insurer and the health maintenance organization of its decision regarding the appeal within 60 days of its receipt. Furthermore, transitional provisions were set that will require the insurer to transfer policyholders from an individual "From the First Shekel" surgical procedure policy taken out as from February 2016 until the effective date who also have a SHABAN plan in place, to a "Supplementary SHABAN" surgical procedures policy, while ensuring continuous insurance coverage on June 1, 2024.

In addition, it was determined that policyholders will be allowed to inform the insurer - within a year of the transfer date - of their wish to cancel the transfer and reinstate the original policy. It was prescribed that in order to transfer the payment by the insurer in respect of the execution of the surgical procedure as part of the SHABAN plan as stated above, and in order to transfer policyholders to a "Supplementary SHABAN" surgical procedures policy, the Capital Market, Insurance and Savings Authority shall operate and maintain a secure online

interface that will be used to transfer the relevant information between the health maintenance organizations and the insurance companies to achieve the implementation of the provisions of the law.

In September 2023, the Commissioner published supplementary circulars for the implementation of the Economic Arrangements Law: (1) Amendment to the Required Information on a Website of an Institutional Entity Circular, which stipulates that insurance companies that market surgical procedures policies shall present the list of surgeons, who are included in an arrangement with them, on the relevant dates set in the circular, in order to allow the health maintenance organizations to file payment requests to the insurance companies in accordance with the terms set out in the Economic Arrangements Law; (2) a circular dealing with the Online Interface regarding Surgical Procedures in Israel, which stipulates provisions regarding the manner of transferring information between the health maintenance organizations and the insurance companies, including the details of the information that the insurance companies and the health maintenance organizations are required to exchange through the online interface.

In March 2024, the Commissioner published a circular, which includes provisions as to the process of transferring policyholders to a Supplementary SHABAN surgical insurance policy, including with regard to the wording of provisions to transferred policyholders and the transfer cancellation procedure. At the same time, **Amendment to the Consolidated Circular - Title 6, Part 3, Chapter 2 - Requirement to Offer Supplementary SHABAN Healthcare Coverage** was published, which includes provisions regarding the insurance coverage under a SHABAN supplementary policy. Furthermore, in August 2024 a circular was published entitled "**Appealing a Payment Notice for First-Shekel Surgical Procedures**", which includes provisions regarding the review of the appeal by the Company of a payment notice it received, where the Company believes that the policyholder's insurance policy does not cover the surgical procedure in respect of which the payment was demanded.

Changes in the long-term care subsegment:

In collective long-term care insurance, **Supervision of Financial Services Directives (Insurance) (Collective Long-Term Care Insurance to Members of Health Maintenance Organizations), 2015 and Circular regarding Collective Long-Term Care Insurance to Members of Health Maintenance Organizations, which was incorporated into the Consolidated Circular** (hereinafter - the "**Directives**" and the "**Circular**") were published, stipulating, among other things, uniform terms and conditions for the collective long-term care insurance of health maintenance organizations, including terms regarding qualification period, waiting period, the insurance period and the amount of insurance benefits in the case of an insured event, which serve as the basis for the Group's activity in this field (see Section 6.2.1.2 below).

In December 2023, the Commissioner's Directives regarding Financial Services Supervision (Insurance) (Collective Long-Term Care Insurance to Members of Health Maintenance Organizations) (Amendment), 2023, which revises the existing insurance coverage under collective long-term care insurance policies of health maintenance funds in order to stabilize the "policyholders' funds" in view of the increase in the incidence of claims filed and paid, and their adverse effect on policyholders' funds. The provisions prescribe reducing by approx. 10% the amount of insurance benefits paid to a policyholder, who is entitled to the basic tier of coverage, and who lives at home. In addition, the monthly insurance benefits paid in accordance with the directives were reduced by linking the insurance benefits amounts to the known CPI on the Amendment's effective date and no later than July 1, 2016. Furthermore, the existing exclusion period was revised for entitlement to insurance coverage under the policy to an insured event that occurred in the first 5 years of a policyholder's life instead of 3 years according to the existing exclusion. The provisions of the amendment came into effect on January 1, 2024; they apply to all collective long-term care insurance policies of HMOs, which were taken out or renewed as from that date, and to existing policies if it was agreed between the insurance company and the HMO that the abovementioned provisions will apply. It was clarified that the amendment will not apply to insured events that occurred prior to the effective date.

In December 2023, the Commissioner published an amendment to Consolidated Circular - Title 6, Part 3 - Long-Term Care Insurance, which prescribes that, due to the challenges arising in long-term care insurance (including an increase in the number of insured events and the prolongation of the entitlement period), the minimum 20% threshold for insurance companies' participation in the insurance risk arising from long-term care insurance policies of health maintenance organizations should be scrapped. It was clarified that this cancellation is expected to allow the health maintenance organizations the flexibility to set the risk rate applicable to the insurance company.

Further to the challenges and trends described above, in December 2024, an additional amendment was published to the provisions, which cancels the insurers' obligation to sign-on policyholders to a mutual collective follow-on policy if the policy of all policyholders is not reviewed, and the definition of the insured event and the eligibility criteria for insurance benefits were revised. These revisions are designed to increase health maintenance organizations' chances of entering into an agreement with an insurance company for the issuance of a collective long-term care insurance to their members and to boost the stability of the HMOs. With regard to the revision of the definition of insured event, the amendment stipulates, among other things, that in long-term care insurance policies of HMOs members, only policyholders, who are unable to carry out on their own a material part of at least 4 out of 6 activities of daily living (ADL) or 3 out of 6 - one of which is continence, will be eligible. In addition, it was prescribed that the use of medical accessories will not be deemed as inability to perform a certain action. Furthermore, for policyholders who live at home, the eligibility for insurance benefits will be subject to the provision of a certificate to the effect that the policyholder actually uses a personal carer, who provides care services during most

hours of the day. The amendment of the abovementioned insured event definition took effect on January 1, 2025, and the effective date of the cancellation of the requirement to sign-on policyholders to the collective follow-on policy was set for January 1, 2027. The provisions of the amendment will apply to long-term care insurance policies of HMO members, which will be taken out or renewed as from the relevant effective date, as applicable, and to policies, which were taken out prior to that date, if they stipulate that those provisions will apply to them.

For information about key legislative restrictions that apply to the Group on this segment, and on the Group's activity as a whole, see Section **8.2.1** below, respectively.

6.2 Services and products

6.2.1 Description of the segment and the main insurance coverages included therein

This section includes a general and condensed description of the products' characteristics and uses, their main markets, and trends and changes in their demand and supply. The full and binding terms and conditions are the terms and conditions set out in each policy and/or insurance contract, as the case may be. The description is for the purposes of this report only and may not be used for interpretation of the policy.

6.2.1.1 P&C

Most of the policies in the segment are long-term policies and sometimes (medical expenses and individual long-term care) they cover the policyholder's entire life. Upon the coming into effect of the changes in the health insurance segment, at the beginning of 2016, most medical expenses and critical illness (individual) long-term policies, which are marketed by the Group, are renewed every two years.

The insurance coverage is provided under individual or collective insurance policies, and policies sold to collectives are limited in time. The policies mainly cover a range of insured events caused to the policyholder due to illness and/or accident.

6.2.1.2 Long-term Care Insurance

A plan awarding the policyholder a predetermined monthly compensation after a waiting period of several months starting on the date of the insured event (in accordance with the definitions set out in the policy), and over the compensation period as defined in the policy. The said compensation is paid as long as the policyholder requires long-term care, but no longer than the period specified in the policy. According to the Government and the Commissioner's policy, regulation was put in place regarding the collective long-term care insurance, whereby - as from December 31, 2017 - collective long-

term care insurance policies will no longer be marketed and/or extended, other than long-term care insurance policies to members of the health maintenance organizations, or other collective long-term care insurance policies approved by the Commissioner.

As from 2019, the Group ceased the marketing of all long-term care insurance products to private customers. During February 2018, Menora Mivtachim Insurance and Tzevet, the IDF Veterans Association (hereinafter - "**Tzevet**") signed a detailed collective long-term care insurance agreement for Tzevet members (approx. 40 thousand members) and their families, which came into effect on April 1, 2018 for a period of eight years, at the end of which if Tzevet will not engage in a collective long-term care insurance for an additional period, an arrangement for continuity of insurance coverage will be in place in respect of the policyholders which were included in the insurance at that time, through individual policies, as they will be in effect on the date on which the collective insurance expires. In December 2022, the agreement with Tzevet was extended through 2030, and an extended insurance tier was added to increase the insurance amount to insured Tzevet members, who will wish to expand the insurance coverage, subject to underwriting and the payment of an additional premium, all in accordance with the terms and conditions of the agreement.

As of April 1, 2019, and since January 1, 2020 Menora Mivtachim Insurance started insuring members of the health maintenance organizations "Leumit Health Services" and "Kupat Holim Meuhedet" (hereinafter - "**Leumit**" and "**Meuhedet**", and jointly - the "**Health Maintenance Organizations**"), respectively, under a collective long-term care insurance in accordance with the terms and conditions of the tenders. In these transactions, Menora Mivtachim Insurance bore 20% of the total insurance benefits, in accordance with the risk premium set in the tenders plus management fees for the operation of the insurance policy. Due to the changes and challenges in the Long-Term Care Insurance Subsegment, as detailed above, as of April 2024 and January 2025, the agreements with Leumit and Meuhedet were revised, respectively, such that the agreements were converted into long-term care insurance claims operating agreements for Leumit and Meuhedet members, in exchange for management fees, claims handling fees and reimbursement of expenses, without bearing the insurance risk, all as agreed with the HMOs, for a period of 3 years.

As from January 1, 2024, Menora Mivtachim Insurance started operating the long-term care insurance of Maccabi Health Maintenance Organization, Maccabi Healthcare Services and Maccabi Magen Mutual Insurance Association Against Diseases Ltd.'s (hereinafter - "**Maccabi**") members in consideration for management fees, claim handling fees and reimbursement of expenses, without bearing the insurance risk for a period of 3 years.

6.2.1.3 Critical illness insurance

A policy that ensures that a policyholder will receive financial compensation in the event of the detection of a critical illness or in the event of severe medical events out of a predefined list. The policy is sold mainly to private customers, but the coverage is also available as part of collective insurance policies.

The insurance coverage in the policy is available up to the age of 75.

6.2.1.4 Medical expenses insurance

The insurance coverage in these policies is based on a model of indemnification or undertakings to pay service providers in respect of medical expenses up to a ceiling specified in the policy. In policies which were marketed through February 2016 there are sometimes also insurance coverages by way of financial compensation, which does not depend on actual expenses.

Medical expenses insurance is sold both to private customers and to collectives.

Surgeries and non-surgical alternatives and consultancies in Israel – standard policy

A plan that provides financial indemnity when a surgical procedure is carried out in Israel in a private and/or a public hospital and/or when a non-surgical alternative treatment is carried out, in respect of the surgeon and the anesthetist's fees, operating theater costs, implant as part of the surgery, consumable equipment, drugs during the surgery and the hospitalization period, tests carried out as part of the surgery and hospitalization expenses, and consultations in connection with the surgical procedure, all in accordance with the terms and conditions of the policy. In addition, according to the provisions of the law, the coverage is in respect of surgical procedures carried out only by service providers that are included in the agreement.

Surgeries and non-surgical alternative treatments and consultations in Israel – standard Supplementary SHABAN policy (with or without deductibles)

A plan that provides supplementary insurance coverage in respect of a surgical procedure carried out in Israel in a private and/or a public hospital and consultations in connection with the surgical procedure only through service providers included in the agreement, which covers the gap between the SHABAN plan and the private insurance, such as reimbursement in respect of deductible or full indemnity for surgeons, who are not included in the SHABAN arrangement but are included in the arrangement with the Company (regarding the refund of a deductible only if not under an agreement with the Company). In addition, according to the provisions of the law, the coverage is in

respect of surgical procedures carried out only by service providers that are included in the agreement.

Transplants and special treatments abroad

A plan providing indemnity in connection with the execution of transplants and special treatments abroad, regardless of whether those were approved by the health maintenance organizations.

Medications outside the Healthcare Services Basket (including personalized medications)

Plans providing coverage in respect of medications that are not included in the Healthcare Services Basket, and includes, among other things, chemical and biological medications, medications which were approved in Israel or abroad, off label medications and orphan drugs and customized medications.

Surgeries abroad and non-surgical alternative treatments abroad

The coverage includes, among other things, the surgeon and the anesthetist's fees, operating theater expenses and hospitalization expenses up to ceilings set in the agreement with the service providers.

Ambulatory services

Additional coverages for private health insurance plans provided not during hospitalization, which enable coverage for medical advice, pregnancy tests, diagnostic tests, etc.

Riders

Quick diagnosis, online medical consultations, complementary medicine, preventive medicine, and a rider for children.

6.2.1.5 Dental insurance

The Group's dental insurance plans are marketed only to collectives, and include a wide range of coverages, starting with general dentistry, restorative dentistry, periodontics and orthodontics.

6.2.1.6 Long-term personal accidents insurance

The plan provides a financial compensation in the event of an accident in Israel or abroad, which caused a disability, fractures, burns, hospitalization in a hospital and long-term care or death, and includes a package of additional coverages in the event of an accident.

The policy was mainly marketed to private customers and is in effect up to the age of 80.

Following the Amendment to the Provisions of the Consolidated Circular (Chapter 6, Part 3, Articles 2, 3, and 4) Insurance of Personal Accidents - was discontinued; as of May 2021, long-term personal accidents insurance is being marketed.

6.2.1.7 Plan providing coverage for occupational disability due to accident

A plan providing the policyholder with a monthly compensation in the event of losing his/her ability to engage in his/her occupation as it was prior to the accident, after a waiting period and for a defined compensation period (as selected by the policyholder), and as long as he/she is unable to engage in this occupation.

Following the Amendment to the Provisions of the Consolidated Circular (Chapter 6, Part 3, Articles 2, 3, and 4) Insurance of Personal Accidents - was discontinued; as of May 2021, coverage of occupational disability due to accident is being marketed.

6.2.1.8 Travel insurance

Travel insurance provides a basket of insurance coverages as part of a base layer for policyholders during their stay abroad that includes, among other things, coverage for illnesses, accidents and diverse medical events. Travel insurance incorporates an option to purchase riders for coverage, among other things, of the exacerbation of an existing medical condition, baggage, shortening and cancellation of travel due to a medical need, extreme sports, etc.

The insurance period in such policies is normally short and specified in days, in accordance with the policyholder's stay abroad, and the insurance premium is set, inter alia, in accordance with the destination to which the policyholder travelled.

6.2.1.9 Medical insurance to foreign workers and tourists

The Group markets an insurance plan to foreign workers in accordance with the requirements of the ordinance in accordance with the **Foreign Workers Law (Prohibition of Unlawful Employment and Securing Fair Terms), 1991**, which prescribes a medical insurance requirement in respect of foreign workers, which applies to the employer, while defining a minimum coverage. The policy is marketed through licensed agents, to individuals and collectives through their employers. The insurance includes, among other things, coverage for hospitalization expenses in a public hospital in Israel, including A&E expenses (even if they did not result in hospitalization), disability coverage for a limited period and the financing of a flight ticket for the policyholder in the event that he/she is unable to work due to illness. In addition, the Group markets a policy covering medical expenses of tourists staying

in Israel. This coverage is essentially similar to the insurance provided to foreign workers but is capped with a maximum amount.

6.3 Competition

The Company's health insurance activity is on the increase, reflected in a change in the scope of revenues from premiums as detailed below, except for a decrease in premiums for collective long-term care in the corresponding period last year of the HMO, which in 2025 switched to an operating model.[17]

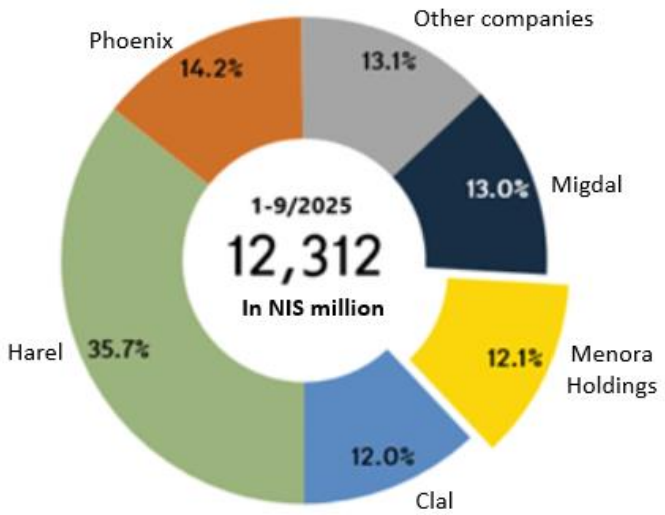
According to the insurance companies' financial statements, in the first nine months of 2025, revenues from health insurance amounted to approx. NIS 12,312 million, compared to approx. NIS 11,689 million in the corresponding period last year - an increase of approx. NIS 623 million in insurance premiums, which constitute approx. 5% of the total revenues from the insurance premiums.

In this segment, the Company competes with most of the insurance companies in Israel. According to the financial statements data of the insurance companies, the largest insurance companies operating in this segment are Harel, Phoenix, Migdal, Clal and the Company.

In this period, the Company holds a market share of approx. 12.1% with a premium of approx. NIS 1,484 million and is positioned fourth compared to a market share of approx. 14.2% with a premium of approx. NIS 1,657 million in the corresponding period last year.

For details regarding the Company's revenues from premiums, see Section **6.7.4** to the Report of the Board of Directors.

Following is a breakdown of market share data, by companies operating in the segment for the first nine months of 2025:



[17] For further details, see Section 6.7.4 of the Report of the Board of Directors.

Most of the health insurance plans are long-term plans (some are renewed automatically every two years), and as such that they are impacted by actuarial assumptions over the term of the policies. Changes in actuarial assumptions and assessments in relation to risk may have a material effect on the business results. In long-term care insurance, which is characterized with accrual of significant reserves, investment revenues have a material effect on the business results and the profitability in this field.

In health insurance there is competition, which stems, among other things, from multiple competing entities and similar products. In collective insurance, due to the involvement of policyholders, agents and consultants in this field, competition has intensified, mainly in ambulatory services.

The main methods employed by the Group in order to tackle competition are: Expanding the incorporation of the Group's health insurance products among its agents; developing new products that meet the customers' needs and developments in medicine; expanding the Agents Unit, and using the agents who work with the Group as a source for referral of customers; expanding the direct sales channel; expanding the service channels to customers and agents, including through advanced technological tools; participating in key tenders in the field; increasing operational efficiency, and more.

The main factors that affect the Group's competitive positioning in this subsegment are: the Group's financial resilience; the high level of service provided by the Group as part of its management of claims and payment of insurance benefits, and its long-term relationships with agents that market its products.

6.4 Customers

Health insurance customers can be divided into two main categories, as detailed below:

Individual insurance: Insurance plans sold to private customers are, usually, insurance plans for long periods (subject to renewal every two years) (for the policyholder's entire life or up to a pre-determined age), which cover the policyholder even if his/her medical condition changes during this period.

Collective insurance: Insurance plans, which are sold to a group of policyholders, who are linked to one another, through a representative party (hereinafter - the "**Policyholder**"). The terms and conditions of the collective insurance agreements are decided in negotiations between the insurer and the Policyholder, and they apply to all individuals included in the relevant group. These agreements are signed for predetermined periods of a number of years (and as from January 1, 2016, according to an amendment to the Collective Health Insurance Regulations - they have a limit of 5 years) and are renewed subject to the agreement of the parties. Some collective insurance agreements include insurance continuity when the collective insurance agreement terminates or when an individual ceases to be a member of the group. Regarding collective long-term care insurance for HMO members, see Section **6.2.1.2** above.

The Group has a range of customers in this area of activity, and therefore it is not dependent on a single customer or a small number of customers. In addition, the Group does not have a single customer the total revenues from which constitute 10% or more of the Group's total revenues.

Breakdown of insurance premiums from customers, gross:

Type of customer	Gross premiums in 2025 (NIS million)	% of total revenues for 2025	Gross premiums in 2024 (NIS million)	% of total revenues for 2024
Collectives and large enterprises[18]	424	21%	810	36%
Individuals and small business customers	1,579	79%	1,409	64%
Total	**2,003**	**100%**	**2,219**	**100%**

Lapse rate

According to the Commissioner's Directives, the cancellation rate is calculated by dividing the amount of the premium charged in the last month of the year by the amount of the premium which was charged in the last month of the previous year; this is only relevant to policies effective as of before the current year, net of the rise in tariffs.

The lapse rate from the policies in effect as of the beginning of the year in the illnesses and hospitalization subsegments - in terms of premiums - stood at approx. NIS 10.2% in 2025, compared to 9.4% in the corresponding period last year.

The lapse rate of long-term care insurance policies in effect as of the beginning of the year - in terms of premiums - stood at approx. NIS 3.7% in 2025, compared to 3.4% in the corresponding period last year.

[18] As detailed above, the decrease stems from the HMO's transition in 2025 to the operating model for collective long-term care; for further details, see Section 6.7.4 in the Report of the Board of Directors.

7. Credit Segment

Over the past few years, as part of the Strategic Plan, the Group has worked to expand its credit activity through acquisitions of subsidiaries and associates, particularly in 2025 (the acquisition of Yesodot and the completion of the full acquisition of ERN in early 2026). Furthermore, there was organic growth in the volume of credit activity in the subsidiaries and associates, as part of a trend to reduce the effects of the capital market on its core insurance and finance activities, as well as diversification of its revenue streams. Further to the above, and amid the increase in activity and the impact of the increase on the Group's profitability, the Group regards its credit activity as an operating segment.

The Group's credit activity includes the provision of business credit, including real estate credit, the provision of consumer credit (consumer loans in the private market, including mortgages), as well as early payment services or repayment undertakings. Business credit is provided through Menora Insurance itself and through Ampa Capital Ltd., an associate of the Company (through the holding of 48.1% of its share capital, under joint control with Ampa Ltd.) (hereinafter - "**Ampa**"), a subsidiary of the Company, Yesodot A. Financial Support Ltd. (hereinafter - "**Yesodot**")[19] and through a subsidiary of the Company, ERN Israel Ltd. (hereinafter - "**Menora ERN**").Consumer [20] credit is provided through Menora Mortgages (hereinafter - "**Menora Mortgages**"), and via Menora ERN. The operating segment also includes a 27.5% holding in an associate, IBI Quality Credit Ltd., which engages in credit brokerage, and whose activity is immaterial to the Company.

[19] For details regarding the Yesodot transaction, see Section 2.7 to the Report of the Board of Directors.
[20] For details regarding the ERN transaction, see Section 8.17.3.

7.1 Financial information regarding the Credit Segment

Credit Segment (in NIS thousand)	For the year ended December 31 2025	2024
Net investment revenues and finance income	362,787	261,257
Other revenues	70,134	74,566
Total revenues	**432,921**	**335,823**
General and administrative expenses	(117,152)	(91,330)
Other expenses	(13,691)	(11,358)
Finance expenses, net	(152,706)	(125,864)
Total expenses	**(283,549)**	**(228,552)**
Share in profits of equity-accounted subsidiaries which are not closely related to the investing activity	33,978	28,223
Profit before taxes on income	**183,350**	**135,494**
Total comprehensive income before income tax	**183,212**	**136,130**
Total assets as at December 31	**6,037,916**	**4,425,189**

7.2 General Environment and Macroeconomic Trends

P&C

The credit sector in Israel relies mainly on banks, but in recent years, the activity of non-banking entities (insurance companies, credit card companies and non-banking financing companies) has increased in a variety of areas: business credit and household credit, housing credit as well as payments activity and discounting post-dated checks, which serve as a source of short-term financing for businesses.

The government and regulators (the Bank of Israel and the Capital Market, Insurance and Savings Authority) promote regulation, licensing and supervision aimed at increasing trust, mitigating fraud and operating risks, as well as encouraging competition and innovation.

The non-banking credit market has grown rapidly in recent years, among other things, due to good capital market access and regulation that has increased investor transparency.

In 2025, the interest rate environment was high but a decline in the interest rate began towards the end of the year and in the first quarter of 2026 (to approx. 4%), a development that supports a return to an increase in the rate of credit growth.

Business credit

In the business sector, the growth in credit volume continued in 2025, but at a more moderate pace, amid a high interest rate environment, a slowdown in economic activity and an increase in uncertainty due to the Iron Swords War. These factors contributed to the increase in financing costs and increased caution in the credit market. They were manifested in the tightening of financing terms and in the increase in the scope of collateral required in certain transactions, as well as in the extension of the duration of contractual engagement periods and the closing of financing transactions.

The construction and real estate sector constitutes a significant component of business credit (approx. 40%), and non-banking financing companies have increased activity in it in recent years, including by project financing and extending credit to developers. Since real estate credit is usually characterized by a longer average duration and high dependence on project flows, the non-banking credit portfolio's average duration was extended accordingly, and the exposure to changes in industry cycles and fluctuations in the financing environment also increased. The interest rate has a major impact on demand and pricing in the real estate sector, both through the ability of buyers to finance transactions and through the cost of financing incurred by the developers. Companies in the real estate sector are often leveraged, and consequently the increase in interest rates led to an increase in finance expenses, while at the same time the War slowed the pace of progress of projects and caused delays in schedules. At the same time, in 2025, there was a certain recovery in sales, but the interest rate environment remained high and thus continues to "apply pressure" to the cash flows and the debt service capacity and may increase the level of risk in project financing and the provision of credit to developers.

Consumer credit

Households recorded a moderate increase in credit volume in 2025 (approx. NIS 890 billion, of which approx. NIS 644 billion were for housing), while moderating the rate of credit growth relative to 2024. Banks control credit to households, but the share of non-banking entities in consumer credit has increased in recent years. The credit quality indices for households stabilized in 2025, among other things, due to support measures adopted by governmental bodies, but there is a possibility of deterioration once the provision of support comes to an end or insofar as the macro-economic conditions remain challenging.

Furthermore, the provision of reverse mortgage loans has also developed (mainly with institutional and non-bank entities): a loan for people aged 60+ against a lien on a property, usually without ongoing repayments, with unique risks associated with the repayment the value of the property, which are mitigated by a low LTV.

Check activity

The interest rate has a major impact on the pricing of check discounting transactions (linked to prime plus spreads). In addition, cash flow pressure among contractors and suppliers, generated by the increase in interest rates, may increase the risk of dishonored or returned checks, and could also affect trading conditions and lead to the increased use of post-dated checks.

The use of checks in Israel, and especially of post-dated checks, is very common compared with the global norm, in the business sector, the public sector and the consumer sector. The checks have advantages for both the check drawer and the beneficiary, but today, with the development of the means of payment via credit and digital payment platforms, the most prominent advantage in the use of checks in Israel is the fact that they are not included in the credit framework of the drawer in the banking system or in the credit company. At the same time, the main disadvantage of paying checks for merchants is the exposure to the risk of returned checks.

In recent years we have also 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. Over the course of time, this possible development may lead to a decrease in the volume of the use of checks, and in particular post-dated checks, thereby reducing the scope of activity and the demand for services based on checks (including check discounting) and adversely affecting revenues and profitability in this field.

7.2.1 Critical success factors in the area of activity and Changes therein

The Company believes that the key success factors in this field include:

- The quality of the underwriting and risk management system: the ability to conduct accurate risk assessment, quality customer selection ("cherry picking"), and the use of statistical models and advanced credit data.
- Accessibility to diverse and competitive financing sources: the ability to raise capital and debt from the banking system, institutional entities and the capital market under conditions enabling the provision of competitive offers.
- Technology and innovation: the development of IT systems and digital platforms enabling efficient and fast processes for underwriting, customer recruitment and service.

7.2.2 Major entry and exit barriers in area of activity

The main entry barriers to non-banking credit segment include:

- Regulatory requirements: The need to obtain a license from the Capital Market, Insurance and Savings Authority to provide credit, and compliance with the provisions of the Supervision of Financial Services Law (Regulated Financial Services), 2016 (hereinafter - the "**Financial Services Law**"), etc.
- Capital requirements: compliance with the minimum equity requirements set forth in the law, as well as with the stringent financial covenants required by the financing entities (banks and institutional entities) as a condition for obtaining credit.
- Access to funding sources: the ability to raise debt in significant volumes and under competitive terms and conditions constitutes a significant barrier to entry.

7.2.3 Alternatives

The main alternative to the companies' services is credit provided by the banking system, which is the dominant player in the credit market in Israel. Additional alternatives include credit from institutional entities, private credit funds and other non-banking credit companies.

7.3 Services and products

The following is a description of the main products and services of the operating segment:

7.3.1 Business credit

7.3.1.1 The Company grants credit through Ampa and through Menora Insurance to medium and large companies and authorized dealers, among other things, through independently post-dated checks or direct debit authorization as well as issuance of guarantees to businesses (for example: rental guarantees, tender, execution and down payment); in addition, Ampa grants credit to businesses in the field of equipment and transportation - granting long-term credit mainly by way of loans for the purchase of transport vehicles (including buses and trucks) and mechanical-engineering equipment, against the pledge of the purchased equipment.

7.3.1.2 Through Menora ERN, the Company provides credit solutions to businesses, in two additional key operating segments in the field of business credit: (1) the provision of a commitment to businesses to repay financial liabilities paid to them by consumers through checks, and standing orders for direct debit; (2) advance payments and financing to businesses in transactions approved as part of a repayment obligation (via checks and standing orders).

7.3.1.3 In addition, through Yesodot, Ampa and Menora Insurance (as applicable), the Group provides credit services for real estate - long-term credit against pledged rights in real estate properties, usually first-degree liens, including financing of residential construction projects using the closed financing method, including credit to bridge cash flow gaps arising from the project, equity supplementation, capital extraction, Sale Law policies and performance guarantees.

7.3.2 Consumer credit

The Group extends consumer credit through Menora ERN (via a subsidiary), which provides consumer loans in businesses at points of sale for the purchase of a product or service, and the loans for the purchase of vehicles (including motorcycles) are secured by the pledge and mortgage of the purchased vehicle, and in the remaining cases, specifically the purchase of a service, no collateral is provided against the loan. Furthermore, the Group extends consumer credit as part of its mortgage activity: Menora Insurance provides mortgages, including reverse mortgages. A "reverse mortgage" is a loan enabling the pledge of a residential apartment in favor of the financing entity designated for people aged 60 and over. The property serves as collateral for receipt of the loan and is pledged to the lender, who grants the loan either as a lump sum or in installments. The percentage of financing is determined by a defined criterion, according to the borrower's age and the property appraisal report. A "reverse mortgage" loan may be repaid via a number of tracks offered to customers: the Balloon, Grace and Spitzer schedule tracks. The repayment of the loan can be made at any time, including on the date of sale of the property, either by the borrowers themselves or by their heirs, subsequent to their death. The loan amount bears interest and linkage paid during repayment of the loan.

7.4 Customers

The Group has many customers in this operating segment, characterized by broad distribution among operating segments, geographical areas and socioeconomic status. According to the Group's assessment, as of the report date, the Group is not dependent on a single customer or a small number of customers, whose loss will have a material effect on the segment. In addition, as of December 31, 2025, the Group has no customer, whose revenues account for 10% or more of the Group's total revenues.

As of December 31, 2025, the total credit extended to the Company's largest customer constitutes approx. 4% of the Group's gross credit portfolio balance in the operating segment, with the total credit extended to the Group's ten largest customers in this operating segment constituting approx. 20% of the Group's gross credit portfolio balance.

7.4.1 Below is a breakdown of the Group's customers in this operating segment:

Area of activity	As of December 31, 2025	As of December 31, 2024
Real estate		
- Residential projects	528,251	149,019
- Commercial projects	307,654	-
- Income-generating assets	559,771	-
- Land	327,412	318,473
Mortgages	496,362	468,087
Services to businesses	1,327,099	1,219,219
Vehicles	1,436,102	1,260,017
Total	**4,982,650**	**3,414,816**
Credit granted by associates	3,318,275	2,395,010
Total (including associates)	**8,300,925**	**5,809,826**

7.4.2 Details pertaining to the Real Estate Segment

Below is a breakdown of the credit portfolio extended to the real estate industry according to the nature of the collateral:

Type of collateral	As of December 31, 2025
Land	51.5%
Real estate under construction	48.5%
Total	**100%**

7.4.3 Below is a breakdown of the Real Estate Segment credit portfolio according to the LTV rate:

LTV range	Percentage of the credit portfolio as of December 31, 2025
Up to 60%	84.6%
60%-75%	3.3%
75%-90%	11.4%
90%-100%	0.7%
Total	**100%**

7.4.4 The loans granted by the Group to its customers bear a variable interest rate in accordance with the prime interest rate.

7.5 Marketing and distribution

Marketing and distribution of services in this operating segment are carried out through a combination of direct and indirect channels, depending on the product and the characteristics of the target audience in each operating subsegment. The marketing channels include, among other things, reputation and referrals from customers and business entities, "word of mouth" activity and reliance on a professional network of contacts, proactive appeals to target customers, participation in and advertising at professional conferences (including real estate and finance conferences), use of authorized consultants and marketers entitled to commission in respect of transactions, as well as advertising and marketing through digital means and the media. Furthermore, in some operating subsegments, dedicated sales teams with relevant experience are operated. The Group does not assess whether there is any material dependence on external marketing channels to such an extent that their loss may be expected to have a material adverse effect on the operating segment or cause a material additional cost due to the need to replace them.

7.6 Competition

The Company's main competitors in this operating segment are banks, financial entities and nonbanking credit providers such as the Nawi Brothers Group Ltd., S.R. Accord Ltd., Peninsula Group Ltd., Gama Management and Clearing Ltd., Jacob Finance and Investments Ltd., Direct Finance from the Direct Insurance Financial Investments Group (2006) Ltd., as well as credit card companies. Competition in the operating segment is influenced by macroeconomic factors as well as the risk levels that competitors take, in addition to the interest rates, financing sources, liquidity, quality of service and of course the reputation of each individual competitor.

To the best of the Group's knowledge, other SMEs (small and medium-sized enterprises) operate in this operating segment with lower volumes of activity than the Group, which constitute inferior competition for the Group because they find it difficult to compete with the terms and scope of credit that the large players in the field are able to provide to their customers, among other things, due to their high financing costs.

In Menora ERN's operating segment, the Company also considers someone who provides a service of repayment obligation or advance payment to all competing payment methods for checks or standing orders, i.e. debit and payment cards through payment applications with such an ancillary service, as a competitor to the Company's services in the area of repayment obligation.

The Group's financial strength creates a competitive advantage for it, equipping it with the ability to provide large-scale credit in light of the Group's professional and expert credit risk management as well as the Group's scale, equity, financial

resources at its disposal, and their terms and the nature of the relations with its customers.

7.7 Credit risk management

Credit risk is the most material risk in the companies' activity, and it stems from the concern that a borrower may not meet its obligations to repay its debt. Risk management is carried out through underwriting and risk management systems in the various companies, which include, among other things:

- Examination of the borrower's credit quality: an overview of its financial situation, past experience and use of external databases.
- Obtaining collateral: requiring collateral such as personal guarantees, liens on real estate properties, liens on equipment and vehicles, as well as post-dated checks.
- Current Expected Credit Losses Model (ECL): recognition of the credit loss provision based on statistical models that examine past data, current conditions and macroeconomic forecasts.

The credit policy is managed separately in each of the Group's individual member companies engaged in this operating segment. As part of the Group's credit policy, and in order to reduce the risks posed by extending credit, the Company and the Group companies operating in this field manage underwriting and credit risk examination systems that carry out preliminary checks before extending credit to the customers and the collateral provided to the Company, as well as ongoing monitoring of the credit subsequent to extending it.

The Board and management of the Group's companies are involved in determining each company's risk framework and risk appetite, approving its credit policy, and overseeing its implementation.

In some of the companies, credit decisions are made by the management and in some of them by credit committees appointed by the Board of Directors, or by the Board of Directors, according to the established authorization hierarchy.

In addition, the various companies have control and credit risk management functions responsible for implementing controls, monitoring anomalies, early identification of warning signs and alerting the relevant management functions to them, as well as monitoring compliance with conditions and collateral throughout the transaction lifespan.

As part of its credit risk management, the Company has a debt classification policy and the provision made for them in accordance with the provisions of IFRS 9, in which the Company distinguishes among three stages for the purpose of classification of debt instruments.

The Company writes off financial assets when, in the Company's opinion, there remains no chance of collecting the debt.

7.8 Financing

The active companies in this operating segment finance their activities via banks and financial entities (including the Company), as well as through the issuance of commercial papers that are not listed for trading on the TASE.

For information about key legislative restrictions that apply to the Group and their effect on this segment, and on the Group's activity as a whole, see Sections 8.2.1 and 8.2.4 below.

MENORA MIVTACHIM

Part C

Additional Information at the Group Level

Menora Mivtachim Holdings Ltd.

8. Additional Information at the Group Level

Further to the information provided in Sections **2-6** above, which covers separately each of the Group's areas of activity, Following is Group-wide information on the Group's businesses.

8.1 General environment and effect of external factors on the corporation's activity

In September 2025, a ceasefire agreement was reached in Israel in the Gaza War when the hostages were released. Following the end of the war in Iran in June 2025 and the ceasefire in Gaza as stated, economic growth in the economy increased. Further to the above, GDP growth in the economy amounted to 3.1% in 2025 subsequent to 1% growth in 2024.

In the fourth quarter of 2025, the GDP grew by 4.0% after growth of 12.7% in the third quarter. Private consumption decreased by 3.6%, investment in fixed assets by 6.4%, exports increased by 33.2% and public consumption increased by 1.7%. The decline in private consumption and investment growth occurred after strong growth in the third quarter, such that in the second half of 2025 all GDP components increased by high rates. The growth forecast of the Bank of Israel and the Ministry of Finance for 2026 is 5.2%.

The job market in Israel continued to be tight. The unemployment rate stands at a low level of 3.1%. The number of vacancies in the economy is at a historical record level.

The residential real estate market is displaying signs of stabilization subsequent to a trend of declining sales and prices. Housing starts were high. As a result of an increase in housing starts and low sales, a relatively large inventory of new apartments was created.

Investment in Israeli high-tech companies increased significantly and reached its highest level since 2022 in the fourth quarter. Mergers and acquisitions of Israeli high-tech companies were also high.

Inflation rate decreased in December 2025 to 2.6%. In January 2026, the inflation rate decreased to 1.8%. The decline in inflation was affected by the strengthening of the shekel and the lifting of some of the supply constraints that increased due to the War. The Bank of Israel also lowered the interest rate from 4.5% to 4.25%. In January, the interest rate fell again, to 4.0%. According to the Bank of Israel's revised forecast, at the end of 2026 the interest rate is expected to stand at 3.5%.

The government's budget deficit continued to decline and at the end of 2025 amounted to 4.7%. The deficit has decreased due to high tax revenues exceeding the forecast, despite the increase beyond the planned defense expenditure. The public debt-to-GDP ratio increased by 0.9% in 2025 and amounted to 68.6% at the end of the year. At the end of 2025, Israel's credit rating at Moody's stood at Baa1 with a negative outlook (in January the outlook was upgraded to stable), while at Fitch the rating is A with a negative outlook. The S&P rating stands at A with a stable outlook.

The financial markets in Israel continued to show positive performance in the fourth quarter. In the overall wrap-up of 2025, the Israeli stock market achieved the highest returns compared to other global stock indices. The shekel appreciated significantly and there were gains in the bonds market.

During the fourth quarter of 2025, economic growth continued in most major countries. According to the IMF's updated assessment, global economic growth in 2025 was 3.3%, similar to 2024. The developed economies grew by 1.8% compared to 1.7% in 2024 and the developing economies - by 4.4% compared to 4.3% in 2024. Despite the stability and even improvement in growth, the last months of 2025 were also characterized by numerous unexpected events, sharp changes in the political, security and geopolitical environment further to the entirety of 2025.

Some of the central banks in the world have continued the process of lowering interest rates concomitantly with the moderation in the inflation environment. In some countries, the process of interest rate reduction has come to a halt. Global stock markets have been positive, with one reason being the impact of high investments in artificial intelligence, the progress of applying technology and U.S. government policy. Government bond yields did not respond to interest rate cuts by central banks and remained at relatively high levels. There have been increases in the prices of precious metals, especially gold.

The US economy continued to be affected by the Administration's customs and immigration policies. It grew by 2.2% in 2025, subsequent to growing by 2.8% in 2024. In the fourth quarter, the US GDP increased by 1.4%. The low pace was affected by the shutdown of government activity during the quarter. Despite the growth in private consumption, American households displayed increasing pessimism in consumer sentiment surveys amid the cooling of the labor market and relatively high inflation.

Inflation in the US stood at 2.7% at the end of 2025, above the Fed's target. During the last months of 2025, the US interest rate dropped 0.75% from 4.50% to 3.75%. According to the IMF's forecast, the American economy is expected to grow by 2.4% in 2026.

During the fourth quarter of 2025, the Eurozone economy grew by 0.3%, further to 0.3% growth during the previous quarter. This improvement in growth was recorded in Germany, which progressed from negative or almost zero growth to positive growth. The European Union approved a broad investment plan in the field of security as a result of pressures exerted on it by the United States and following the threats from Russia, which continues to pursue the war in Ukraine. In Germany, in addition to investments in security, the infrastructure investment program was also approved.

Inflation in Europe declined from 2.0% in August to 1.9% at the end of 2025. The European Central Bank's interest rate remained unchanged at 2% in the fourth quarter. The IMF's forecast for Eurozone growth in 2026 is 1.3%.

The Japanese economy grew in the fourth quarter of 2025 by 0.2% after a 2.6% decline in the previous quarter. Inflation in Japan continues to be relatively high and unlike other major central banks in the world, the Bank of Japan is in the process of raising the interest rate, which rose by 0.25% in December to 0.75%.

In the developing markets, economic growth accelerated amid an increase in global investments, which increased production and export activity as well as growth in internal demand. The Chinese economy grew in the last quarter of the year by 1.2% after growth of 1.1% in the previous quarter. The Chinese economy is suffering from a slowdown in private consumption and the continuing crisis in the real estate market. On the other hand, exports continued to grow, despite the significant decline in exports to the US.

The bonds and equities markets

Trade in the world markets was mainly influenced by the economic policies of US President Donald Trump, the impact of the AI revolution on technology companies, the increase in national defense budgets and the depreciation of the dollar. In the fourth quarter of 2025, stock index increases continued in the US, but they were moderate, similar to Europe, and lagged behind Japan and emerging markets. Technology stocks exhibited a lackluster performance, with Microsoft and Meta even registering stock declines. Emerging markets have benefited from the USD's depreciation and favorable pricing. During the fourth quarter of 2025, the Israeli capital market continued to demonstrate outstanding positive performance, amid the completion of the US-brokered deal between Israel and Hamas regarding the return of the hostages and the cessation of hostilities.

In the fourth quarter of 2025, the TA 35, TA 125 and TA 90 indices increased by 13.5%, 12.7% and 11.1%, respectively. The performance of the remainder of the TA-Cleantech Index (mainly renewable energy) increased by 25.5%, the TA-Insurance Index increased by 19.0% and the TA-Technology Index increased by 15.5%. On the other hand, the underperformance of the TA-Real Estate Index stood out, which rose by 8.3%, as well as the TA-Banks Index that rose by 7.3% and the TA-Oil and Gas Index that rose by 2.3%.

In the United States, in the fourth quarter of 2025, the S&P 500, NASDAQ and Dow Jones indices increased by 2.4%, 2.6% and 3.6%, respectively. Similar performance was recorded in Europe, except in the UK. The Euro Stoxx 600 Index rose by 6.1%, the French CAC Index rose by 3.2%, the German DAX Index rose by 2.6%, while the FTSE Index in England rose by 6.1%. On the other hand, the Asian stock markets displayed strong performance, with the Japanese Nikkei Index up by 12.0% and the South Korean KOSPI Index rising by 23.0%.

Trading of Israel's bonds in the fourth quarter of 2025 was influenced by continued assessments that the interest rate is expected to gradually decline, estimates for a decline in inflation, and expectations of an end to the war in Gaza. Yields on 10-year bonds, which stood at 4.1% at the end of the third quarter in 2025, declined to 3.9% at the end of the year. The yield spread between 2-10 year and 10-30 year maturities remained without change at 0.17% and 0.53%, respectively. In 2025 as a whole, investment in 10-year bonds of the State of Israel yielded a yield of approx. 9%. The Tel Gov Shekel Index was up by 2.0% in the fourth quarter of 2025 while the CPI-Linked Government Bonds Index was up by 0.8%. The 10-year breakeven inflation expectations did not change in the fourth quarter and stood at 2.1%. The Tel Bond-20 Index increased by 1.5% and the Tel Bond 60 Index increased by 1.3%.

In the United States, 10-year bond yields recorded volatility during the fourth quarter of 2025, but at the end they remained almost unchanged, remaining at 4.18%. Throughout 2025, an abnormal level of volatility was recorded and bond yields increased and decreased within the range of 4.0%-4.6%.

In the fourth quarter of 2025, the shekel appreciated by 3.5% against the dollar - reaching a level of 3.19. This reflects a trend which started after the war with Iran. In 2025 as a whole, the NIS strengthened by 12.5% against the USD. The foreign currency reserves of the Bank of Israel decreased by approx. USD 2.4 billion in the third quarter of 2025, amounting to approx. USD 224.8 billion.

Events subsequent to the balance sheet date

In January 2026, demonstrations broke out in Iran against the ruling regime there, which were violently suppressed by the regime's forces, and the United States began to concentrate extensive military forces in the region along with President Trump's threats to order military action against Iran. Such action and the ensuing scenario of escalatory reaction, would have a potential impact on the global economy and capital markets, accordingly.

On February 28, 2026, a joint US-Israeli military operation (known as Operation Lion's Roar) was launched in an offensive against Iran. In the opening strike, Israel and the United States attacked targets in major cities in Iran, killed senior Iranian officials and targeted Iran's Supreme Leader, Ali Khamenei.

Later in the operation, many military targets were struck, including Iranian army headquarters, Revolutionary Guards military headquarters, air defense facilities, while mobile ballistic missile launchers were destroyed. In response, Iran launched thousands of ballistic missiles and one-way attack drones at targets in Israel and Muslim countries, especially in the Persian Gulf region.

Furthermore, Iran attacked important oil and natural gas refinery and production terminals in Qatar and Saudi Arabia, causing them to shut down. Iran closed the Strait of Hormuz, leading to global disruptions in oil and gas transportation. As a result, the price of Brent crude spiked to a record high of USD 119.5 and is currently being traded at a level of USD 104 per barrel.

This operation and its outcomes will have potential effects on the global economy and key indicators, such as: the level of inflation, growth, foreign exchange rates and energy prices.

8.2 Restrictions and regulation to which the Group's activity is subject

In addition to the provisions of the general law, the Group's activity in its various segments is subject to the laws that govern the field of insurance and pension savings and financial services in Israel, such as the provisions of The Insurance Contracts Law, The Supervision Law, the Income Tax Ordinance, the Provident Funds Law, the Pension Advice Law, The Regulated Financial Services Law, and to the regulations promulgated thereunder, as well as to case law that affects the Group's activity, and to a requirement to receive permits and licenses from various government agencies, including the Commissioner and the Israel Securities Authority.

The activity of the Group's institutional entities is subject to the supervision of the Capital Market Authority, which has the power to set provisions regarding the methods of operation and management of the entities it supervises.

Furthermore, in its capacity as a publicly-traded company, the Company is also regulated by the Israel Securities Authority and is subject to the provisions of the securities laws to the provisions of the companies laws applicable to publicly-traded companies.

Following is a summary of the key legal provisions that apply to the activity of Group companies, and a summary of drafts published by the Commissioner in the Reporting Year and subsequently through the Report publication date, which are material to their activity, in addition to the laws and arrangements described above and below as part of the description of the areas of activity and in other sections.

8.2.1 Legal provisions applicable to the activity of the Group as a whole

8.2.1.1 Laws and regulations

(a) **The Supervision Law and the regulations promulgated thereunder**

The insurance companies are subject to the provisions of The Supervision Law and the regulations promulgated thereunder. Management companies of pension funds and provident funds are partially subject to the provisions of The Supervision Law and to some of the Supervision Regulations, as well as to the Provident Funds Law. The provisions of the law and regulations promulgated thereunder include the regulation of management by insurance companies and management companies in connection with various issues, including with respect to segregation of assets, their control and licensing, rules for investigating customer complaints, and provisions regarding administrative and criminal enforcement in connection with those issues. In addition, a number of regulations were promulgated by virtue of The Supervision Law (Insurance), which set provisions regarding the format of the insurance contract, and conditions that should be included in various types of insurance contracts.

(b) **Insurance Contracts Law**

The Insurance Contracts Law (hereinafter in this paragraph - the "**Law**") regulates various aspects of insurance contracts and insurer-agent-policyholder relationships (but does not apply to pension funds). According to the law, an insurance contract is a contract between an insurer and a policyholder, under which the insurer is required to pay insurance benefits to the beneficiary upon the occurrence of the insured event, in consideration for

insurance premiums. The Law regulates, among other things, the entitlement to insurance benefits, the payment dates thereof, and the policyholder's responsibilities and rights in connection with the insurance contract.

Furthermore, the law includes, among other things, provisions regarding disclosure requirements the policyholder is required to comply with, and the consequences of failure to provide the required disclosures, conditions for the cancelation of an insurance contract, the beneficiary's status and rights, provisions regarding the effects of changes in the policyholder's risk, and special provisions that apply to the various insurance subsegments (life insurance, accident, illness and disability insurance, property insurance and liability insurance).

(c) **The Privacy Protection Law, 1981 (hereinafter - the "Privacy Protection Law")**

The Privacy Protection Law prescribes provisions regarding databases as defined in the law, including arrangements regarding the following key issues: Requirement to register with the Register of Databases, provisions regarding collection of data in a database, management, use and maintenance of databases, the right to inspect data, the requirement to ensure the security of data included in a database, and more.

In August 2024, Amendment No. 13 to the Privacy Protection Law was published, came into force on August 14, 2025. Under the amendment, the following were updated, among other things: the core definitions and basic terms in the law were revised in accordance with the global standard (for example, among other things, the definitions of the terms "personal information", "processing/use" "controller" were revised); the scope of the requirement to register databases was reduced; the enforcement powers of the Privacy Protection Authority were expanded (including the power to impose financial sanctions of up to millions of shekels); a duty to appoint a Data Protection Officer (DPO) was set for entities that are required to register databases and in entities which process substantial amounts of personal information as well as banks, insurance companies, hospitals and HMOs; and the scope of the notification requirement to a data subject when receiving information was revised.

(d) **The Prohibition on Money Laundering Law, 2000 (hereinafter - the "Prohibition on Money Laundering Law")**

In accordance with the Prohibition on Money Laundering Law and the orders issued by virtue thereof, insurers, provident funds, and insurance agents are required to identify and authenticate the details of policyholders insured in life insurance

policies with a savings component, as well as the details of planholders in provident funds, and to retain the ID documents. During 2017 and 2018, the **Prohibition on Money Laundering Ordinance (Obligations of Identification, Reporting and Record Keeping by Insurers, Insurance Agents and Management Companies to Prevent Money Laundering and Financing of Terrorism) Ordinance, 2017**, and a circular on the "**Management of Money Laundering and Financing of Terrorism Risks in Institutional Entities**", were published that regulate, among other things, the requirements to identify and authenticate the identity of policyholders and the requirement to conduct a "know your customer" procedure, as well as the various requirements to report to the Israel Money Laundering and Terror Financing Prohibition Authority.

(e) **The Economic Competition Law, 1988**

A law that regulates the area of antitrust and is essentially designed to promote competition in Israel by preventing unfair competition or abuse of power by a business entity through rules and provisions for approving mergers, cartels or monopolies, and includes criminal liability of a corporation and its officers, including liability for lack of oversight, for violating the law.

8.2.1.2 The Commissioner's circulars, directives, position papers and fundamental decisions

(a) **The Code of Regulations (the "Consolidated Circular")**

As from 2011, the Commissioner has been publishing chapters and drafts of chapters of the Consolidated Circular, in order to concentrate and reorganize the Commissioner's Directives as issued over the years to entities it regulates.

(b) In August 2018, the Commissioner published a circular dealing with the "**Board of Directors of an Institutional Entity**". The circular regulates in a comprehensive manner the corporate governance rules applicable to an institutional entity's board of directors and its committees, while setting minimum standards for adequate management of the institutional entity in all matters relating to the activity of the board of directors and its committees, by setting provisions regarding the competency of members of the board of directors, its composition, roles, powers and the way it conducts itself.

(c) **The Consolidated Circular Part 1, Title 5, Chapter 5 regarding "Compensation"**. As part of the regulation of corporate governance in institutional entities, the circular prescribed provisions regarding compensation policy, including, among other things, the compensation of officers and key office holders, while adapting the Commissioner's Directives to the regulation

introduced in recent years in this field, and specifically to the Law of Officer Compensation in Financial Corporations Law (Special Approval and Non-Deductibility for Tax Purpose of an Expense Due to Extraordinary Compensation), 2016. The purpose of the circular is to prevent the award of incentives that will encourage the taking of risks that are not consistent with the institutional entity's long-term objectives and its risk management policy.

(d) In June 2017, the Commissioner published Circular 2017-1-9 dealing with "**Solvency II-Based Provisions of the Economic Solvency Regime for Insurance Companies**". The circular's objective is to establish a new solvency regime for Israeli insurance companies based on the EC/2009/138 Directive (hereinafter - the "**Solvency II Directive**" or the "**Solvency Circular**"), which was adopted by the European Union, and has been implemented, since January 2016, in all member countries (hereinafter - the "**Solvency Regime**"). The said circular imposed on the Group's insurance companies the requirement to have in place an economic solvency regime.

(e) The revised circular was published in October 2020 (hereinafter - the "**Revised Solvency Circular**"); it implemented a number of changes in order to achieve consistency with the European directive, the key of which pertained to the revision of the transitional provisions mechanism, including, the option to select gradual transitioning of certain homogeneous groups of insurance reserves in the economic balance sheet by December 2032 (instead of transitioning into the solvency capital requirement by 2024, all subject to the Commissioner's approval), recognizing shares held for the long-term, encouragement of investments in insurtech, and the tax mechanism in the model.

The Economic Solvency Regime includes, as stated above, the relevant transitional provisions with respect to compliance with capital requirements that enable the increase in economic capital by deduction from the insurance reserves of 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**"). Provisions regarding the Deduction Amount were specified in the letter sent to the institutional entities, "Principles for Calculating Deduction during the Transitional Period in the Solvency II-based Economic Solvency Regime" (hereinafter - the "**Principles Letter**").

In April 2024, the Capital Market Authority published a letter entitled Calculation of Deduction during the Transitional Period in an Economic Solvency Regime Under the Application of IFRS 17, Insurance Contracts.

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.

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. In addition, as part of the Circular, certain disclosure tables in the Economic Solvency Ratio Report were updated to align with IFRS 17. These updates took effect as of the Economic Solvency Ratio Report as of June 30, 2025.

In January 2022, **Amendment of the Provisions of the Consolidated Circular - Reporting to the Capital Market Commissioner - Own Risk and Solvency Assessment of an Insurance Company (ORSA) was published** (hereinafter - the "**Amendment**"). According to the amendment, an insurance Company shall report its Own Risk and Solvency Assessment (ORSA) to the Commissioner of Capital Market once a year, during January. In accordance with the Amendment, the Company provides the Commissioner with a report that includes 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.

For details regarding the Group's capital requirements, and the transition to Solvency II-Based Economic Solvency Regime, see Section 3 to the Report of the Board of Directors, and Note **20** to the Financial Statements.

(f) In October 2016, the Commissioner published a circular on "**Online Interface for Searching Insurance Products**". The circular details the requirements from insurance companies for the purpose of operating a central online interface (named "**Har Habituach**"), which allows policyholders to easily and quickly search their insurance products with all insurance companies, and assess their terms and conditions. The Commissioner publishes from time to time additional provisions on this matter.

(g) In July 2015, the **Signing-On to Insurance Plans Circular** was published, which prescribed provisions regulating the conduct of insurance companies and insurance agents when signing on policyholders to an insurance plan, including the adding of a coverage or a rider to an existing policy. The circular sets, among other things, provisions regarding the requirement that the insurance will match the insurance candidate's needs, conduct in the lead-up to entering into an insurance contract, obtaining consent for entering into an insurance contract, and delivering relevant information after the signing on to the insurance plan (including the details that should be displayed on the insurance details page). The circular applies to the insurance companies, the "Pool" and insurance agents in most insurance subsegments. The circular includes an appendix entitled **Practices that Should not be Used When Signing-On to Insurance**, a requirement was added to refer to the "Har Habituach" website when matching the needs, and provisions were added regarding the signing on of senior citizens.

(h) In June 2020, an amendment was published to the Consolidated Circular regarding "**Personal Accidents Insurance**". The amendment prescribes, among other things, provisions aimed at regulating the definition and content of the insurance coverage in the personal accidents subsegment, the manner of signing on to insurance, and the manner of settling the claims in the policy. The provisions will apply to collective or individual personal accidents insurance policies. Personal accidents insurance policies that are subject to dedicated legislative provisions were excluded from the provisions of the circular regarding the scope of coverage and the manner of signing on, and so were insurance policies for a period shorter than one year, which were issued to a group of policyholders due to their participation in an event or in a specific activity. In addition, the circular will not apply to insurance which was issued for a period shorter than one year and is fully funded by the employer for a non-specific policyholder or as part of a business insurance.

8.2.1.3 Circulars and provisions pertaining to investments of institutional entities

(a) The Commissioner's circulars on investments are incorporated in Chapter 4, Part 2, Title 5 to the Consolidated Circular (Code of Regulations) regarding the management of investment assets, which sets supplementary provisions to the Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012.

(b) It is noted that in July 2024, the Banking Supervision Department published **Banking Supervision Department published Policies and General Conditions for the Provision of Holding Permits in Banking Corporations, in Prudentially Significant Providers of Payment Services, and their Holding Corporations, for Entities Managing Customers' Funds**. The policy expands the existing policy from 2016, which allowed the holding of up to 7.5% in financial corporations subject to the Governor's permit. The revision removes the restriction according to which provident funds and insurers controlled by a permit applicant could only hold up to 5%. Now, a controlling shareholder in an entity that manages customer funds can hold up to 7.5% of a means of control in a corporation whose holding requires a permit, both for customers and not for customers). However, holdings that are not holdings for customers (and in funds - also for customers), are limited to 5% at most of any type of means of control as stated.

(C) During 2020-2024, a number of amendments were published to the **provisions of the Consolidated Circular – Chapter 4 of Title 5 "Management of Investment Assets"**, which are intended to update aspects of governance, operational risks and investments of institutional entities. The amendments included, but were not limited to:

(1) An amendment that allows the management of joint investment baskets also for nostro funds and exemption from obtaining the Investment Committee's approval for the repurchase of a bond that is not a troubled debt. Furthermore, an institutional entity may provide loans above a rate of 30% to savers with a fixed monthly revenues from an old-age pension or a budgetary pension.

(2) An amendment that transfers the responsibility for building an internal rating model for credit and for setting conditions for its operation, including the model's characteristics, its validation and documentation, and also allows the Board of Directors to authorize a committee to approve the model and to supervise its use. This rating model is designed to improve the management of credit risks and will also be

considered for the purpose of calculating the capital requirements required in the solvency model.

(3) An amendment that limits the definition of a "debt settlement arrangement" such that it applies only to troubled debts, and in "special mention debt" - only when there is a change that materially affects the terms of the debt.

(4) An amendment that regulates the provision of investment management services by an insurer to an investment fund that is a related party, which allows public investment. Conditions have been set for defining a related fund and providing the services, including holding at least 50% of the means of control and providing investment management services to illiquid assets of institutional investors in the insurer's investor group.

(5) The amendment requires institutional entities to incorporate ESG considerations into their investment policies and to identify emerging risks such as climate, technology and cyber risks. The Committee is required to formulate assessment mechanisms and expertise in the field, whether internally or through external experts subject to conflict of interest management. Furthermore, the institutional investor must report with transparency on how ESG considerations are applied in the investment tracks and what possible effects they may have on investment decisions.

(6) The amendment allows for the establishment of a dedicated investment basket for index-tracking assets only, even if the indices belong to different channels. Furthermore, the amendment establishes uniformity in reporting the investment policy in all tracks, together with publication of the external management cost limit and provisions for reporting to the investment committees on the variable management fees charged.

(7) The amendment replaces the previous investment rules that addressed the issue of investing the assets of an insurance company against non-yield-dependent liabilities. The circular stipulates that investments will be made only in assets that the Company is able to measure and manage their risks, and accordingly, among other things, for considerations of dispersal, quality, liquidity and the ability to meet obligations. Furthermore, the company is required to establish rules and restrictions to ensure compatibility between asset and liability cash flows.

8.2.2 Life insurance and long-term savings

8.2.2.1 Laws and regulations

(a) **Provident Funds Law**

This law regulates the provident funds area of activity (including the pension funds). The provisions of the law and the regulations promulgated thereunder include the regulation of the management of management companies (and insurance companies in relation to insurance funds) in connection with various issues, including with respect to segregation of assets, their control and licensing, rules for investigating customer complaints, and provisions regarding administrative and criminal enforcement in connection with those issues.

The law also determines an employee's right to select the provident fund with which his/her employer will deposit funds for him/her. In that context, it was determined that if the eligible employee did not select a certain provident fund in accordance with this right, contributions will be made to a provident fund whose identity was set in law, or in an agreement that confers upon the employee the right to deposit funds in his/her name in a provident fund.

As part of the law, a provision was prescribed, according to which, once one signs-on to a pension fund, a process will be carried out of identifying inactive savings in the other pension funds, and unifying the funds in the new pension fund, unless the planholder objected to this.

Various provisions were prescribed, from time to time, by virtue of the Provident Funds Law, which regulate various issues in connection with the provident funds (including pension funds) and management companies, including investment rules for institutional entities, deductible expenses for institutional entities, revaluation methods regarding various assets in the provident funds, the requirement that management companies participate in general meetings, and more.

(b) **Supervision of Financial Services Regulations (Provident Funds) (Direct Expenses Due to Execution of Transactions), 2008 (hereinafter - the "Expenses Regulations").**

The Expenses Regulations allow the collection of direct expenses - as defined in the regulations - from policyholders and planholders' assets, in respect of the execution of investment transactions. The regulations require institutional entities to set every year the maximum collectible management fee to external parties (hereinafter - the "**Maximum Management Fee to External Party**"); this should be set separately for each track. The cap will be published in advance, and - as a general rule - it will be

impossible to change it during the course of the year. Furthermore, the institutional entity is required to present to the planholder and the policyholder in advance the expected total cost it will incur during that year in respect of management fees and direct expenses. The **Manner of Presentation of Annual Expected Cost to Planholders or Policyholders Circular** was published, according to which institutional entities are required to present the rate of direct costs to planholders and policyholders, while regulating the manner by which this cost will be calculated.

(c) **Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012**

The regulations set the investment rules and restrictions that apply to the savings products, including pension products (pension funds, provident funds, participating policies), and nostro accounts of insurers and management companies. Various circulars were published by virtue of the regulations, which were consolidated into a chapter in the Consolidated Circular - Management of Investment Assets, as detailed above.

(d) **Supervision of Financial Services Regulations (Provident Funds) (Management Fees), 2012**

Among other things, the regulations set out the maximum rate of management fees that may be collected from planholders and policyholders in long-term savings products, and that the management fees in accounts of planholders and policyholders that should be identified in accordance with the Supervision of Financial Services Regulations (Provident Funds) (Locating Planholders and Beneficiaries), 2012, and which were not located in the set time frame, will be reduced to 0.3% of the accumulated balance. Once the contact with such a planholder or a policyholder is renewed, it will be possible to collect again the rate of management fees which were collected from the planholder or the policyholder on the date on which contact was lost, as well as the difference between the abovementioned reduced management fees (0.3%) and the lower of 0.5% or the management fees which were collected from the planholder or policyholder on the date on which contact therewith was lost. The regulations also stipulate the cap on management fees that may be collected from recipients of old age pension (0.5% from those who started receiving old age pension before February 1, 2022, and 0.3% from those who started receiving old age pension on February 1, 2022 and thereafter).

(e) **The Supervision of Financial Services Regulations (Provident Funds) (Transfer of Funds between Provident Funds), 2008.** These regulations, together with circulars published regarding this matter from time to time, establish rules designed to allow

planholders to transfer funds, as easily and simply as possible, between various types of provident funds (including pension funds and insurance funds), and even transfer funds from equity provident funds to annuity provident funds, and between various types of annuity provident funds (provident funds, insurance funds and pension funds).

(f) **The Pension Advice Law**

This law regulates those who engage in pension advice or pension marketing. The law stipulates, among other things, provisions regarding the licensing requirement, and provisions regarding the conduct of the holders of various license holders (including banking corporation as a pension advisor), while setting fiduciary duty and a duty of care, and prohibition on potential conflict of interest between the advisor or the marketer and the customer, rules regarding compensation of pension advisors, and provisions regarding supervision and administrative and criminal enforcement. Furthermore, the law regulates the activity of the Pension Clearing System (in that regard, see also Section **2.1.1** above). In November 2025, a draft amendment was published to the Power of Appointment for License Holders Circular, issued by virtue of the aforementioned law, and as such, it was proposed to shorten the term of a power of appointment granted to a license holder from 10 years to two years.

(g) **The Severance Pay Law, 1963**

This law stipulates, among other things, rules regarding contributions towards the severance pay components in provident funds, including regarding policies that are subject to the **Provident Funds Regulations (Executive Insurance)** and the pension funds, and provisions that protect such contributions from foreclosure, pledge, return or transfer.

(h) **The Wage Protection Law, 1958**

In accordance with the provisions of Section 19A to the Wage Protection Law, provident funds are required to take action to collect debts from employers. The provident funds will be allowed to be released from this obligation if they prove that they did not act negligibly or that other circumstances occurred that justify the release from this obligation.

(i) **Income Tax Ordinance**

The Income Tax Ordinance sets tax benefits awarded in respect of depositing funds with provident funds, including policies, which are subject to the **Provident Funds Regulations (Self Employed and Executive Insurance)**, and tax benefits in respect of funds paid out of them, and "penalties" on withdrawals carried out not in accordance with the terms of the legislative arrangement.

(j) **Income Tax Regulations (Rules for the Approval and Management of Provident Funds), 1964**

These regulations regulate various issues pertaining to the management of provident funds, pension funds and insurance funds, and the insurance obligations that apply to them. The key issues regulated under the regulations are, among other things, determining the rates of contributions allowed in respect of pension savings, while distinguishing between salaried planholders and self-employed planholders, and determining the options for withdrawal of funds accumulated therein, and the conditions regarding this matter. Since 2023, the regulations include a restriction on contributions paid into an insurance fund for that portion of earnings that exceeds twice the average wage in the economy, so that the portion up to this layer shall be contributed to a provident fund for a pension that is not an insurance fund, and this is with respect to insurance funds to be issued from September 1, 2023 onwards.

(k) **The Supervision of Financial Services Regulations (Insurance) (Collective Permanent Health Insurance), 2006**

The regulations set basic principles for collective permanent health insurance, whose main objective is to protect the policyholders' interest and ensure appropriate insurance coverage. In April 2022, an amendment to the regulations was published, which sets revised provisions regarding the signing on of insurance applicants and the management of collective **permanent health** insurance policies.

(l) **The Supervision of Insurance Business Regulations (Collective Life Insurance), 1993**

These regulations include provisions regarding collective life insurance, risk (without savings component), including the definitions of the collectives and their minimal size, the insurance period, and the cap on fees and commissions to agents. Furthermore, the Commissioner was authorized to set provisions regarding a follow-on policy in the event of discontinuation of the collective insurance without undergoing the underwriting process again.

(m) **The Supervision of Insurance Business Regulations (Separation of Accounts and Assets of an Insurer in Life insurance), 1984**

These regulations set guidance as to the separation of the accounts and assets of the life insurance businesses from all other insurance businesses of an insurer, and the separation of the assets of participating life insurance businesses from the assets of other life insurance businesses.

8.2.2.2 The Commissioner's circulars, directives, position papers and fundamental decisions

(a) **The "Explanations Document" Circular**, which regulates the preparation of various types of explanations document, including the information that should be delivered to the customer as part of a meeting with a license holder.

(b) In May 2020, the Commissioner published a circular titled **Amendment to the Provisions of the Consolidated Circular regarding Measurement of Liabilities - Illiquidity Premium**. As a rule, the provisions of Consolidated Circular, Measurement of Liabilities, stipulate that an illiquidity premium at various rates may be added to the risk-free interest rate used in the liability adequacy test, illiquidity premium at various rates. According to the amendment, a specific rate was set for the illiquidity premium, that will be used in the calculation of LAT for individual long-term care insurance policies and compulsory motor and liability insurance policies. According to the amendment, entities will be allowed to add an illiquidity premium to the risk-free interest rate both for the return assumption for the discount rate assumption, as the case may be, as detailed in the circular.

(c) In February 2022, the Commissioner published a revision to the manner of calculation of the illiquidity premium, which came into effect on December 31, 2021. The new calculation formula is based on the volatility adjustment methodology, with certain changes, as is generally accepted in an economic solvency regime. For further details, see Note 28 to the Financial Statements.

(d) The Circular on Management of Investment Tracks in Provident Funds determines that in a pension fund, a savings provident fund, an annuity provident fund and a retirement benefits provident fund it is mandatory to manage age-appropriate tracks, which will constitute the default investment tracks of that specific product, for those who joined and did not actively choose another investment track. In addition, the circular states that these products must have 2 additional investment tracks: a liquid integrated investment track and a flexible index-tracking investment track, as well as a defined closed list of specialized investment tracks that can be managed in the various pension products, while dividing them into 5 clusters: investment tracks under active management; investment tracks under active management with variable management fees - dependent on success; investment tracks that specialize in liquid assets; index-tracking investment tracks; and investment tracks that specialize in investment management in accordance with religious rules or a worldview in the fields of sustainability and the environment – whereby, the investment policy to be determined pertaining to

each type of investment track is provided in the fund's articles in relation to the specific track.

(e) A measurement chapter in the Consolidated Circular defines the computational interest rate used to calculate the conversion coefficient (on the basis of which the first pension amount to be paid to members retiring will be determined) for new pension recipients, the method of calculating the value of the assets of the various pension products, depending on the types of assets, and the method of calculating the actuarial balance of the pension fund.

(f) The Supervision of Financial Services Regulations (Provident Funds) (Imputation of Yield in a Comprehensive New Pension Fund) determine the manner in which the return is charged in respect of designated bonds and a guaranteed-return track in the pension fund to the various groups – annuity recipients, planholders aged up to 50 and planholders aged over 50. The regulations provide for a Temporary Order (which allows the designated bond yield and guaranteed-return investment track to be imputed to all members regardless of their age), which was extended in December 2025, until the end of 2028.

8.2.3 Motor Property Insurance

Bills and draft regulations and Commissioner's circulars

(a) In September 2023, the Commissioner of the Capital Market, Insurance and Savings published a fundamental decision entitled Reduced Insurance Benefits in Motor (Property) Insurance in respect of a Difference in Spare Parts Prices Where the Vehicle was Repaired in an Unauthorized Auto-Repair Shop. The decision was issued further to queries, which were made by members of the public, and which the Capital Market, Insurance and Savings Authority became aware of, from which it became evident regarding motor property insurance policies that some of the insurance companies started using a practice, as part of which they deduct some of the insurance benefits in respect of the difference between the spare parts price list quoted by the appraiser in its appraisal, and the amount the insurance company would have paid for those parts had they been purchased from spare parts suppliers, with whom the insurance company entered into engagement. As part of the decision, the Commissioner stipulated that the insurance companies have the right to enforce the provisions of Section 61 to the Insurance Contract Law, 1981 (hereinafter - the "**Insurance Contract Law**"), which prescribes that an insurer shall not be liable to insurance benefits in respect of a damage that the policyholder could have prevented or minimized using reasonable means or means that the insurer ordered it to take; however, the Commissioner stipulated that an insurance company may not deduct from the insurance benefits or take a similar step in connection with a policyholder that informed the

insurance company about the insured event immediately after it became aware of the insured event, collaborated with the company, acted in good faith to repair its car in an unauthorized auto-repair shop, and was not informed in advance by the insurance company of its rights, duties and the meaning thereof.

Further to the above, and by the power vested in him under Section 62(A) to the Financial Services Supervision Law, which allows him to make decisions regarding complaints and order a rectification by way of issuing a rule, the Commissioner ordered the companies to act in the following manner from here on: (a) An insurance company that operates in the said manner should display to the policyholder, in a prominent way, the way it is expected to conduct itself upon the occurrence of an insured event. Such disclosure will be given both at the stage of the insurance offer, and when the policyholder reports an insured event (hereinafter - the "**Disclosure regarding the Requirement to Minimize Damage**"); (b) before a deduction is carried out, the insurance company shall consider, according to the relevant circumstances, to give the policyholder the option to pay a lower deductible similar to the deductible amount the policyholder would have paid had it repaired the car in an unauthorized auto-repair shop

Notwithstanding the above, in view of the lack of clarity prior to the publication of the decision regarding the requirement to provide the disclosure at the stage of the insurance offer, and as long as the insured event has not taken place through the publication date of this decision, an insurance company may provide the Disclosure regarding the Requirement to Minimize the Damage in an existing policy on the publication date of this policy, during the course of the insurance period, and in particular on the date on which the policy's terms are revised, even if it had not informed the policyholder on the date of the insurance offer or on the policy renewal date. This should be carried out while documenting receipt of the notice by the policyholder.

With respect of insured events that occurred through the publication date of this decision - insurance companies are required to assess whether the deduction was made after a disclosure was given to the policyholder, which allowed the policyholder to take action in order to minimize the damage, and that the policyholder received the Company's notice when the claim was opened or before the car was repaired, insofar as the policyholder informed it about the occurrence of the insured event, immediately after it became aware of it. If the insurance company reduced insurance benefits without providing disclosure thereof, if the policyholder informed it of the said insured event, the insurance company was required to verify whether the amount of insurance benefits it paid was lower than the repair amount paid by the policyholder (net of deductible) and was required to fund and any difference to the policyholder.

(b) On May 15, 2024, a circular was published a circular entitled **Filing Insurance Plans in the Motor Property Subsegment.**

The circular stipulates that an insurance company which acts to minimize damage in motor property insurance shall revise the wording of the disclosure to a policyholder insured under the insurance plan, such that in the event that the damage is minimized it will meet its obligations to act in good faith and fairly towards the policyholder and will refer in the disclosure to the rules for reducing insurance benefits where damage is minimized. The insurance companies were required to file Reduction Rules for approval by the Authority as part of filing of the insurance plan and to take into account, among other things, the reasonableness of the measure the policyholder is required to take, the prices of available spare parts after the discounts, the fees payable to the auto repair shop in respect of the spare parts, and the cost of repairing the vehicle by the auto repair shop. The circular also stipulates that if a policyholder, who opted to repair the vehicle in an authorized auto repair shop, took the reasonable measures as advised by the insurance company, and the auto-repair shop agreed to accept the terms and conditions of the insurance company's arrangement before repairing the vehicle, the insurance company shall deduct a deductible from the insurance benefits as if the policyholder repaired their vehicle in an authorized auto-repair shop. The amendment entered into force on September 1, 2024.

The circular also stipulates that the insurance companies will not include in the insurance plans the option of compensation for constructive total loss, except for types of cases filed by the Company to the Authority as part of the filing of an insurance plan, and the Authority did not object to them. The provisions regarding this matter come into force on the day of coming into force of the amendment to the definition of "total loss" in the Traffic Regulations, 1961, regarding the selection of an appraiser in connection with a "total loss" of a vehicle.

The Group believes that the provisions of the circular may have an adverse effect on the Group's ability to enforce the requirement to minimize the damage; however, at this stage it is impossible to assess the circular's ramifications on the Group. The Group's assessment constitutes forward-looking information that is based on the information available to the Group at the report date. Actual results may differ from those estimated, which depend, among other things, on the Reduction Rules, which the Authority will approve, and their wording, and on the actual conduct of policyholders and auto-repair shops.

8.2.4 Non-bank credit

Bills and draft regulations and Commissioner's circulars

The following is a summary of the main statutory restrictions and other legal arrangements, pertaining to the Group's credit activities, changes that occurred during the reporting period and new statutory provisions that were enacted and/or published in the reporting year. The arrangements and provisions referred to below do not constitute an exhaustive list. There are many other legal provisions regulating the activity of the Group and its subsidiaries, among others in the credit operating segment.

(a) The Financial Services Supervision Law (Regulated Financial Services), 2016, regulates the activity of a person who must obtain a license to provide credit and service with respect to a financial asset. This legislation constituted an important stage in the regulation of financial services provided by those who are not a banking corporation or an institutional entity, including regulation of the non-banking credit sector in Israel. The law stipulated, among other things, licensing requirements of service providers, as well as restrictions and provisions regarding the management of their business activities in the field of providing financial services and safeguarding the interests of their customers in various consumer aspects, including the prohibition of misleading representation, proper disclosure and the prohibition of undue influence.
The law further stipulates that the Commissioner of the Capital Market, Insurance and Savings Authority shall be the party entrusted with the application of the provisions of the law, and by virtue of his position, he is granted extensive regulatory, supervisory and enforcement powers, including the imposition of financial sanctions, and that financial service providers are subject to the provisions and directives of the Commissioner as published from time to time.

The Supervision of Financial Services Regulations (Regulated Financial Services) (Exemption from Licensing Obligation), (hereinafter - the "**Exemption Regulations**") provide an exemption from the obligation of obtaining a license for certain entities, whose activities are included in the definition of "extending credit" or "providing service in a financial asset" in the Supervision Law, after the legislator decided that the licensing obligations do not apply to them.

The Group's companies providing services that are subject to the obligation of obtaining a license (Ampa and Menora ERN, and their subsidiaries), hold extended licenses for the provision of credit on behalf of the Capital Market, Insurance and Savings Authority, pursuant to the Supervision of Financial Services Supervision Law (Regulated Financial Services), 2027. Yesodot and Menora Insurance are exempt from obtaining a license to grant credit by virtue of the Exemption Regulations.

(b) By virtue of the Commissioner's authority under the Financial Services Supervision Law, the Commissioner publishes various circulars designed to regulate the activities of the licensed credit service providers. These circulars regulate the manner in which the policy of the licensed credit service providers is determined on various issues, such as the consumer credit management policy, the credit risk management policy and the cyber risk management policy. These procedures include one on the subject of additional equity and liquidity requirements for financial service providers that regulates the additional equity requirements applying to various license holders, in accordance with the nature of the activity and the risks to which they are exposed, and as such, the capital and liquidity requirements that apply to an extended license holder for the extension of **credit by issuing a guarantee for third party liability in a total amount exceeding NIS 25 million.**

(c) The Prohibition on Money Laundering Law, 2000, and the ordinances issued by virtue thereof, stipulate, among other things, various provisions in order to prevent money laundering in Israel, both directly and through various financial institutions.

(d) The Prohibition on Money Laundering Ordinance (Service Providers in a Financial Asset and Credit Services Providers' Obligations to Identify, Report and Maintain Records for the Prevention of Money Laundering and Financing of Terrorism), 2018, imposes on credit service providers the accepted obligations applicable to financial institutions, including verification and identification of an applicant and recipient of a service, the obligation to maintain ongoing control over the activities of the service recipient and check the identification details with the list of declared terrorist organizations and terrorist operatives, as well as the obligation to register details and report to the Israel Money Laundering and Terror Financing Prohibition Authority, documentation and maintaining of documents.

(e) The Fair Credit Law applies to loans extended by lenders to individuals or licensed dealers, i.e., non-corporation borrowers other than those types of corporations specified by the Minister of Justice. The law sets limits on the maximum credit cost rate and on the rate of interest on arrears.

(f) The Credit Data Law provides a comprehensive arrangement for sharing credit data. The credit data system collects data regarding the credit commitments of individuals, citizens and residents of Israel, as well as how these commitments are repaid. The information sources that report the data to the system are mainly entities in credit provision as well as various authorities, and some of the Group companies serve as information sources. In January 2026, the Economic Plan Bill (Legislative Amendments for Implementing the Economic Policy for the 2026 Budget Year), 2025, tabled in the Knesset for first reading, which includes Chapter 18: Credit Data (hereinafter - the "**Bill**"). The Bill aims to create

an infrastructure that will enable the establishment of a credit database regarding corporations in order to both collect credit data and make them accessible to these entities, in order to increase competition in the credit market for corporations, especially for small and medium-sized corporations, and to improve the allocation of credit in the financial system. In addition, the Bill aims to improve the existing credit database, pertaining to credit data regarding individuals. As of the report date, there is no certainty that the Bill will be passed in its current format or what impact it may have on the Group, should it be approved.

(g) Restriction on the issuance of bonds to the public: The Banking Law (Licensing), 1981, allows a corporation, which is not a banking corporation, to issue promissory notes (as defined in Section 35a of the Securities Law) under a prospectus, and to engage in the extension of credit as one, subject to compliance with certain conditions. According to the law, a non-banking credit corporation which is subject to regulation pertaining to the ratio between equity and liabilities and for liquidity, will be able to raise from the public up to NIS 15 billion through promissory notes, while corporations that are not subject to such regulatory requirements will be able to raise up to NIS 5 billion, and will also be able to raise debt through commercial papers (as defined in Section 1 of the Securities Law) under the terms and conditions set forth. In 2023, the Commissioner of the Capital Market, Insurance and Savings, published rules regarding equity and liquidity requirements applicable to regulated financial services providers.

(h) The Law for Reducing the Use of Cash, 2018, together with the Ordinance for Reducing the Use of Cash reduced the ceilings of the permitted amounts for the use of cash. The law is intended to reduce black capital and provide support in the effort to combat criminal activity, including serious crime, tax evasion, money laundering and financing of terrorism. The law establishes restrictions on the use of cash in transactions with dealers exceeding NIS 6,000 and in transactions between individuals exceeding NIS 15,000, as well as rules for the proper use of checks. The law applies to conducting transactions, granting or receiving loans, donations, gifts as well as the payment or receipt of wages. The law imposes restrictions on the use of checks.

(i) On May 13, 2025, draft circulars were published regarding the management of the credit offered by way of a transaction or the provision of a service and the presentation of credit information to the customer on a financial services provider's website, amid the expansion of the volume of credit transactions transferred directly from a license holder to a business, by way of the purchase or rental of a property, service or goods by a borrower, from a supplier in the business. The purpose of the circular drafts is to create a regulatory framework, which will include provisions regarding the disclosure required for the borrower when taking available credit, as well as provisions regarding presenting up-to-date information about the loan granted to the

customer. The draft circular also includes a proposal to determine that the license holder must establish policies and action plans regarding an available credit offer that will be approved by the Board of Directors and the management of the license holder concerning the provision of available credit, including underwriting the borrower prior to granting credit and checking the credibility and financial strength of the business.

8.3 Main entry and exit barriers and changes therein

8.3.1 General

The main entry barriers to all of the Group's areas of activity are as follows:

- The existence of technological and professional infrastructure that supports the areas of activity in which the Group operates, skilled manpower, developed business relations with reinsurers, and knowhow and experience with key service providers;
- The need to meet the conditions required by law for receipt of licenses to engage in a certain area of activity, and of control permits and permits to hold means of control, as the case may be (as to the policy paper regarding conditions for control and for holding means of control in institutional entities, see Section **8.3.2** below);
- Compliance with regulatory requirements, including as detailed in Chapters 2-6 and Section **8.1** above;
- Minimum equity requirement (for details, see Note **20** to the Financial Statements);
- Setting up effective marketing functions in the various areas of activity;

A key exit barrier from the Group's areas of activity arises from the need to obtain a control permit by the entity acquiring the activity, and consequently, if an appropriate buyer is not identified - the need to continue handling the existing customer portfolio and insurance claims, sometimes over long periods ("**run-off**").

8.3.2 Permit to hold means of control

In accordance with the provisions of the law, the holding of means of control and a control in an insurer (including in a management company of a pension fund), an agent and a management company of a provident fund, and in a provider of credit services are subject to obtaining a permit from the Commissioner. In December 2013, in view of the merger of Menora Mivtachim Provident into Menora Mivtachim Pension and Provident Funds, and the death of the late Mr. Menachem Gurevitch, the Group's control permit (hereinafter - the "**Permit**") was updated and given to Ms. Tali Griffel and Ms. Niva Gurevitch (the two daughters of the late Mr. Menachem Gurevitch).

The permit allows the holding of means of control and controlling - directly or indirectly - through the Company - the following insurers: Menora Mivtachim Insurance, Menora Mivtachim Pension and Provident Funds and Shomera; the management company: Menora Mivtachim Engineers; and control permits in the credit corporations ERN, Ampa Capital an Yesodot and in the corporation's agents, through Menora Mivtachim Agencies and Shomera Agencies, including, Sinai Insurance Agency Ltd., and Orot Life Insurance Agency (2005) Ltd., and Alifim Insurance Agency (2002) Ltd. (hereinafter - the "**Corporations Covered by the Permit**").

The permit stipulates, among other things, the following key conditions: Provisions regarding retaining the control core in the Group[21] throughout the chain of control in the Corporations Covered by the Permit, by way of restricting the placement of pledges, selling, transferring the control core in the above corporations, including by way of issuance; provisions regarding depositing with a trustee (an Israeli attorney) - in accordance with a trust letter - share certificates that represent - at the very least - the control core in insurers and in the management companies, and signing powers of appointment to the trustee of the means of control that will be appointed by the Commissioner to the sale of the control core shares, when the conditions set out in the permit are fulfilled. It should be noted that as of the Report date, the Company complies with all the permit's conditions.

It is noted that a joint principles paper of the Commissioner and the Banking Supervision Department in the Bank of Israel (hereinafter - the "**Regulators**") regarding the provision of a control permit and a permit to hold means of control in entities they regulate (i.e., banking corporations and insurance and long-term savings institutions), lists the Regulators' considerations when considering the applicant's suitability to control a regulated entity, divided into five key areas: Personal and business honesty and integrity; financial strength; investment strategy; business experience; and the other businesses and areas of activity of the permit applicant. Further to the above, in February 2014 the Commissioner published a policy paper for control in an institutional entity, which sets rules and conditions for obtaining a control permit and/or a permit to hold means of control in institutional entities, while referring to the structure of the control, the financial strength of the controlling shareholders, restrictions on the financing of means of control, and on the placement of pledges on and transfer of the means of control.

8.4 Critical success factors

In the opinion of the Group, there are a number of factors, on which the success of the Group's activity in the various insurance segments depends, including: a professional and high-skilled workforce; high-quality and effective service to the Group's policyholders, planholders and agents, including customer retention, and

[21] In this context, a "control core" is 30.01% in each of the means of control, whether directly or indirectly, fully diluted, of all the means of control in the relevant corporation.

the marketing of new products to existing customers; the quality of the reinsurance agreements, and the stability of the reinsurers; the quality of the management of investments and investment revenues; advanced supporting computer and IT systems, including advanced digital capabilities, in particular in connection with customer interfaces (sales, service, claims settlement, etc.); recruiting new agents and securing a broad network of insurance agents, who market the Group's products, as well as expanding the direct marketing function, in particular in Menora Mivtachim Pension and Provident Funds.

8.5 Investments

8.5.1 Insurers and institutional entities

Structure of investment management

The investments of the Group's institutional entities are managed in the Investment Division of Menora Mivtachim Insurance through dedicated investment teams in the fields of liquid investments in Israel and abroad, real investments, investment funds, real estate and an illiquid credit system, with full separation between the management of the nostro funds and the funds of the policyholders and planholders.

Investment decisions are made by the segment managers and investment managers, based on internal and external research work, meetings with analysts and economists and subject to regulatory restrictions, the approved investment policy and the authorization hierarchy of the investment and credit committees.

The Division operates liquid securities research departments, research and rating, and a team for monitoring troubled debts, along with ongoing legal counseling and the risk management function.

Furthermore, the Menora Invest Operations function in the Finance Division includes the "Middle Office" department responsible for controlling and complying with investment restrictions and the "Back Office" that handles the receipt, registration and monitoring of investment transactions as well as mandatory regulatory reports.

The Group's assets under management

The Group's nostro assets (equity, liabilities arising from non-yield-dependent life insurance businesses, health insurance business, and property and casualty insurance businesses), are managed in accordance with the Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012, the provisions of Chapter 4, Part 2 of Article 5 of the Code of Regulations, and the investment policy approved by the Group's investment committees and boards of directors. The risks arising from these investments apply in full to the Group companies.

The assets of the policyholders and the planholders are invested in liquid and illiquid assets in accordance with the limitations of the regulations and the Consolidated Circular and are subject to the approved investment policy. The return generated is credited to the policyholders and planholders net of management fees and direct expenses, and in the guaranteed return provident funds - a minimum return is guaranteed even when the actual return is lower than it.

Investment committees

The Group has two investment committees that implement the approved investment policy and make the investment decisions: a yield-dependent investment committee ("Participating") that manages the funds of the policyholders and planholders, and a non-yield-dependent investment committee ("Nostro") that manages the Group's assets.

Credit committees

The Group has two credit committees:

(1) The Internal Credit Committee, which handles the provision of adjusted loans and their further handling subsequent to their provision and approves or recommends to the competent parties – the Credit Subcommittee and/or the Investment Committee – in accordance with the authorization hierarchy.

(2) The Credit Subcommittee operates jointly for all the institutional entities in the Group and has an external composition, and it approves credit transactions except for several types of credit that were excluded from its purview.

8.5.2 Investments under management

Following is information about the breakdown of the assets under management of the Group's institutional investors (in NIS million) as of December 31, 2025:

Assets under management	NIS million
For insurance contracts and investment contracts	38,623
For pension funds' planholders	309,276
For provident funds' planholders	53,963
HMO - LTC	10,940
Credit	4,983
Total assets under management for policyholders and planholders in the Group	417,785
Nostro assets	22,628
Total	**440,414**

8.5.3 Material investing activities

8.5.3.1 The Company has investments in a number of investees, the material of which are:

Menora Mivtachim Insurance - In June 2025, the subsidiary repaid a capital note received from the Company totaling approx. NIS 320 million, which constituted Tier 1 capital in the subsidiary, in accordance with the capital note's terms and conditions.

Menora Capital Raising - In September 2025, Menora Capital Raising issued NIS 800 million p.v. in Bonds (Series J) registered with a NIS 1 p.v. each. It is noted that the Company took part in the tender and acquired approx. 300 thousand units totaling approx. NIS 300 million p.v. in Notes (Series J). For further details, please see the Company's immediate report dated September 11, 2025 (Ref. No.: 2025-01-068933).

Menora Mivtachim Finance - the Company issued capital notes to Menora Mivtachim Finance, whose balance stands at approx. NIS 191 million as of December 31, 2025.

Menora Mivtachim Real Estate - the Company provided shareholder loans and capital notes to Menora Mivtachim Real Estate, whose balance stands at a total of approx. NIS 180 million as of December 31, 2025. Menora Mivtachim Real Estate invested, among other things, in transactions for the development of land assets in Russia, and in the construction of solar ventures in Europe.

Investment in Ampa Capital - for details, see Section **8.17.2** below.

Investment in ERN - for details, see Section **8.17.3** below.

Menora Mivtachim Agencies - the Company provided shareholder loans and capital notes to Menora Mivtachim Agencies Ltd. - a Company subsidiary - totaling approx. NIS 164 million, for the purpose of investment in investee insurance agencies.

Menora Mivtachim Funds - the Company issued capital notes to Menora Mivtachim Finance, whose balance stands at approx. NIS 200 million as of December 31, 2025.

8.5.4 Publication of the Group's investment policy

Following is a link to the investment management policy of the Group's institutional entities (for their planholders or policyholders), as published on their websites -

Menora Mivtachim Insurance
https://www.menoramivt.co.il/wps/portal/about-menora/menora-mivtachim-insurance/participating-portfolio/investment-policy/

Menora Mivtachim Pension and Provident Funds
https://www.menoramivt.co.il/links/about-menora/pension-and-gemel

8.6 Reinsurance

8.6.1 General

Reinsurance is one of the tools used by the Group to hedge its insurance risks, mitigate its exposure and protect its own capital. Reinsurance allows the insurance company to diversify the insurance risk and thereby mitigate the overall risk to which it is exposed, while expanding its capacity for new businesses, all within the limits of the risk it can assume in relation to its own capital.

The reinsurance allows the insurance company to mitigate fluctuations in underwriting results (retention), while passing on extraordinary risks to reinsurers. The type of risks passed on to the reinsurers, and the manner by which they are passed on are determined according to an analysis of the nature of the risk and the effectiveness of passing it on to the reinsurer, based on past experience and internal economic models. It is noted that passing on a risk to reinsurers does not release the Group from its undertakings to its policyholders.

The Group's reinsurance contracts in the property and casualty insurance segment are normally drawn up on an annual basis with various reinsurers. Reinsurance contracts in the life and health insurance segments are drawn up on a multi-year basis, and the parties have the option to cancel them by giving advance notice regarding new policies. Catastrophe insurance contracts in life insurance are drawn up on an annual basis. The Group is not dependent on any specific reinsurer. In reinsurance, a premium is paid to the reinsurers, and in exchange the reinsurers participate in their share in claim payments, and also pay fees and commissions to the insurer, in certain contracts, as the case may be. In the past, modified reinsurance contracts were entered into in life insurance. The format of modified reinsurance is essentially similar to proportional reinsurance. The Group does not enter into such reinsurance contracts for new businesses.

In some of the agreements, the amount of the fees and commissions depends on the income earned during that year or in recent years, in accordance with the terms set out in the contract.

In some of the subsegments of property and casualty insurance, the Group's retention is covered by excess of loss insurance in respect of catastrophe.

The various types of reinsurance are presented in the financial statements under the premium, paid claims and contingent claims, fees and commissions, insurance reserves and receivables and other liabilities line items, as the case may be.

8.6.1.1 The key types of reinsurance contracts and a condensed description of the coverage in respect of each key product in the various areas of activity:

In each of the subsegments, the reinsurance coverage that is purchased is adapted to the Group's business activity and to the nature of the risk and its level.

There are two types of reinsurance: Contractual reinsurance (proportional or non-proportional), which is a reinsurance drawn up for a subsegment or insurance type in accordance with the terms of the treaty, and facultative reinsurance, which is reinsurance drawn up for specific business/es or a single policy. Generally, facultative reinsurance is purchased for corporations, especially when the insurance amount exceeds the capacity of the Group's reinsurance contracts, or when the risk is excluded from the treaty with the reinsurer. These agreements can be with one or several reinsurers concurrently.

Following are the various types of coverages generally accepted in the insurance industry in general and in the Group in particular -

Proportional reinsurance - includes quota share insurance and surplus insurance. In proportional reinsurance, the Group transfers to the reinsurer a certain rate of the premium amount of each policy or coverage, which is covered under the contract, and in exchange it receives from the reinsurer an identical rate of the amount of each claim in respect of the policy or the abovementioned coverage. In quota share insurance, this rate is fixed for all the policies in the insured subsegment, and in surplus insurance, this rate varies based on the insurance amount, in accordance with each policy or coverage. In contracts of this type, the reinsurer's participation in the risk is predefined, in accordance with its relative share in the premium or in accordance with a key which was set in advance based on the insurance amount.

Non-proportional reinsurance includes excess of loss insurance. Excess of loss insurance is an insurance that covers claims or events above a predefined amount, i.e., a single claim or event that involves a number of risks, the accumulation of which in excess of the agreed amount is paid by the reinsurer up to the amount of the agreed cap. On the other hand, a claim, whose amount is lower than the predefined amount, shall be paid solely by the insurance company. In contracts of this type, the distribution of the risk is not proportional, and the participation of the reinsurer depends on the amount of the damage.

8.6.1.2 Description of the structure of the fees and commissions received from reinsurers

In non-proportional reinsurance contracts, the Group generally does not receive fees and commissions from reinsurers. In proportional insurance contracts, and in facultative insurance agreements, the Group receives - in some of the cases - fees and commissions from the reinsurers at an agreed rate and/or in accordance with the insurance results, as the case may be. There are three main types of fees and commissions: Fees at a fixed rate of the premiums (flat fees), commissions for the first year in some of the life insurance agreements, and sliding scale commissions or profit commissions, which are based on the reinsurer's profitability in the contracts.

8.6.2 Policy of exposure to reinsurers

The boards of directors of the Group's insurers approve a reinsurance policy once a year - in accordance with the Group's areas of activity - which includes the retention in each and every subsegment, and the maximum exposure amount for a single reinsurer or a rating group of reinsurers. The reinsurance policy includes criteria for engagement with a reinsurer, and specifically the reinsurer's rating.

Managements of the Group's insurers implement the approved policy, set an annual reinsurance plan in accordance with the policy and report it to the Commissioner.

For further details, see Note **29** to the Financial Statements.

8.6.2.1 P&C insurance

In the property and casualty insurance segment the Group engages with multiple reinsurers in order to prevent dependence on a single reinsurer, and to diversify the credit risk embodied in such an engagement.

Following is the policy for engagement with reinsurers in the property and casualty insurance segment as of the report date:

The Group will not enter into engagement with a reinsurer, whose rating is lower than A- according to S&P's rating, or according to a similar rating by other rating agencies, in accordance with the policy, except for special exemptions in respect of specific circumstances.

Generally, the Group's engagements with the reinsurers in all property and casualty insurance subsegments are renewed every year.

Extraordinary reinsurance transactions are reported to the board of directors of the relevant company every quarter in accordance with the reinsurance policy approved in the board of directors. In 2024 approx. 18 property transactions and 14 liability transactions were reported.

Compulsory motor insurance

The Group's exposure in the compulsory motor insurance subsegment is hedged both through proportional reinsurance contracts, and through excess of loss reinsurance contracts.

Following are details regarding reinsurers, whose share in the premiums in the subsegment accounts for more than 10% of total reinsurance premiums in the subsegment in the periods described in the Report (in NIS million):

			2025		2024	
Reinsurer	S&P rating	Country	Reinsurance premium	% of total reinsurance premiums	Reinsurance premium	% of total reinsurance premiums
Lloyd's	AA-	UK	8	20%	-	0%
Catlin Re Switzerland Ltd.	AA-	Switzerland	-	-	4	10%

Motor property

The Group's exposure in the field of motor property insurance segment is hedged both through proportional reinsurance contracts, and through excess of loss reinsurance contracts, in order to protect the Group against extraordinary events.

Following are details regarding reinsurers, whose share in the premiums in the segment accounts for more than 10% of total reinsurance premiums in the segment (in NIS million) in the periods described in the Report:

			2025		2024	
Reinsurer	S&P rating	Country	Reinsurance premium	% of total reinsurance premiums	Reinsurance premium	% of total reinsurance premiums
Everest Reinsurance Company	A+	USA	3	62%	4	62%
Odyssey Reinsurance Company	AA-	Germany	2	34%	2	34%

Other property and casualty insurance

The Group's engagements with reinsurers across all segments of this area of activity are renewed every year. The employers' liability, third-party insurance and professional liability insurance subsegments are covered by a single excess of loss reinsurance contract, which is based on the damage year.

In the directors' liability, product liability, professional liability, employers' liability, and third-party liability insurance subsegments, the Group has been purchasing quota share reinsurance since 2019.

In the property insurance subsegment, the Group engages in proportional contracts and excess of loss contracts that protect the Group from catastrophe events.

In certain businesses, where the liability limits exceed that which is set in the reinsurance agreements, or where the required coverage is not included in the reinsurance agreements, specific (facultative) reinsurance is purchased. The type of the purchased reinsurance (proportional/non-proportional) varies in accordance with the nature of the risk and the offering of coverages in the reinsurance market.

In the proportional reinsurance agreements in subsegments that include a catastrophe component, the reinsurers limit the payment for a single event at an agreed rate out of the total exposure at the time of the event, in accordance with a policy approved by the board of directors.

In home insurance covering the mortgage period, which are sold through the banks, a specific "**facultative**" reinsurance is purchased.

Liability insurance

Following are details regarding reinsurers, whose share in the premiums in the liability subsegment accounts for more than 10% of total reinsurance premiums in the subsegment (in NIS million) in the periods described in the Report:

			2025		2024	
Reinsurer	S&P rating	Country	Reinsurance premium	% of total reinsurance premiums	Reinsurance premium	% of total reinsurance premiums
Lloyd's	AA-	UK	190	15%	198	17%

Summary of results of reinsurance in property and casualty insurance (in NIS million)

	Compulsory motor		Motor property		Other Property and Liability subsegments		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Reinsurance premiums	39	38	5	6	1,237	1,184	1,282	1,227
Income (loss) for reinsurers	(10)	2	(4)	13	374	335	361	349

Breakdown of other property and liability subsegments by premium types (in NIS million):

	2025	2024
Reinsurance premiums - quota share	679	631
Reinsurance premiums - non-proportional	240	270
Reinsurance premiums - earthquake	318	283
Total reinsurance premiums	**1,237**	**1,184**

8.6.2.2 Life Insurance

In accordance with the Group's exposure policy in the life insurance segment, the Group's engagements are with reinsurers with an international rating of A- or higher assigned by S&P. Reinsurance in any agreement depends on the level of the risk covered and commercial considerations, in accordance with a policy approved by the Board of Directors. The Group enters into quota share and surplus proportional reinsurance contracts with reinsurers in order to protect itself against the risk in the life insurance portfolio (but not the savings component). Furthermore, every year, the Group purchases reinsurance to protect itself from catastrophe events as part of life insurance, permanent health insurance and disability insurance. In the past, proportional reinsurance agreements were drawn up, which also include the savings component.

The Group's engagements in reinsurance contracts in the life insurance subsegment are long-term engagements, which are determined according to the insurance plans and are not limited in time, except for coverage for catastrophe events, which is renewed every year. The terms of the reinsurance contracts are reapproved every year. Changes therein are normally effective only with regard to new insurance policies.

For further details, see Note **29** to the Financial Statements.

Following are details reinsurers that account for more than 10% of total reinsurance premiums in the life insurance and long-term savings segment (in NIS million), in the periods outlined in the report:

			2025		2024	
Reinsurer	S&P rating	Country	Reinsurance premium	% of total reinsurance premiums	Reinsurance premium	% of total reinsurance premiums
Swiss Reinsurance	AA-	Switzerland	56	53.1%	74	57.8%
Munich Reinsurance C	AA-	Germany	29	27.4%	30	23.2%

8.6.2.3 Health insurance

In accordance with the Group's exposure policy, the Group's engagements in the health insurance segment are with reinsurers with an international rating of A- or higher assigned by S&P, except for special exemptions in respect of specific circumstances. The reinsurance rate in any agreement depends on the level of the risk covered and commercial considerations, in accordance with a policy approved by the Board of Directors. The Group enters into quota share proportional reinsurance contracts with reinsurers.

The Group's engagements in reinsurance agreements in the health insurance segment are long-term, determined according to the insurance plan and may be canceled by giving advance notice for future policies only, except for special cases. The terms of the reinsurance contracts are reapproved every year. Changes therein are normally effective only with regard to new insurance policies.

Furthermore, the reinsurance purchased by the Company every year to protect itself against catastrophe events covers travel abroad, medical expenses, and personal accidents.

In some of the reinsurance contracts, the reinsurer has the option to update tariffs during the agreement term, subject to certain conditions. All health insurance agreements are quota share agreements.

Following are details regarding reinsurers that account for more than 10% of total reinsurance premiums in the health insurance segment (in NIS million), in the periods outlined in the report:

			2025		2024	
Reinsurer	S&P rating	Country	Reinsurance premium	% of total reinsurance premiums	Reinsurance premium	% of total reinsurance premiums
Swiss Re	AA-	Switzerland	144	65.3%	163	64.6%
Munich Re	AA-	Germany	27	12.2%	25	9.9%
CCR	A	France	25	11.1%	41	16.4%

8.6.3 Exposure to earthquake (property and casualty insurance)

The reinsurers' exposure to the earthquake risk is composed from the risks passed on to them as part of the proportional property insurance contracts, in which the reinsurer assumes a proportional portion of the risk. This exposure is capped at a maximum amount per event (event limit).

In respect of the earthquake risk in excess of the existing risk as part of the proportional reinsurance contracts, the Group purchases further protection as part of an excess of loss contract at various levels. The scope of the coverage purchased in property and casualty insurance is based on the

maximum possible loss, according to which the Group decided to purchase the protection. The MPL reflects the maximum probable loss that the Group is expected to incur as a result of a single event at the probability which was set. The Group sets a conservative MPL in relation to the Commissioner's directive, while taking additional safety margins, for each risk type, based on the breakdown of the Group's portfolio, while using international models.

In 2025 the Group relied on an average MPL of approx. 2%-2.4%, with respect to hedging against earthquakes.

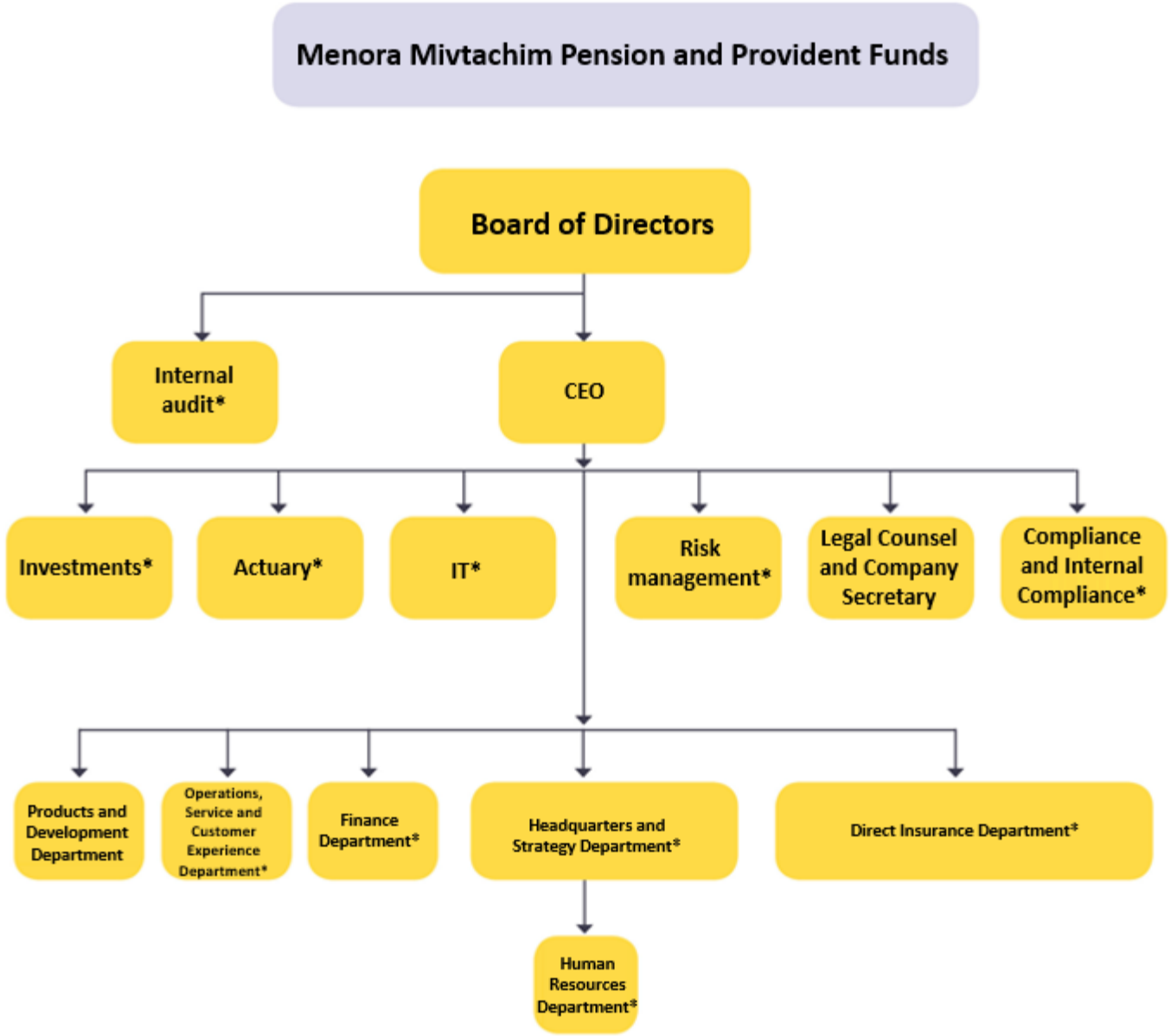
The amounts of exposure to an earthquake risk, which are covered with proportional reinsurance, amounted to approx. NIS 336 billion as of the report date (including Shomera), and the amounts of exposure covered with non-proportional reinsurance amount to approx. NIS 50.7 billion as of the report date (including Shomera). As stated above, the Group's reinsurance agreements do not protect the full exposure amounts; rather, they are based on risk assessments of maximum potential loss. As of the report date, the reinsurer the total exposure of which to earthquake exceeds 10%, is Re Swiss.

For further details, see Note **29** to the Financial Statements.

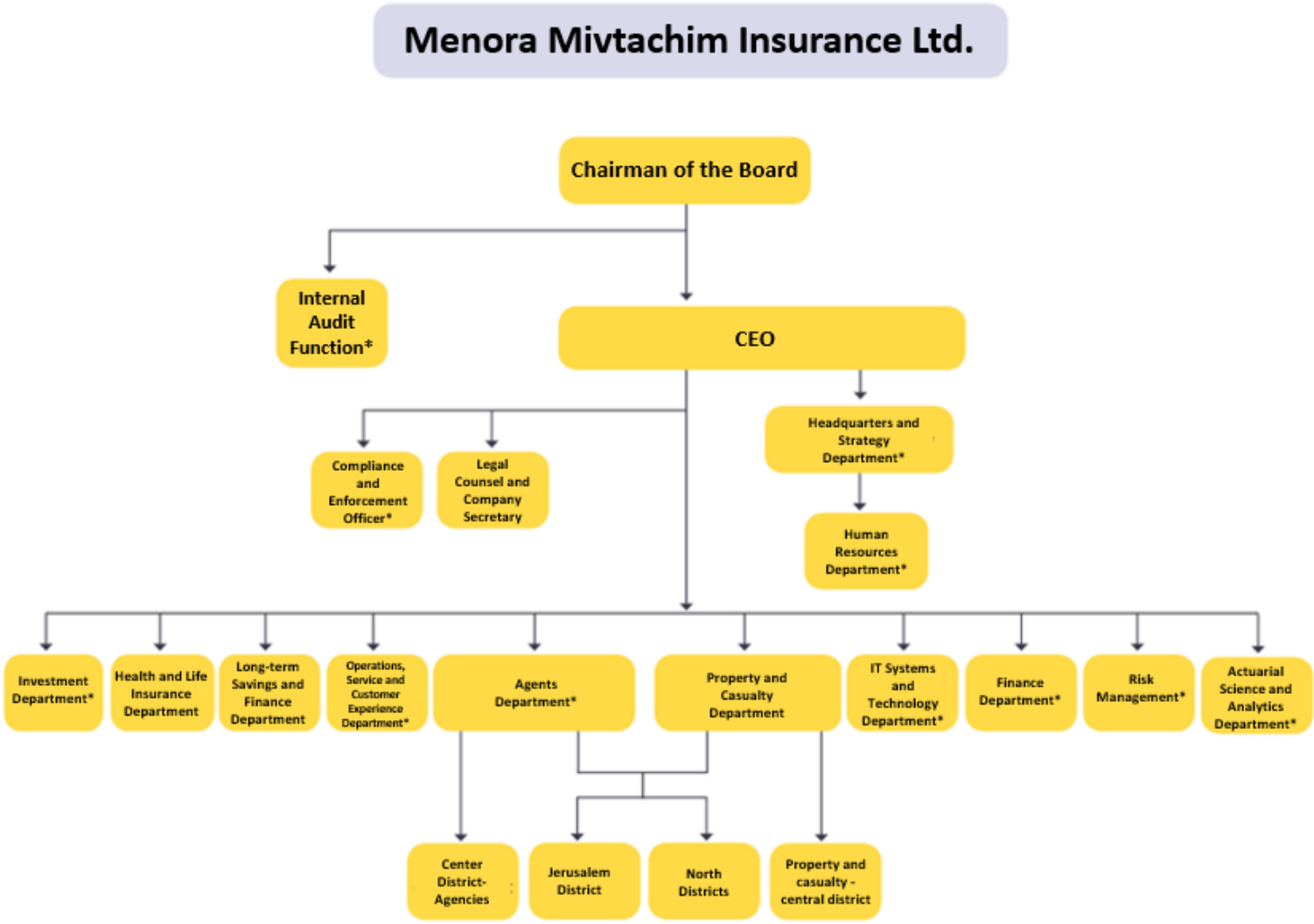
In respect of the exposure to earthquake damage in life insurance, permanent health insurance and disability insurance, the Group purchased protection under a cat cover agreement. The maximum amount was set by assessing the effects of damage such as earthquake damage on the Group's portfolio, according to simulations it conducted.

8.7 Human capital

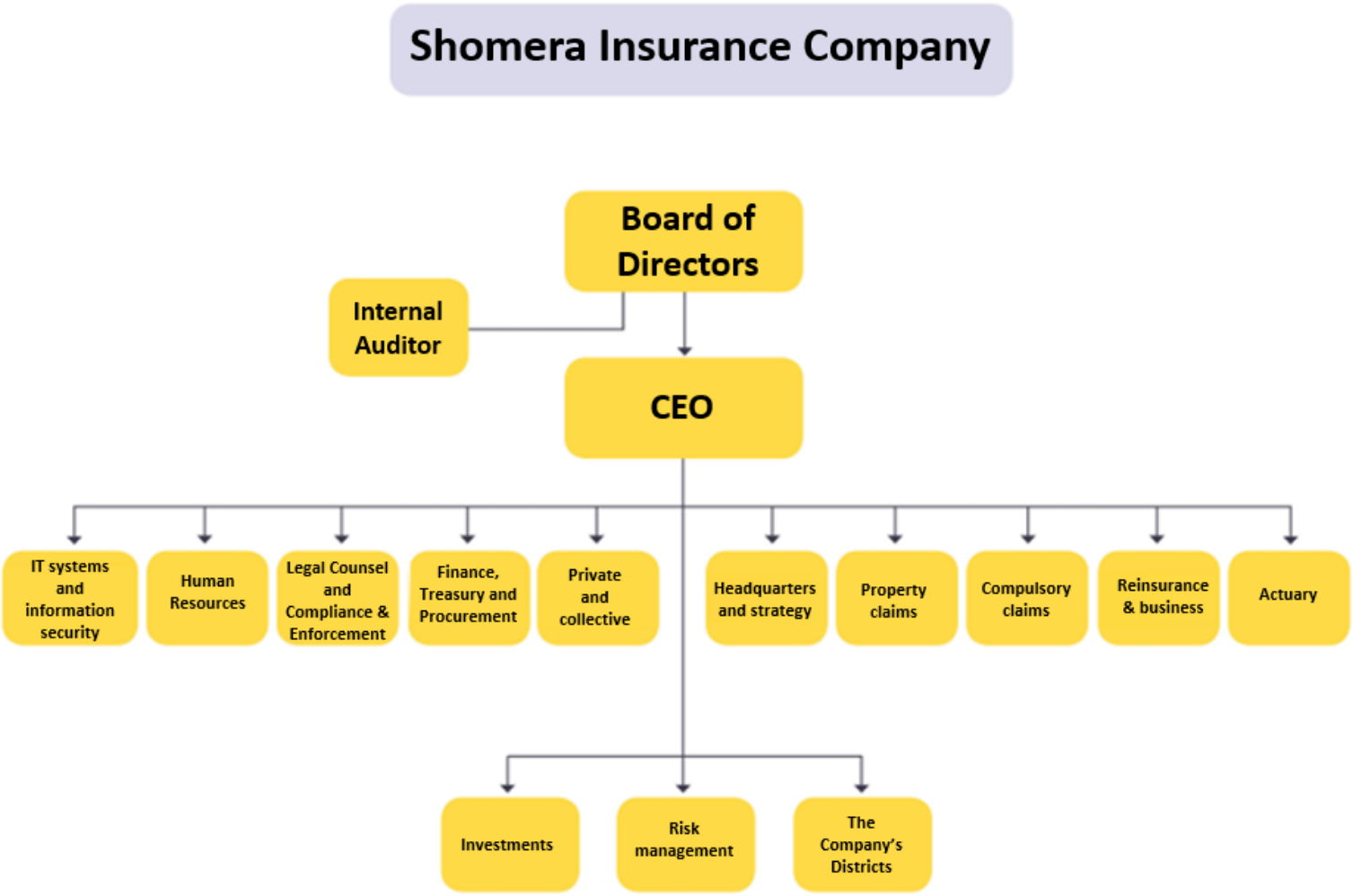
8.7.1 The Group's organizational structure as of the report date:



*Provided through Menora Mivtachim Insurance or an activity combined with corresponding units in Menora Mivtachim Insurance.



* Service provider of Menora Mivtachim Pension and Provident Funds Ltd.


Shomera Insurance Company
Board of Directors
Internal Auditor
CEO
IT systems and information security
Human Resources
Legal Counsel and Compliance & Enforcement
Finance, Treasury and Procurement
Private and collective
Headquarters and strategy
Property claims
Compulsory claims
Reinsurance & business
Actuary
Investments
Risk management
The Company's Districts

8.7.2 Workforce

The Group employs workers as detailed below:

		December 31, 2025	December 31, 2024
The Group's management		24	26
Long-term savings	Life insurance	384	399
	Pension and provident funds[22]	1210	1,162
P&C Insurance		643	640
Health Insurance		184	171
Fees and commissions of insurance agencies		251	253
ERN Group[23]		281	266
Company-wide headquarters units[24]		823	799
Total		3,805	3,716

As of the report date, the Group is not dependent on any employee.

In addition to the data detailed in the above table, the Group receives services from external suppliers, that provide the services of their employees to the Group (hereinafter - "**Contract Workers**"), and a significant portion of whose employees work in the Group's offices. As of December 31, 2025, the Group received such services through 135 Contract Workers, compared to 154 contract workers as of December 31, 2024. Most of them provide services to the IT Department.

As of December 31, 2025 the Group's workforce (including the contract workers) increased by 70 employees - an increase of approx. 1.8%.

8.7.3 Training and organizational development

The Group invests resources in professional training of employees and agents in accordance with the business needs and regulatory provisions. Training to employees and agents includes professional training, managerial and behavioral training, organizational and personal consulting to managers, in order to achieve high professional levels in connection with various issues, such as: Regulatory requirements, new insurance plans, training sessions

[22] The decline in employee data in pension and provident funds arises in part from the transition of employees to the insurance company.
[23] The data includes Mimun Click Ltd.
[24] Human resources, IT systems, actuarial sciences, finance, etc.

focusing on life insurance, long-term savings and pension, taxation and finances, and serviceability, development of management skills and improvement of work processes.

Furthermore, the Group has and is working to train employees in its various areas of activity, including long-term savings, for the purpose of obtaining a pension marketing license, in accordance with the Commissioner's guidance.

8.7.4 Benefits and the nature of employment contracts

On July 30, 2017, Menora Mivtachim Insurance signed for the first time a collective agreement with the New Histadrut Workers' Union and the Workers Committee, which applies to most of the employees, excluding employees in certain positions and managers of a certain rank, as detailed in the Agreement. For details, see the Company's immediate report dated July 31, 2017 (Ref. No. 2017-01-078525). On April 9, 2025, a new collective agreement was signed for the years 2025 to 2028, between Menora Insurance, and the New Histadrut Workers' Union and the workers' union at Menora Insurance (hereinafter - the "**Agreement**"). The New Agreement superseded the existing agreement, which was extended until December 31, 2024. The New Agreement will apply to all employees of Menora Insurance, except for managers and employees serving in specific roles defined in the agreement. The Agreement embodies an improvement in the employment and welfare conditions of Menora Insurance's employees, as well as an extension of the salary and bonus supplement budget, an improvement of additional employment conditions and the expansion of the leisure and welfare budgets, among other things, depending on compliance with the annual work plan approved by the Board of Directors. The Group estimates that the Agreement will not have a material effect on the Group's expenses in respect of the previous Agreement. For details, see the immediate report dated April 9, 2025 (Ref.: No. 2025-01-024692).

Furthermore, the Group has employees who are engaged in sales, including purchasing supervisors in the life insurance and long-term savings subsegment, who are employed through a collective employment agreement comprising a base salary and sales commissions. The Group also has employees, mainly in the field of marketing, who are employed jointly by several Group companies.

In April 2024, Menora Mivtachim Pension and Provident Funds Ltd. (hereinafter - "**Mivtachim Pension and Provident**") signed a collective agreement with the Histadrut and Mivtachim Pension and Provident workers' committee (hereinafter - the "**New Agreement**"), further to a previous collective agreement, which was in effect through the end of 2023 (but continued to apply to the parties for an unlimited period thereafter). The term of the New Agreement starts on January 1, 2024 and ends at the end of 2027. The New Agreement will apply to all Mivtachim Pension and Provident's employees, except for managers and employees serving in specific roles which were defined in the agreement. The New Agreement

revises the existing arrangements and does not have a material effect on Mivtachim Pension and Provident's salary expenses.

Shomera's employees and managers are employed through employment agreements that are generally accepted in the industry, which incorporate all the employment terms, including the components of monthly gross salary, social benefits and other benefits in accordance with criteria, such as: advanced education fund, company car, mobile phone and per diem. Shomera employees are entitled to loans in accordance with a procedure set for that purpose. Shomera employees are subject to collective agreements by virtue of expansion ordinance that apply to all employees and employers in Israel. Officers, who are Company employees are employed under personal employment agreements. Shomera's officers are subject to a compensation policy as detailed in Section **8.7.9** above.

8.7.5 Members of senior management

Members of the Group's senior management (except for officers who are subject to a compensation policy as detailed below) are employed under personal employment contracts, which include, among other things, gross salary components, per diem, 13th salary (in some of the companies), annual bonus (subject to the approval of the competent organs) and options (to some of the officers) company car or alternatively reimbursement of vehicle expenses, mobile phone, and social benefits and advanced education fund as is generally accepted in Israel.

8.7.6 Organizational changes in the Group

As from 2018, concurrently with the move of most Group companies to Beit Menora Mivtachim in Ramat Gan, the Group started taking steps to consolidate various operational functions in order to increase efficiency and utilize economies of scale. As part of the above, among other things, the human resources, procurement and logistics functions, marketing and sales function, the finance departments and activity of the internal audit function were consolidated under the Company's Chief Internal Auditor and Compliance and Enforcement Function.

In 2023, a headquarter and strategy department was set up comprising the human resources department, the areas of planning and control, headquarters budget and service, operation, procurement and assets, organization and methods and digital.

During 2026, the Long-Term Savings and Finances Division was established, along with the Operations Service and Customer Experience Division that provide services to Menora Mivtachim Pension and Provident Funds Ltd., in addition, the Health Insurance Division was merged with the Life Insurance Division.

8.7.7 Compensation to the Company's CEO

For details regarding the employment agreement of the Company's CEO, see Note **30** to the Financial Statements.

8.7.8 Compensation for the Company's Chairman of the Board

For details regarding the employment agreement of the Company's Chairman of the Board, see Note **30** to the Financial Statements.

8.7.9 Compensation policy for the Group's officers

For details regarding the Group's compensation policy, see Note **30** to the Financial Statements.

Revised compensation policy

In May 2024, further to the approval of the Company's Compensation Committee and Board of Directors, the general meeting approved an amendment to the Compensation Policy such that the abovementioned (voluntary) officer compensation cap - according to which the compensation will not exceed NIS 3.5 million including social benefits - was cancelled. Furthermore, provisions were set with regard to the Board's power to approve the acceleration of the options' vesting under a valid option plan, and provisions with regard to the award of restricted shares under an equity compensation plan.

Adoption of an employee option plan

In January 2022, further to the approval of the Company's Compensation Committee and Board of Directors, the Company's General Meeting approved an amendment to the Company's compensation policy. The revised provisions of the compensation policy allow, inter alia, the award - to officers, executives and employees of the Group (hereinafter - "**Employees**") - of a share-based compensation, including options exercisable into the Company's shares. On December 2021, the Company's Board of Directors approved an equity compensation plan, subject to the approval of the change in the compensation policy by the General Meeting as described above. Further to the above, the Company's Board of Directors approved the publication of an outline for the allotment of securities to Employees. As part of the Equity Compensation Plan, the Company allotted - without consideration - up to 2,900,000 illiquid and non-transferable options to offerees, which are exercisable into up to 2,900,000 ordinary shares of the Company (subject to adjustments and other provisions of the option plan (hereinafter - the "**Plan**"). It is noted that the number of options which were allotted as stated above includes a "bank" for future allotments for eligible Employees. The options which were allotted according to the Plan were allotted under the capital gains track and deposited with a trustee, who will hold them in trust for the Employees over the period set for that purpose in the Ordinance and in the regulations promulgated thereunder. It

is noted that in view of the fact that under the provisions of the Plan the allotment of shares (as part of the exercise) is carried out on a cashless basis, the maximum number of shares that may be allotted (assuming full exercise and maximum price) shall constitute approx. 1.99% of the Company's issued and paid up share capital and voting rights (on a fully diluted basis). On May 28, 2025, the outline was extended for an additional period of 3 years. The new outline includes up to 2,000,000 illiquid and non-transferable options exercisable for up to 2,000,000 of the Company's ordinary shares. For further details, see Note **26** to the Financial Statements and immediate reports dated January 3, 2022 and June 3, 2025 (Ref. Nos. 2022-01-001572 and 2025-01-039757, respectively).

8.7.10 For further information on policies and compensation plans, see the websites of the Group's institutional entities, as follows:

Menora Mivtachim Insurance:

Compensation policy - Information regarding an Institutional Entity - Menora Mivtachim Insurance Ltd. - About - Menora Mivtachim

Shomera Insurance Company:

https://www.shomera.co.il/Pages/דיווחים-שונים.aspx

Menora Mivtachim Pension and Provident Funds:

Officers' Compensation Policy in Menora Mivtachim Pension - Additional Procedures and Information - Procedures and Information - Menora Mivtachim Pension and Provident Funds Ltd. - about - Menora Mivtachim

8.7.11 Release from liability, indemnity and officer insurance for officers

For details regarding the terms of officer insurance policies, letters of exemption and indemnity undertaking to officers, see Note 30 Financial Statements.

8.7.12 Officers' tenure

In October 2025, the General Meeting approved the reappointment of the directors: Eran Griffel, Yonel Cohen, Shai Feldman, Yoav Kremer, Orly Yarkoni and Regina Unger. For further details, see the Company's immediate report dated October 5, 2025 (Ref. No. 2025-01-074119).

8.8 Marketing and distribution

8.8.1 The Group's Agents Unit

8.8.1.1 General

The Group markets its insurance policies mainly through insurance agents and insurance agencies (hereinafter - the "**Agents**"). The Agents also market the pension funds and the provident funds under the Group's management. Furthermore, some of the Group's products are marketed by way of direct sales.

Notwithstanding the development of the direct sales channel, the Group continues to develop and promote the marketing of its products by the Agents, and as of the report date, the Group has business relationships with approx. 3,299 active Agents.

The Group is engaged with most of the Agents that conduct the Group's sales, both in the property and casualty insurance businesses, and in the life insurance business and long-term savings business. The Agents do not work exclusively for the Group, and most of them also work with other insurance companies. There is a core of Agents, who are clearly identified with the Group. The Group's Agents operate according to tariffs and underwriting guidance distributed by the Group from time to time in the various areas of activity.

In the property and casualty insurance and life insurance segments, the Group operates through districts in key cities (Ramat Gan, Haifa and Jerusalem). In life insurance, purchasing supervisors who are employee of the Group work within the districts, whose role is to promote sales and monitor the Agents' activity, including providing advice and guidance to the insurance agents they monitor.

In the property and casualty insurance subsegments, the commission to the Agents is paid, in most subsegments, as a percentage of net annual premium, and in other subsegments as a percentage of gross annual premium, and a netting mechanism is in place with the agent in respect of cancellations of policies. The commission rate is partially set in accordance with the various insurance segments, sometimes even after taking into account the profitability of the agent's insurance portfolio, and in accordance with the provisions of the law.

In the life insurance, long-term savings and health insurance subsegments, the agents are paid commissions at variable rates, in money or in kind, and the rate of the commission is partially set in accordance with the product and partially conditional upon the agent's sales, and sometimes also on the profitability of his insurance portfolio, and in accordance with the provisions of the law.

As of the report date, the Group is not dependent on any of its Agents nor does it have an agent, the scope of activity with whom accounts for more than 10% in each of the areas of activity.

8.8.1.2 Life insurance and long-term savings

General

Currently, there are two types of distributors of pension products:

Pension reseller - an insurance agent or a pension marketing agent (who is an employee of the institutional entity), that has an affiliation to the insurer or any other producer of a pension product and mediates in the purchase transaction of the pension product further to a personal consultation process he/she held with the customer.

Pension advisor - a person or a corporation, that has no affiliation to the insurer and/or any other producer of a pension product and offers the pension product further to a personal consultation process he/she held with the customer.

Both resellers and advisors in this field are duty bound to provide advice following the "best advice" principle.

The Group is based on the distribution of life insurance and long-term savings products through insurance agents, pension resellers, Group employees and a call center. In addition, the banks have not yet started to distribute life insurance plans, as distinct from the distribution of pension funds, provident funds and advanced education funds, as detailed below.

It is noted that the licensing and certification requirements, as well as various regulatory guidelines applicable to pension agents and resellers, which also affect, among other things, their compensation, may have an adverse effect on their profitability, and consequently on the number of agents.

The Group owns insurance agencies (as detailed in Section **1.1** above), part of which operate as an "insurance agents hub" or as an "arrangement agency". The agencies owned by the Group are also engaged in pension marketing agreements with other insurers, and market their products.

Life insurance and long-term savings

In life insurance, the Group operates through districts, and a headquarters and service function located at its head office. Furthermore, the Group has a customer relations center, that addresses all customer inquiries through the telephone, the Group's website or face to face.

The compensation to the insurance agents is composed of 4 potential main components: Current commission (hereinafter - "**Recurring Commissions**"), compensation in respect of meeting

sales targets (hereinafter - "**Targets Commissions**"), rewards in respect of offers, and bonuses; compensation is not identical for all agents.

Following are details regarding the average rate of fees and commissions out of premium in life insurance:

	2025	2024
Rate of fees and commissions on premiums	10.6%	9.7%
Rate of fees and commissions from new annualized premium	68.3%	75.1%

* The rate of fees and commissions from a new annualized premium is affected by a change in the portfolio's product mix.

The insurance agents function constitutes the main distribution channel of life insurance products. The Group does not have an agent, the scope of his revenues from premiums he generated exceed 10% of total premiums of the life insurance subsegment.

Pension and provident funds

Menora Mivtachim Pension and Provident Funds markets its pension products through Menora Mivtachim Insurance's Agents Unit, and through a direct marketing function comprised of managers of business portfolios and pension planners, located across the country. The employees of the direct marketing function maintain regular contact with the fund's planholders and the employers for customer retention purposes and in order to recruit new planholders. Services provided to policyholders and employers include a customer relations center, that provides services to the customers through a range of channels, and a website that provides, in addition to general information regarding pension and provident funds, also personal information to planholders and employers and an option to perform various transactions with respect to their pension savings. The direct marketing function provides a sales and marketing umbrella, that includes: signing on new planholders, provision of pension-marketing and training services in respect of all of Menora Mivtachim Pension and Provident Funds' pension products, dealing with termination of employer-employee relations, etc.

Menora Mivtachim Pension and Provident Funds collaborates with arrangement agencies and insurance agents (including Orot and the agents of Menora Mivtachim Insurance). This collaboration stemmed from some of the employers' need for a comprehensive handling of the social benefits of their employees, including collection and combination between various products, such as pension funds, executive insurance, provident funds, and sometimes also other social benefits products.

The agents' compensation in respect of the marketing of Menora Mivtachim Pension and Provident Funds' products is paid mainly through Menora Mivtachim Insurance.

Furthermore, Menora Mivtachim Pension and Provident Funds is engaged in distribution agreements with a number of banks and pension advisors, in order to distribute the pension funds and provident funds under its management. The scope of distribution activity of pension funds by the banks is, at this stage, relatively small. The scope of distribution activity of provident funds by the banks and pension advisors is more significant and depends mainly on the funds' internal rating by the banks - a rating that varies from one bank to another. The distribution activity in this segment is subject, among other things, to the **Supervision of Financial Services Regulations (Provident Funds) (Distribution Fees), 2006**.

Menora Mivtachim Pension and Provident Funds does not have employers, whose contributions towards benefits in respect of their employees constitute 10% or more of the amount of contributions towards benefits collected by the pension funds and provident funds under its management.

8.8.1.3 Compulsory motor

The Group markets its insurance policies mainly through agents to whom fees and commissions are paid. The commission rate varies from agent to agent.

As of the report date, the Group is not dependent on any of its Agents, and the Group does not have an agent, the scope of activity with whom accounts for more than 10% in each of the areas of activity.

Following are details regarding the average rate of fees and commissions (including VAT) out of gross premium in the compulsory motor insurance subsegment:

	2025	2024
Rate of fees and commissions from gross premium	4.1%	3.8%

8.8.1.4 Motor Property

The Group markets its insurance policies mainly through agents to whom fees and commissions are paid. The commission rate varies from agent to agent.

As of the report date, the Group is not dependent on any of its Agents, and the Group does not have an agent, the scope of activity with whom accounts for more than 10% in each of the areas of activity.

Following are details regarding the average rate of fees and commissions (including VAT) out of gross premium in the motor property insurance subsegment:

	2025	2024
Rate of fees and commissions from gross premium	16.7%	16.5%

8.8.1.5 Other property and casualty insurance

The Group markets its insurance policies in the segment mainly through agents to whom fees and commissions are paid. The commission rate varies from agent to agent.

As of the report date, the Group is not dependent on any of its Agents; nevertheless, there are two agents, the scope of activity with whom accounts for more than 10% in the area of activity.

Following are details regarding the average rate of fees and commissions (including VAT) out of gross premium in the segment:

	2025	2024
Rate of insurance fees and commissions from gross premium	12.5%	11.9%

8.8.1.6 Health Insurance

The Group markets its insurance policies in the segment mainly through agents, and pays them various types of sale commissions, calculated mainly as a rate of insurance premiums. The Group does not have an agent whose scope of activity accounts for more than 10% of the insurance premium in the segment.

Following are details regarding the average rate of fees and commissions (including VAT) out of gross premium in the segment:

	2025	2024
Rate of insurance fees and commissions from gross premium	23.8%	20.9%

8.9 Supplier and service providers

8.9.1 General

The main hardware suppliers for Group companies' IT systems are IBM, which supplies the main applications servers and storage platforms, including backup and recovery servers, and InfiniDat, which supplies another part of the storage platform.

Shomera is engaged with a number of hardware and software suppliers, both in engagements for the purchase of new products and in engagements for regular maintenance of its systems. The main suppliers that provide maintenance services in connection with its main insurance system are Comtect Ltd., which is a software house that provides those services to Shomera and to other insurance companies, and Dortal Ltd, which is a company that provides support services in connection with the various software Shomera uses on a regular basis. If a need arises to switch to other software suppliers, this may involve material additional costs.

In the field of computer services, the Group is engaged with a number of suppliers, which specialize in various areas that are relevant to the Group's activity, specifically in life insurance and long-term savings; the discontinuation of the services of any of those suppliers, will involve the investment of financial resources and time inputs by the Group in order for it to be able to receive services from another supplier.

The Group is engaged in activities with numerous suppliers in the field of IT, and the following suppliers are deeply involved in the Group's core activities: in Shomera with Comtech and Dortal as described above, in Menora Insurance and Menora Pension and Provident Funds with Sapiens Software Systems Ltd. (hereinafter - "**Sapiens**"), as detailed below.

It should be noted that on August 13, 2025, a transaction for the acquisition of Sapiens by the American investment company Advent was reported. The Company monitors the consequences of the transaction in order to ensure full continuity in the provision of services and support. As of this date – there have been no significant changes in the contractual engagement with Sapiens and in the provision of services to the company.

8.9.2 Life insurance and long-term savings

The Group entered into an engagement with Sapiens in connection with a project for the development of a comprehensive system for the management of a life insurance and long-term savings function (hereinafter - "**Topaz Life**"), and in a project for the development of a system for the management of the pension function (hereinafter - "**Topaz Pension**") (Topaz Life and Topaz Pension will be named hereinafter jointly - the "**Topaz System**"). Further to the foregoing, in October 2011 the Group entered into an agreement that formalizes and regulates its long-standing engagement with Sapiens in connection with the Topaz System and additional software systems supplied to the Group, among other matters in the areas of life

insurance, pensions, reinsurance, and health (hereinafter - the "**Systems**"), and services to be provided to the Group in connection with these Systems (hereinafter, in this paragraph - the "**Agreement**").

The Agreement creates a framework for the continued supply of various services to the Group in connection with the aforesaid Systems, including development services, testing, malfunction repairs, support, supply of versions and editions, and maintenance services for the Systems, according to agreed-upon annual work plans.

In September 2013, a supplementary agreement was signed with Sapiens, following an engagement of Sapiens with an additional client for provision of a pension-fund management system and associated systems used by the Group. Within the supplementary agreement and a (similar) agreement concerning a third client signed in 2022, Sapiens undertook to pay the Group various royalties, in immaterial amounts, over a period of several years. In addition, the period of the engagement to which Sapiens is committed with respect to the maintenance and continued development of the Systems for the Group was extended, and it is renewed automatically every year, with certain commercial modifications. In 2025, the Group paid to Sapiens a total of approx. NIS 35 million in respect of various development and maintenance services.

8.10 Property, plant and equipment

For further details regarding the various components of property, plant, and equipment (land, vehicles, IT systems), see Notes **11** to the Financial Statements.

8.11 Seasonality

8.11.1 Life insurance and long-term savings

Following is the breakdown of gross premiums in the life insurance and long-term savings segment by quarters (in NIS million)

	Data for 2025		Data for 2024	
	In NIS million	%	In NIS million	%
First quarter	552	23%	559	21%
Second quarter	574	24%	570	22%
Third quarter	547	22%	545	21%
Fourth quarter	758	31%	927	36%
Total	**2,431**	**100%**	**2,601**	**100%**

Revenues from life insurance premiums is not characterized by seasonality.

8.11.2 Pension funds

Generally, the collection of contributions towards benefits by pension funds is not affected by seasonality. Furthermore, the amounts of contributions towards benefits are higher in certain months, which vary from one year to another, mainly due to one-off payments made by employers to employees, and in respect of which contributions towards benefits are made. It is noted that the fact that certain employers, which are customers of Menora Mivtachim Pension and Provident Funds and operate in certain sectors, are affected by seasonality, which, in turn, affects the number of their employees, does not have a material effect on the distribution of contributions towards benefits between the different months of the year.

Following is the breakdown of quarterly contributions towards benefits:

New Mivtachim	2025		2024	
	In NIS million	%	In NIS million	%
First quarter	4,366	23%	4,117	23%
Second quarter	4,563	24%	4,309	24%
Third quarter	4,909	26%	4,627	26%
Fourth quarter	4,810	27%	4,578	27%
Total	**18,648**	**100%**	**17,631**	**100%**

New Mivtachim Plus (Supplementary)	2025		2024	
	In NIS million	%	In NIS million	%
First quarter	259	23%	213	22%
Second quarter	260	24%	216	23%
Third quarter	286	26%	248	26%
Fourth quarter	300	27%	271	29%
Total	**1,105**	**100%**	**948**	**100%**

8.11.3 Provident funds

The segment's activity is characterized with a certain degree of seasonality, since a large part of planholders' contributions (mainly by the self-employed) is made towards the end of the year in order to fully utilize the tax benefits. However, the proportion of self-employed planholders out of all planholders in the Group's activity in this segment is relatively low.

	Data for 2025		Data for 2024	
	In NIS million	%	In NIS million	%
First quarter	1,136	24%	1,038	24%
Second quarter	1,041	22%	1,104	25%
Third quarter	1,161	25%	1,097	25%
Fourth quarter	1,323	29%	1,144	26%
Total	**4,661**	**100%**	**4,383**	**100%**

8.11.4 P&C insurance

Following is the breakdown of gross premiums in the property and casualty insurance subsegment by quarter (in NIS million):

	Data for 2025		Data for 2024	
	In NIS million	%	In NIS million	%
First quarter	1,429	30%	1,396	30%
Second quarter	1,137	24%	1,165	25%
Third quarter	1,220	26%	1,099	24%
Fourth quarter	940	20%	966	21%
Total	**4,726**	**100%**	**4,626**	**100%**

In property and casualty insurance, the premium amount recorded in the first quarter is the largest, due to businesses' tendency to renew their insurance (compulsory motor, motor property, liability and property) at the beginning of the year.

It is noted that in property and casualty insurance, the liability mechanism for remaining coverage mitigates the effect of cyclical seasonality on profit.

Gross revenues from premiums in property and casualty insurance is characterized by seasonality, mainly due to renewal of motor insurance policies of various groups of employees and businesses' car 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 this seasonality on reported earnings is offset as part of Liability for Remaining Coverage (LRC).

Other expenses components, such as claims, and other revenues components, such as investment revenues, do not have significant seasonality, and therefore there is no significant seasonality in the income. However, it should be noted that a severe winter may trigger an increase in claims, mainly in the motor property subsegments, in the first and fourth quarters of the year, and as a consequence, a decrease in the reported income.

8.11.5 Health insurance

Following is the breakdown of gross premiums in the health insurance segment by quarter (in NIS million):

	Data for 2025		Data for 2024	
	In NIS million	%	In NIS million	%
First quarter	491	25%	582	26%
Second quarter	483	24%	530	24%
Third quarter	510	25%	545	25%
Fourth quarter	519	26%	562	25%
Total	**2,003**	**100%**	**2,219**	**100%**

Generally, insurance premiums in this subsegment are not affected by seasonality; however, the variation between the quarters is due to the timing of issuing policies, which is annual and not recorded in monthly collection.

It is noted that in short-term health insurance, a mechanism of unexpired risks reserve regulates the effect that the turnover's seasonality has on income.

8.11.6 Claims

It is noted that the Group did not identify seasonality in terms of claims in all segments, except where claims arise due to natural disasters in the winter months.

8.12 Intangible assets

Databases

Group companies own a number of separate and secure databases, which were registered with the Databases Registrar, and which focus mainly on customers (including a Group database for marketing purposes), employees and suppliers of those companies, as the case may be, all in accordance with the provisions of the Privacy Protection Law, 1981.

The Group uses the brand names "Menora Mivtachim" and "Shomera". The Group has a number of trademarks, which are registered with the Registrar of Patents, Designs and Trademarks, including - "Mivtachim", "Menora" "Menora Mivtachim", "Shomera Insurance Company Ltd. - Israeli Family", and more. For details regarding intangible assets and the amounts recognized in respect thereof as an asset in the Financial Statements, see Note **12** Financial Statements.

Licenses

The Group holds licenses and/or permits to operate as an insurer, agent or management company, as the case may be, as required under any law.

- In accordance with Section 15 to the Supervision Law, the Group holds Israeli insurer licenses to operate in the pension subsegment and in the following insurance subsegments: comprehensive life, personal accidents; illnesses and hospitalization; employers' liability; compulsory motor; motor property (in respect of self-inflicted damage and third party); comprehensive home and business; including glass insurance; aircrafts, including third party liability; vessels, including third party liability; cargo in transit; third party liability; property loss; agricultural, except for insurance covering natural disasters in agriculture; engineering; product liability; provision of guarantees; other risks; and investments of home buyers.
- The Group also holds a license to act as a management company of provident funds, and provident funds certifications for the provident funds and pension funds under its management. Furthermore, Menora Mivtachim Underwriting Management is registered in the Register of Underwriters, in accordance with the Securities Regulations (Underwriting) (Amendment), 2007.
- The Group has licenses to operate as a credit service provider under the Financial Services Supervision Law (Regulated Financial Services), 2016.

IT systems

For details regarding IT systems, see Note **12** to the Financial Statements.

8.13 Legal proceedings

For a description of material legal and administrative proceedings, including class actions, see Note **31** to the Financial Statements.

8.14 Financing

The Group finances its activity from own sources, bank credit and non-banking credit by raising (liquid and illiquid) capital in the capital market. For details regarding financing, see Section **10** to the Report of the Board of Directors and Note **25** to the Financial Statements.

8.15 Taxation

For a description of taxation issues, see Note **19** to the Financial Statements.

8.16 Risk factors

Risk category	Description of risks	Risk rating		
		High effect	Moderate effect	Low effect
Macroeconomic risks	Changes in the economy (unemployment, employment)	x		
	Total market risks	x		
	Specific market risks:	-		
	Interest rate risk	x		
	Share price risk and other equity instruments	x		
	Foreign currency risk			x
	Real estate risk and other assets	x		
	Credit Risks		x	
	Inflationary risk			x
Industry-specific risks	**Insurance risks:**	-		
	Morbidity risks	x		
	Longevity risks, including pension uptake		x	
	Cancelation risks in long-term savings portfolio	x		
	Other insurance risks	x		
	Catastrophe events: Earthquake	x		
	Catastrophe events: War or pandemic	x		
	Regulatory changes	x		
	Legal precedents (including class actions)		x	
	Changes in competition conditions	x		
	Climate and environmental risks (ESG)			x
	Availability of reinsurance		x	
Risks specific to the Group	Liquidity risks			x
	Outsourcing/engagements with external suppliers risks		x	
	Stability of reinsurance		x	
	General operational risks		x	
	Dependence on IT systems	X		
	Information and cybersecurity	x		
	Compliance risks		x	
	Goodwill		x	

Information and cybersecurity

The Menora Mivtachim group is exposed to cyber threats, mainly as part of the activity of its principal subsidiaries, which may arise from unauthorized use of identity, disruption to the normal activity of the network, shutdown of services, damage to the system, theft of assets, penetration to systems or exposure and disruption of information. As required, among other things, under regulatory provisions, the Group has a dedicated information security unit for handling information security and cybersecurity risks, which is managed by an information security officer. In the reporting year, a number of cyber attacks took place, the severity of which is low, but their frequency (as a phenomenon) is increasing over time.

So far, the types of attacks included mainly by "Denial-of-Service" attacks, phishing and viruses that are sent by email. In view of the expansion of the Group's digital activity, the probability of the occurrence of cyber attacks increases. The Group has an up-to-date information security and cybersecurity policy, which is approved by the boards of directors of Group companies once a year, as well as procedures and routine activities, which are derived from the said policy in order to mitigate, as much as possible, the information security and cyber exposures, as well as ways to deal with a cybersecurity incident until recovery is achieved and normal activity is restored.

Among other things, the Group has a security operation center that monitors, identifies and provides alerts regarding incidents and coordinates the handing of such incidents; during the reporting year, there were also a number of drills in order to assess the effectiveness of the systems and the tools which were implemented for the purpose of dealing with information security and cybersecurity incidents. Furthermore, the Group trained a heterogeneous IT systems response team in order to improve the ability to deal with such events. Cybersecurity that is implemented by the Group also includes checks conducted during the course of employee recruitment processes and engagement with suppliers, increasing employees' awareness to cyber threats, maintaining physical security, protecting the network, systems and applications, and user access controls. As mentioned above, the expansion of the Group's digital activity in recent years, which is planned to continue in the next few years, increases the risk of cyber attacks, both directly with attacks on the Group's infrastructures, and indirectly with on the infrastructures of the Group's suppliers.

In recent years, and in view of the occurrence of significant cyber incidents in Israel and abroad, the Group enhanced its readiness and preparedness for the occurrence of a cyber event. In addition, the control systems and response scenarios for ransom incidents were tested, including the revision of procedures and the planning of an outline for a drill focusing on dealing with such an incident (including management drill with the support of an external professional party), which was scheduled in the work plans. The main risks in this area are information leakage, information disruption and reputational risk, which the Group works to prevent or at least mitigate through monitoring and identification tools and through the implementation of adequate controls in its systems, and as stated above - also by

receiving assistance from a professional party with which it entered into an engagement. Furthermore, the Group purchased insurance coverage in respect of damages that may be caused as a result of computer crimes and cyber incidents.

In light of the advent of AI technology, the potential for cyberattacks has become significant both in size, and in the extent of potential damage they may cause, and the Company is preparing to increase assessments and implement dedicated controls to contend with the risks involved in using AI tools.

For a description of risk management in the Group, see Section 11 to the Report of the Board of Directors and Note 29 to the Financial Statements.

8.17 Material agreements and collaboration agreements

8.17.1 Collective long-term care insurance - Tzevet

Tzevet, the IDF Veterans Association - in February 2018 Menora Mivtachim Insurance and Tzevet, the IDF Veterans Association (hereinafter - "**Tzevet**") signed a detailed collective long-term care insurance agreement for Tzevet members; in December 2022, the agreement was extended. For further details, see Section **6.2.1.2** above.

8.17.2 Investment in Ampa Capital

In January 2016, the Company signed an agreement with Ampa Capital Ltd. (hereinafter - "**Ampa Capital**") and its parent company, the Investment Company for the Development of Industry for Israel Ltd. (hereinafter - the "**Seller**") regarding the acquisition and allocation of 30% of Ampa Capital shares from the Seller in consideration for a sum of approx. NIS 63.5 million, as well as options for the acquisition and allocation of an additional 10% of Ampa Capital shares under the terms and conditions as detailed in the agreement (hereinafter - the "**Agreement**"). The call options shall remain valid for the duration of a period of 180 days commencing after 3 years have elapsed from the completion date, subject to the Company's right to bring forward the exercise of the call options in certain cases as set forth in the Agreement. In February 2018, an agreement for the purchase of further 17.63% of the shares of Ampa Capital was signed instead of the abovementioned option. The Consideration Amount according to the agreement is mainly based on a NIS 270 million value of Ampa Capital and is subject to the modification of a price based on Ampa Capital's financial results for 2018. The total consideration which was paid in practice in respect of the shares stood at NIS 73.4 million. Furthermore, in January 2020 the Company purchased 0.75% of Ampa Capital's shares from Ampa Capital's CEO. After the said acquisition of shares, the Company has an aggregate rate of approx. 47.65% of Ampa Capital's share capital. In March 2024, the Company's Board of Directors approved an investment in Ampa Capital in the amount of approx. NIS 50 million. The investment was made in two stages, half in April 2024 and the second half in December 2024. The purpose of the investment is to increase the shareholders' equity to

support the growth of Ampa Capital's activities. It is noted that the above investment did not change the Company's holding rate in Ampa. For further details, see Note 9 to the Financial Statements. During the third quarter of 2025, the Company and the additional shareholder at Ampa Capital acquired a total of 321,566 ordinary shares sold by the Chairman of the Board of Directors of Ampa Capital, such that subsequent to the acquisition, the Company holds a total of 48.13% of Ampa Capital shares.

8.17.3 Investment in ERN

In September 2016, an agreement was signed between the Company and ERN Israel Ltd. (hereinafter - "**ERN**"), which is primarily engaged in the provision of undertakings for repayment of means of payment, and with S.A.B Ltd., which is the parent company of ERN (hereinafter - the "**Seller**"), both of which are privately-held companies, which are not related to the Company and/or its controlling shareholders (hereinafter - the "**Original Agreement**" or the "**Transaction**"), for the purchase of 40% of ERN's share capital by the Company in consideration for NIS 100 million.

In September 2022, the Company signed an agreement with the Seller and ERN, which replaced the existing agreements between the Company and the Seller and ERN, pertaining to the acquisition of ERN shares by the Company from the Seller and relating to the Company's investment in ERN (hereinafter - the "**Agreement**"). The agreement included provisions regarding the purchase of additional shares for a total consideration of approx. NIS 190 million, and the conversion of existing shareholder loans into shares totaling approx. NIS 32.6 million; after the completion of those transactions, the Company will hold 70% of ERN's shares, and the Seller will hold the remaining 30%.

In January 2026, the Company signed an agreement with the Seller and ERN Israel to acquire the balance (30%) of ERN shares by the Company, such that subsequent to the acquisition, the Company holds 100% of ERN shares, in consideration for approx. NIS 230 million, at a company value of approx. NIS 770 million.

It should be noted that the agreement replaced the existing agreements between the Company and the Seller and ERN. For further details, see the immediate report dated January 12, 2026 (Ref. No.: 2026-01-004991).

8.17.4 Allotment of shares in a subsidiary

In March 2021, an investment agreement was signed with Allied Holdings Ltd. (hereinafter - the "**Investor**") regarding an investment in Menora Mivtachim Pension and Provident Funds amounting to NIS 128.8 million (hereinafter - the "**Investment Amount**"), against the allocation of 4.9% of the issued and paid up share capital of Menora Pension and Provident Funds, on a fully diluted basis. The Investor was also awarded an option for a further allocation of up to 4.9% of the issued and paid up share capital of Menora Mivtachim Pension and Provident Funds. The Investment Agreement stipulated that in 2021 and 2022 Menora Mivtachim Pension

and Provident Funds shall distribute a dividend at a total amount that will not be lower than the amount, which was distributed in 2020, and as from 2023 it will distribute a dividend at a rate that will not be lower than 70% of the annual income (subject to the provisions of the law). For further details, see immediate reports dated February 15, 2021, February 18, 2021 and March 18, 2021 (Ref. Nos. 2021-01-018060, 2021-01-019635 and 2021-01-039393, respectively). In May 2022, an addendum was signed to the abovementioned agreement, where under, further to the serving of a revised exercise notice by Allied, Menora Pension and Provident Funds allotted to Allied the option shares as well as additional shares (hereinafter - the "**Additional Shares**"), such that subsequent to the exercise of the option shares and the purchase of the Additional Shares, Allied's overall holding stands at 9.999% of Menora Pension and Provident Funds' issued and paid up share capital, on a fully diluted basis. In consideration for the allotment of the option shares and the Additional Shares, Allied paid a total of approx. NIS 150 million - an amount reflecting a (pre-money) value of NIS 2,650 million for Menora Pension and Provident Funds. It is noted that Allied has the Commissioner's approval to hold up to 10% of Menora Pension and Provident Funds' shares. For further details, see the immediate report dated May 30, 2022 (Ref. No. 2022-01-066754).

8.17.5 Acquisition of 50% of the Alifim agency

In April 2022, a binding agreement was signed between Mr. Alexander Chernomordik and Best Capital 54 Ltd. (hereinafter - the "**Sellers**") and Menora Mivtachim Agencies Ltd. (hereinafter - "**Menora Agencies**"), a wholly-owned and controlled subsidiary of the Company, for the purchase of 50% of the issued and paid up share capital (on a fully diluted basis) of Alifim Insurance Agency (2002) Ltd. (hereinafter - the "**Agency**") in consideration for NIS 140 million plus a future consideration of NIS 10 million, subject to the fulfillment of conditions as detailed in the agreement (hereinafter - the "**Agreement**"). The Agreement stipulates, among other things, that the Menora Mivtachim Group will provide the Agency with a credit facility for the purpose of its operating activities, including for the purpose of expanding its activity by way of purchasing other agencies and agents' portfolios, and a condition whereby Mr. Chernomordik will continue to serve as the CEO of the Agency and will be subject to a non-compete stipulation for the periods and under the conditions detailed in the Agreement. Furthermore, the agreement includes generally accepted representations in relation to the Agency and the parties to the engagement, and generally accepted arrangements between the parties in their capacity as shareholders in the Agency as from the completion date, including with regard to the transfer of shares to a third party and the Agency's dividend distribution policy, subject to the provisions of any law and to the Commissioner's Directives, conditions regarding put and call options to the parties, and provisions regarding the appointment of directors and indemnity in the event of breach of representations, tax liability or any other matter that took place prior to

the completion date. On January 1, 2023 after the fulfillment of the Agreement's conditions precedent, including receipt of the required regulatory approvals, the purchase and shares allocation transaction was completed, such that Menora Agencies holds 50% of the Agency's shares. For further details, see the Company's immediate report dated April 13, 2022 and January 1, 2023 (Ref. Nos. 2023-01-000631 and 2022-01-039480).

8.17.6 Collective insurance tender - HMOs Meuhedet and Leumit

As of April 2019 and January 2020 Menora Mivtachim Insurance started insuring members of the health maintenance organizations "**Leumit Health Services**" and "Kupat Holim Meuhedet" (hereinafter - "**Leumit**" and "**Meuhedet**", and jointly - the "**Health Maintenance Organizations**"), respectively, under a collective long-term care insurance in accordance with the terms and conditions of the tenders and the relevant regulatory provisions. In these transactions, Menora Mivtachim Insurance bore 20% of the total insurance benefits, in accordance with the risk premium set in the tenders plus management fees for the operation of the insurance policy. Due to the changes and challenges in the Long-Term Care Insurance Subsegment, as detailed above, as of April 2024 and January 2025, the agreements with Leumit and Meuhedet were revised, respectively, such that the agreements were converted into long-term care insurance claims operating agreements for Leumit and Meuhedet members, in exchange for management fees, claims handling fees and reimbursement of expenses, without bearing the insurance risk, all as agreed with the HMOs, for a period of 3 years.

8.17.7 Signing an agreement with Maccabi

As from January 1, 2024, Menora Mivtachim Insurance started operating the long-term care insurance of Maccabi Health Maintenance Organization, Maccabi Healthcare Services and Maccabi Magen Mutual Insurance Association Against Diseases Ltd.'s members in consideration for management fees, claim handling fees and reimbursement of expenses, without bearing the insurance risk for a period of 3 years.

8.17.8 Life insurance and long-term savings

The Group has an agreement with Sapiens Israel Ltd. for the development of IT systems (for details, see Section **8.9.2** above).

Menora Mivtachim Pension and Provident Funds signed distribution agreements with the following banks: Israel Discount Bank Ltd., Bank Massad Ltd., Mizrahi Tefahot Bank Ltd., First International Bank Ltd., Bank Leumi le-Israel B.M., Bank Otsar HaHayal Ltd. and Bank Hapoalim Ltd. (only in relation to the provident funds, and not in relation to the pension funds under the Company's management) as well as One Zero Digital Bank Ltd. The distribution agreements stipulates that Menora Mivtachim Pension and Provident Funds shall pay the banks distribution fees in accordance

with the provisions of the law in exchange for the distribution of its products.

Menora Mivtachim Engineers signed distribution agreements with the following banks: Israel Discount Bank Ltd., Bank Massad Ltd., Mizrahi Tefahot Bank Ltd., First International Bank Ltd., Bank Leumi le-Israel B.M., Bank Otsar HaHayal Ltd., Union Bank Ltd. and Bank Hapoalim Ltd. The distribution agreements stipulates that Menora Mivtachim Engineers and Provident Funds shall pay the banks distribution fees in accordance with the provisions of the law in exchange for the distribution of its products.

8.17.9 Compulsory Motor

Further to that which is stated in Section **3.1** above regarding division of the burden of paying the compensation between the insurers of vehicles involved in an accident, and for the purpose of automated handling of netting mechanisms between the insurers, the Israeli Insurance Association operates a joint system for operating a clearing mechanism through the Insurance Companies Clearing Center Ltd. (hereinafter - the "**Clearing Center**"), in respect of payments arising from the Compensation Law and Burden Division Ordinance (named - "**'Light-Heavy' Clearing Outline**). To this end, the insurance companies and the Clearing Center signed an agreement that regulates the outline as from 2004. The manager of the Clearing Outline was also given arbitration powers in connection with any disputes that may arise between the insurers with regard to the involvement of an insured vehicle in an accident. The said outline was awarded an exemption, subject to conditions, from cartel clearance by the Director General of the Israel Antitrust Authority (among other things since the system will be used for the transfer - between insurers - of payments arising from the provisions of the Burden Division Ordinance, that the system will be operated using an infrastructure of the acquiring company and by an independent entity, which is not related to the insurers, the prohibition of the transfer of business information between the parties to the arrangement, etc.), which was in effect through August 31, 2020. In view of the expiry of the abovementioned exemption, a self-assessment was received according to which, subject to compliance with the conditions which were part of the exemption issued by the Commissioner, the arrangement constitutes a joint venture that meets the conditions set out in Section 9A to the Antitrust Rules (Class Exemption for Joint Ventures) (Temporary Ordinance), 2006. This assessment is valid for 5 years from the end of the last exemption, namely, until August 31, 2025, provided that no material change in circumstances has occurred regarding the arrangement; during the first quarter of 2026 another extension was granted until August 31, 2030.

In June and August 2015, Menora Mivtachim Insurance and Shomera, respectively, signed an agreement with the National Insurance Institute, which includes rules, terms and dates for settlement of the subrogation claims that will be filed by the National Insurance Institute in the

compulsory motor insurance subsegment. The previous agreement expired in 2009, and the new agreement applies as from the expiry date of the previous agreement and thereafter. During 2023 and 2024, Menora Insurance signed agreements with the National Insurance Institute to end the netting in such subrogation claims in respect of underwriting years 2016-2022 against payment of a lump sum.

8.17.10 Motor property

In view of the request of the Courts System Director, and in order to reduce the volume of litigation between the insurance companies, which are members of the Israeli Insurance Association - the insurance companies reached an outline arrangement for the management of arbitration proceedings relating to subrogation claims in motor property insurance and a binding engagement with a manager, who will be appointed to conduct the arbitration through a suitable software. According to the arrangement outline, each insurance company may opt to join the arrangement, disputes between insurance companies that joined the arrangement with regard to subrogation claims with certain characteristics shall not be litigated in court but rather resolved through the arbitration mechanism. The arbitrator's decision in this proceeding is binding, and collection is carried out through the Clearing Center. Menora Insurance and Shomera joined the arrangement.

MENORA MIVTACHIM

Part D

Corporate Governance Aspects

Menora Mivtachim Holdings Ltd.

9. Corporate Governance Aspects

This part relates only to the corporate governance aspects which are relevant to the Group's insurance companies, as follows:

9.1 External directors

Menora Mivtachim Insurance

As of the report date, two external directors and one independent director serve in Menora Mivtachim Insurance, out of eight serving directors, as follows.

Mr. Shimon Kalman, has been serving as an ED since November 25, 2019 (was appointed for a third term in office on November 25, 2025), has an accounting and financial expertise. Serves as the Chairman of the Information Technology and Cyber Committee, Chairman of the Balance Sheet Committee, Chairman of the Audit Committee and member of the Risk Management Committee.

Mr. Tomer Sharet, serves as an independent director as from May 28, 2018 and as an ED with accounting and financial expertise as from as from May 28, 2024. Serves as the Chairman of the Risk Management Committee, member of the Audit Committee and member of the Balance Sheet Committee.

The undersigned, Ephraim Dror, has served as an independent director with accounting and financial expertise since May 12, 2022 (and was appointed for a second term on May 12, 2025). Serves as a member of the Balance Sheet Committee and as a member of the Risk Management Committee.

Shomera

As of the report date, three external (independent) directors serve in Shomera, out of seven serving directors, as follows -

Mr. Avi Zamir, serves as an independent director (and as and ED) as from May 30, 2021, and on May 27, 2024, his tenure was extended by further 3 years. Has accounting and financial expertise. Serves as a member of the Audit Committee.

Mr. Tomer Sharet serves as an independent director as from July 11, 2019 (appointed for a second term in office as from July 12, 2022) and on March 20, 2024, his classification was changed to independent director and ED. Has accounting and financial expertise. Serves as the Chairman of the Balance Sheet Committee, Chairman of the Solvency and Risk Management Committee, and member of the Audit Committee.

Ms. Limor Magen Telem serves as an independent director (and as an ED) as from April 17, 2024. Has accounting and financial expertise Serves as a member of the Audit Committee and the Balance Sheet Committee.

Menora Mivtachim Pension and Provident Funds

As of the report date, five external or independent directors serve in Menora Mivtachim Pension and Provident Funds, out of ten serving directors, as follows -

Mr. Shimon Kalman, has been serving as an ED/Independent Director since November 20, 2019, has an accounting and financial expertise. Serves as a Chair of the Audit Committee and of the Risk Management Committee.

Ms. Meirav Kirshner has been serving as an ED/Independent Director since February 6, 2022. Serves as a member of the Audit Committee.

Ms. Dalia Tal has been serving as an ED/Independent Director since July 24, 2022. Serves as a member of the Audit Committee.

Ms. Eti Einhorn has been serving as an independent director since May 15, 2023, and has an accounting and financial expertise. Serves as a member of the Audit Committee.

Mr. Eli Cohen serves as an independent director since May 15, 2023. He has accounting and financial expertise and serves as a member of the Audit Committee.

9.2 Chief Internal Auditor

9.2.1 Details of the Chief Internal Auditor

On January 28, 2013, the Company's Board of Directors approved (after approval by and at the recommendation of the Audit Committee of January 20, 2013) the appointment of Ms. Eti Hirshman (CPA) as the Chief Internal Auditor of the Company and other subsidiaries in the Menora Mivtachim Group, in effect as from March 1, 2013, based, among other things, on Ms. Hirshman relevant qualifications, skills and experience, which match the requirements of the position, taking into account the nature and scope of the activity of the Company and its subsidiaries.

The Chief Internal Auditor meets the criteria set in Section 3(a) of the Internal Auditing Law, 1992, the provisions Section 8 of the said law and the provisions of Section 146(b) of the Companies Law.

To the best of the Company's knowledge, the Chief Internal Auditor holds 12,147 options of the Company as part of the employee option plan, and she has no material business or other relations with the Company or a related entity thereof.

In addition, the Chief Internal Auditor is an auditor in other Group companies: Menora Mivtachim Pension and Provident Funds, Menora Mivtachim and the Israel Engineers Association, Menora Mivtachim Finance Ltd., Menora Mivtachim Underwriters and Management Ltd., Menora Mivtachim Real Estate Ltd., Menora Mivtachim Capital Raising Ltd., ERN, Mimun Click, and other Group companies.

9.2.2 Identity of the Chief Internal Auditor's Supervisor

The Chief Internal Auditor reports to the Chairman of the Board of Directors.

9.2.3 Work Plan

The work plan of the internal audit function is annual. The work plan for 2025 focused mainly on the activity of the subsidiaries - mainly on Menora Mivtachim Insurance and Menora Mivtachim Pension and Provident Funds - and the Company's audit plan is residual in nature and takes into consideration the Company's residual risks and the implementation of adequate controls and previous year' audit findings. The 2025 work plan and the multi-year plan for 2024 to 2027 in Menora Mivtachim Insurance and Menora Mivtachim Pension and Provident Funds relied on a risk survey conducted by an external professional party and based on consultations held by the Chief Internal Auditor with internal and external parties, including the independent auditor, and at the approval of the Audit Committee, while relying on ad-hoc needs and constraints.

9.2.4 Audit in investees in Israel and abroad

The Chief Internal Auditor of the Company also serves as the internal auditor of Menora Mivtachim Insurance and Menora Mivtachim Pension and Provident Funds, which constitute key holdings of the Company, and accordingly, the audit activity focused on those companies. The Group has 2 other institutional entities in which internal audit work is carried out as follows: Menora Mivtachim and the Israel Engineers Association, in which the Chief Internal Auditor carries out the audit work; in Shomera - the audit is conducted by Mr. Meir Ilia (CPA), a partner of Rosenblum Holtzman & Co. CPAs, which provides its services on an outsourcing basis. The details of material findings in Shomera are transferred to the Company's Chief Internal Auditor.

The Company's Chief Internal Auditor also serves as the internal auditor of ERN and a subsidiary - Mimun Click Ltd. - which are engaged in non-banking credit activity.

In Menora Mivtachim Real Estate, a Company subsidiary, whose activity is mainly carried out abroad, internal audit is carried out in accordance with an audit plan which was set and approved by Menora Mivtachim Real Estate's Board of Directors.

Scope of internal audit

The scope of the internal audit work in terms of number of working hours in the Company and investees is set, as stated above, based on risk surveys or a risk assessment, while taking into account ad-hoc needs and constraints, as detailed below:

Company	Audit hours	Audit hours by way of outsourcing
Menora Mivtachim Holdings (including Menora Mivtachim Insurance and its subsidiaries - as the Company's main holdings)	13,856	984
In Menora Mivtachim Finance and its subsidiaries (excluding Menora Mivtachim and the Israel Engineers Association)	80	-
Shomera	-	1,800
Menora Mivtachim Pension and Provident Funds and Menora Mivtachim Israel Engineers Association	7,728	2080
Total	**21,664**	**4,864**

Out of a total of 26,528 audit hours in the Group in 2025, the number of hours under direct responsibility of the Chief Internal Auditor stood at 21,664 hours. At the Group level, there was an immaterial increase of approx. 2.3% in the number of audit hours in 2025 compared to 2024. It is noted that the audit work is carried out exclusively by the employees of the internal audit function and/or through outsourcing, as the case may be, rather than through other Company functions.

9.2.5 Conducting the audit

The audit is conducted and carried out according to the professional standards, and in accordance with professional guidance of the Institute of Internal Auditors (IIA), which were adopted by Institute of Internal Auditors in Israel - the Israeli organization of internal auditors, and in accordance with the legal provisions, which are relevant to each Group Company, as the case may be. The Chairpersons of the boards of directors of the companies, through the Audit Committees, monitor the work of the Chief Internal Auditor. In order to verify compliance with the said professional standards, the Company holds, every several years, external audit over the internal audit activity through a professional party.

On March 29, 2026, the Company's Board of Directors held a discussion - without the attendance of the management - among other things, in connection with the internal audit activity in 2025, in which the Chief Internal Auditor delivered her position regarding the resources she was allocated with, and the collaboration she receives from the Company. As part of this discussion, the Chairperson of the Audit Committee noted the committee's satisfaction from the Chief Internal Auditor's work.

9.2.6 Access to information

The Chief Internal Auditor and the other auditors in the Group's internal audit function have free access to all information sources, including documents, regular or computerized databases and financial data. What is stated in this paragraph also applies to the Company's subsidiaries in which the Chief Internal Auditor serves.

9.2.7 Chief Internal Auditor's report

The Chief Internal Auditor's audit reports are submitted in writing, after discussions were held with the audited entities in connection with the draft audit reports. The reports are brought before the Chairman of the Board of Directors and the CEO for review, and then for discussion by the Audit Committee. Furthermore, the Audit Committee is provided with follow-up reports regarding the implementation of the Chief Internal Auditor's recommendations which were made in previous audit reports.

During the reporting period, the Company's Audit Committee held 8 meetings. It is also noted that in the Company's investees many other audit reports, ad-hoc inspection reports, as the case may be, and follow-up reports were submitted, which were discussed by the relevant audit committees.

9.2.8 The Board of Directors' assessment of the Chief Internal Auditor's work

In all institutional entities in the Group and in most of the investees, dedicated internal audit activity is conducted, and the audit reports are discussed in those corporations' audit committees. The Company's Audit Committee discusses only matters pertaining directly to the Company and receives reports on material and extraordinary audit findings in investees. In view of the above, the Board of Directors - having recorded the Chief Internal Auditor's explanations regarding the work plan and its compliance with the provisions of the law, and taking into account the data regarding the ratio between the activity of the internal audit function through that function's employees and the activity carried out by way of outsourcing, and information regarding the function's employees in the Group and other background data - is satisfied that the internal audit function has the resources and the tools it needs in order to carry out its responsibilities, noting, among other things, the Company's special needs in its capacity as a holding company that has no independent activity, the Company's size and the complexity of its activity.

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.

9.2.9 Compensation

Ms. Eti Hirshman is employed under a personal employment agreement as a full-time Group employee, and receives a monthly salary, social benefits and related benefits as is generally accepted, as well as a target-based bonus and equity compensation (options), all in accordance with the Company's Compensation Policy; the cost of the Chief Internal Auditor's compensation in the reporting year stood at approx. NIS 1,431 thousand.

The Company's Board of Directors is of the opinion that the compensation of the Chief Internal Auditor was adequate bearing in mind the scope of her activity and her functioning and did not affect her professional judgment.

9.3 Independent auditor

The Company's independent auditors are Kost Forer Gabbay & Kasierer CPAs, which have been serving in this role since 1999. As from June 1, 2023, Tal Hay-Zion has been serving as the partner in charge of the audit in the Company.

Compensation in NIS million (excluding VAT):

	For 2025					For 2024				
	Audit*	Auditing-related services	Other tax services	Other services	Total	Audit*	Auditing-related services	Other tax services	Other services	Total
Company	0.2	-	0.04	-	0.24	0.2	-	0.14	-	0.34
Menora Mivtachim Insurance	5.1	-	0.8	0.28	6.18	5.56	-	0.6		6.24
Shomera	1.1	-	-	0.11	1.21	1.1	-	-	0.14	1.24
Menora Mivtachim Pension and Provident Funds.	0.61	-	0.13	-	0.74	0.61	-	0.1	-	0.71
ERN group**	0.42	-	-	-	0.42	0.32	-	-	-	0.32
Other companies	0.62	0.06	0.08	0.11	0.87	0.62	0.06	0.13	0.03	0.84
Total	**8.05**	**0.06**	**1.05**	**0.5**	**9.66**	**8.41**	**0.06**	**0.97**	**0.25**	**9.69**

* Including a SOX 404 audit, a preliminary audit in respect of IFRS 17 for 2024 and a solvency audit.

** RSM Shiff Hazenfratz Co.

The independent auditors' fee in respect of audit services is set by the Company's management at the approval of the Board of Directors, after conducting negotiations, based, among other things, on generally accepted tariff for audit in corporations, whose activity requires extensive expertise and understanding of the relevant accounting and business environment.

9.4 Effectiveness of Internal Control over Financial Reporting and Disclosure

Management, under the supervision of the Board of Directors, performed an examination and assessment of the Corporation's internal control over financial reporting and disclosure and their effectiveness. In this context, the Company adopted the COSO's internal control module, which constitutes a defined and recognized framework for assessing internal controls. The assessment of the effectiveness of the internal control as described above included the following control components: Entity-level controls; controls over the process of preparing and closing the financial statements; IT general control (ITGC), and controls over processes, which are very material for financial reporting and disclosure, which are carried out mainly by the Group's institutional entities, which coordinate the principal part of its business activity, as detailed below:

The SOX processes in the institutional entities

In accordance with the Commissioner's Directives, the Group's institutional entities implement the provisions of Sections 302 and 404 of the "Sarbanes-Oxley Law", which was legislated in the United States. In November 2010, the Commissioner published a Circular (No. 2010-9-7) dealing with "Internal Control over Financial Reporting - Certifications, Reports and Disclosures", which regulated the wording of the statements and the disclosure format, and set the wording of the independent auditor's report and the Report of the Board of Directors and Management regarding internal control over financial reporting.

According to the provisions of Section 302, the CEO and the CFO should each sign a statement regarding controls and procedures regarding disclosure. In order to implement the procedure required under the said directives, the Group's institutional entities conducted, among other things, an assessment of the controls and procedures regarding the disclosure, and discussions participated by the parties that take part in the preparation of the financial statements.

The provisions of Section 404 are implemented in accordance with the Commissioner's circular on "**Management's Responsibility for Internal Control over Financial Reporting**". According to the circular, institutional entities, as defined in the Supervision Law, including provident funds and pension funds, are required to include in the annual report a statement regarding management's responsibility for setting up and maintaining an internal audit function and appropriate procedures regarding internal control over financial reporting, and an assessment - as of the end of the financial year - regarding the effectiveness of the internal control function and the procedures of internal control over financial reporting of the institutional entity. Furthermore, the institutional entity's independent auditor is required to provide an opinion on internal controls over financial reporting.

As part of the implementation of the provisions of Section 404, the Group's institutional entities implemented, among other things, the following work processes: Identifying the accounts, the business processes and the IT systems, which are material for the financial reporting (scoping), documenting the processes and assessing the risks associated with financial reporting and fair disclosure, setting the controls designed to prevent or mitigate those risks, and analyzing the control gaps and setting work plans designed to close those gaps. The institutional entities have established work processes for ongoing monitoring of the controls which were set as described above, in order to ensure the continued effectiveness of internal control over financial reporting and disclosure.

In accordance with the above, no "material weaknesses" were detected, as defined in the circular. However, the Company worked and continues to work - as part of a multi-year work plan - to reduce a number of significant deficiencies in Menora Mivtachim Insurance, while continuing to implement relevant compensatory controls, establishing work processes and improving automated controls. These deficiencies were reported - as required - to the Balance Sheet Committee and the Board of Directors of Menora Mivtachim Insurance.

Controls and procedures regarding disclosure and changes in internal control over financial reporting

Managements of the Group's institutional entities assessed the effectiveness of the controls and procedures concerning their disclosure as of the end of the period covered in this report. Based on this assessment, the CEOs and CFOs of all institutional entities concluded that, as of the end of this period, the controls and procedures regarding disclosure are sufficiently effective for recording, processing, summarizing, and reporting the information they are required to disclose in their annual reports in accordance with the provisions of the law and the reporting provisions set by the Commissioner and on the date set out in these provisions.

During the reporting period ended on December 31, 2025, no changes took place in the internal control over financial reporting of the said institutional entities that had a material effect, or is expected to have a material effect, on these institutional entities' internal control over financial reporting.

9.5 Implementation of a Solvency II-based Solvency Regime

For details regarding the implementation of a Solvency II-based Solvency Regime, see Section **3** to the Report of the Board of Directors and Note **20** to the Financial Statements.

Eran Griffel
Chairman of the Board

Ari Kalman
CEO

Ramat Gan, March 29, 2026

Chapter B

Report of the Board of Directors

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Menora Mivtachim Holdings Ltd.

Report of the Board of Directors for 2025

The following Report of the Board of Directors reviews the activity of Menora Mivtachim Holdings Ltd. (hereinafter - the "**Company**") for the period ended December 31, 2025 (hereinafter - the "**Reporting Period**").

The Report of the Board of Directors reviews the key changes in the Company's activity in the Reporting Period. The report was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - the "**Securities Regulations**"). The Report of the Board of Directors is an integral part of the Periodic Report, and the Periodic Report is to be read in its entirety, as a single unit.

With regard to the description of the businesses of the insurers consolidated in the Company's reports, the report was prepared pursuant to the Supervision of Insurance Business Regulations (Reporting), 1998, and in accordance with the circulars issued by the Commissioner of the Capital Market, Insurance and Savings Authority.

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

1.1 General

For details about the Company and its shareholders, see Section 1.1 of the Report on the Corporation's Business.

1.2 The Company's areas of activity

For a description of the Company's areas of activity, see Section 1.3 in the chapter entitled Description of the Corporation's Business.

2. Key changes involving the corporation's businesses in the Reporting Period

2.1 The Iron Swords War - consequences and effects

On October 7, 2023, a surprise attack was launched on the State of Israel from the Gaza Strip, following which the Israeli government declared a state of war (hereinafter - the "**Iron Swords War"** or the "**War**"). Consequently, the Company and the Group subsidiaries undertook the requisite operational and business measures. and from 2024 the Group returned to full operating activity without suffering any material effects due to the War. In October 2025, a ceasefire agreement was signed providing for the release of all hostages and the termination of fighting. Furthermore, Operation Rising Lion took place in June 2025, during which missiles where fired at Israel by Iran, which resulted in loss of life and damage to property, along with defensive measures such as the closure of airports and

restrictions on business activity. The Operation ended with a ceasefire on June 24, 2025. As of the report publication date, all hostages have been returned, but there is uncertainty regarding the full implementation of the agreement and its effects on the security situation. During the period, the State of Israel's credit rating as assigned by the international rating agencies has been downgraded, and on November 7, 2025, the rating outlook was revised to stable.

In addition, on February 28, 2026, Operation Lion's Roar commended - a joint military operation of the United States and Israel for the attack of targets in Iran. Concurrently, fighting against Hezbollah continues in the northern front. To the best of the Company's assessment, as of the report publication date, no material effect is expected on its activity, financial position or results in the medium term, but there is uncertainty regarding future effects mainly on financial markets, in view of the ongoing security developments.

2.2 Appointment of directors and officers

In February 2025, an extraordinary meeting of the Company was held in which Mr. Gabriel Perel was reappointed ED, and his compensation was approved. For further details, see the Company's immediate report dated February 2, 2025 (Ref. No.: 2025-01-007119).

2.3 Extraordinary annual meeting

For details regarding annual and extraordinary meetings of the Company, see Section 17 of the Additional Details Report.

2.4 Updated compensation policy

For details regarding the revised compensation policy, see Section 8.7.9 of the Report on the Corporation's Business.

2.5 Rating reiteration

In January 2025, Midroog announced it was reiterating the rating of the Company's Bonds (Series C) at Aa2 with a stable outlook. For further details, see the Company's immediate report dated January 22, 2025 (Ref. No.: 2025-01-006170).

2.6 Tender offer - Isracard

On October 31, 2024, the Company entered into an investment agreement with Isracard Ltd. (hereinafter - "**Isracard**") for the purchase of approx. 33% of Isracard's issued and paid up share capital by way of private placement at pre-money valuation of NIS 3.15 billion. On December 30, 2024, Isracard announced that it received another proposal, which constitutes a "preferrable proposal" and therefore it intends to cancel the investment agreement signed with the Company. On January 1, 2025, the Company notified Isracard that it does not intend to negotiate an amendment to the agreement's terms. On January 5, 2025, Isracard notified the Company of the termination of the investment agreement. Accordingly, the Company received approx. NIS 62 million in compensation. For further details, see the Company's immediate reports dated October 31, 2024, December 31, 2024 and January 6, 2025 Ref. Nos.: 2024-01-613158, 2024-01-628739 and 2025-01-001589).

2.7 Yesodot transaction

On January 27, 2025, Menora Mivtachim Insurance (hereinafter - "**Menora Insurance**") and another Menora group subsidiary (hereinafter - the "**Investor**") entered into an agreement with Yesodot A. Financial Support Ltd. (hereinafter - "**Yesodot**") for the provision of subordinate credit facilities (hereinafter - the "**Agreement**"). Menora Insurance and the Investor undertook to advance to Yesodot credit facilities totaling NIS 200 million each, and the credit facility to be advanced by the Investor is convertible into 50.1% of Yesodot's shares; such conversion will result in assumption of control. Furthermore, the parties entered into a shareholder agreement, which will come into effect upon the execution of the conversion (if it is executed), comprising three mutual options (put and call), for a period of up to 4 years, at the end of which (if exercised) the Investor will hold 100% of Yesodot's shares. In April 2025, all the conditions precedent were met and accordingly the Agreement entered into force.

On January 5, 2026, an agreement was signed between the Investor and Yesodot for the conversion of a portion of the credit facility advanced by the Investor - totaling NIS 150 million - into 50.1% of Yesodot's shares, subject to the conditions precedent set in the Agreement. On February 25, 2026, the Company exercised the first option into shares of Yesodot A. Financial Support Ltd. shares (hereinafter - **Yesodot**"), such that subsequent to the exercise, the Company holds 60.1% of Yesodot's shares. For further details, see the Company's immediate reports dated January 6, 2026 and February 25, 2026 (Ref. Nos.: 2026-01-002305 and 2026-01-017917).

2.8 Dividend distribution

In March and August 2025, and in accordance with the distribution policy, the Company's Board of Directors declared dividend distributions totaling approx. NIS 150 million and NIS 450 million, which were distributed in April and September 2025, respectively. For further details, see the Company's immediate reports dated March 16, 2025 and August 31, 2025 (Ref. Nos.: 2025-01-017142 and 2025-01-065290).For details regarding dividends subsequent to the balance sheet date, see Section **16.4.**

2.9 Dividend distribution by subsidiaries

In March, September and November 2025, the subsidiary - Menora Insurance - distributed dividends to the Company totaling NIS 250 million, NIS 450 million and NIS 500 million, respectively. In May and November 2025, subsidiary Menora Mivtachim Pension and Provident Funds (hereinafter - "**Menora Pension and Provident Funds**") distributed to the Company NIS 50 million and NIS 80 million in dividends (the Company's share is NIS 117 million).Regarding the dividend subsequent to the balance sheet date, see Section **16.5** below.

In November 2025, Shomera's Board of Directors declared a dividend of NIS 100 million to the Company.

2.10 Issuance of Series I

In March 2025, the sub-subsidiary, Menora Mivtachim Capital Raising Ltd. (hereinafter - "**Menora Mivtachim Capital Raising**"), issued NIS 400 million p.v. in Bonds (Series I) registered with a NIS 1 p.v. each. Bonds (Series I) were rated Aa3 by Midroog. The issuance proceeds were transferred to Menora Mivtachim Insurance as Tier 2 Capital. For further details, see the immediate report issued by Menora Mivtachim Capital Raising on March 23, 2025 (Ref. No.: 2025-01-019461).

2.11 Repayment of a capital note of a subsidiary

In June 2025, the subsidiary repaid a capital note received from the Company totaling approx. NIS 320 million, which constituted Tier 1 capital in the subsidiary, in accordance with the capital note's terms and conditions.

2.12 Issuance of Series J

In September 2025, the sub-subsidiary, Menora Mivtachim Capital Raising issued NIS 800 million p.v. in Bonds (Series J) registered with a NIS 1 p.v. each. Bonds (Series J) were rated A1 by Midroog. The issuance proceeds were transferred to Menora Mivtachim Insurance as Tier 1 Capital. It is noted that the Company took part in the tender and acquired approx. 300 thousand units totaling approx. NIS 300 million p.v. in Notes (Series J). For further details, please see the Company's immediate report dated September 11, 2025 (Ref. No.: 2025-01-068933).

2.13 Collective agreement subsidiary – Insurance

On April 9, 2025, a new collective agreement was signed for the years 2025 to 2028, between Menora Insurance, and the New Histadrut Workers' Union and the workers' union at Menora Insurance (hereinafter - the "**Agreement**"). The New Agreement superseded the existing agreement which was valid through December 31, 2024. The New Agreement applies to all employees of Menora Insurance, except for managers and employees serving in specific roles defined in the agreement. The Agreement embodies an improvement in the employment and welfare conditions of Menora Insurance's employees, as well as an extension of the salary and bonus supplement budget, an improvement of additional employment conditions and the expansion of the leisure and welfare budgets, among other things, depending on compliance with the annual work plan approved by the Board of Directors. The Group estimates that the Agreement will not have a material effect on the Group's expenses in respect of the Previous Agreement.

2.14 Rating - subsidiary and sub-subsidiary

On May 28, 2025, Midroog published a tracking report of Menora Insurance, which reiterated the rating of the Company and that of the notes issued by it and by Menora Mivtachim Capital Raising, a sub-subsidiary of the Company. Accordingly, the Company's rating will be Aa1 with a stable outlook and the rating of the notes in Tier 2 capital and the hybrid Tier 2 capital is Aa3 with a stable outlook.

In September 2025, Midroog published a tracking report of the subsidiary, Shomera Insurance Company Ltd., which reiterated the subsidiary's rating - A1 with a stable outlook. To view the full rating report, see the immediate report dated September 11, 2025 (Ref. No.: 2025-01-068934).

2.15 Publication of outline

In May 2025, the Company's Board of Directors approved an option outline plan for Group's employees, comprising up to 1,122,068 options, which will not be listed on the Tel Aviv Stock Exchange Ltd. (hereinafter - "**Options**" and the "**TASE**"), and which are exercisable into up to 1,122,068 registered Company ordinary shares of NIS 1 p.v. each; the shares are offered or will be offered, without consideration, to employees of the Company and companies under its control; the option outline plan also includes up to 877,932 options, which will not be listed on the TASE, and which are exercisable into up to 877,932 ordinary shares, which were allocated to a trustee by virtue of the previous outline and held by the trustee as of the date of this outline. The Options not allocated to specific offerees will enable future allocations to additional officers and employees. For further details, see the Company's immediate report of June 3, 2025 (Ref. No.: 2025-01-039757). Further to the above, the Company has allocated approx. 800 thousand exercisable Options to employees in two tranches for a period of 3 years.

2.16 Signing an agreement with Maccabi - subsidiary

Further to the agreement in principle with Maccabi Healthcare Services (hereinafter - "**Maccabi**"), which was signed with Menora Insurance in December 2023 for the operation of the long-term care insurance of Maccabi members as from January 1, 2024, the parties signed a detailed agreement on July 10, 2025, the key points of which are, among other things - the operation of the long-term care insurance of Maccabi members without bearing the insurance risk, against a consideration comprising management fees and reimbursement of expenses for periods as stipulated in the agreement; treating long-term care insurance claims in accordance with the terms and conditions of the policy; management of the investments of the "policyholders' fund", and arrangements and agreements regarding the assignment of areas of responsibility and other operational and service-related issues, as agreed between the parties.

2.17 The Commissioner's letter to subsidiaries - revision to motor property insurance prices

On November 25, 2025, two subsidiaries (Menora Insurance and Shomera) received a letter from the Commissioner of the Capital Market, Insurance and Savings Authority in which they were required to submit to the Authority - no later than February 26, 2026 - a complete and revised actuarial appendix consisting of prices, which will reflect the risk inherent in the Motor Property Subsegment, in accordance with statutory provisions and regulations and in particular the Institutional Entities Circular 2018-9-2 - Introduction of Insurance Plans and Provident Fund Bylaws. It is noted that if the subsidiaries fail to submit their revised prices by April 30, 2026, they will no longer be allowed to sell motor property

insurance at their current prices. The Company has submitted a tariff for the Commissioner's approval.

2.18 Investigation and request for documents

On December 30, 2025, Israel Police investigators arrived at the Company's offices, and requested documents and information in accordance with an ordinance presented to the Company, under the investigation of the Histadrut affair. In addition, under the investigation of the affair, several senior officers of Menora Group were summoned for questioning.

2.19 Legal proceedings

For a description of legal and administrative proceedings, as well as regarding developments in the exposure to class actions and the approval of lawsuits which were filed against the Company and/or its consolidated companies, as class actions and other contingent claims, see Note 31 to the financial statements.

2.20 Cybersecurity risk

For details regarding cybersecurity risk, see Section 8.16 to the Report on the Corporation’s Business.

2.21 Description of the business environment

For further details, see Section 8.1 to the Report on the Corporation’s Business.

3. Capital requirements according to the solvency regime (in NIS thousand)

3.1 Solvency ratio and minimum capital requirement

A. Solvency ratio

Menora Insurance	As of June 30, 2025	As of December 31, 2024
	Unaudited*	Audited**
	NIS thousand	
Without taking into account the Provisions for the Transitional Period:		
Shareholders equity in respect of SCR	7,477,604	7,627,026
Solvency capital requirement (SCR)	4,952,768	4,714,197
Surplus	2,524,836	2,912,829
Solvency ratio (%)	151.0%	161.8%
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report		
Capital raising	800,000	184,204
Shareholders' equity for solvency purposes	8,277,604	7,811,230
Surplus	3,324,836	3,097,033
Solvency ratio (%)	167.1%	165.7%
The Board's target for the period (in %)	115.9%	115.0%
Capital surplus over target	2,535,489	2,389,904
Meeting milestones taking into account the Provisions for the Transitional Period:		
Shareholders' equity in respect of SCR	7,887,442	7,885,190
Solvency capital requirement (SCR)	4,821,636	4,576,707
Surplus	3,065,806	3,308,483
Solvency ratio (%)	163.6%	172.3%
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report		
Capital raising	800,000	400,000
Shareholders' equity for solvency purposes	8,687,442	8,285,190
Surplus	3,865,806	3,708,483
Solvency ratio (%)	180.2%	181.0%

B. Minimum capital requirement (MCR)

	As of June 30, 2025	As of December 31, 2024
	Unaudited*	Audited**
	NIS thousand	
Minimum capital requirement (MCR)	1,383,913	1,377,444
Solvency capital requirement (SCR)	6,019,507	6,459,205

C. Solvency ratio

Shomera Insurance	As of June 30, 2025	As of December 31, 2024
	Unaudited*	Audited**
	NIS thousand	
Without taking into account the Provisions for the Transitional Period:		
Shareholders equity in respect of SCR	744,343	700,676
Solvency capital requirement (SCR)	605,577	563,152
Retained earnings	138,766	137,524
Solvency ratio (%)	122.9%	124.4%
The Board's target for the period (in %)	113.0%	113.0%
Capital shortfall in relation to the target (in NIS thousand)	60,042	64,314
Meeting milestones taking into account the Provisions for the Transitional Period:		
Shareholders' equity in respect of SCR	744,343	700,676
Solvency capital requirement (SCR)	605,577	563,152
Retained earnings	138,766	137,524
Solvency ratio (%)	122.9%	124.4%

D. Minimum capital requirement (MCR)

	As of June 30, 2025	As of December 31, 2024
	Unaudited*	Audited**
	NIS thousand	
Minimum capital requirement (MCR)	229,434	212,286
Solvency capital requirement (SCR)	744,343	700,676

(*) The solvency ratio as of June 30, 2025 was reviewed by the Company's independent auditors, in accordance with International Standard on Assurance Engagements (ISAE 3000) - Review of Prospective Financial Information. See Note 8 to the Consolidated Financial Statements and the Economic Solvency Ratio Report on the Company's website.

(**) The solvency ratio as of December 31, 2024 was reviewed by the Company's independent auditors, in accordance with International Standard on Assurance Engagements (ISAE 3400) - The Examination of Prospective Financial Information. See Note 8 to the Consolidated Financial Statements and the Economic Solvency Ratio Report on the Company's website.

The Solvency Ratio Report was prepared on the basis of the terms and conditions and the best estimate as known to the companies as of June 30, 2025.

The results of the economic solvency ratio as of June 30, 2025 as detailed in the above table include the distribution of a dividend declared subsequent to balance sheet date. A dividend of NIS 950 million, of which NIS 450 million was declared in August 2025 and NIS 500 million in November 2025.
In addition, the results of the solvency ratio as of December 31, 2024 include a dividend totaling approx. NIS 250 million, which was declared in March 2025.

With respect to Shomera - a NIS 100 million dividend distribution was included, which was declared in November 2025, and which was deducted from the solvency ratio as of June 30, 2025 as required under the circular's provisions.

According to 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 circulars by virtue of the said regulations, as of the report date, Menora Mivtachim Pension and Provident Funds has excess capital of approx. NIS 558 million, taking into account a dividend distribution of NIS 60 million subsequent to the balance sheet date.

As of the approval date of the financial statements, all Group companies comply with the capital requirements which were set for them, as the case may be (see also Note 8 to the Financial Statements).

3.2 The Board of Directors' distribution target for the period

As of 2018, the Boards of Directors of Menora Mivtachim Insurance and Shomera decided to set a "capital target" for the purpose of dividend distribution. The capital target constitutes an addition to the equity capital in excess of the solvency capital requirement (SCR).

Over the years, Menora Insurance and Shomera revised the target capital and the manner in which it was achieved. As of the report date, Menora Insurance's target capital will increase gradually and linearly from 115% at the end of 2024 to 130% in 2032 (the end of this company's transitional period), and Shomera's target capital will stand at 113% as from the end of 2024 (the end of its transitional period).

It is hereby clarified that there is no certainty that the consolidated insurance companies will meet the target capital at each point in time.

For further details, see Section 8.2.1.2(d)-(e) to the Report on the Corporation's Business and Note 8 to the Financial Statements.

3.3 Menora Insurance - Solvency ratio estimate as of September 30, 2025

In accordance with Menora Capital Raising's undertakings with respect to the Tier 1 Notes (Series J), Menora Insurance carried out an unaudited and unreviewed assessment - by the independent auditor - of the economic solvency ratio as of September 30, 2025 (hereinafter - the "**Assessment**").

The Assessment was carried out in accordance with guidance applicable to Solvency II-based 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 Solvency Ratio Report, which is published in accordance with the Commissioner's guidance. In accordance with the solvency ratio estimate of Menora Insurance as of September 30, 2025, is 164.8%, with the application of the Provisions for the Transitional Period. For further details regarding issuance of Series J, see Section 2.12 above.

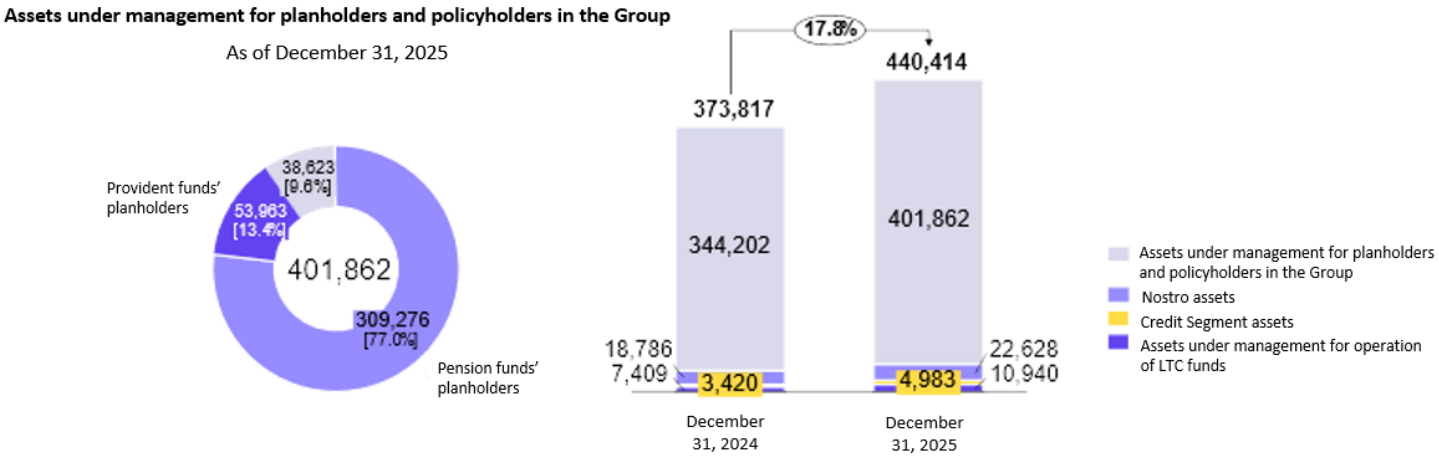
4. IFRS 17 and IFRS 9 - initial application

In May 2017, the International Accounting Standards Board (IASB) published IFRS 17 - Insurance Contracts. 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. Furthermore, commencing from the date of initial application of IFRS 17, the Company is required to implement IFRS 9 for the first time in lieu of IAS 39. The New Standards lead to material changes in the Company's financial reporting on Life Insurance and Long-Term Health Insurance and have a limited effect on Property and Casualty Insurance and Short-Term Health Insurance.

The standard's first-time application date is January 1, 2025, and the transition date is January 1, 2024. Further to the aforesaid, the comparative figures for 2024 and last quarter of the said year have been restated. For further details, see Sections 7.3 and 7.4 below.

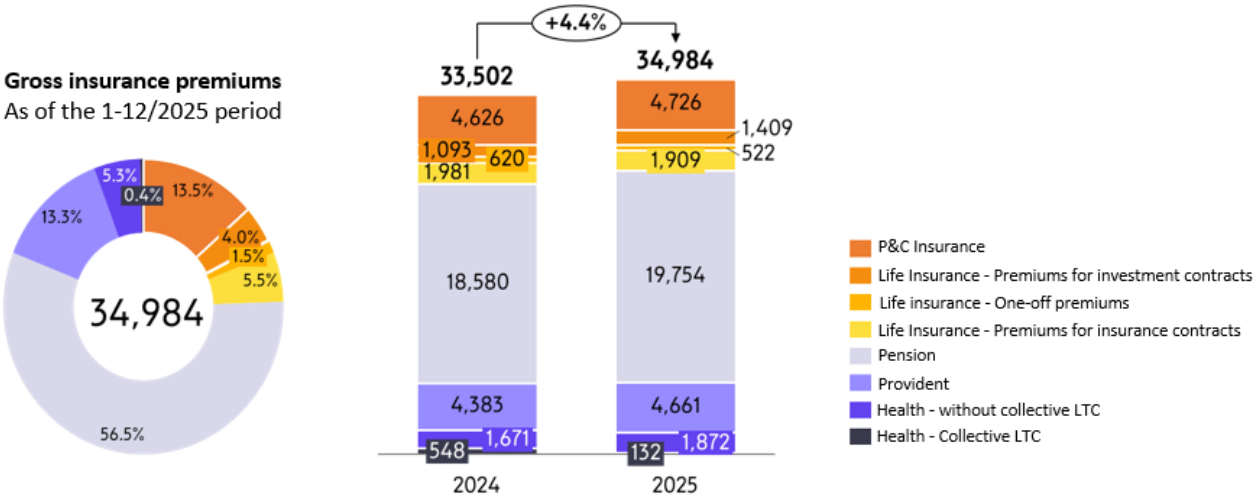
5. Assets under management, contributions toward benefits and premiums

5.1 Assets under management (in NIS million)



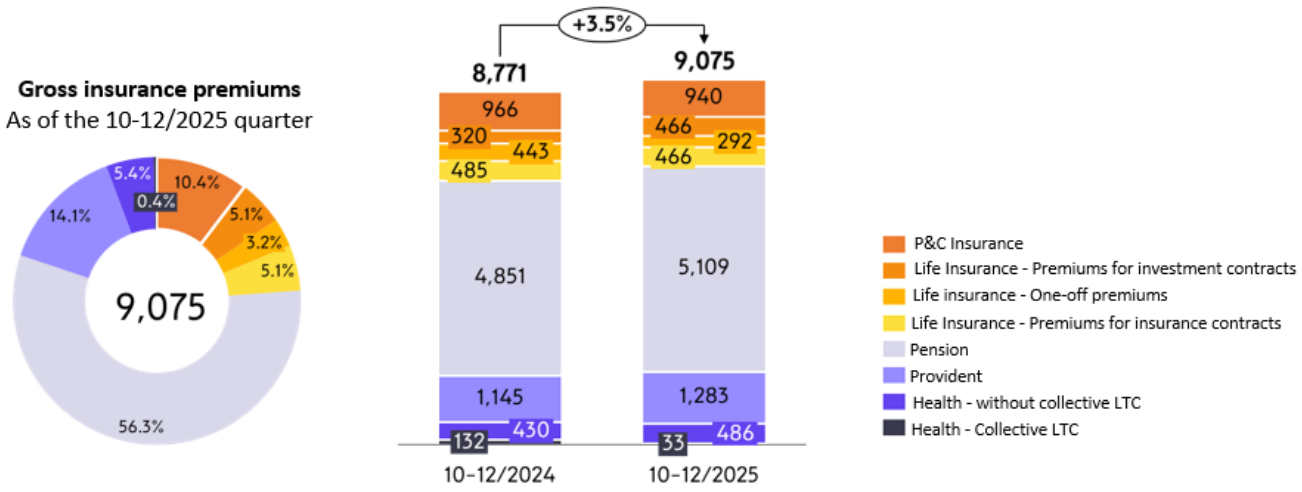
The consolidated financial statements do not include the assets under management in the pension funds and provident funds (except for guaranteed return provident fund tracks), asset of associates in the Credit Segment, as well as the assets under management with respect to the operation of long-term care funds.

5.2 Contributions toward benefits and premiums in the Reporting Period (in NIS million)



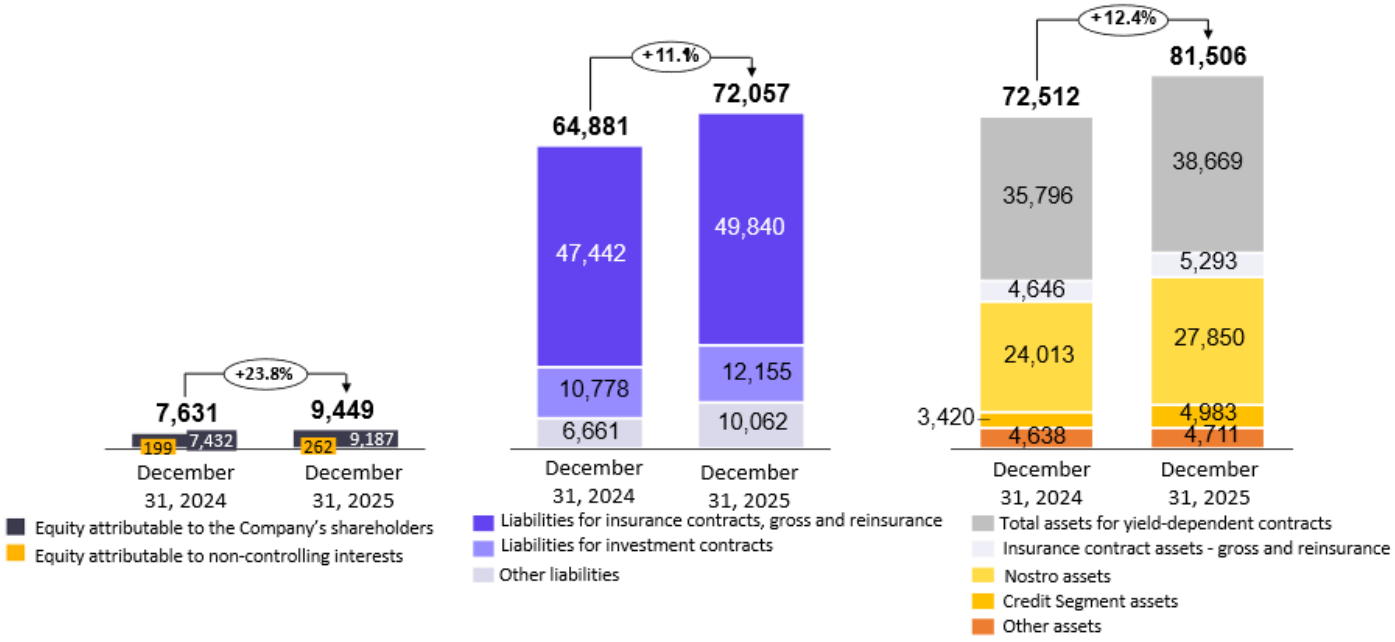
Revenues in the Consolidated Financial Statements do not include the contributions toward benefits deposited with pension funds and provident funds (excluding guaranteed return provident funds tracks) as well as proceeds from investment contracts which are recognized directly in liabilities.

5.3 Contributions toward benefits and premiums in the quarter (in NIS million)



Revenues in the Consolidated Financial Statements do not include the contributions toward benefits deposited with pension funds and provident funds (excluding guaranteed return provident funds tracks) as well as proceeds from investment contracts which are recognized directly in liabilities.

5.4 Key data from the consolidated balance sheets (in NIS million)



The increase in assets (approx. NIS 9 billion) and in liabilities (approx. NIS 7.2 billion) compared to December 31, 2024, arises mainly from positive return on assets and growth in activity, issuance of Subordinated Notes (see Sections 2.10 and 2.12 above) and first-time consolidation of Yesodot (see Section 2.7 above). Accordingly, the equity attributable to the shareholders increased by approx. NIS 1,755 million.

5.5 Changes in equity

The equity attributable to the Company's shareholders amounted to approx. NIS 9,187 million as of December 31, 2025, compared to approx. NIS 7,432 million as of December 31, 2024. The increase in equity stems mainly from comprehensive income attributable to the shareholders in the period of approx. NIS 2,342 million, and on the other hand from distributed dividends of approx. NIS 600 million.

6. Operating results

The Reporting Period was characterized by high investment revenues compared to last year. However, in the fourth quarter, investment revenues were more moderate than in the corresponding quarter last year.

Furthermore, the interest rate effects were positive, leading to a decrease in the insurance liability both in the Reporting Period and in the corresponding period last year. The positive effect in the Reporting Year was higher than in the previous year, while the effect in the fourth quarter of the Reporting Year was similar to the effect in the corresponding quarter last year.

The Company recorded an improvement in adjusted profit in the health insurance and P&C insurance segments and in the pension and provident subsegment alongside a decrease in adjusted profit in the life insurance subsegment. The improvement in adjusted profits in health insurance arises mainly from an increase and improvement in medical expenses insurance; the improvement in adjusted profit in P&C insurance arises from an increase in profitability in the Compulsory Motor Insurance Subsegment, alongside a decrease in motor property and property and Other Liability Subsegments. The improvement in adjusted profit in the Pension and Provident Funds Segment arises from continued growth in assets under management and management fees charged, without a corresponding increase in expenses. The decrease in profitability in the Life Insurance Subsegment is mainly due to an increase in claims in death benefit insurance and permanent health insurance.

6.1 Comprehensive income from operating segments during the Reporting Period

The Company assesses all its results while separating the operating results of the business activities from the operating results of the financial activity and special effects.

In measuring the business activity results (including nostro activity which is not attributed to segments) (hereinafter - "**adjusted profit**") the Company:

(1) Imputation of a normative real return of 4%[1] (annualized) plus the consumer price index (CPI) at 2.5%[2] (annualized) in respect of the balance of investment

[1] The normative return is based on the nominal interest rate curve plus the illiquidity premium and the spread in accordance with the Company's Nostro Assets portfolio. The Company will periodically examine the effects of the curve and the spread and will update the normative rate of return when there is a significant change in the relevant parameters.

[2] The CPI rate in this regard is determined in accordance with the inflation rate forecast for the coming year. The Company will examine the CPI rate when there is a significant change in inflation expectations.

assets at the beginning of the period, plus the actual return on Israeli government Hetz bonds, adjusted to an annualized CPI of 2.5%.[3]

(2) Neutralizes the effects of the change in the interest rate curve on insurance liabilities and assets (including Hetz bonds) and adjusts the effects of the CPI according to a 2.5% rate.

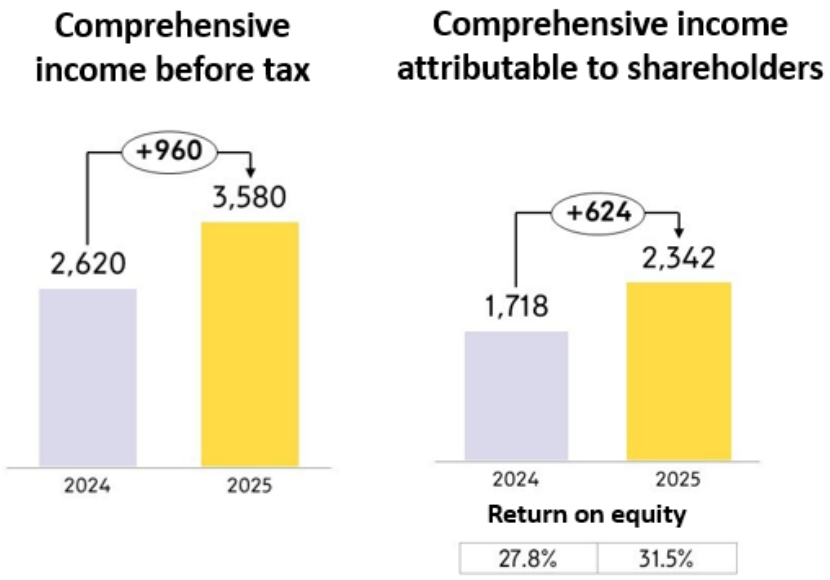
(3) In respect of deposits of the Accountant General in the guaranteed return provident funds, the actual return is imputed.

The financial activity includes the difference between the actual return and the above-mentioned normative return plus the differences in respect of the adjustment of the CPI (hereinafter - "**investment revenues**"); the effects of changes in the risk-free interest rate curve adapted to the illiquid nature of the insurance liabilities as well as the **interest rate effect arising from demographic updates carried to profit and loss** (including Hetz bonds) (hereinafter - the "**interest rate effect**").

Special effects include material events outside the ordinary course of business, at management's discretion (hereinafter - "**special effects**").

6.2 Data from the Consolidated statements of income data

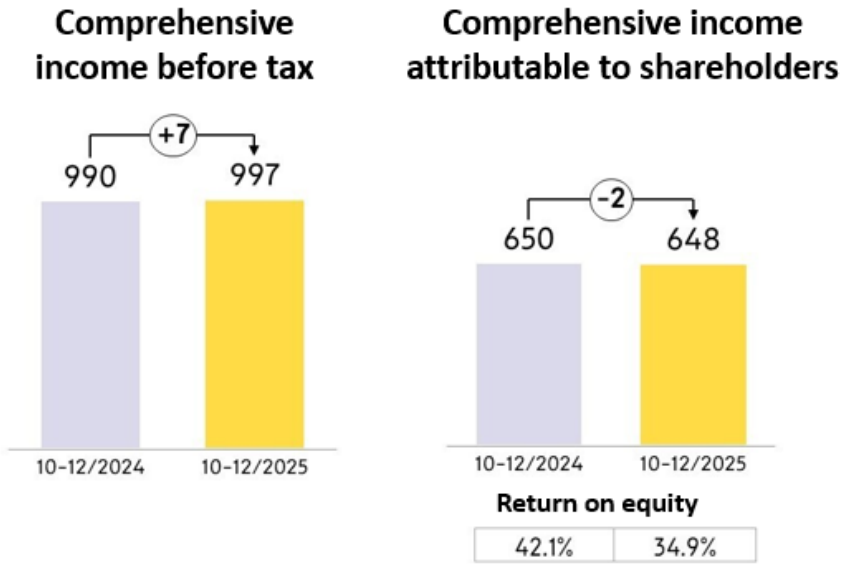
6.2.1 Comprehensive income during the Reporting Period (in NIS million)



The return on equity is annualized and calculated based on the comprehensive income for the period, post-tax, adjusted for a period of one year, divided by equity as of the beginning of the year.

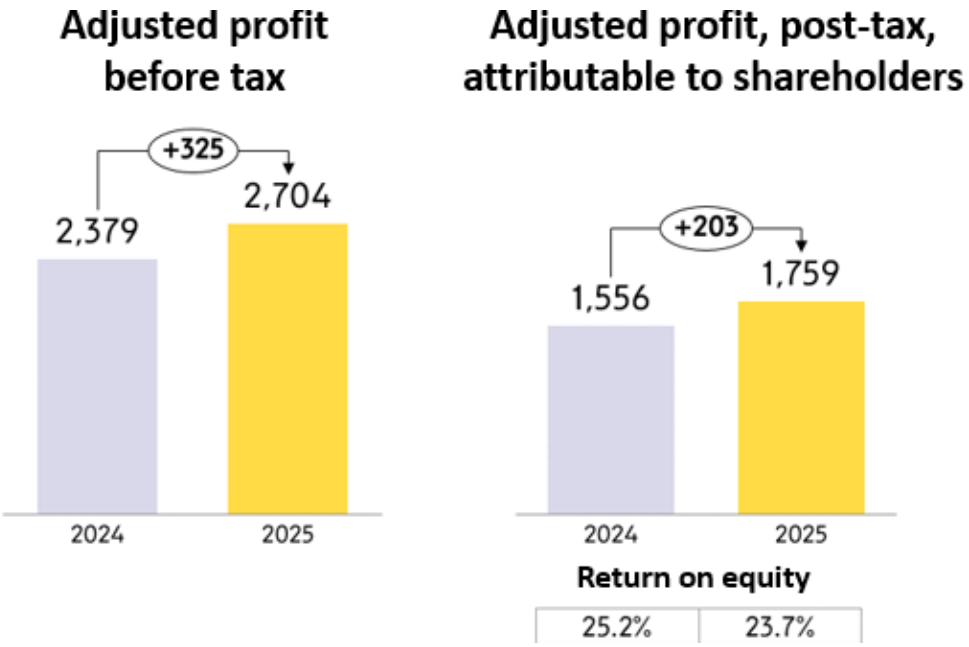
[3] The adjusted profit does not include the effect on the performance-dependent compensation (grants) to the Group's employees for the normative return.

6.2.2 Comprehensive income in the quarter (in NIS million)



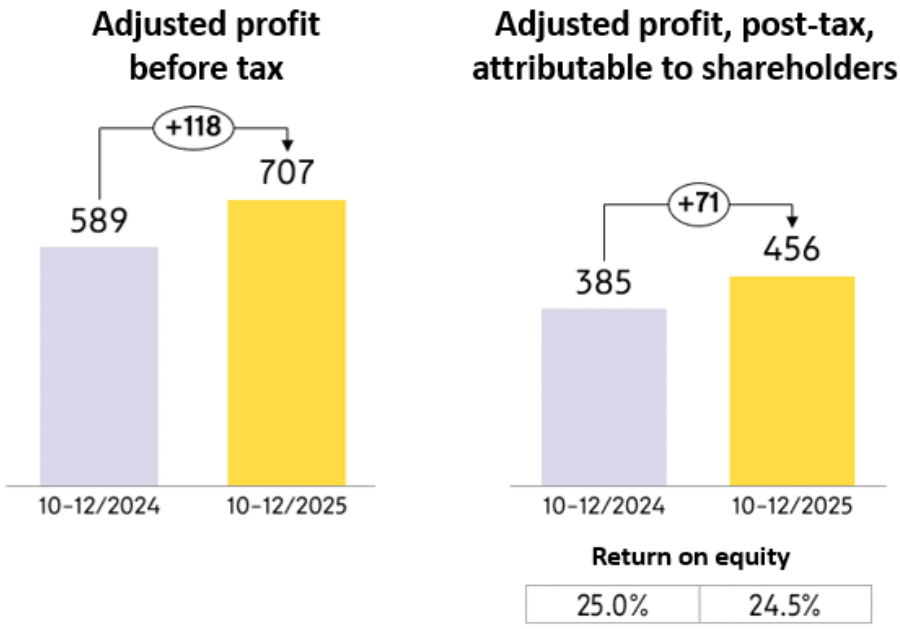
The return on equity is annualized and calculated based on the comprehensive income for the period, post-tax, adjusted for a period of one year, divided by equity as of the beginning of the year.

6.2.3 Adjusted profit during the Reporting Period (in NIS million)



The return on equity is annualized and calculated based on the adjusted profit for the period, post-tax, divided by equity as of the beginning of the year.

6.2.4 Adjusted profit in the quarter (in NIS million)

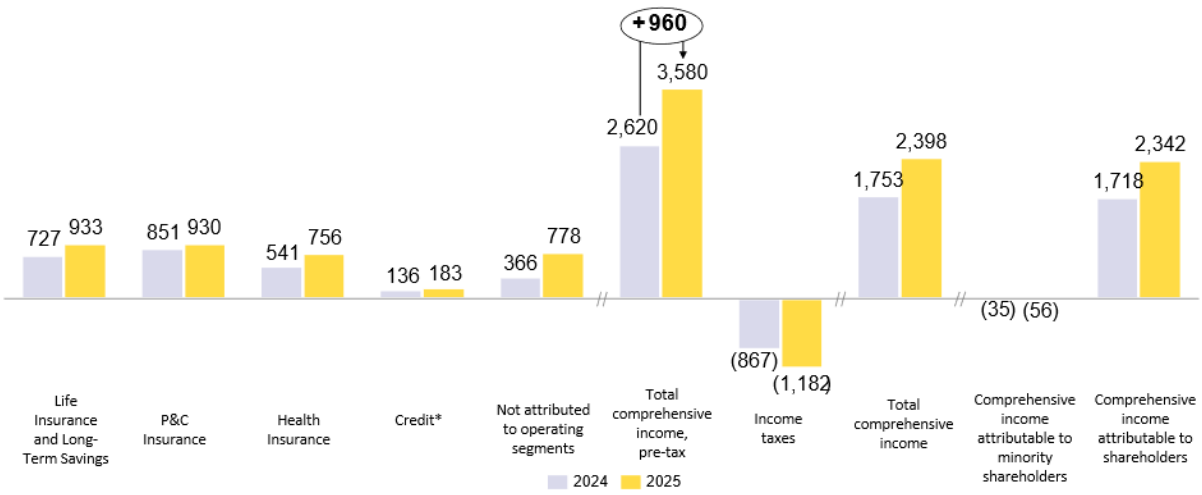


Return on equity

10-12/2024	10-12/2025
25.0%	24.5%

The return on equity is annualized and calculated based on the adjusted profit for the period, post-tax, adjusted for a period of one year, divided by equity as of the beginning of the year.

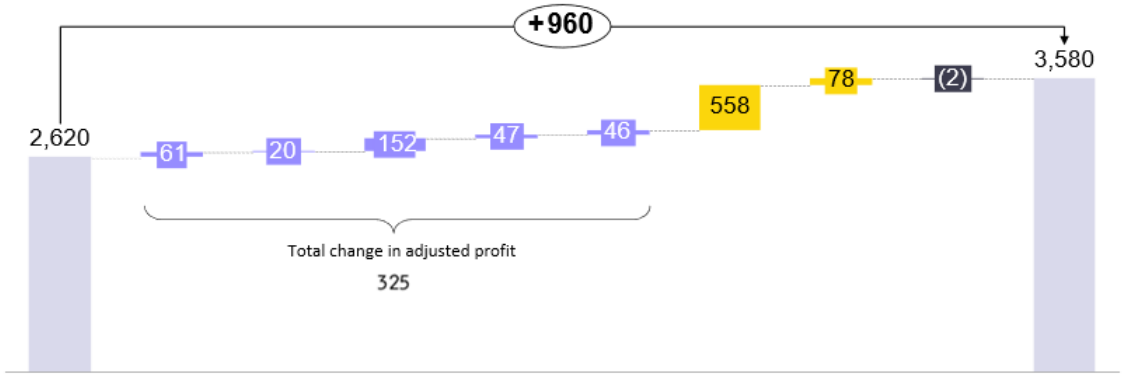
6.2.5 Comprehensive income from operating segments during the Reporting Period (in NIS million)



* In recent years, under its strategic plan, the Group has worked to expand its credit activities through acquisitions of subsidiaries and associates - specifically in 2025 (the acquisition of Yesodot and completion of the full acquisition of ERN in early 2026). Furthermore, the scope of credit activity in subsidiaries and associates has grown organically; as from 2025, the Company has been presenting its credit activity under a new operating segment - the Credit Segment. The 2024 operating results of the credit activity, which were previously presented under other segments, were restated.

It is noted that the results in the report are shown in retention when the reinsurance results are attributed to the gross results in accordance with the relevant main coverage.

6.2.6 Changes in the operating results during the Reporting Period (NIS million)



2025	764	795	670	183	292	726	159	(9)
2024	704	775	518	136	246	168	81	(7)
	(a)	(b)	(c)	(d)		(e)	(f)	(g)

A. **Adjusted profit - long-term savings:** The improvement in adjusted profit in the Reporting Period compared to the corresponding period last year arises from an improvement in the Pension and Provident Subsegments. On the other hand, in the Life Insurance Subsegment there was a decrease in the adjusted profit compared to the corresponding period last year. For further details, see Section 6.3.6 below.

B. **Adjusted profit - P&C insurance:** The improvement in adjusted profit in the Reporting Period compared to the corresponding period last year arises from the Compulsory Motor Insurance Subsegment, alongside subsidence in profit in the Motor Property and the Property and Other Liability Insurance Subsegments. For further details, see Section 6.6.3 below.

C. **Adjusted profit - Health Insurance:** The increase in adjusted profit in the Reporting Period compared to the corresponding period last year stems mainly from an improvement in medical expenses and critical illness insurance as well as from an increase in the operating of HMOs' LTC funds. For further details, see Section 6.7.3 below.

D. **Adjusted profit - Credit:** The increase in profit in the Reporting Period compared to the corresponding period last year arises from the continued growth of the Group's credit portfolio, and includes the effect of the consolidation of Yesodot in the Reporting Year.

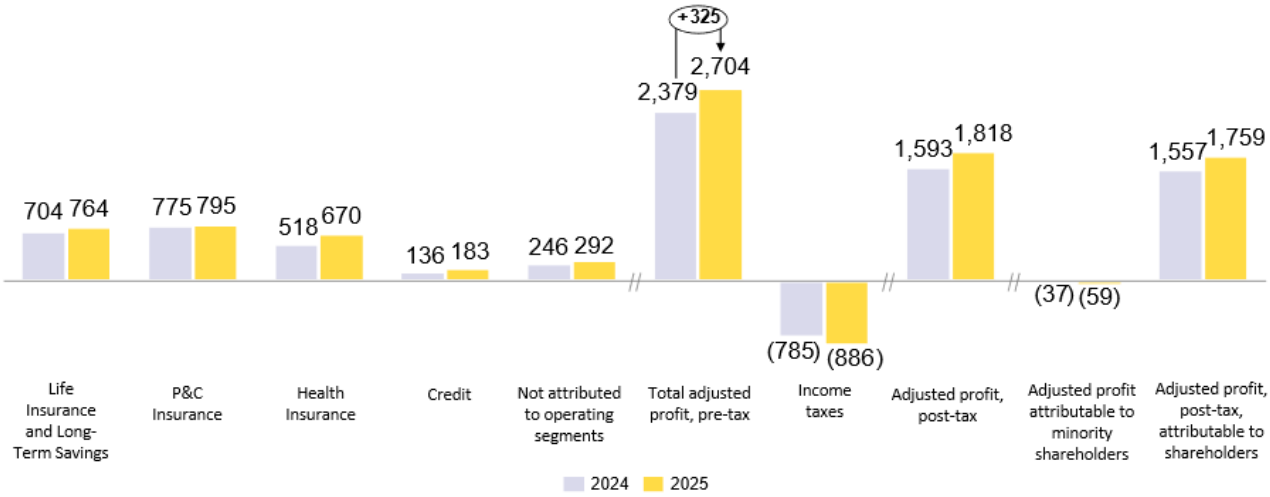
E. **Investment revenues:** In the Reporting Period and in the corresponding period last year, investment revenues were higher than the normative return.

F. **Interest:** The effects of the interest on insurance liabilities were positive in the Reporting Period and in the corresponding period last year.

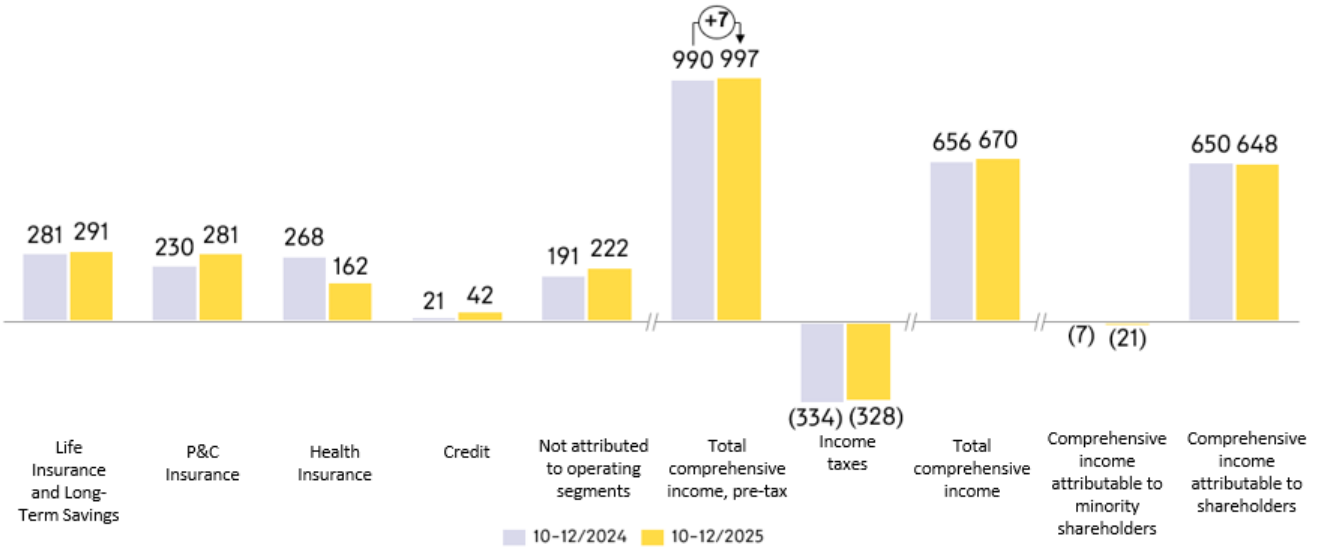
G. **Special effects:** Special effects include significant events outside the ordinary course of business, at management's discretion, and in the Reporting Period, mostly a one-off revenue due to approx. NIS 62 million

in compensation from Isracard (for further details, see Section 2.6 above), and on the other hand - mainly with respect to provisions for class actions.

6.2.7 Adjusted profit from operating segments during the Reporting Period (in NIS million)

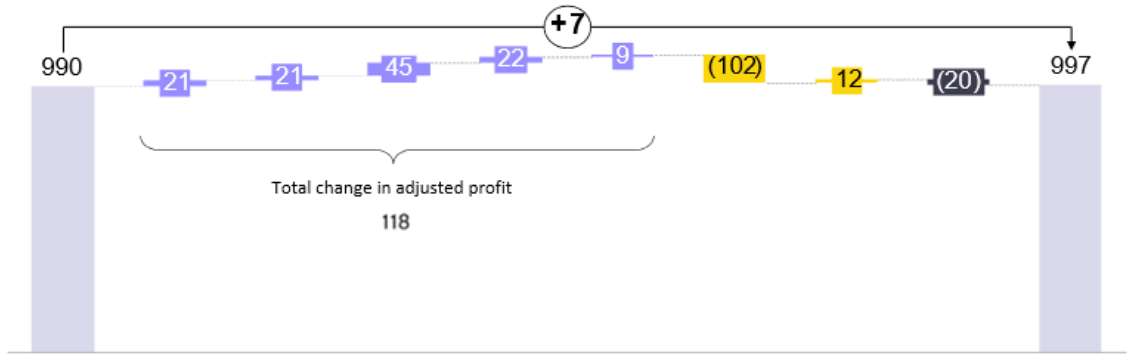


6.2.8 Comprehensive income from operating segments during the quarter (NIS million)



It is noted that the results in the report are shown in retention when the reinsurance results are attributed to the gross results in accordance with the relevant main coverage.

6.2.9 Changes in the operating results during the quarter (before tax, in NIS million)



	10-12/2024	Adjusted profit - Long-term savings	Adjusted profit - P&C Insurance	Adjusted profit - Health	Adjusted profit - Credit	Adjusted profit not attributed to operating segments	Investment revenues	Interest	Special effects	10-12/2025
10-12/2025		206	194	183	42	82	258	52	(20)	
10-12/2024		185	173	138	21	73	361	40	0	
		(a)	(b)	(c)	(d)		(e)	(f)	(g)	

A. **Adjusted profit Long-Term Savings:** The improvement in adjusted profit in the fourth quarter compared to the corresponding quarter last year arises from an improvement in the Pension and Provident Subsegment against a decrease in income in life insurance. For further details, see Section 6.3.10 below.

B. **Adjusted profit - P&C insurance:** The improvement in adjusted profit in the fourth quarter compared to the corresponding quarter last year arises from the compulsory motor insurance subsegment alongside subsidence in profit in the motor property and the property and other liability insurance subsegments. For further details, see Section 6.6.7 below.

C. **Adjusted profit - Health Insurance:** The increase in adjusted profit in the fourth quarter compared to the corresponding quarter last year stems mainly from an improvement in medical expenses insurance as well as from an increase in the operating of HMOs' LTC funds. For further details, see Section 6.7.7 below.

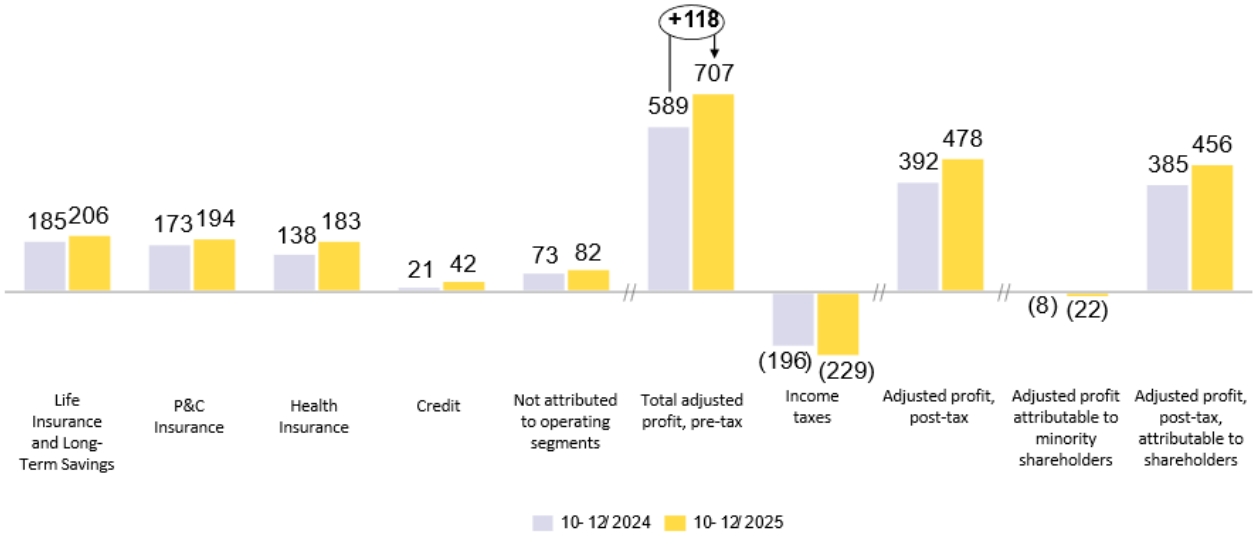
D. **Adjusted profit - Credit:** The increase in profit in the fourth quarter compared to the corresponding quarter last year arises from an increase in the Group's credit portfolio, and includes the effect of the consolidation of Yesodot in the Reporting Year.

E. **Investment revenues:** In the fourth quarter and the corresponding quarter last year, investment revenues were higher than the normative return.

F. **Interest:** The effects of the interest on insurance liabilities were positive in the Reporting Period and in the corresponding period last year.

G. **Special effects:** Special effects include significant events outside the ordinary course of business, at management's discretion and in the quarter due to provisions for class actions.

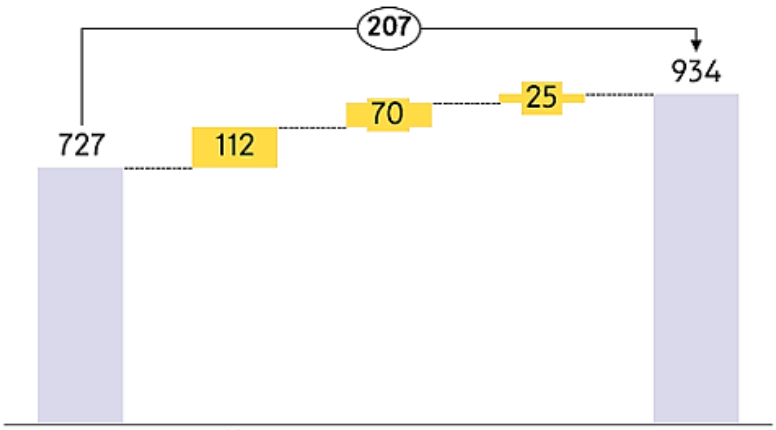
6.2.10 Adjusted profit from operating segments during the quarter (in NIS million)



Financial information by area of activity

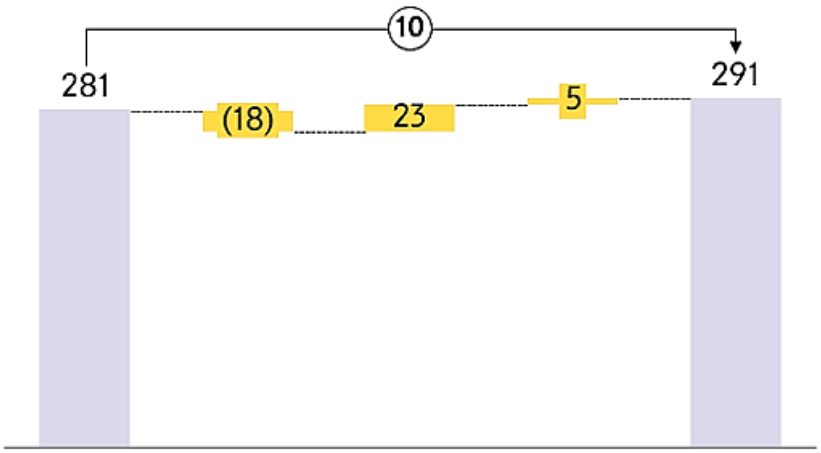
6.3 Life Insurance and Savings (in NIS million)

6.3.1 Key results of the Life Insurance and Long-Term Savings Segment in the Reporting Period (before tax, in NIS million)



	Life Insurance	Pension	Provident
1-12/2025	511	346	77
1-12/2024	399	276	52

6.3.2 Key results of the Life Insurance and Long-Term Savings Subsegments in the quarter (before tax, in NIS million)

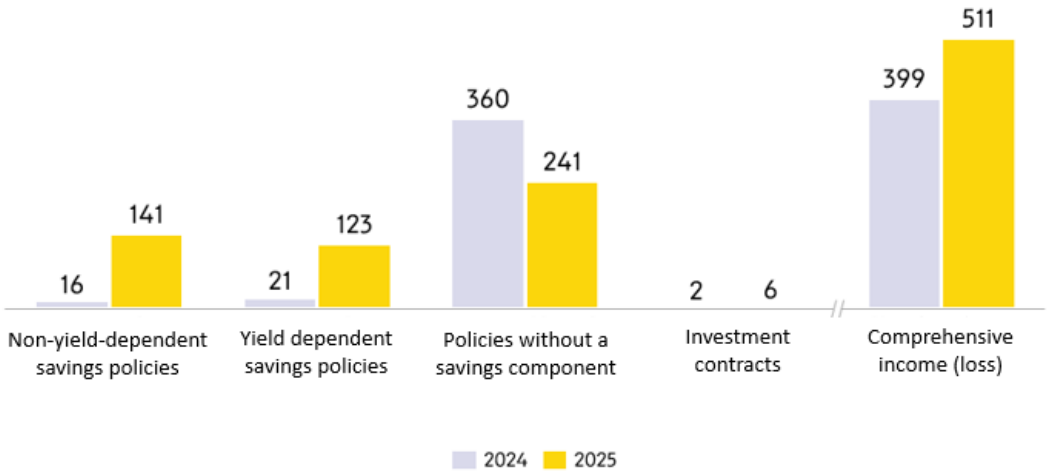


10-12/2025	175	93	23
10-12/2024	193	70	18

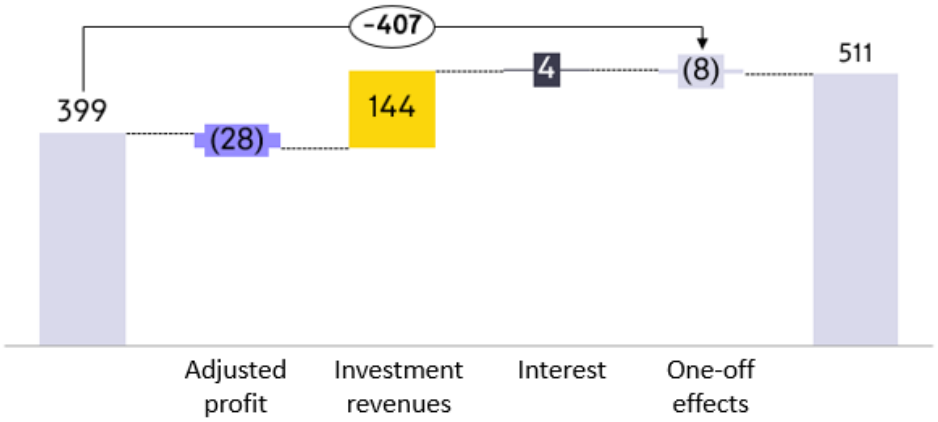
6.3.3 Operating results of the Life Insurance Subsegment

The profitability of the Long-Term Savings Subsegment is affected by the changes in the capital market, which impact the guaranteed-return policies (which are backed mainly by designated bonds). In addition, changes in the interest rate curve plus the illiquidity premium have a different effect depending on the types of products and consequently affect the segment's results.

6.3.4 Comprehensive income in life insurance during the Reporting Period (before tax, in NIS million)



6.3.5 Changes in the results of the Life Insurance Segment during the Reporting Period (before tax, in NIS million)



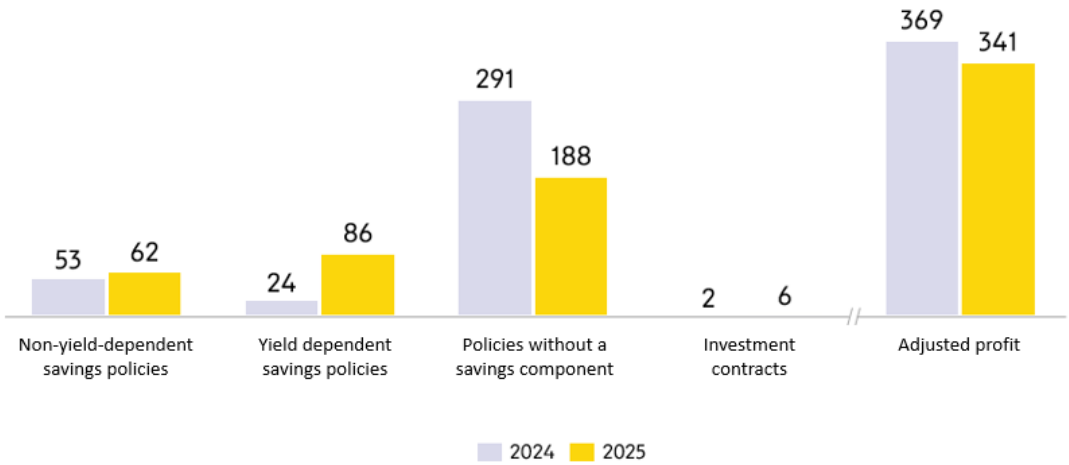
1-12/2025	341	159	26	(15)
1-12/2024	369	15	22	(7)

The increase in comprehensive income from Life Insurance and Long-Term Savings in the Reporting Period compared to the derived from an increase in investment revenue in the Reporting Period compared to last year (after imputing normative return, as stated in Section 6.1 above). In addition, the interest rate effect reduced the insurance liabilities in the Reporting Period (including Hetz bonds effects) by approx. NIS 26 million, compared to a decrease of approx. NIS 22 million last year.

The decrease in adjusted profit in the Reporting Period compared to last year arises mainly from the death benefit portfolio, which was partially offset by an improvement in the savings products.

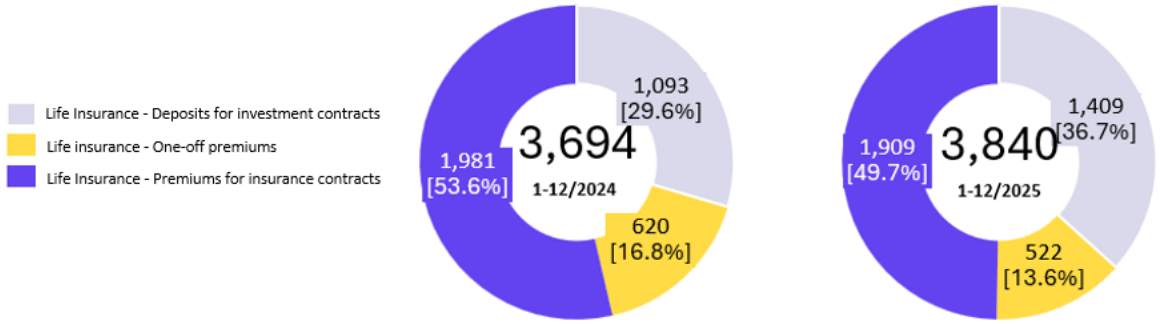
Furthermore, during the Reporting Period, profit declined by approx. NIS 15 million due to special effects arising from revision to provisions for class actions, compared with a decrease of approx. NIS 7 million last year.

6.3.6 Results of the adjusted profit in the various Life Insurance Subsegments during the Reporting Period (before tax, in NIS million)



- **Non yield-dependent savings policies** - The increase in adjusted profit stems mainly from a decrease in the ratio of claims compared to last year in PHI and disability products.
- **Yield-dependent savings policies** - The increase in adjusted profit during the Reporting Period compared to last year arises mainly from a positive development in permanent health insurance claims, and from an increase in the release of the contractual service margin.
- **Policies without a savings component** - The decrease in adjusted profit in the Reporting Period compared to last year is mainly due to a substantial increase in death benefit and permanent health insurance claims and from a decrease in the release of the contractual service margin.

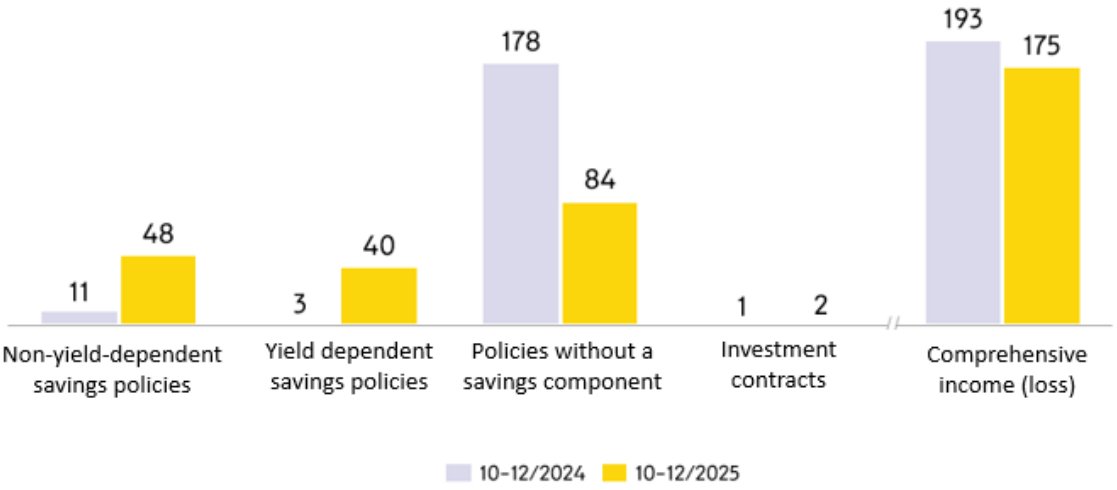
6.3.7 Premiums and redemptions in the Reporting Period (in NIS million)



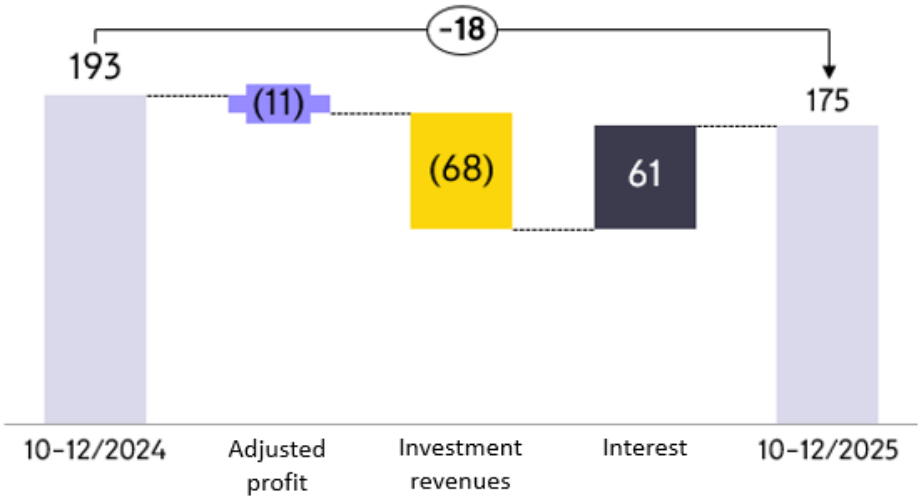
The policies which were redeemed during the Reporting Period amounted to approx. NIS 2,234 million, compared to approx. NIS 2,161 million last year. The rate of redemptions out of the average reserve in the Reporting Period was approx. 6.84% compared to approx. 7.01% last year.

Redemptions for investment contracts in the Reporting Period amounted to approx. NIS 836 million, compared with approx. NIS 855 million last year.

6.3.8 Comprehensive income in Life Insurance during the quarter (before tax, in NIS million)



6.3.9 Changes in the results of the Life Insurance Segment during the Quarter (before tax, in NIS million)

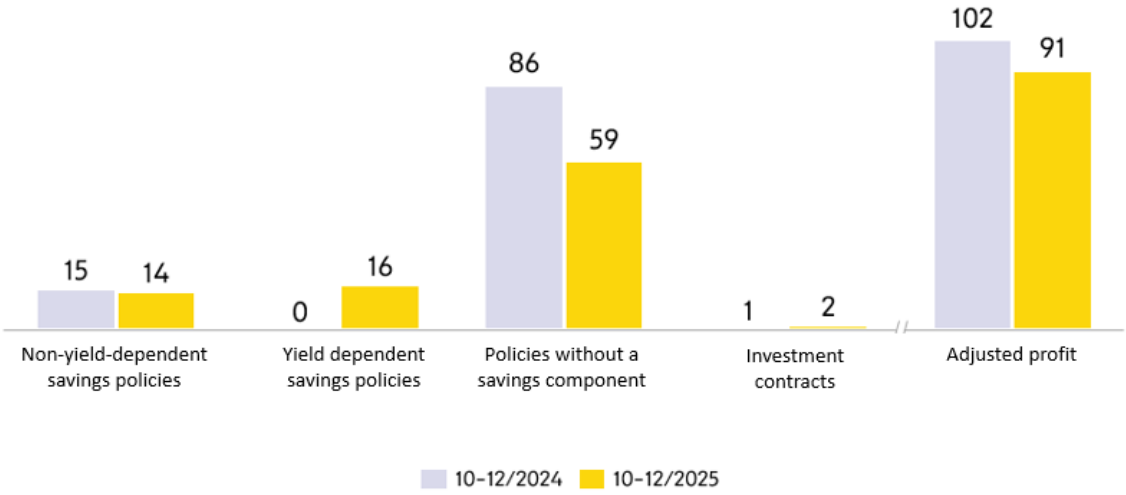


10-12/2025	91	70	15
10-12/2024	102	137	(46)

The decrease in comprehensive income from Life Insurance and Long-Term Savings in the Reporting Period compared to the corresponding period last year derived mainly from a decrease in investment revenue in the Reporting Period compared to the corresponding period last year (after imputing normative return, as stated in Section 6.1 above). On the other hand, the interest rate effect decreased insurance liabilities (including Hetz bond effects) by NIS 15 million, compared to an increase of approx. NIS 46 million in the corresponding quarter last year.

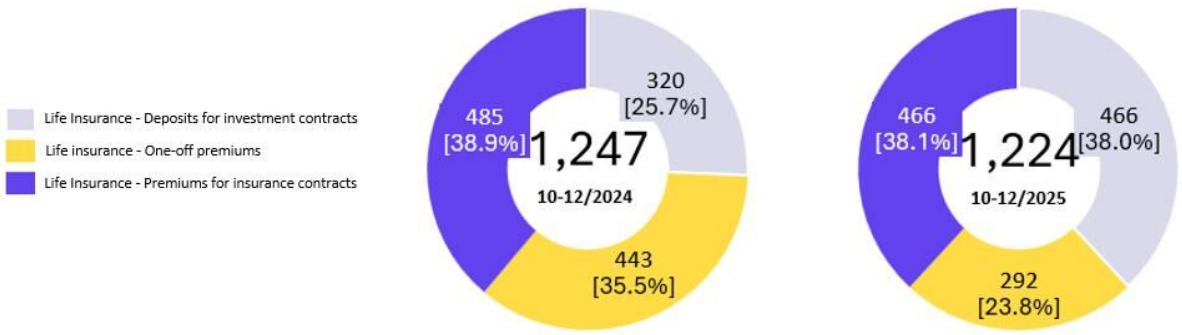
The adjusted profit decreased due to an increase in the ratio of claims in permanent health insurance products, which was partially offset by a decrease in the ratio of claims in disability products.

6.3.10 Results of the adjusted profit in the various Life Insurance Subsegments during the quarter (before tax, in NIS million)



- **Yield-dependent savings policies** - The increase in adjusted profit during the quarter compared to the corresponding period last year arises mainly from an increase in the release of the contractual service margin.
- **Policies without a savings component** - The decrease in adjusted profit in the quarter compared to the corresponding period last year is mainly due to an increase in permanent health insurance claims and from a positive development in reinsurance in the corresponding quarter last year. On the other hand, there was a decrease in disability insurance claims.

6.3.11 Insurance premiums and redemptions in the quarter (in NIS million)



The policies which were redeemed during the quarter amounted to approx. NIS 555 million, compared to approx. NIS 509 million in the corresponding period last year. The rate of redemptions out of the average reserve in the Reporting Period was approx. 6.66% compared to approx. 6.50% in the corresponding period last year.

In the quarter, redemptions in respect of investment contracts totaled approx. NIS 213 million, compared to approx. NIS 216 million in the corresponding period last year.

- **Yield-dependent policies**

Insurance reserves funds which accumulate in yield-dependent policies are invested in accordance with the Supervision of Financial Services Law (Insurance), 1981 and the regulations promulgated thereunder. This investment income is charged to the policyholders net of management fees.

In yield-dependent insurance policies issued from 1991 to 2003, an insurer may collect fixed management fees and variable management fees at the rates set in the regulations and derived from the real return of the investment portfolio. The variable management fees are collected only in respect of positive real return. If a negative real return was achieved, the insurer can only collect the variable management fees once the return which is achieved covers the cumulative real loss. During the course of 2022, a negative real return, which has yet to be offset as of the second quarter of 2025, was achieved, and consequently, the Company is prevented from collecting variable management fees until a cumulative positive return is achieved. During the second quarter of the year, the Company started collecting variable management fees, which totaled, by the end of the reporting year, approx. NIS 239 million. It should be noted that in connection with yield-dependent insurance policies issued as from 2004, only fixed management fees are collected, and therefore real investment losses do not have a direct effect on the collection of those management fees as stated above.

The fixed management fees charged with respect to yield-dependent life insurance policies in the Reporting Period amounted to approx. NIS 251 million, compared to approx. NIS 237 million in the corresponding period last year.

Management fees for yield dependent life insurance policies amounted to approx. NIS 66 million in the fourth quarter, compared to approx. NIS 60 million in the corresponding quarter last year.

The variable management fees collected in the Reporting Period and in the fourth quarter totaled approx. NIS 239 million and approx. NIS 111 million, respectively, whereas in the corresponding period last year as stated above no variable management fees were collected.

It is noted that the variable and fixed management fees are not recognized as revenue but rather attributed to the contractual service margin (CSM), in accordance with the management fee forecast ratio in the actuarial models.

Details regarding the rates of return in yield-dependent insurance policies:

- **Policies issued in 1991-2003 (Fund J)**

	1-12/2025	1-12/2024
Real return before payment of management fees	13.50%	8.68%
Real return after payment of management fees	11.03%	8.04%
Nominal return before payment of management fees	16.18%	12.41%
Nominal return after payment of management fees	13.65%	11.74%

- **Policies issued from 2004 and thereafter (the new Fund J)**

	1-12/2025	1-12/2024
Real return before payment of management fees	13.50%	8.68%
Real return after payment of management fees	12.51%	7.74%
Nominal return before payment of management fees	16.18%	12.41%
Nominal return after payment of management fees	15.17%	11.44%

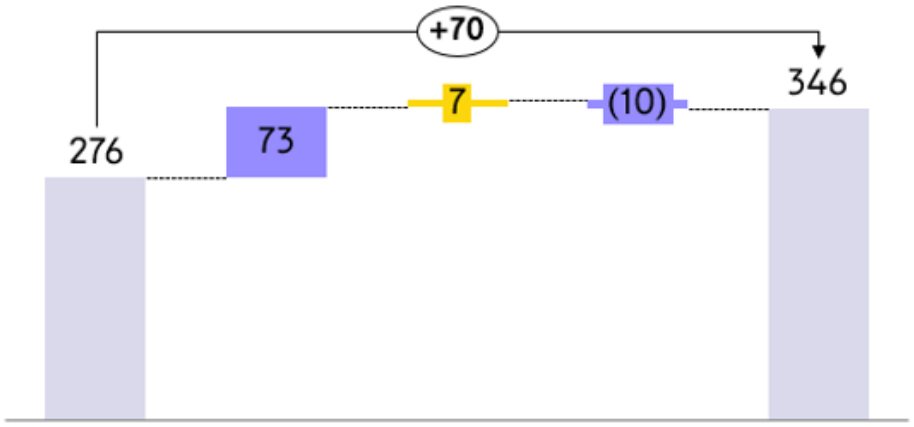
- **Details regarding the investment income which was credited to policyholders in participating policies and the management fees:**

In NIS million	1-12/2025	1-12/2024
Nominal investment income credited to policyholders net of management fees	4,730	3,561
Fixed management fees	251	237
Variable management fees	239	-
Total management fees	490	237

6.4 Pension funds

The operating results in the Pension Funds Subsegment relate to the results of a consolidated management company - Menora Mivtachim Pension and Provident Funds.

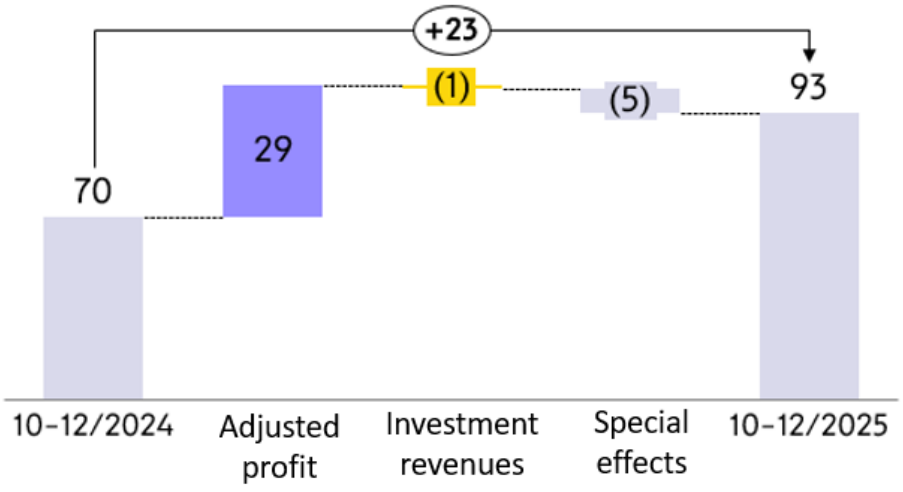
6.4.1 Changes in the pension funds activity results during the Reporting Period (before tax, in NIS million)_



1-12/2025	344	12	(10)
1-12/2024	271	5	0

In the Reporting Period, the income amounted to approx. NIS 346 million, compared to income of approx. NIS 276 million last year. The increase in income in the Reporting Period compared to last year arises from an improvement in adjusted profit of approx. NIS 73 million, which stems mainly from an increase in revenues from management fees (net) due to the increase in total assets under management and an increase in collection, after discounts to planholders, and a moderate increase in expenses.

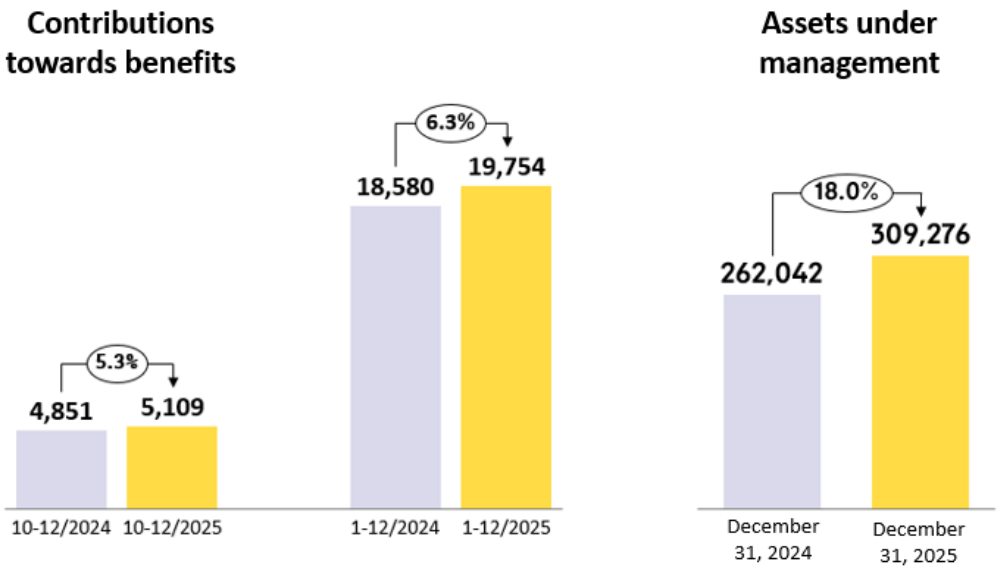
6.4.2 Changes in the pension funds activity results during the quarter (before tax, in NIS million)



10-12/2025	96	2	(5)
10-12/2024	67	3	0

Income in the fourth quarter amounted to approx. NIS 93 million, compared to income of approx. NIS 70 million in the corresponding period last year. The increase in income in the Quarter compared to the corresponding period last year arises from an increase in adjusted profit of approx. NIS 29 million, which stems mainly from an increase in revenues from management fees (net) due to the increase in total assets under management and an increase in collection.

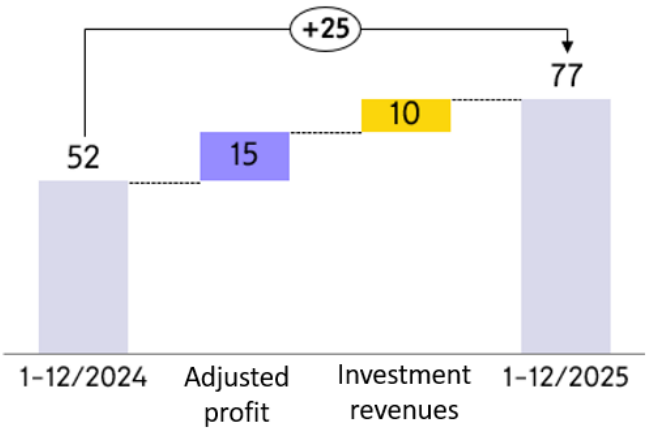
6.4.3 Assets under management and contributions toward benefits (in NIS million)



6.5 Provident funds

The activity in the Provident Funds Subsegment is carried out in consolidated management companies, Menora Mivtachim Pension and Provident Funds and Menora Mivtachim Engineers.

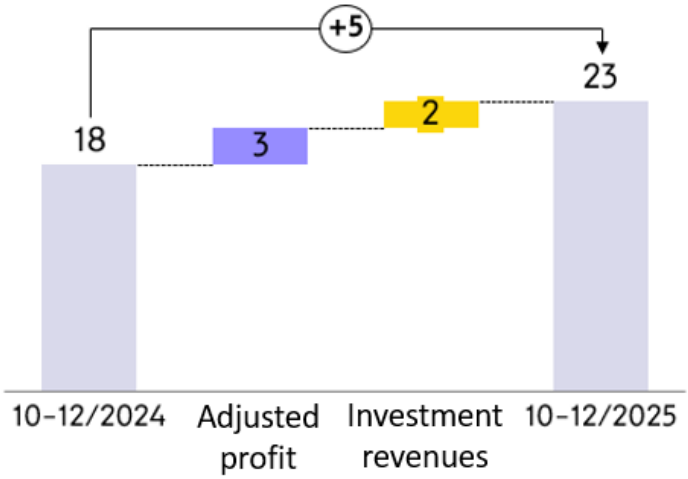
6.5.1 Changes in the provident funds activity results during the Reporting Period (before tax, in NIS million)



1-12/2025	79	(2)
1-12/2024	64	(12)

In the Reporting Period, the income amounted to approx. NIS 77 million, compared to income of approx. NIS 52 million last year. During the Reporting Period, there was an increase in adjusted profit of approx. NIS 15 million, arising mainly from an increase in management fees.

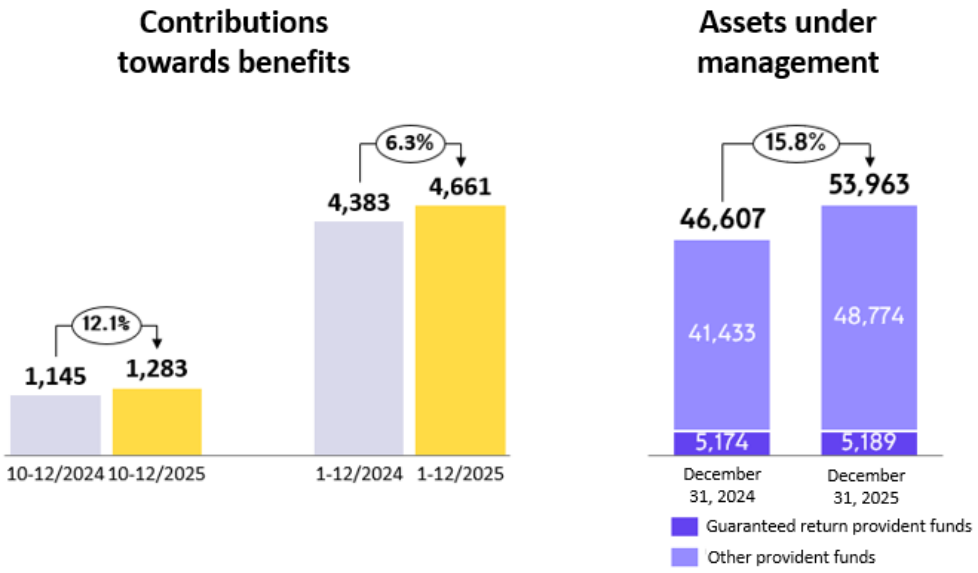
6.5.2 Changes in the provident funds activity results during the quarter (before tax, in NIS million)



10-12/2025	19	4
10-12/2024	16	2

The income in the fourth quarter amounted to approx. NIS 23 million compared to income of approx. NIS 18 million during the corresponding quarter last year.

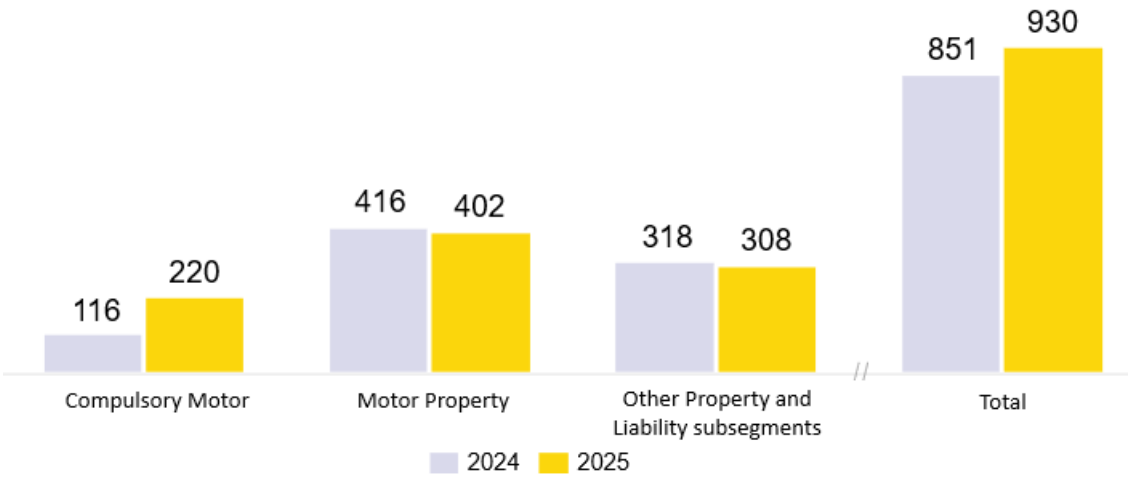
6.5.3 Assets under management and contributions toward benefits (in NIS million)



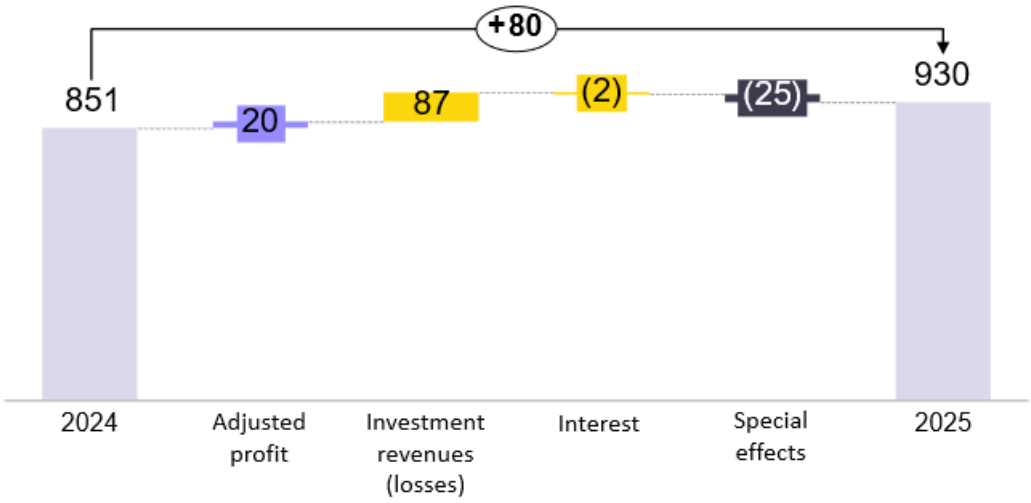
6.6 Results of Property and Casualty Insurance Subsegments

The Property and Casualty Insurance Segment is divided into three main subsegments: Compulsory Motor, Motor Property, and Property and Other Liability.

6.6.1 Comprehensive income in Property and Casualty Insurance during the Reporting Period (before tax, in NIS million)



6.6.2 Analysis of key changes in comprehensive income during the Reporting Period, compared to last year (before tax, in NIS million)

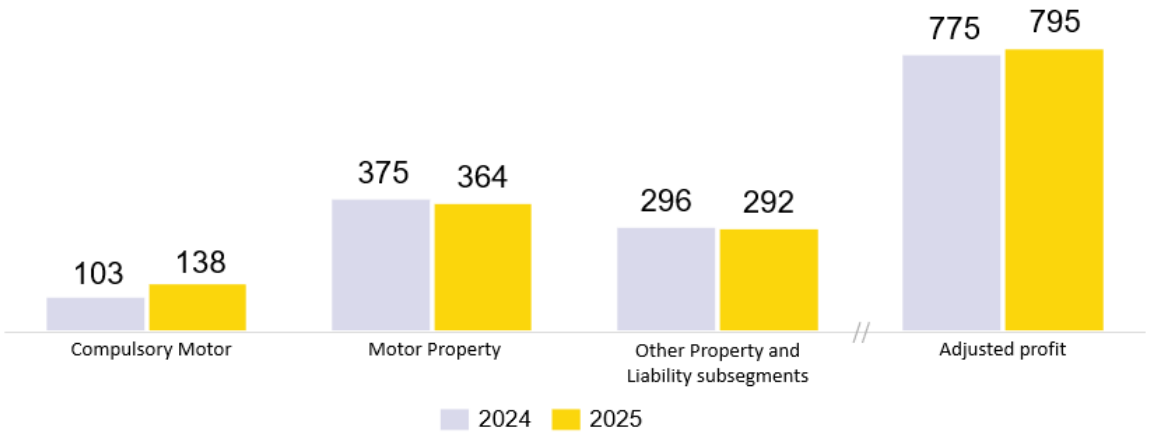


2025	795	78	83	(25)
2024	775	(9)	85	0

*) The gain in respect of interest rate effects, resulting from new exposure, totaling approx. NIS 90 million (last year - approx. NIS 74 million), increased - in the income statement - the results of insurance services, which were excluded from adjusted profit and stated under interest rate effects.

The increase in comprehensive income in the Reporting Period compared to last year arises mainly from an increase of approx. NIS 20 million in adjusted profit and from the transition from investment losses to investment income of approx. NIS 87 million (after imputing normative return as stated in Section 6.1 above). In the Reporting Period, the interest rate effect reduced the insurance liabilities by approx. NIS 83 million, compared to an approx. NIS 85 million decrease last year. Furthermore, during the Reporting Period, profit in respect of special effects decreased by approx. NIS 25 million.

6.6.3 Results of adjusted profit by operating segment in the Reporting Period (before tax, in NIS million)

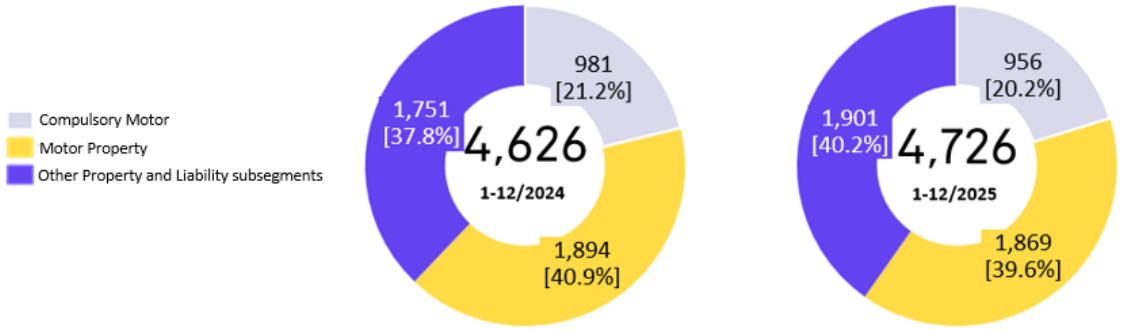


Compulsory Motor – The increase in adjusted profit in the Reporting Period compared to last year is mainly due to an increase in positive developments in respect of previous years and an improvement in the results of the current year.

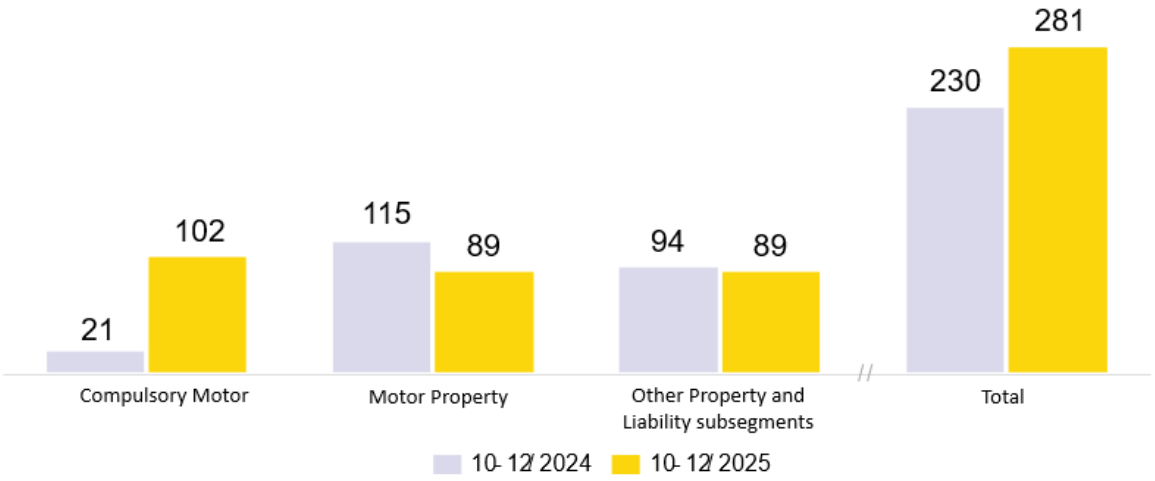
Motor Property – The decrease in adjusted profit in the Reporting Period compared to last year is mainly due to a decrease in positive developments in respect of previous years and - on the other hand - an improvement in the results of the current year.

Property and Other Liability Subsegments – The decrease in adjusted profit in the Reporting Period compared to last year is mainly due to a decrease in positive developments in respect of previous years and - on the other hand - an improvement in the results of the current year.

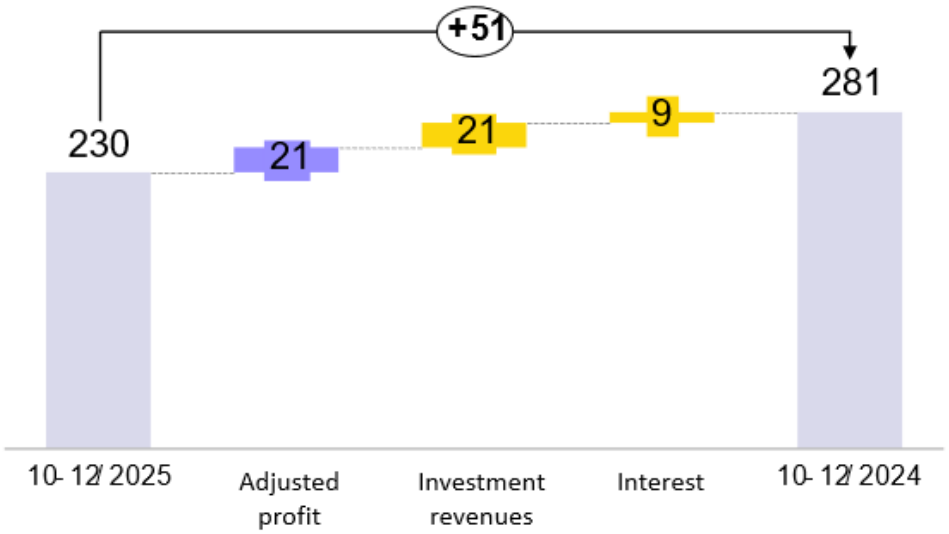
6.6.4 Premiums during the Reporting Period and corresponding period last year (in NIS million)



6.6.5 Comprehensive income in Property and Casualty Insurance during the quarter (before tax, in NIS million)



6.6.6 Analysis of key changes in comprehensive income during the quarter, compared to the corresponding quarter last year (before tax, in NIS million)

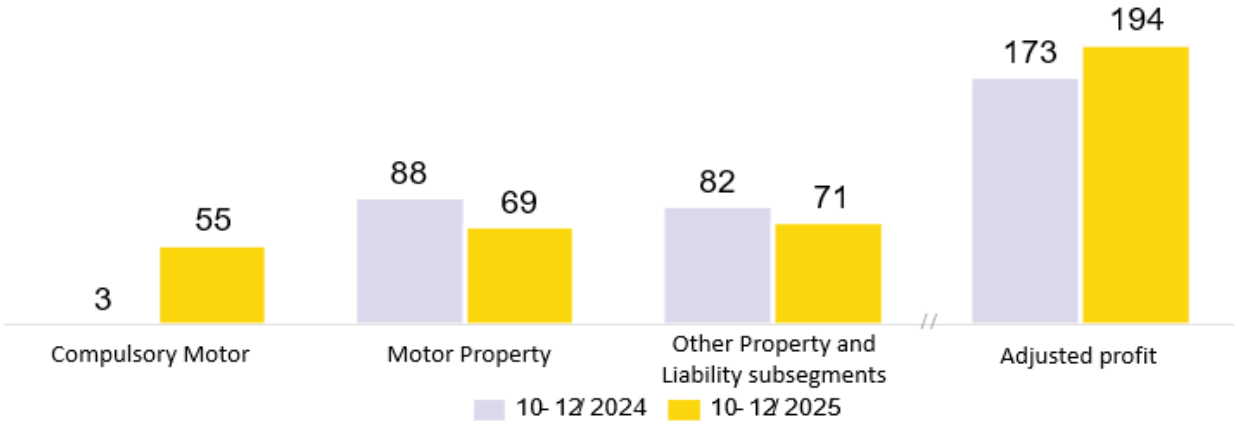


10-12/2025	194	82	5
10-12/2024	173	61	(4)

*) The gain in respect of interest rate effects, resulting from new exposure, totaling approx. NIS 21 million (in the corresponding quarter last year - approx. NIS 9 million), increased - in the income statement - the results of insurance services, which were excluded from adjusted profit and stated under interest rate effects.

The increase in comprehensive income in the quarter compared to the corresponding quarter last year arises mainly from an increase of approx. NIS 21 million in adjusted profit and from an increase of NIS 21 million in investment (after imputing normative return as stated in Section 6.1 above). In addition, in the Reporting Period, the interest rate effect reduced the insurance liabilities by approx. NIS 5 million, compared to an increase of approx. NIS 4 million in the corresponding period last year.

6.6.7 Results of the adjusted profit by operating segment in the quarter (before tax, in NIS million)

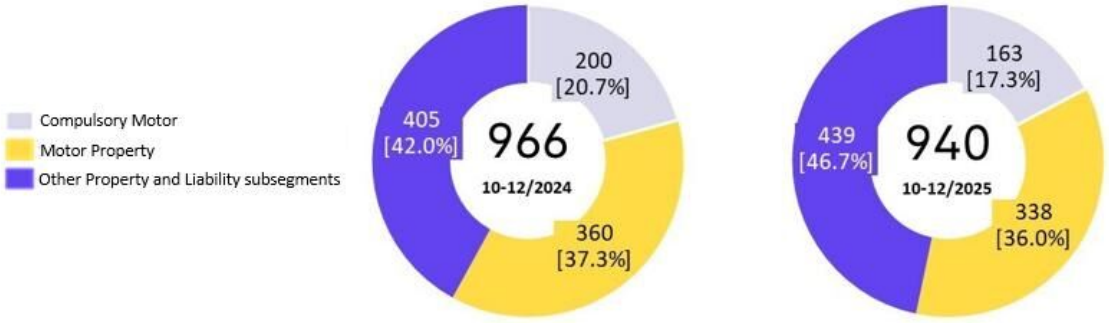


Compulsory Motor – The increase in adjusted profit in the quarter compared to corresponding quarter last year is mainly due to an increase in positive developments in respect of previous years and an improvement in the results of the current year.

Motor Property – The decrease in adjusted profit in the quarter compared to corresponding quarter last year is mainly due to a decrease in current year's results and - on the other hand - positive developments during the quarter in respect of previous years compared to negative developments in the corresponding quarter last year.

Property and Other Liability Subsegments – The decrease in adjusted profit in the quarter compared to corresponding quarter last year is mainly due to a decrease in current year's results.

6.6.8 Premiums in the quarter and corresponding quarter last year (in NIS million)



The decrease in the compulsory motor subsegment in the fourth quarter compared to the corresponding quarter last year arises from timing differences in respect of transactions which were renewed in the first quarter of 2026.

Following is the combined loss ratio - gross and retention - in Motor Property:

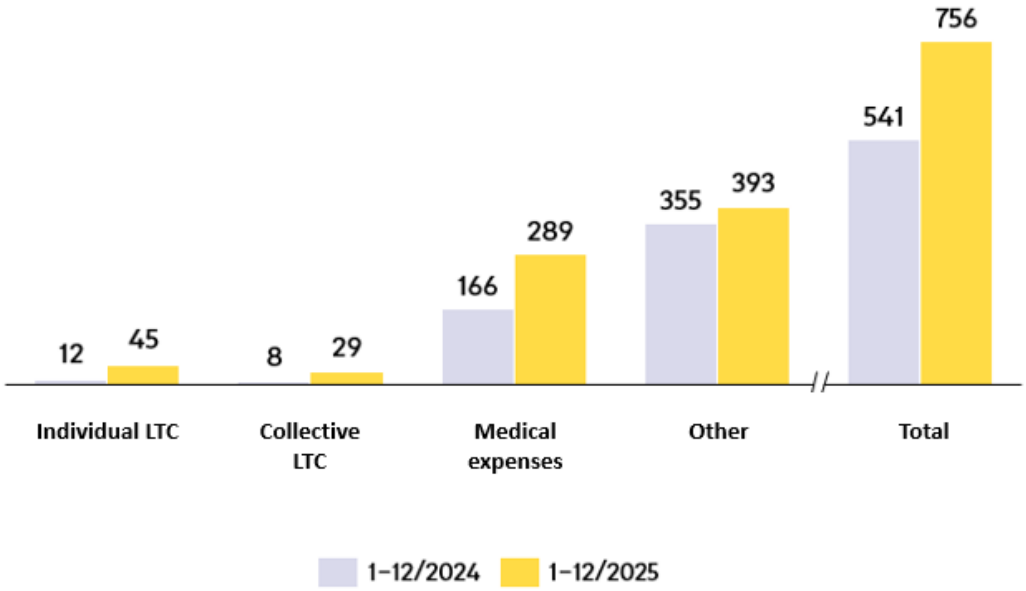


- **Combined loss ratio, gross –** reflects the ratio of insurance service expenses to revenues from insurance services.

- **Combined loss ratio in retention –** reflects the ratio of net insurance service expenses out of reinsurance revenues to revenues from insurance services, net out of reinsurance expenses.

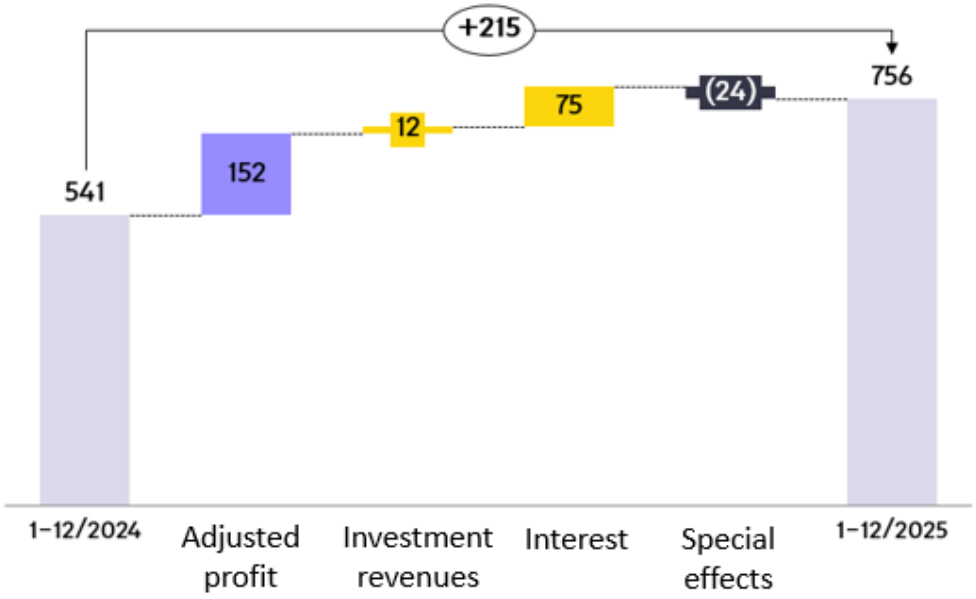
6.7 Operating results of the Health Insurance Segment

6.7.1 Comprehensive income in health insurance during the Reporting Period (before tax, in NIS million)



"Collective Long-Term Care" – including operational LTC for HMOs
"Other" - includes critical illnesses, personal accidents, and short-term subsegments

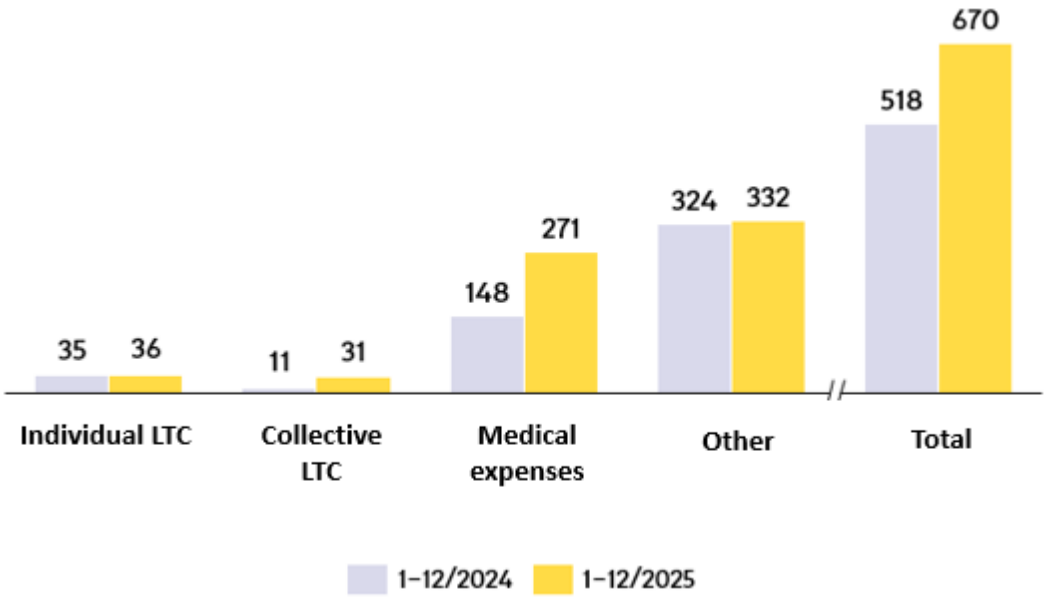
6.7.2 Analysis of key changes in comprehensive income during the Reporting Period, compared to last year (before tax in NIS million)



1-12/2025	670	60	50	(24)
1-12/2024	518	48	(25)	0

The increase in comprehensive income in the Reporting Period compared to last year is due to an improvement in adjusted profit as a result of an improvement in business results and an increase in the business, an improvement in investment revenues compared to last year, and a positive interest rate effect in the Reporting Period compared to the negative interest rate effect last year. On the other hand, profit in respect of special effects decreased in the Reporting Period mainly due to the provision for class actions totaling approx. NIS 24 million.

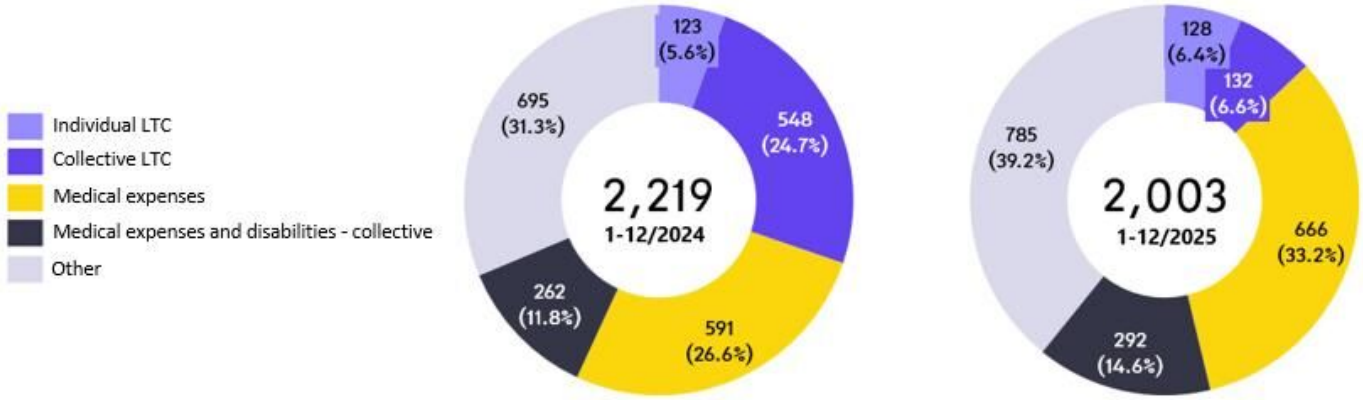
6.7.3 Results of adjusted profit by operating segment in the Reporting Period (before tax, in NIS million)



- **Individual long-term care** - The adjusted profit in the Reporting Period is essentially without material change compared to the corresponding period last year.
- **Collective Long-Term Care** - the improvement in adjusted profit stems mainly from the transition of the Meuhedet and Leumit HMOs from collective long-term care insurance activities to operational activities without bearing the risk.
- **Medical expenses** - the higher income stems mainly from an increase in activity, from a positive claims history in relation to the forecast, as well as from an increase in the release amount from the contractual service margin.
- **Other** - The increase in adjusted profit stems mainly from the Critical Illness Subsegment in which there was an increase in the adjusted financial margin,* and from an improvement in the claims history compared to the forecast, offset against a decrease in the amount of the release of the contractual service margin.

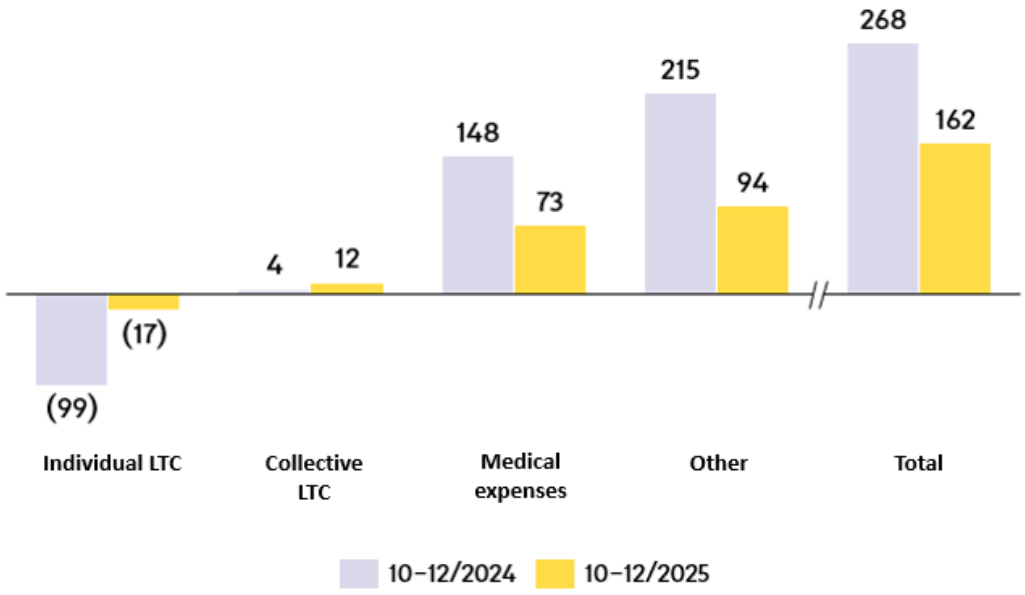
* "**Adjusted financial margin**" - includes the effects of release of locked-in interest, normative investment gains attributed to the relevant subsegment plus normative CPI, as described in Section 6.1 above.

6.7.4 Gross premiums during the Reporting Period and corresponding period last year (in NIS million)

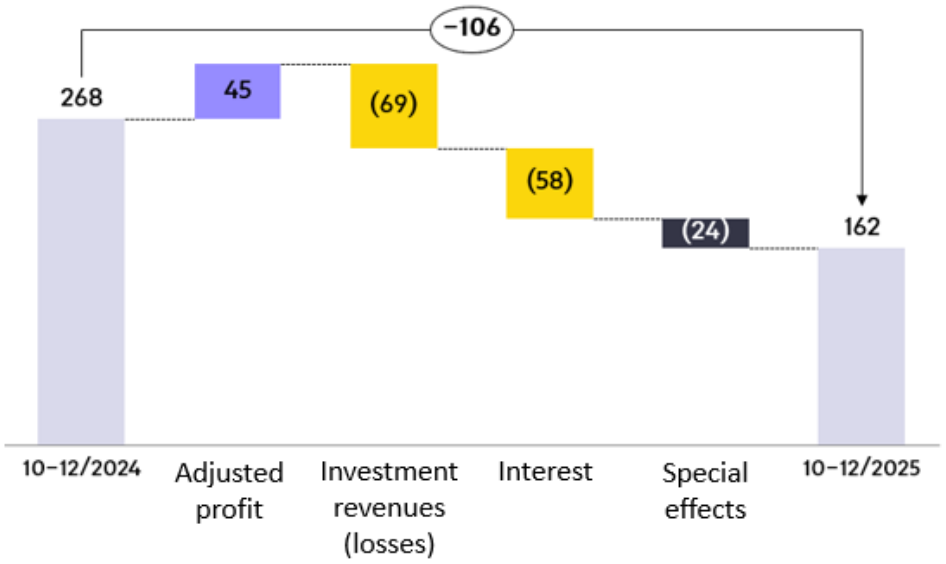


Premiums for collective long-term care insurance in the corresponding period last year include a total of approx. NIS 424 million in respect of HMOs, which in 2025 switched to an operational model.

6.7.5 Comprehensive income (loss) in Health Insurance during the quarter (before tax, in NIS million)



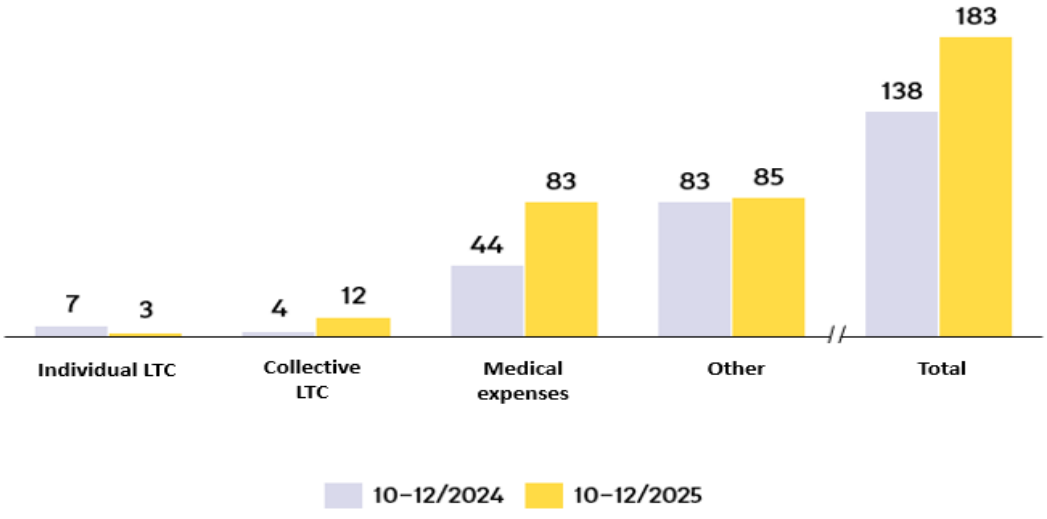
6.7.6 Analysis of key changes in comprehensive income during the quarter, compared to the corresponding quarter last year (before tax, in NIS million)



10-12/2025	183	(30)	33	(24)
10-12/2024	138	39	91	0

The decrease in comprehensive income in the quarter compared to the corresponding quarter last year arises from a decrease in investment revenues compared to the corresponding quarter last year, and from a decrease in the interest rate effects which were substantially more positive in the fourth quarter last year. On the other hand, there was an improvement in adjusted profit as a result of an improvement in business results and an increase in activity. Furthermore, profit in respect of special effects decreased in the Reporting Period mainly due to the provision for class actions totaling approx. NIS 24 million.

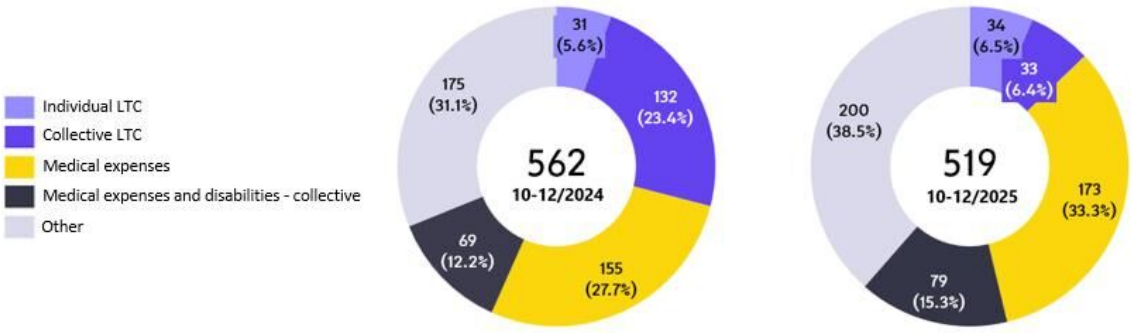
6.7.7 Results of the adjusted profit by operating segment in the quarter (before tax, in NIS million)



- **Individual long-term care** - The decrease in adjusted profit in the quarter arises mainly from a higher negative claim history than in the corresponding quarter last year.
- **Collective Long-Term Care** - the improvement in adjusted profit arises mainly from the transition of the Meuhedet HMO from collective long-term care insurance activities to operational activities without bearing the risk and from an improvement in the results of the collective long-term care insurance portfolio.
- **Medical expenses** - the higher income stems mainly from an increase in activity, from a positive claims history in relation to the forecast, as well as from an increase in the release amount from the contractual service margin.
- **Other** - The increase in adjusted profit stems mainly from the critical illness subsegment in which there was an increase in the adjusted financial margin,* which was offset against a decrease in the amount of the release of the contractual service margin.

* **"Adjusted financial margin"** - includes the effects of release of locked-in interest, normative investment gains attributed to the relevant subsegment plus normative CPI, as described in Section 6.1 above.

6.7.8 Gross premiums in the quarter and corresponding quarter last year (in NIS million)



Premiums for collective long-term care insurance in the corresponding quarter last year include a total of approx. NIS 97 million in respect of HMOs, which in 2025 switched to an operational model.

6.8 Credit Segment

The Group has consumer and business credit activity, which has grown in recent years, both through acquisitions and organically, with the aim of mitigating the capital market effects on the Group's results and in order to diversify the revenue streams. The activity includes the provision of business credit and consumer credit. For further details regarding the Group's Credit Segment, see Chapter 7 to the Report on the Corporation's Business.

Business credit is managed by several entities in the Group:

Yesodot – The company is engaged in underwriting and processing loans in the real estate sector, including by providing senior credit and supplementary financing for projects.

Menora Insurance – advances real estate loans concurrently with its Sale Law guarantees activity.

Ampa Capital – provides solutions in the field of alternative financing, mainly provision of credit to businesses and long-term credit against liens on rights in real estate properties.

ERN - engaged in securing and advancement of payments to merchants.

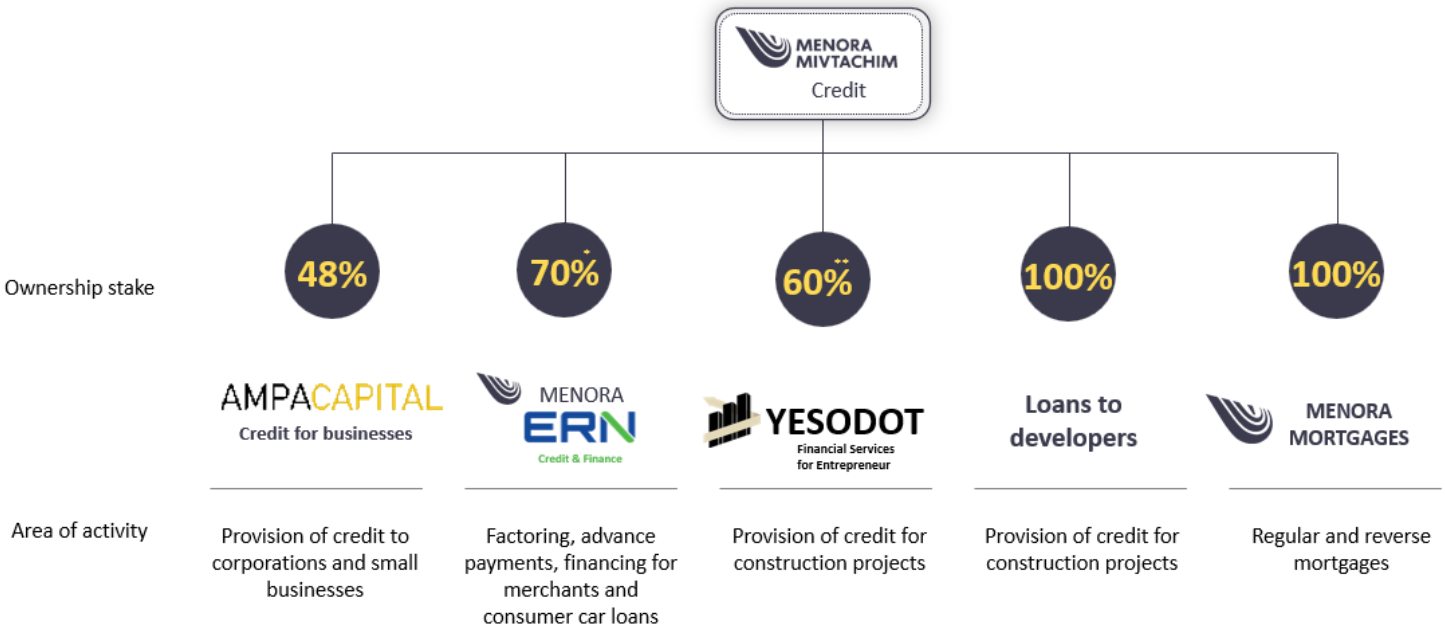
Consumer credit is managed by several entities in the Group:

Mimun Click – engaged with credit for the acquisition of vehicles and other consumer loans.

Menora Insurance – advances mortgages, including reverse mortgages.

IBI Quality Credit Ltd. – is engaged in credit brokerage in the field of mortgages.

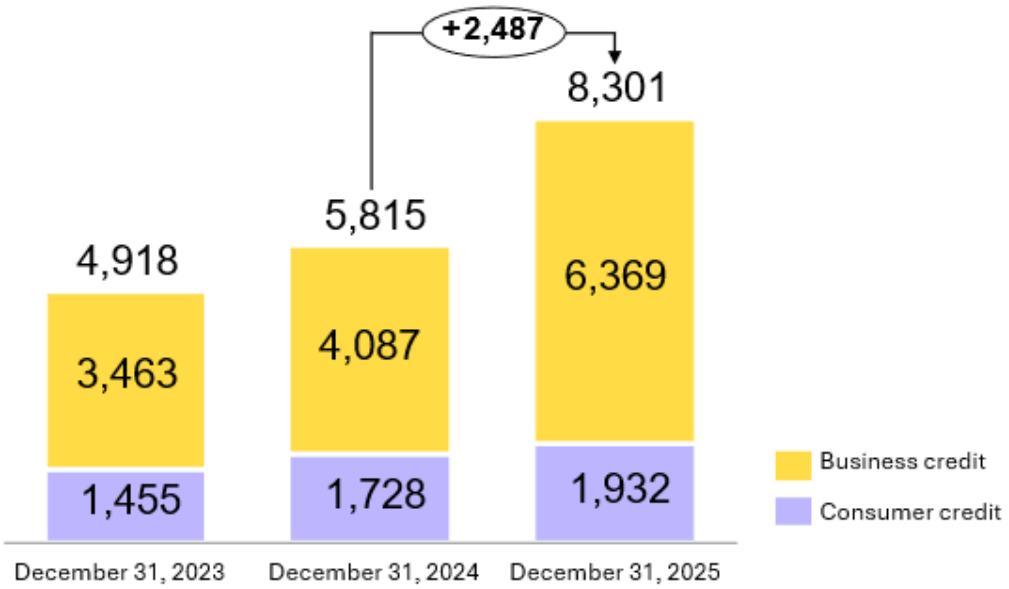
6.8.1 Following is the structure of the Group's Credit Activity:



** Subsequent to the balance sheet date, the Company held 100%; for further details, see Section 16.1 above.
** Subsequent to the balance sheet date, the Company held 60.01%; for further details, see Section 2.7 above.

6.9 Operating results of the Group's Credit Segment

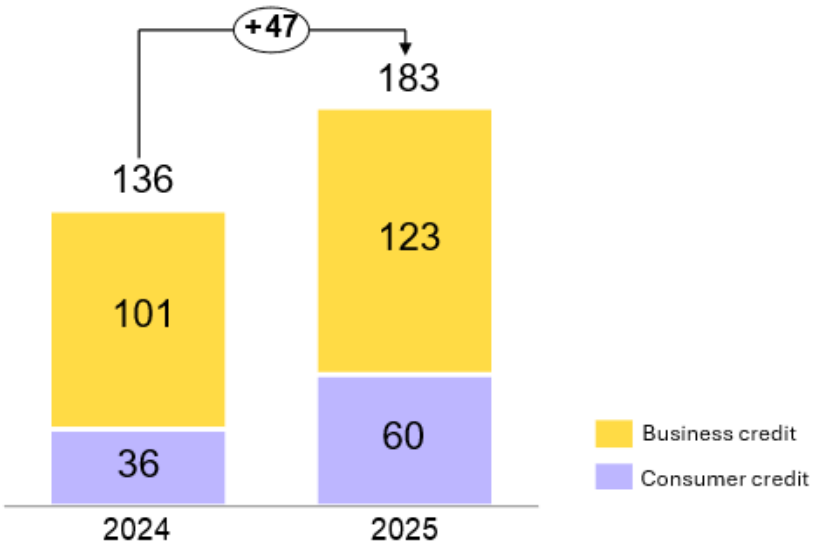
6.9.1 The Group's total credit portfolio (in NIS million)



The increase in the business credit portfolio is mainly due to assuming control in Yesodot (for further details, see Section 2.7 above) and an increase in Ampa Capital's activity. The increase in consumer credit activity is mainly due to ERN's activity.

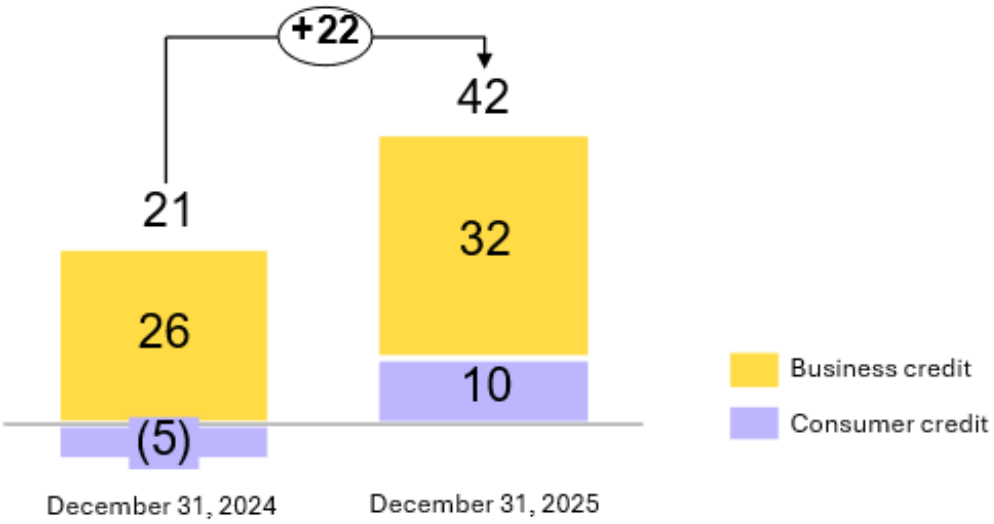
The credit portfolio also includes the activity of an associate, which is not consolidated in the financial statements.

6.9.2 Profit before tax during the Reporting Period compared to last year (in NIS million)



The increase in income in the Credit Segment in the Reporting Period includes a total of approx. NIS 19 million in respect of Yesodot, which were consolidated for the first time in 2025, and approx. NIS 28 million in respect of continued growth in ERN and Ampa's activity.

6.9.3 Profit before tax in the quarter compared to the corresponding quarter last year (in NIS million)



The increase in income in the Credit Segment in the quarter includes a total of approx. NIS 13 million in respect of Yesodot, which were consolidated for the first time in 2025, and approx. NIS 9 million in respect of continued growth in ERN and Ampa's activity.

7. IFRS 17 - Insurance Contracts[4]

As mentioned above, the standard's first-time application date is January 1, 2025, and the transition date is January 1, 2024. The shareholders' equity attributable to the shareholders before the transition date stood at approx. NIS 6,431 million. The shareholders' equity attributable to the shareholders considering the effects of IFRS 17 stands at approx. NIS 6,172 million - a decrease of approx. NIS 259 million.

7.1 Defined Terms

- **Best estimate (hereinafter - "BE")** - An estimate of the projected expected cash flows arising from the fulfillment of the insurance liability.
- **Contractual service margin (hereinafter - "CSM")** - The expected profit from provision of insurance coverage. The profit is not recognized on day one, but rather spread over the insurance coverage period. Loss from provision of insurance coverage is recognized on day one.
- **Risk adjustment (RA)** - Risk margin used as a buffer with respect to uncertainty arising from future cash flows
- **Pension - embedded value**[5] **-** The expected profit from the provision of pension services less the cost of capital requirement and **deferred** acquisition expenses (calculated in accordance with the embedded value principles).
- **The store of future earnings** – the total balance in respect of CSM, RA and the pension embedded value.

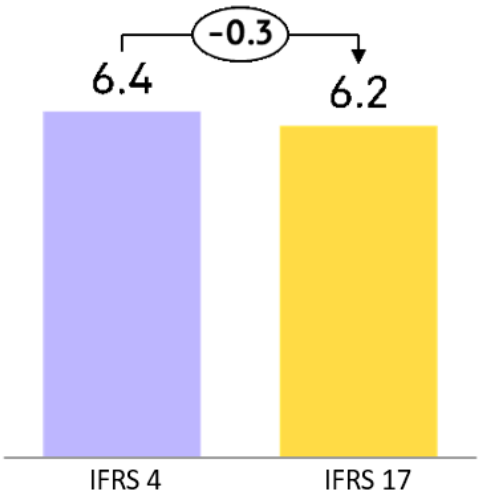
Following are the main effects at the transition date:

- **Change in the measurement of insurance liabilities** - On the transition date, the Company starts measuring insurance assets and liabilities (including deferred acquisition costs) according to the BE method.
- **Recognition of CSM and RA -** On the transition date, the Company recognizes CSM and RA liabilities in respect of the existing portfolio.
- **Effects of IFRS 9** - in respect of transition to a fair value measurement of some of the Company's debt assets (including Hetz bonds) and in respect of the recognition of a provision for current expected credit losses.

[4] The pension activity is not included in the scope of IFRS 17. This activity constitutes a substantial Group arm and has long-term features - similar to health and life products. Therefore, in order to reflect a complete and representative picture of the Group's embedded value at the starting point of the transition date, the embedded value data of the Group's Pension Subsegment are presented as part of the Group's store of future earnings.

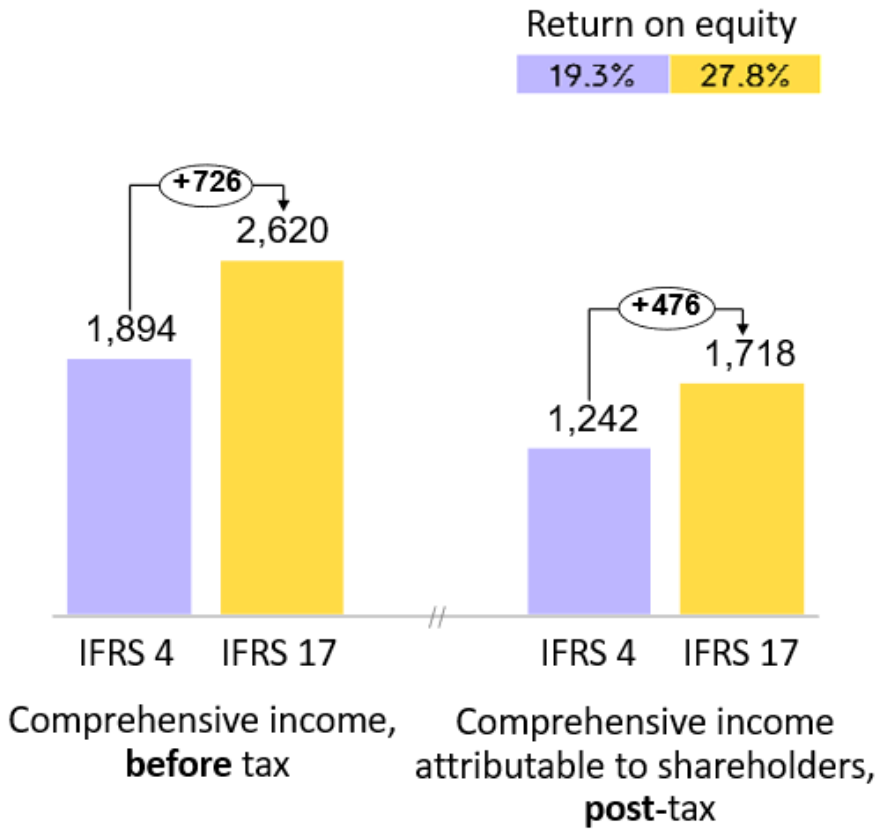
[5] See Section 8 below.

7.2 Change in equity as of the transition date to IFRS 17 (in NIS billion)

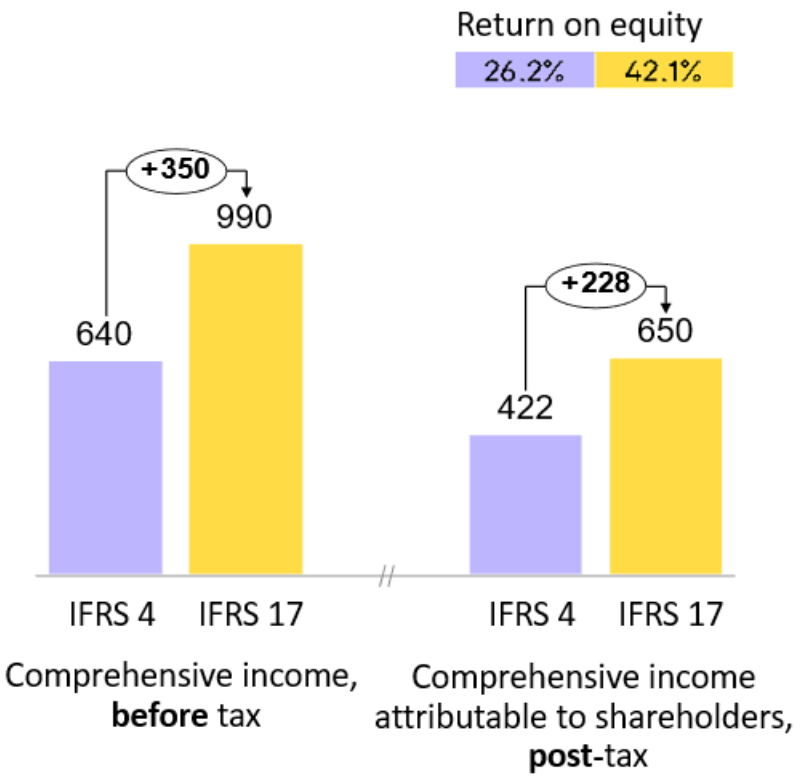


7.3 Comparison of profit before tax - IFRS 17 vs. IFRS 4

7.3.1 Comprehensive income for the year 2024 (in NIS million)

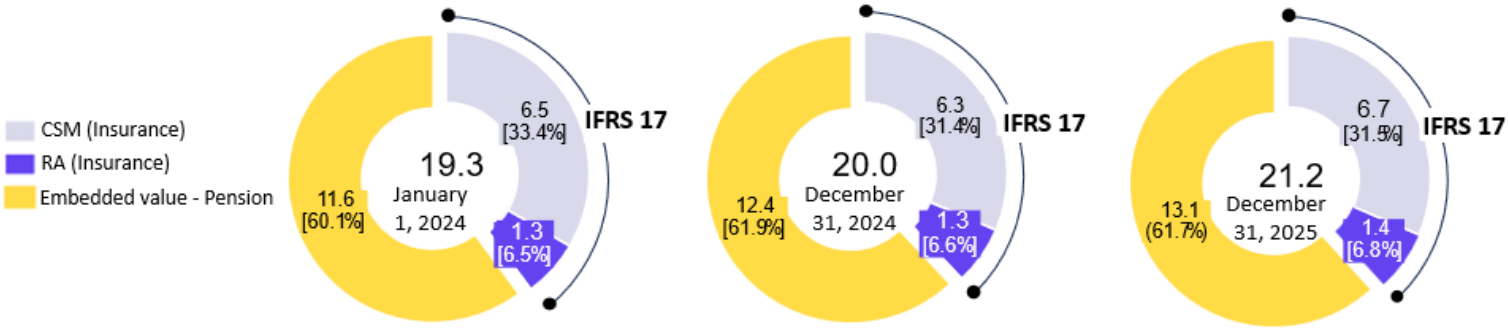


7.3.2 Comprehensive income in 10-12/2024 (in NIS million)

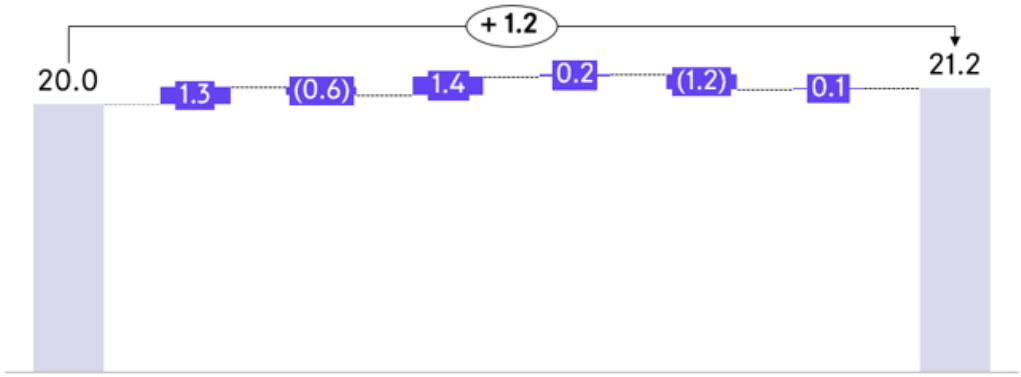


7.4 Store of future earnings

7.4.1 The balance of the store of future earnings divided into CSM and RA and the embedded value of pension (in NIS billion)

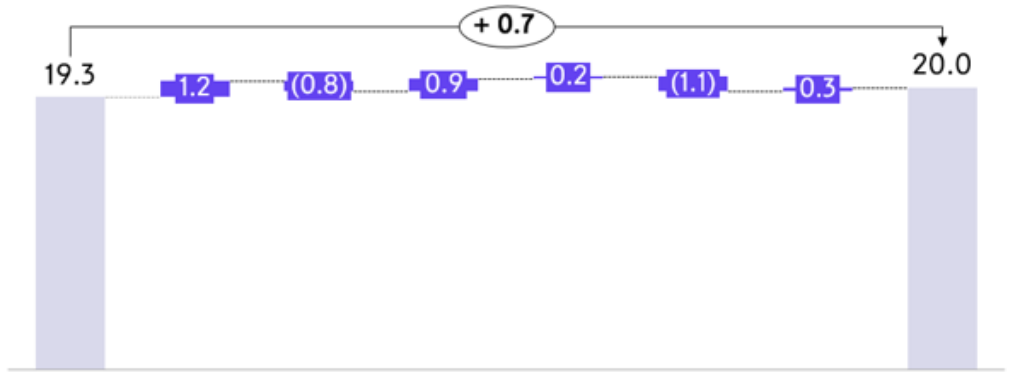


7.4.2 Movement in the value of future earnings for 2025 (in NIS billion)



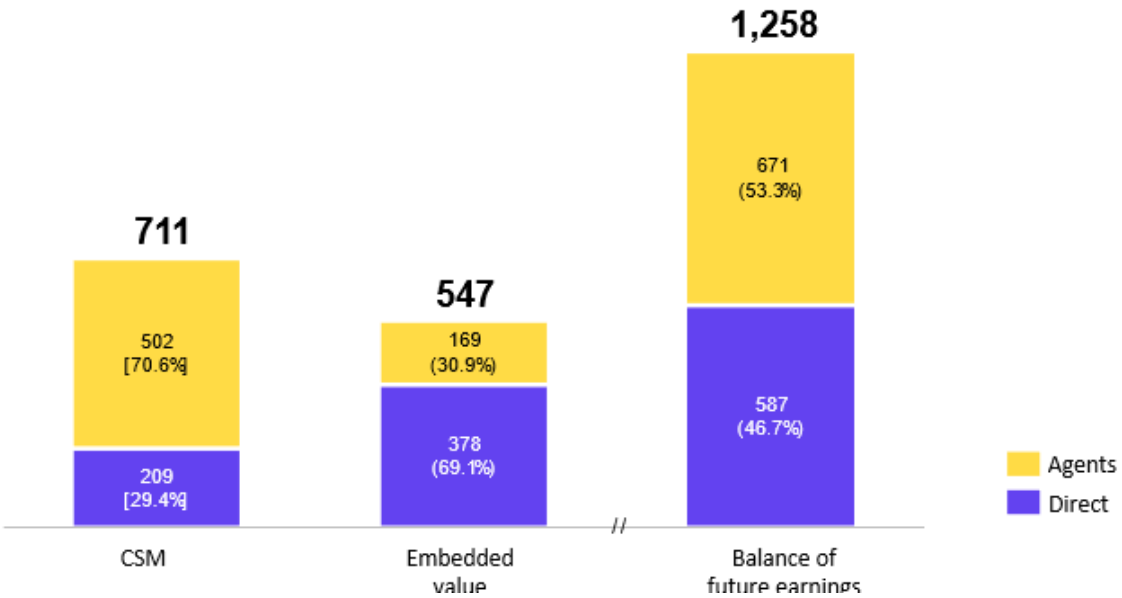
CSM	**7.6**	0.7	(0.1)	0.3	0.2	(0.8)	0.1	**8.1**
Embedded value - Pension	**12.4**	0.6	(0.5)	1.1	0.0	(0.4)	(0.0)	**13.1**
Total balance of future earnings	**20.0**	1.3	(0.6)	1.4	0.2	(1.2)	0.1	**21.2**
		(a)	(b)	(c)		(a)		

7.4.3 Movement in the value of future earnings for 2024 (in NIS billion)

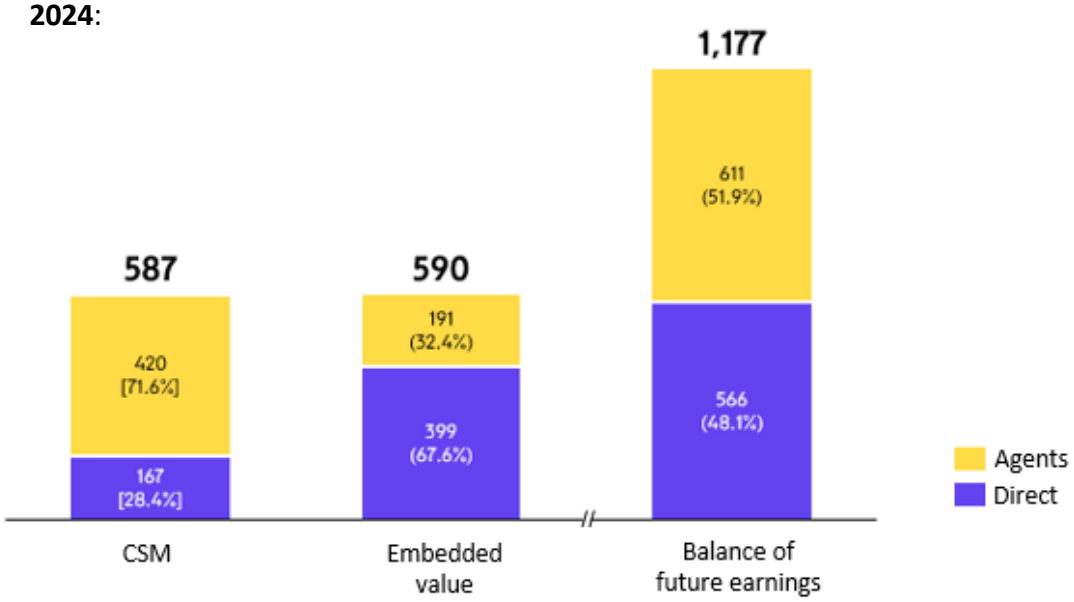


CSM	**7.7**	0.6	(0.4)	0.2	0.2	(0.8)	0.1	**7.6**
Embedded value - Pension	**11.6**	0.6	(0.4)	0.7	0.0	(0.3)	0.2	**12.4**
Total balance of future earnings	**19.3**	1.2	(0.8)	0.9	0.2	(1.1)	0.3	**20.0**
		(a)	(b)	(c)		(a)		

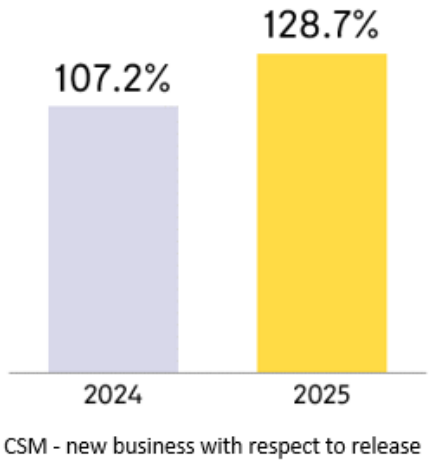
A. Following is a breakdown of the new business by distribution channels for 2025:

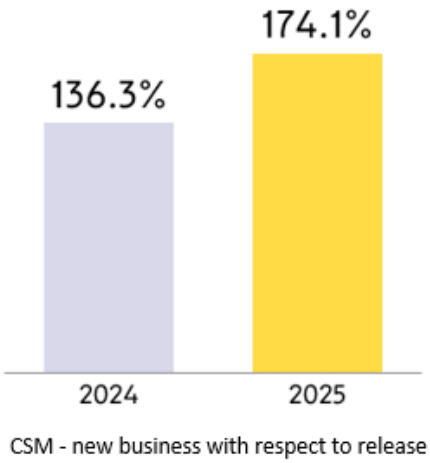


Following is a breakdown of the new business by distribution channels for 2024:

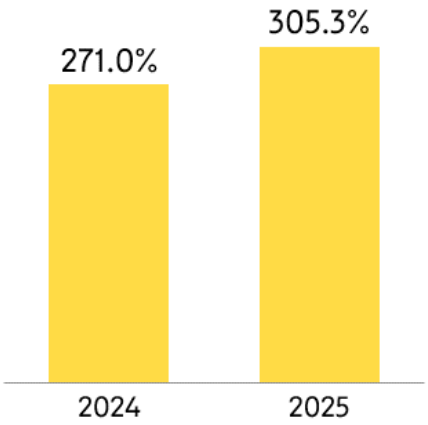


CSM rates - new business with respect to release (including interest):





Ratio of CSM for new business for annualized premium for insurance contracts:



B. Assumption revisions in the Reporting Period are composed of the following components:

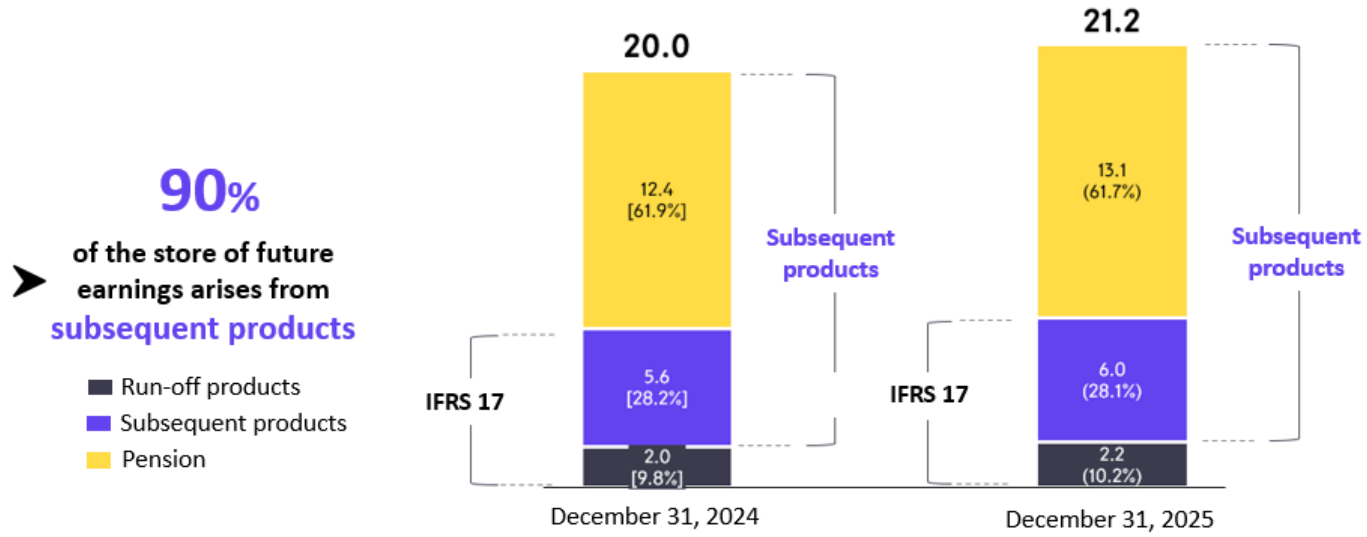
	2025	2024
Life expectancy assumption	(0.2)	(0.1)
Morbidity assumption	0.2	0.2
Persistency and lapse assumption	(1.1)	(0.8)
Other	0.5	(0.1)
Total	**(0.6)**	**(0.8)**

C. Special effects

Reflects the effect of the interest rate curve and capital market returns on the balance of future earnings in participating savings products and pension products.

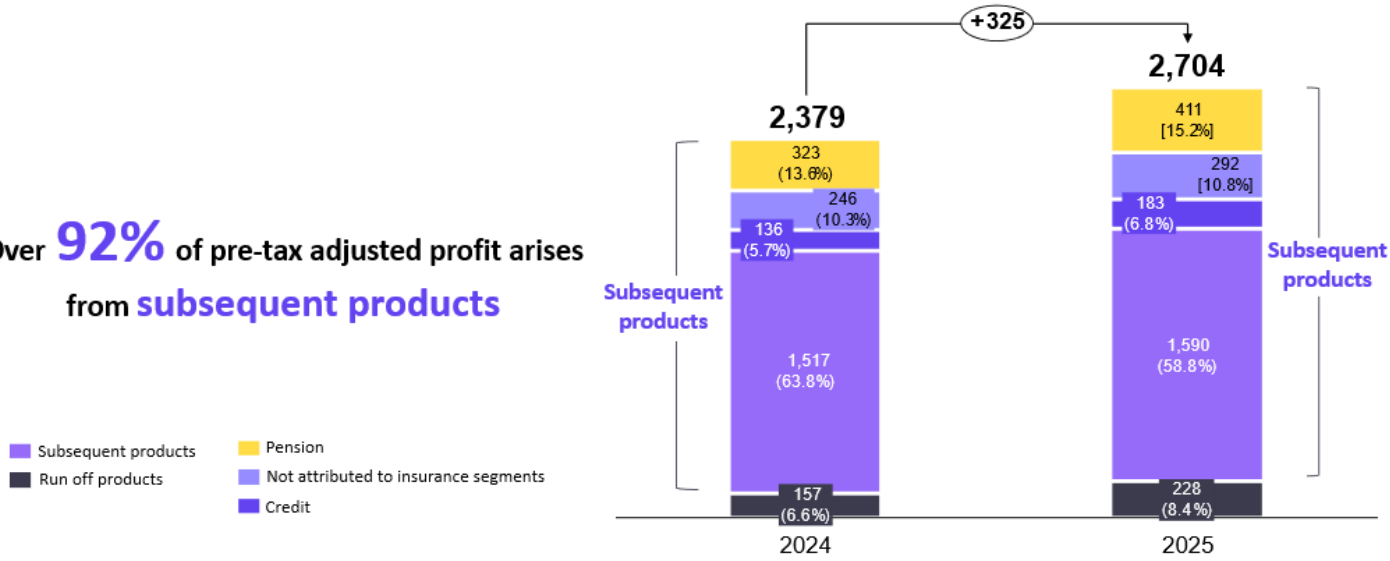
7.4.4 The balance of future earnings by products as of December 31, 2025 and December 31, 2024 (in NIS billion)

➤ **90%** of the store of future earnings arises from **subsequent products**



7.4.5 Adjusted profit by breakdown of products for the 2025 period and the corresponding period last year (before tax, in NIS million)

➤ Over **92%** of pre-tax adjusted profit arises from **subsequent products**



8. Embedded value - pension

The calculation of the embedded value was carried out in accordance with the rules and principles set by the Commissioner of the Capital Market Authority, which adopted the rules and principles set in the report of a joint committee of the insurance companies and the Capital Market Authority, which was supported by consultants from Israel and abroad, in accordance with the provisions of the disclosure to the public directives; such a calculation is voluntary, but is reported to the Commissioner once a year as from 2017.

The embedded value of the Pension Subsegment is calculated in accordance with a best estimate[6] based on assumptions that are mainly a result of projecting to the future existing experience relating to past events, within the environment in which the Company operates, and without conservatism factors. As a rule, the calculation of the embedded value of the pension subsegment was carried out in accordance with the practice of calculating the embedded value (EV) of insurance contracts in Israel. It is noted that the embedded value does not include the adjusted shareholders' equity.

The measurement of the embedded value of the pension activity is based on discounting by a risk-free interest rate of projected future cash flows, including future income, based on a best estimate which does not include margins of conservatism.

The calculation of the Pension Subsegment's embedded value was carried out by discounting the Pension Subsegment's expected future cash flows, using a model applied to existing information in the Company's operational systems and to many demographic, economic and behavioral assumptions. The expected cash flows include future management fees in view of the expected cancellation rates, net of expenses incurred to the Company, including fees and commissions to agents, etc.

The calculation of the pension subsegment's embedded value does not include cash flows in respect of new planholders, who have not yet joined the Company; however, it does include an assumption of continued contributions in respect of existing planholders. Furthermore, the calculation assumes that the Company shall continue as a going concern, i.e., that the structure of the Pension Subsegment will not change, and therefore, some of the fixed expenses in the future shall not be allocated to the current portfolio, but rather to a new business which is expected to be sold in the future.

[6] Limitations and qualifications with regard to calculation of the best estimate:

- Generally, the underlying assumptions of the models were formulated mainly on the basis of studies and analyses which are based on Company's experience over the past few years, which did not include extreme events. Although there is low probability that extreme events will occur, the Company is unable to estimate this probability or the extent of the effect of those events.
- Since the Company did not have sufficient data, when calculating the BE it did not check the level of correlation between demographic and operational assumptions (such as lapse rates) and assumptions pertaining to market conditions (such as the interest rate), which may materially affect the BE.
- The determination of the BE should be based on an estimation of the distribution of the potential BEs. With no available significant statistical data that can be used to evaluate the distribution of BE for all demographic and operational factors, the Company used real assumptions of each and every parameter, according to the expected value of each relevant factor, without taking into account any correlation or dependency between the different assumptions, or between the assumptions and external economic parameters such as taxation, interest or employment levels in Israel.

It is likely that actual cash flows will vary to some degree on another from the estimates made on a best estimate basis, even if the underlying parameters of the calculation will not change in any way.

Following are the key assumptions on which the Company relied in the calculations:

A. **Economic assumptions**

Discount rate - risk-free interest rate curve based on the yield to maturity of bonds of the Government of Israel ("**risk-free interest**").

B. **Operational assumptions**

General and administrative expenses - the Company analyzed the expenses attributed to the Pension Subsegment and attributed them to various products and planholder types and to various activities such as ongoing operation, investment management, payment of pensions and more. The expenses study is revised periodically and the different types of expenses are carried to the future cash flow in relation to the relevant factors. Future expenses and their allocation to future cash flows are determined based on multiple assessments and judgments applied by the Company, which affect the embedded value.

C. **Demographic assumptions**

- Cancellations (discontinuation of contributions, customer churn and redemptions) - in accordance with Company's experience, 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.
- Future pay raises of active planholders - in accordance with Company's experience, as observed in periodic 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.
- Planholders and pensioners' mortality - in accordance with the consolidated circular regarding measurement of liabilities – revision of the demographic assumptions in life insurance and pension funds, which is valid as of the assessment date.
- Pension takeup rates, annuity takeup age - in accordance with the Company's experience as observed in periodic studies.

9. Cash flow

In NIS million	1-12/2025	% of change	1-12/2024
Net cash provided by (used for) activity:			
Operating	2,227	34.2%	1,659
Investment	(1,289)	138.3%	(541)
Financing	563		(548)
Exchange rate differences in respect of cash balances	(100)		8
Increase in the cash balance	**1,401**	**142.3%**	**578**
Cash balance at end of period	**5,385**	**35.2%**	**3,983**

10. Funding sources

The balance of the financial liabilities as of December 31, 2025 is approx. NIS 6,782 million compared to NIS 4,797 million as of December 31, 2024.

As of the report date, the Company's (separate) financial liabilities total approx. NIS 229 million; those balances arise from Bonds (Series C), totaling approx. NIS 54 million, repayable in 2026, and from an option to non-controlling interests, totaling approx. NIS 175 million). The Company considers it important to maintain available financial assets at the amounts required to repay bonds and to cover its operating activities and those of its investees. Regarding this matter, it is noted that as of the report date the Company has liquid financial assets totaling approx. NIS 1,344 million (including approx. NIS 302 million in respect of Menora Insurance's notes). As part of the rating of the bonds it raised, the Company declared that it intends to maintain liquid assets and lines of credit at a rate of 100% of debt repayments (principal and interest) one year in advance, in accordance with the bonds' amortization schedule.

11. Disclosure on Exposure to, and Management of, Market Risks

11.1 General

The following report regarding risk management relates to the investments of the Company and its consolidated companies, except for the Group's insurers (Menora Mivtachim Insurance, Menora Mivtachim Pension and Provident Funds and Shomera), in accordance with the Securities Regulations.

Regarding the risk management in Mivtachim (description of the risk factors) in accordance with the Commissioner's Directives, see Section 8.16 in the Description of the Corporation's Business chapter and in Note 29 to the Financial Statements.

11.2 Person in charge of market risk management

As from 2014, Ms. Ruty Cohen-Yehudayoff has been serving as the Chief Risk Officer in the Group's institutional entities, in the ERN Group and as the officer in charge of assessing the Company's market risks.

11.3 General description of the market risks

The market risk arises from fluctuations in the fair value of financial instruments as a result of changes in interest rates, exchange rates, share indices in Israel and abroad, real estate risks, etc. The Company (and its subsidiaries) are exposed to market risks in their nostro portfolios and in guaranteed return provident funds. As part of its business activity, the Company acquires financial and non-financial assets against its equity capital and bonds it raised from the public. Accordingly, the Company is exposed to the market and credit risks in respect of its assets and in respect of its liabilities.

Menora Mivtachim Underwriters and Management also serves as an underwriter and distributor in offerings in the local stock exchange. As part of its activity the Company acquires liquid assets, and therefore it is exposed to changes in the prices of the assets it acquired. As of the report date, the exposure to market risks of Menora Mivtachim Underwriting Management is immaterial.

Assets under management as part of the activity of the subsidiary Menora Mivtachim Real Estate, which include, among other things, investments and loans to companies investing in real estate properties abroad, are exposed to market risks, mainly as a result of changes in exchange rates, prices of real estate properties, and interest rates.

It should be specifically noted that the exposure to foreign currencies arises from investment in real estate properties in Russia, which are affected by the value of the Ruble. Furthermore, if the extreme market conditions, which were created due to the international sanctions imposed on Russia, will persist, it is likely that the real value of the real estate properties will be adversely affected, as well as the ability to dispose of the properties. The investment in real estate properties in Russia is immaterial to the Group.

The subsidiary ERN Ltd. is engaged in the provision of undertakings for repayment of means of payment and bringing forward of payment dates, and in the provision of consumer credit as part of the activity of its subsidiary - Mimun Click Ltd., and is therefore exposed to market risks, and specifically to interest rate risks, linkage and liquidity risks due to differences in average duration and linkage between the assets and the liabilities.

11.4 The Company's market risk management policy and supervision thereof

Most of the Group's activities, and consequently most of the key risks to which it is exposed, involve its key activity, which is the activity of the Group's insurers. For a description of those risks, and the way by which they are mitigated and monitored, see Note 29 to the Financial Statements. With regard to the activity, which is the subject matter of this chapter, the principal market risk management policies are determined by the relevant competent organs of the Company and

the subsidiaries. The relevant boards of directors receive periodic reports and updates, and hold, from time to time, discussions with regard to those exposures.

The Company's policy for investing its nostro funds stipulates that the funds will be invested mainly in liquid and marketable assets and in assets with medium-term average duration. Most of the investments will be made in securities. The Company holds derivatives designated to hedge the exposure to foreign currency as a result of the foreign activity of the subsidiary Menora Mivtachim Real Estate. The derivatives are forwards in respect of the USD and EUR exchange rates.

The investment policy of the subsidiaries' nostro funds is determined and supervised by the board of directors of each of the companies and in accordance with the nature of its activity.

The policy for management of the nostro funds of the underwriting company stipulates that surplus cash will be invested in government bonds and corporate bonds rated A or higher.

The management of the Company's nostro funds is carried out through the Investments Department of Menora Mivtachim Insurance, which implements control procedures to ensure compliance with the Company's investment policy through the Menora Invest Operation unit.

The Company has a securities portfolio, the vast majority of which is liquid, and which is exposed to market risks including interest rate risks, linkage, foreign currency and capital market risks in Israel and abroad. An additional exposure to foreign exchange rates arises from investment in real estate properties in Russia, which are affected by the value of the Ruble. Furthermore, if the extreme market conditions, which were created due to the international sanctions imposed on Russia, will persist, it is likely that the real value of the real estate properties will be adversely affected, as well as the ability to dispose of the properties. It should be noted that the real estate properties in Russia are immaterial to the Group. In addition, the Group has an exposure in respect of currency derivatives (EUR and USD forwards), most of which was closed subsequent to the report date.

11.5 Sensitivity tests

As part of sensitivity analyses for the Company's financial assets and liabilities, a calculation was carried out of the effect of the changes in various market metrics on their fair value.

The sensitivity tests performed are as follows: Relative increase and decrease of the interest rate curves (CPI-linked, NIS, foreign currencies) by 5% and 10%, an absolute increase and decrease of the interest rate curves (CPI-linked, NIS, foreign currencies) by 2%, increase and decrease in the exchange rates of the EUR and USD by 5% and 10%, and increase and decrease in share prices by 5% and 10%.

Furthermore, a maximum daily rate of change in the past 10 years was checked in respect of the exchange rates of the EUR and the USD and the TA 125, MSCI ACWI, S&P500 and NASDAQ 100 share indices.

For foreign shares - the stress scenario which was selected is 12.1% based on the average maximum changes in the NASDAQ 100 and S&P 500 share indices, on March 16, 2020. Changes in the NASDAQ 100 and S&P 500 indices stood at approx. 12.2% and 12.0%, respectively.

For Israeli shares - the highest daily extreme change in the TA 125 share index which was observed was approx. 7.5%, and therefore the stress scenario was set at 10%.

The Company has set a materiality threshold of an amount that exceeds NIS 15 million in order to present the result of the sensitivity tests for each of the risk factors.

The results of the sensitivity tests which were received for each of the risk factors (except as detailed in the following tables) are below the materiality threshold which was set.

11.5.1 Sensitivity tests to risk factor - real interest

As of December 31, 2025

Risk factor - real interest

(In NIS thousand)	2% increase in real interest rate	A relative increase of 10% in the real interest rate curve	A relative increase of 5% in the real interest rate curve	Fair value	A relative decrease of 5% in the real interest rate curve	A relative decrease of 10% in the real interest rate curve	2% decrease in real interest rate
Liquid debt assets	(43,003)	(4,156)	(2,085)	528,007	2,098	4,210	49,620
Illiquid debt assets	(251)	(23)	(11)	692,516	11	23	286
Bank credit in subsidiary	9,046	1,058	529	(551,557)	(529)	(1,058)	(9,046)
Total	**(34,208)**	**(3,121)**	**(1,567)**	**668,966**	**1,581**	**3,175**	**40,861**

As of December 31, 2024

Risk factor - real interest

(In NIS thousand)	2% increase in real interest rate	A relative increase of 10% in the real interest rate curve	A relative increase of 5% in the real interest rate curve	Fair value	A relative decrease of 5% in the real interest rate curve	A relative decrease of 10% in the real interest rate curve	2% decrease in real interest rate
Liquid debt assets	(13,707)	(1,318)	(661)	163,362	665	1,335	15,704
Illiquid debt assets	(294)	(26)	(13)	400,413	13	26	332
Bank credit in subsidiary	7,159	548	274	(311,288)	(274)	(548)	(7,159)
Total	**(6,842)**	**(796)**	**(400)**	**252,487**	**404**	**813**	**8,877**

11.5.2 Sensitivity tests to risk factor - NIS-based interest

As of December 31, 2025

Risk factor - NIS-based interest

(In NIS thousand)	2% increase in NIS interest rate	A relative increase of 10% in the NIS interest rate curve	A relative increase of 5% in the NIS interest rate curve	Fair value	A relative decrease of 5% in the NIS interest rate curve	A relative decrease of 10% in the NIS interest rate curve	2% decrease in NIS interest rate
Liquid debt assets	(25,408)	(5,308)	(2,679)	290,713	2,730	5,512	30,454
Illiquid debt assets	(5,641)	(2,180)	(1,094)	2,106,159	1,103	2,214	5,896
Liquid bond issued	762	146	73	(53,971)	(73)	(147)	(787)
Liability in respect of a financial guarantee contract in a subsidiary	57	11	6	(11,462)	(6)	(11)	(57)
Liability in respect of direct debit in a subsidiary	17,468	3,324	1,662	(873,410)	(1,662)	(3,324)	(17,468)
Bank credit in subsidiary	5,596	1,111	555	(1,119,222)	(555)	(1,111)	(5,596)
Liability for put option for non-controlling interests in a subsidiary	2,481	498	249	(174,831)	(250)	(501)	(2,566)
Loan from an affiliate	1,038	199	100	(35,849)	(100)	(201)	(1,091)
Total	**(3,647)**	**(2,199)**	**(1,127)**	**128,126**	**1,185**	**2,430**	**8,785**

As of December 31, 2024

Risk factor - NIS-based interest

(In NIS thousand)	2% increase in NIS interest rate	A relative increase of 10% in the NIS interest rate curve	A relative increase of 5% in the NIS interest rate curve	Fair value	A relative decrease of 5% in the NIS interest rate curve	A relative decrease of 10% in the NIS interest rate curve	2% decrease in NIS interest rate
Liquid debt assets	(6,228)	(1,467)	(741)	112,015	756	1,528	7,423
Illiquid debt assets	(5,751)	(2,282)	(1,145)	2,136,453	1,154	2,316	5,985
Liquid bond issued	2,423	512	257	(105,693)	(258)	(517)	(2,538)
Liability in respect of a financial guarantee contract in a subsidiary	65	14	7	(12,987)	(7)	(14)	(65)
Liability in respect of direct debit in a subsidiary	11,300	2,377	1,188	(753,319)	(1,188)	(2,377)	(11,300)
Bank credit in subsidiary	6,787	1,445	723	(1,262,267)	(723)	(1,445)	(6,787)
Liability for put option for non-controlling interests in a subsidiary	5,515	1,116	559	(168,169)	(562)	(1,127)	(5,815)
Loan from an affiliate	1,896	410	206	(63,230)	(207)	(415)	(2,006)
Total	**16,006**	**2,124**	**1,053**	**(117,197)**	**(1,035)**	**(2,050)**	**(15,103)**

11.5.3 Sensitivity tests to risk factor - stocks

As of December 31, 2025

Risk factor - shares

(In NIS thousand)	Increase in stress scenario	10% increase in stock indices	5% increase in stock indices	Fair value	5% decrease in stock indices	10% decrease in stock indices	Decrease in stress scenario
Shares, mutual funds and marketable ETNs in Israel	17,030	17,030	8,515	170,296	(8,515)	(17,030)	(17,030)
Shares, mutual funds and marketable ETNs abroad	10,177	8,411	4,205	84,108	(4,205)	(8,411)	(10,177)
Non-marketable investment and hedge funds in Israel	14,640	14,640	7,320	146,400	(7,320)	(14,640)	(14,640)
Marketable options in Israel	75	75	36	180	(33)	(62)	(62)
Non-marketable option in Israel	546	546	273	5,462	(273)	(546)	(546)
Liability for put option to non-controlling interests in a subsidiary	(17,483)	(17,483)	(8,742)	(174,831)	8,742	17,483	17,483
Total	**24,985**	**23,219**	**11,608**	**231,614**	**(11,605)**	**(23,206)**	**(24,972)**

As of December 31, 2024

Risk factor - shares

(In NIS thousand)	Increase in stress scenario	10% increase in stock indices	5% increase in stock indices	Fair value	5% decrease in stock indices	10% decrease in stock indices	Decrease in stress scenario
Shares, mutual funds and marketable ETNs in Israel	8,911	8,911	4,456	89,111	(4,456)	(8,911)	(8,911)
Shares, mutual funds and marketable ETNs abroad	2,923	2,416	1,208	24,157	(1,208)	(2,416)	(2,923)
Non-marketable investment and hedge funds in Israel	6,215	6,215	3,107	62,146	(3,107)	(6,215)	(6,215)
Marketable option in Israel	2	2	1	21	(1)	(2)	(2)
Non-marketable option in Israel	365	365	182	3,647	(182)	(365)	(365)
Liability for put option to non-controlling interests in a subsidiary	(16,817)	(16,817)	(8,408)	(168,169)	8,408	16,817	16,817
Total	**1,599**	**1,091**	**546**	**10,913**	**(546)**	**(1,091)**	**(1,599)**

12. Corporate Governance Aspects

12.1 Reporting on directors with accounting and financial expertise

See Section **13** to Chapter E - to the Additional Details Report and Sections **1** and **9** in the Corporate Governance Questionnaire attached thereto.

12.2 Disclosure regarding the percentage of independent directors in the corporation

The Company's Articles of Association do not include a provision regarding the percentage of independent directors in the Company, as the term is defined by the Companies Law. However, as of the report date, 3 independent directors serve in the Company (including external directors). For details about the independent directors in the Company, see Section **13** to Chapter E - Additional Details Report and Section **2** in the Corporate Governance Questionnaire attached thereto.

12.3 Independent signatories

As of the report date, the Company does not have independent signatories, as defined in Section 37(D) to the Securities Law, 1967.

12.4 Donations

Group companies donate, from time to time, to various social causes, at their discretion. The Company does not have a regulated policy regarding this matter.

In 2025, the Group’s donations amounted to approx. NIS 1,397 thousand.

No donations exceeding NIS 50 thousand were made to institutions, which have special relations with the Company, a director, a CEO or a controlling shareholder.

12.5 Disclosure regarding a corporation’s chief internal auditor

For details regarding the Group's internal auditors and the board of directors' handling of this matter, see Section **9.2** of the Report on the Corporation's Business.

12.6 Disclosure regarding the independent auditors' fees

For details regarding the Group's independent auditor and the board of directors' handling of this matter, see Section **9.3** of the Report on the Corporation's Business.

12.7 Disclosure on the financial statements’ approval procedure in the Company

See Sections 25 to 27 to the Corporate Governance Questionnaire, which is attached to the Additional Details chapter below.

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

13.1 Reporting critical accounting estimates

There were no material changes in critical accounting estimates compared to the corresponding period last year.

14. Dedicated disclosure for bond holders

For details regarding the corporation's Notes, see Note **14** to the Financial Statements.

Subsequent to the Reporting Period, there were no significant events and changes in relation to the notes.

14.1 The trustee and deed of trust

Series C

The trustee for the Bonds (Series C) is Mishmeret Trust Company Ltd. (hereinafter - "**Mishmeret**"), whose key occupation is the performance of trust duties (hereinafter in this subsection - the "**Trustee for Series C**"). The person in charge on the Company's bonds on behalf of the Trustee is Mr. Rami Sebty (CPA), VP.

Following are the Trustee's contact details: 46-48 Menachem Begin Road, Tel Aviv 6618001,
Tel: +972-3-6374354 Fax: +972-3-6374344; email: Office@mtrust.co.il.

The full text of the deed of trust, which was signed between the Company and the trustee to Bonds (Series C) on September 26, 2016, is available for perusal by appointment at the Company's registered office on any business day during normal working hours.

To the best of the Company's knowledge, through the date of this report it complies with all the provisions of the Deed of Trust, the conditions for establishing grounds for immediate repayment of the Subordinated Notes (Series C) were not fulfilled, and the Company did not receive any notices from the Trustee regarding non-compliance with the terms of the Deed of Trust in connection with a demand for immediate repayment of the Subordinated Notes (Series C). In addition, no requests were received from the Trustee to convene meetings of holders of the Subordinated Notes (Series C), or to execute various actions in connection with the Subordinated Notes (Series C).

14.2 Further details in accordance with the Eighth Addendum to the Securities Regulations

Series	Bonds (Series C)
Listing date/ issuance date	**September 29, 2016**
Par value as of issuance date (in NIS thousand)	NIS 230,225 thousand p.v. in September 2016. In May 2020, an expansion of approx. NIS 142,850 thousand p.v. was conducted
Par value as of report date (NIS thousand)	54,096
CPI-linked par value as of the report date (NIS thousand)	54,096
Amount of interest accrued as of the report date (NIS thousand)	400
Fair value in the financial statements as of the report date (NIS thousand)	53,971
Stock exchange value as of the report date (NIS thousand)	53,971
Interest type	**Fixed - 2.94%**
Principal payment dates	The principal will be repaid in seven (7) installments as detailed below: (a) Six (6) equal installments of 14.25% each out of the principal of the bonds will be paid once a year, or September 30, starting on September 30, 2020 and through September 30, 2025 (inclusive); (b) a further installment of 14.5% out the principal of the bonds will be paid on September 30, 2026.
Interest payment dates	Annual payments on September 30 of each of the years 2017 through 2026 (inclusive), excluding the first interest payment which was paid on September 30, 2017 in respect of the period starting on the first trading day following the tender, and ending on the last day before the first interest payment date (i.e., - September 29, 2017) (hereinafter - the "**First Interest Period**"), calculated in accordance with the number of days in this period on the basis of 365 days per year. The last interest payment will be made on September 30, 2026, on the payment date of the outstanding principal of the Bonds (Series C), or through the early redemption date, the earlier of the two as detailed below.
Linkage base and terms	Non-linked.
Are the notes convertible	No
The series is material to the Company	Yes
Early redemption initiated by the Company	The Company has an early redemption option starting 60 days from the date of listing of Bonds (Series C) for trading, according to the

Series	Bonds (Series C)
	terms and conditions outlined in the deed of trust.
Key conditions for calling for immediate repayment	Minimum equity capital - the Company's equity as per it latest audited or reviewed published separate financial statements will not be less than NIS 1.5 billion over two consecutive calendar quarters. For details, see Section 5.6.1 to the Deed of Trust. Net financial debt to total assets ratio - the ratio between the Company's net financial debt and its total assets shall not exceed 50% over two consecutive calendar quarters. For details, see Section 5.6.2 to the Deed of Trust. It is noted that in the Deed of Trust also includes the conditions detailed in Series B.
Were conditions fulfilled which constitute grounds for calling for immediate repayment	No
Restriction on the creation of charges and/or in connection with the Company's authority to issue additional bonds	There is an undertaking not to create a floating charge on all of the Company's assets. For details, see Section 5.5 to the Deed of Trust.[7]
Miscellaneous	Restrictions on dividend distribution: The Company undertakes that if its equity capital will fall below NIS 1.8 billion as per its audited or reviewed separate financial statements, as the case may be, known on the date of the decision, or if the ratio between the Company's net financial debt and its total assets will exceed 45%, and as long as one of those conditions was fulfilled, the Company will refrain from making a distribution (as defined in the Companies Law, 1999) to its shareholders, until such time when its equity will exceed the said amount or the ratio between the net financial debt and total assets as stated above shall fall below the said rate, in accordance with the Company's financial statements known on the date on which the decision will be made. For details, see Section 5.4 to the Deed of Trust. The Company complies with the financial covenants set in Section 5.6 to the Deed of Trust.

[7] Regarding the deed of trust, see the Company's immediate report dated September 27, 2016 (Ref. No. 2016-01-055443).

14.3 Rating of the bonds

For details regarding the bond rating history, see the Company's immediate report dated January 29, 2026, Ref. No. 2026-15-010977.

	Bonds (Series C)
Rating agency	Midroog
Rating on issuance date	Aa3
Current rating	Aa2 (stable outlook)

15. Business targets and strategy

The information presented below is forward-looking information, and as such it is uncertain and may not materialize, in whole or in part. Forward-looking information is based on information available to the Group as of the report date, and includes assessments or intentions of the Group as of the report publication date. Actual results may be materially different from the results assessed or implied by this information, including, among other things, due to regulatory provisions, the behavior of the market and other market players, customers' needs and preferences, and changes in the risk factors detailed in Section 8.16 to the Report on the Corporation's Business.

15.1 Strategy - general

In October 2022, at the recommendation of the Strategy Committee, the Board of Directors approved a strategic plan for the Group for 2023-2026, whose main goal is to develop capabilities and means for dealing with the quick changes which take place and are expected to take place in the next future years in the business environment in which the Group operates in the insurance and savings domains, with an emphasis, among other things, on detecting growth engines and sources of profitability in the Company in areas related to the Group's core activities, profit-focused growth, personal pricing, maximization of the Group's assets, driving for innovation and improving the customer experience while maintaining technological and operational flexibility, streamlining (procurement, general and administrative expenses, and acquisition costs), excellence in investment management, and external and internal branding. The Group will act to expand and reinforce its various distribution channels. It is noted that as part of the plan, profitability, growth, and capital development targets were set.

The Group's profitability is affected, among other things, by capital market returns. In order to moderate the said effect, the Group develops additional business focal points which are not dependent - at least not in a significant and direct manner - on returns in the capital market. Accordingly, the Group acts to enhance and develop sources of income other than the insurance and savings activity. Over the past few years, the Group started developing activities which are not significantly affected by fluctuations in the capital market, by investing in ERN Ltd. (while assuming control therein during 2022 and recently - during the first quarter of 2026 - full control), Ampa Capital Ltd., and an investment in

Yesodot and assuming control therein during the first quarter of 2026 - both of which are engaged in the provision of consumer credit and in securing payments, credit to SMEs and credit to real estate projects, and credit to developers and construction financing, respectively. Furthermore, the Group expanded its distribution arm by acquiring insurance portfolios and various insurance agencies through the Sinai Insurance Agency Ltd. and the Alifim Insurance Agency Ltd.

15.2 Life insurance and long-term savings strategy

Pension and provident

The Group's long-term strategic goal is to remain a leading market player in the long-term savings market, which stands out for the quality of the service it provides to its customers and its expertise, while striving to achieve adequate profitability. As part of this strategic goal, the Group works to expand the number of planholders in the pension funds, and the number of planholders in the provident funds and advanced education funds, retain its existing pension and provident funds' portfolios, enter into new businesses while maintaining profitability, creating a joint, profitable activity with the various distribution channels, and leveraging the synergy with Group companies.

The Group's strategic map is based on four main tiers: A financial tier, the customers tier, the processes tier and the learning and innovation tier, as detailed below:

The financial tier relates to targets of profitability, value of the pension portfolio, value of the provident funds and advanced education funds' portfolio, market share in assets, market share in collection, and the Group's share in the distribution channels.

The customers tier relates to the Group's main five types of interested parties: The planholders, the employers, the worker unions, the agents and the pension advisors. The goals relevant to this tier include: The level of service, returns on assets, generating added value beyond what other market players generate, reliability in the management of the customers' funds, advanced ICT, etc. As part of this activity, the Group invests in advertising in order to increase awareness of the advantages of the Group's products and the importance of selecting them.

The processes tier relates to the following aspects: Technology, service, marketing and sales, products and regulation. The goals relating to this tier include: A product mix which addresses customer's needs, creating and implementing an overall marketing concept, innovative and digital sales processes, development of sale and marketing platforms which engage the end customer directly, service adapted to the distribution channels in order to retain customers and increase their satisfaction, improving the service provided through digital tools, intra-organizational service which supports synergy, operational systems which support streamlining and reliability.

The learning and innovation tier relates to expertise, a culture of excellence in service, development of solutions and execution of actions through digital tools, improving control processes, increasing organizational efficiency, etc.

Life insurance

The Group's strategy in life insurance: Improving the service and maintaining a fair relationship with the Group's customers; maintaining the profitability of the life insurance activity while focusing on the sale of products with adequate profit rates, such as life insurance policies and other coverages; retaining the Group's customers while reducing the number of policy cancellations redemptions and outgoing transfers; increasing the Group's market share in insurance products and long-term savings, and the Top Finance products, while generating return and value to policyholders in the various investment tracks based on their selection;[8] developing new products and solutions in the Life Insurance Subsegment, while providing advanced response to competition in the market and to policyholders' needs; maintaining the Group's position regarding insurance products related to mortgages.

The actions taken by the Group in order to achieve those goals are:
Improving the service and the relationships with the Group's agents and customers by implementing controls and measuring the service processes; assessing and streamlining the work processes, and effectively implementing automation and digitization processes; maximizing the synergy between the Group's various units to leverage new sales in this area, while utilizing the Group's advantages in the areas of pension and asset management; expanding the sales of life insurance (death benefit); executing moves to retain the customers, while addressing the handling of funds at the end of the insurance and savings period.

15.3 Property and casualty strategy

In the Property and Casualty Insurance Segment, the Group will focus on further improvement of profitability, alongside operational streamlining. In addition, an emphasis will be placed on improving the diversification of the insurance portfolio between the various subsegments.

- **Compulsory motor insurance**

  In this subsegment, the Group focuses on profitable market segments, while eliminating sources of loss. The Group's tariff model aims to achieve this goal. Furthermore, the Group will continue maintaining its underwriting conservatism, which is reflected in refraining from entering into high-risk activities, such as insurance for motorcycles, all-terrain vehicles, etc.

- **Motor property insurance**

  The Group's market share in the motor property insurance segment is relatively high compared to other insurance groups, and the Group's strategy for future years is to retain this market share, while improving underwriting results.

[8] For details regarding the investments function and its management, see Section 8.5 to the Report of the Corporation's Business.

- **Other property and casualty insurance**

  The Property Insurance Subsegment - the Group's market share in this segment is relatively low compared to other insurance groups, and the Group's strategy is to increase its market share at a moderate rate, focusing on shelf products and on businesses with high degree of complexity, with high potential profitability.

- **Liability Insurance Subsegment**

  Professional liability insurance and officers insurance shall continue as key products in the Group's liability insurance portfolio, while leveraging the Group's expertise in specific market segments in these subsegments. As to the Other Liability Subsegments, the Group will focus on further improvement of the underwriting results, including by screening policyholders, reducing the activity in specific market segments, and increasing tariffs.

15.4 Health insurance strategy

In view of the reforms and the many changes in the health insurance segment, the Group's goal is to maintain adequate profitability, while streamlining and retaining existing customers. The actions taken by the Group in order to achieve this goal are: Increasing sales to private customers, and further development of competitive and dedicated products in the health insurance segment, which address customers' needs; improving the service to customers and agents, and strengthening relationships with agents; maintaining and improving agents and employees' professionalism and expertise through professional training sessions, in particular in the wake of the many reforms in this segment; expanding the sales function by recruiting new agents and diversifying the sales channels; developing technological tools for agents and positioning the segment as a digital and innovative segment. In addition, the Company aims to expand its activity in the Travel Insurance Subsegment, through its various distribution channels and collaborations.

16. Events subsequent to the balance sheet date

16.1 Acquisition of ERN's remaining shares

On January 11, 2026, the Company's Board of Directors signed an agreement with S.A.B Ltd. (hereinafter - the "**Seller**") and ERN Israel Ltd. (hereinafter - "**ERN**") for the acquisition - by the Company - of ERN's remaining shares (30%), such that subsequent to the acquisition, the Company's holding stake in ERN is 100%. The abovementioned acquisition of shares was carried out in consideration for approx. NIS 230 million, at a Company value of approx. NIS 770 million.

It is noted that the agreement supersedes the existing agreements between the Company, the Seller and ERN and that the regulatory approvals required for the completion of the transaction have been received. For further details, see the immediate report dated January 12, 2026 (Ref. No.: 2026-01-004991).

16.2 Acquisition of Yesodot's shares

On February 25, 2026, the Company exercised the option into shares of Yesodot A. Financial Support Ltd.'s shares (hereinafter - **Yesodot**"), such that subsequent to the exercise, the Company holds 60.1% of Yesodot's shares. For further details, see Section 2.7 above.

16.3 Rating reiteration

In January 2026, Midroog announced it was reiterating the rating of the Company's Bonds (Series C) at Aa2 with a stable outlook. For further details, see the Company's immediate report dated January 29, 2026 (Ref. No.: 2026-15-010977).

16.4 Dividend distribution

In March 2026, the Company's Board of Directors declared the distribution of NIS 500 million in dividend.

16.5 Dividend distribution by subsidiaries

In March 2026, the Boards of Directors of the subsidiaries Menora Insurance, Menora Mivtachim Pension and Menora Mivtachim Pension and Provident Funds, declared a dividend distribution to the Company totaling NIS 400 million and NIS 60 million (the Company's share - NIS 54 million), respectively.

The Board of Directors wishes to extend its sincere appreciation to the Group's employees, its management and agents for their work and contribution to the Group's achievements.

Eran Griffel	**Ari Kalman**
Chairman of the Board	**CEO**

Ramat Gan, March 29, 2026

Chapter C

Financial Statements

MENORA MIVTACHIM

Consolidated Financial Statements

As of December 31, 2025

Menora Mivtachim Holdings Ltd.

Menora Mivtachim Holdings Ltd.

Consolidated Financial Statements

As of December 31, 2025

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Report of Independent Auditor to the Shareholders of Menora Mivtachim Holdings 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 Menora Mivtachim Holdings Ltd. and its subsidiaries (hereinafter - the "**Company**") as of December 31, 2025. These control components were set as explained in the following paragraph. The Company's Board of Directors and management are responsible for maintaining effective internal control over financial reporting, and for assessing the effectiveness of the components of internal control over financial reporting included in the accompanying periodic report for the said date. Our responsibility is to express an opinion on the Company's components of internal control over financial reporting based on our audit.

Components of internal control over financial reporting were audited by us according to Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of the Components of the Internal Control over Financial Reporting" (hereinafter - "**Audit Standard (Israel) 911**").

These components are: 1) entity-level controls, including controls on the preparation process and close-end period controls of the financial reporting and information technology general controls; 2) controls over processes which are very material for the financial reporting and disclosure of a consolidated company - Menora Mivtachim Insurance Ltd. and other material consolidated companies (hereinafter - the "**Audited Control Components**").

We conducted our audits in accordance with Auditing Standard (Israel) 911. This standard requires that we plan and perform the audit to identify the audited control components and to obtain reasonable assurance whether these control components have been maintained effectively in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the audited control components, assessing the risk that a material weakness exists in the audited control components, as well as reviewing and evaluating the effectiveness of the planning and maintenance of these control components based on the assessed risk. Our audit of these control components included performing such other procedures as we considered necessary under the circumstances. Our audit focused only on the audited control components, unlike internal control of all material processes relating to financial reporting, and therefore our opinion refers only to the audited control components. In addition, our audit did not take into account the mutual effects between the audited control components and those which are not audited, and therefore our opinion does not take into account such possible effects. We believe that our audit provides a reasonable basis for our opinion in the context described above.

Due to inherent limitations, internal control over financial reporting in general, and components of internal controls in particular, may not prevent or detect a misstatement. In addition, making projections on the basis of any evaluation of effectiveness is subject to the risk that controls may become inadequate due to changes in circumstances, or that the degree of compliance with the policies or procedures may be adversely affected.

In our opinion, the Company effectively maintained, in all material respects, the audited control components as of December 31, 2025.

We also audited, in accordance with generally accepted auditing standards in Israel, the Company's financial statements as of December 31, 2025 and for the year then ended and our report, of March 29, 2026, included an opinion which did not depart from the standard wording on those Consolidated Financial Statements, and based on our audit and the reports of other independent auditors and an emphasis of matter regarding Note 31 to the Consolidated Financial Statements with respect to exposure to contingent liabilities.

Tel Aviv,
March 29, 2026

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To:
the Shareholders of Menora Mivtachim Holdings Ltd.

Dear Sir/Madam,

Report of Independent Auditors to the Shareholders of Menora Mivtachim Holdings Ltd.

Opinion

We have audited the consolidated financial statements of Menora Mivtachim Holdings 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 have not audited the financial statements of consolidated companies whose assets included in the consolidated statement of financial position constitute approx. 3.69% of the total consolidated assets as of December 31, 2025, and whose revenues included in the consolidated statement of income and other comprehensive income constitute approx. 2.56% of total consolidated revenues 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 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 International Financial Reporting Standards (IFRS) and in accordance with the Securities Regulations (Annual Financial Statements), 2010, which pertain to holding companies of insurers.

Basis of the opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those set forth in the Certified Public Accountants (Modus Operandi of Certified Public Accountant) Regulations, 1973. Our responsibilities under those standards are further described in the independent auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company and its consolidated companies in accordance with statutory provisions applicable in Israel regarding independence and avoidance of conflicts of interest of the independent auditor in Israel. We have also fulfilled our other ethical responsibilities in accordance with the Auditors Law, 1955 and the regulations promulgated thereunder. We believe that the audit evidence we have obtained, including the reports of the other independent auditors is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We would like to draw attention to that which is stated in Note 31 to the Consolidated Financial Statements describing the exposure to contingent liabilities. Our opinion does not include any departures from the standard wording with regard to this matter.

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Key audit matters

The key audit matters listed below are those matters which were communicated or should have been communicated to the Company's Board of Directors, and which in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters include, among other things, any matter that: (1) Relates, or may relate to material line items or disclosures on the Consolidated Financial Statements; and (2) our judgment in connection therewith was particularly challenging, subjective or complex. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; communicating these matters below does not alter our opinion on the consolidated financial statements as a whole, and we do not use their communication to provide a separate opinion on these matters, nor on the items or disclosures to which they relate.

1) 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 IFRSs, insurance contracts 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 abovementioned 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" Hetz bonds which were applied by the Company for the first time in 2025 for the current year and in respect of comparative figures.
- We assessed whether the judgments exercised by the Company's management in selecting and implementing the accounting policies on the material topics relating to the application of IFRS 17 and IFRS 9 are in accordance with the provisions of the abovementioned standards and the directives of the Authority.
- We assessed, with the assistance of actuary experts on our behalf, whether the methodology, models, and assumptions used by the Company for the determination and run-off of the CSM, the RA, the fair value of liabilities or assets in respect of insurance contracts as of the transition date, the best estimate of cash flows in respect of insurance contracts and the fair value of designated Hetz bonds in the reporting periods, are in accordance with the provisions of IFRS 17 and IFRS 9 on the abovementioned topics, the directives of the Authority and generally accepted practices. This assessment also included testing, on a sample basis and based on our risk assessment, the appropriateness of the data and assumptions used as the basis for the models implemented to measure the various balances and an assessment of the significant judgments exercised by management or experts on its behalf in the relevant cases.
- We tested, with the assistance of actuary experts on our behalf, on a sample basis and based on our risk assessment, 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 abovementioned standards.

2) Measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held, measured in accordance with IFRS 17 using the GMM and the VFA:

Why was the matter determined to be a key audit matter

The consolidated financial statements as of December 31, 2025 include liabilities and assets of material amounts in respect of life and health insurance contracts and reinsurance contracts held in life and health insurance measured in accordance with the provisions of IFRS 17 under the General Measurement Model (hereinafter - the "**GMM**") and the Variable Fee Approach (hereinafter - the "**VFA**") at total assets of approx. NIS 3,029,133 thousand, and total liabilities of approx. NIS 42,421,126 thousand, respectively, as detailed in Note 17 to the consolidated financial statements.

The insurance liabilities and assets in the life and Health Insurance Segments measured under the GMM and the VFA comprise several components, which include projected fulfillment cash flows and contractual service margin. Each of these components is subject to the risk of material misstatement. The projected 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 abovementioned liabilities and assets.

The reforms and changes in the insurance market in recent years introduce challenges to the measurement of trends and the determination of assumptions regarding future developments, specifically in products with a long coverage period or long-tail claims in life and health insurance.

In calculating the actuarial valuations, the Company relies on the results of studies it performs from time to time. Naturally, these studies are based on past experience and projections as to future developments and are therefore limited with regard to regulatory changes which have not yet been fully reflected in the market and, moreover, potential future changes to the extent that they should be reflected.

Estimates of cash flow forecasts include, among other things, discount rates, mortality and morbidity rates, annuity takeup rates in executive insurance with a guaranteed annuity conversion factor, lapse rate, and a risk adjustment margin for non-financial risk.

The remaining contractual service margin depends on revisions made during this period in respect of factors such as the effects of a new business, interest accrued, revisions to demographic or financial effects, and recognition of profit or loss by coverage units. An error in the estimation of these amounts can result in an error in the remaining contractual service margin.

Due to the inherent uncertainty and complexity of the estimates used to measure liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held using the GMM and the VFA, we have determined that the measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held, measured using the GMM and the VFA is a key audit matter.

Key audit procedures implemented to address the key audit matter

The key audit procedures we applied to the measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held, measured using the GMM and the VFA are as follows:

- We held meetings and discussions between our and the Company's actuarial departments, which included, among other things, a review of the calculation methodologies and an assessment of the consistency of their application.
- We applied procedures involving reliance on experts in accordance with Auditing Standard (Israel) 620 - Using the Work of an Auditor's Expert - including reliance on actuarial experts on our behalf.
- We assessed the design, application, and effectiveness of the internal controls pertaining to the measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held measured using the GMM the VFA, and conducted procedures to assess the effectiveness of those internal controls, including controls over completeness of the population and accuracy of data, and key controls in the IT environment used for data processing and the flow of information for financial reporting purposes.
- We have assessed, with the assistance of actuarial experts on our behalf and based on a sample and our risk assessment, material studies and other revised estimates underlying the reserves which were conducted by the Company during the reporting years.
- We assessed, based on a sample and our risk assessment, with the assistance of actuarial experts on our behalf, the reasonableness of certain assumptions underlying the abovementioned assets and liabilities, including the allocation of the coverage units or the discount rates by conducting various reasonableness tests such as assessing the development of the assumptions compared to previous periods and assessing adjustments to market data.

- We implemented analytical procedures in order to identify and analyze extraordinary material changes.

Furthermore, we assessed the appropriateness of the key disclosures in the consolidated financial statements regarding liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held measured using the GMM and the VFA.

3) Measurement of liabilities for incurred claims in insurance contracts and assets in respect of incurred claims in reinsurance contracts held measured using the premium allocation approach (in particular with respect to subsegments with a long-tail claims)

Why was the matter determined to be a key audit matter

The consolidated financial statements as of December 31, 2025 include material liabilities and assets in respect of insurance contracts and reinsurance contracts held in P&C insurance and some of the health insurance products, which are measured under IFRS 17 in accordance with the premium allocation approach (hereinafter - the "**PAA**"). As detailed in Note 17 to the Consolidated Financial Statements, as of December 31, 2025, these liabilities and assets total approx. NIS 7,434,924 thousand and total approx. NIS 2,263,819 thousand, respectively.

Under the application of the PAA, the abovementioned liabilities and assets include, among other things, the liability for incurred claims (hereinafter - the "**LIC**") and an asset for recovery from reinsurers of incurred claims (hereinafter - the "**AIC**"), which totaled - as of December 31, 2025 - approx. NIS 6,151,464 thousand and approx. NIS 2,164,441 thousand, respectively.

The LIC liability, and - on the other hand - the AIC asset are measured based on actuarial forecasts affected by financial and non-financial factors such as discount rates, incidence and severity, timing of payment of claims and development patterns, past experience, etc.

In such insurance contracts with a long payment or claim-settlement periods (hereinafter - "**long-tail claims**") the LIC component may play a significant role in the determination of insurance liabilities. Accordingly, the AIC component under the asset for recovery from reinsurers of incurred claims may also play a significant role, based on the scope of reinsurance.

An error in the LIC component and an error in the AIC component may arise from errors in the variables pertaining to open claims or claims in respect of events, which have occurred but not reported (IBNR).

In subsegments characterized by Long-Tail Claims the inherent uncertainty is higher since a long time elapses from the date of the occurrence of the insured event until the claim's final settlement date.

Due to the inherent uncertainty and complexity of the estimates used to measure the LIC component of the liabilities in respect of life insurance contracts and the AIC component of the assets in respect of reinsurance contracts held, which are measured using the PAA, specifically for Long-Tail Claims, we determined that the measurement of the abovementioned liabilities and assets is a key audit matter.

Key audit procedures implemented to address the key audit matter

The key audit procedures we applied to the measurement of liabilities in respect of the LIC component in insurance contracts and the assets in respect of the AIC component in reinsurance contracts held, measured using the PAA, are as follows:

- We held meetings and discussions between our and the Company's actuarial departments, which included, among other things, a review of the calculation methodologies and an assessment of the consistency of their application.

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- We applied procedures involving reliance on experts in accordance with Auditing Standard (Israel) 620 - Using the Work of an Auditor's Expert - including reliance on actuarial experts on our behalf.
- We assessed the design, application, and effectiveness of the internal controls pertaining to the measurement of the LIC component in insurance contracts and the AIC component in reinsurance contracts held measured using the PAA, and conducted procedures to assess the effectiveness of those internal controls, including controls over completeness of the population and accuracy of data, and key controls in the IT environment used for data processing and the flow of information for financial reporting purposes.
- We conducted, with the assistance of actuarial experts on our behalf, based on a sample and on our risk assessment, a review of the Company's calculations, and of the manner by which financial and demographic changes were recognized.
- We assessed, with the assistance of actuarial experts on our behalf and based on a sample and our risk assessment, the reasonableness of the assumptions and estimates underlying the actuarial assessments and their application in the calculation of the reserves - including the reasonableness of the discount rates - by conducting various reasonableness tests such as assessing the development of the assumptions compared to previous periods and assessing adjustments to market data.
- We implemented analytical procedures in order to identify and analyze extraordinary material changes.

Furthermore, we assessed the appropriateness of the key disclosures in the Consolidated Financial Statements regarding the LIC component in insurance contracts and the AIC component in reinsurance contracts held measured using the PAA.

4) Measurement of the fair value of illiquid investments:

Why was the matter determined to be a key audit matter

As described in Notes 7 and 10 to the Consolidated Financial Statements, the balance of illiquid investments and the balance of the investment property as of December 31, 2025, which are measured at fair value through profit or loss and at fair value, as the case may be, total approx. NIS 19,707,546 thousand and approx. NIS 851,282 thousand, respectively.

Under its application of IFRS 9, the Company measures its investments in equity instruments and the vast majority of illiquid debt instruments it holds, including Life Linked bonds of the State of Israel, at fair value through profit or loss.

The fair value of illiquid debt assets, which are measured at fair value is determined by discounting the estimated future cash flows from those assets. The interest rates used to discount the cash flows are set by a company which provides interest rate quotes – Fair Spread Ltd.

The fair value of investments in illiquid shares is based mainly on external appraisals or other indications of fair value such as investment and capital raising rounds, and in investment and hedge funds it is mainly based on the fair value of the underlying assets or appraisals, and is set in accordance with each fund's reports. Valuation techniques are subjective in nature, rely on various assumptions, and use estimates that have a significant effect on the fair value.

The fair value of investment property is based on valuations conducted by external appraisers, and include estimates and assumptions such as estimated rent and discount rates.

Determining the fair value of the Life Linked bonds of the State of Israel (hereinafter - "**Hetz Bonds**") requires, among other things, the use of actuarial experts and various demographic and financial assumptions.

In some of the illiquid investments, especially those classified to Level 3 of the fair value hierarchy in accordance with IFRS 13, such as illiquid shares, investment funds, Hetz bonds, and investment property, the inherent uncertainty in the fair value measurement is not based on observable market inputs but rather on assessments and estimates of a property appraiser, judgment of fund managers, actuaries and other external experts, as well as the Company's assessments.

Changes in estimates, assumptions or valuations which were used as part of the appraisals may have a significant influence on the measurement of the fair value of the illiquid assets.

Due to the inherent uncertainty and complexity of estimates, assumptions and assessments as stated above, we concluded that the measurement of the fair value of the illiquid investments is a key audit matter.

Key audit procedures implemented to address the key audit matter

The key audit procedures we conducted regarding the assessment of the fair value measurement of illiquid investments included the following procedures:

- We assessed the planning and implementation of internal controls relating to the process of determining the fair value of illiquid investments, and conducted procedures to test the effectiveness of those internal controls, including the controls regarding the appropriateness of the data and the assumptions used in appraisals and the reasonableness of the appraisals.
- We have assessed the methodologies applied by the Company to measure the fair value of illiquid investments.
- We have made inquiries with finance department personnel and employees of the Company's investments department in order to obtain an understanding in connection with transactions, developments and material revaluations for the reporting period, and regarding material changes, if any, in data, assumptions and models compared to those used in the previous year.
- We applied procedures involving reliance on experts in accordance with Auditing Standard (Israel) 620 - Using the Work of an Auditor's Expert - including assistance from independent appraisers on our behalf, in accordance with the circumstance, on a sample basis and based on our risk assessment, in order to assess the reasonableness of the key underlying estimates and assumptions of appraisals.
- We conducted a sample testing, based on our risk assessment, of the fair value of illiquid investments in the Consolidated Financial Statements compared with the appraisals received by Company from external experts, against the reports of the investment funds, as the case may be.
- We conducted a sample testing, based on our risk assessment, of the database used to receive quotes from Fair Spread Ltd. against loan agreements including by sending balance confirmation requests and perusal of new material illiquid loan agreements.
- We assessed the effects of the measurement of insurance and reinsurance liabilities and assets on the fair value of Life Linked bonds.
- We conducted an independent sample testing, based on our risk assessment, of the revaluation of illiquid assets based on the quotes of Fair Spread Ltd.

Furthermore, we assessed the appropriateness of the key disclosures in the Consolidated Financial Statements regarding fair value measurements of investments in illiquid assets.

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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) 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 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.

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- Obtain sufficient appropriate audit evidence regarding the preparation of the Consolidated Financial Statements, including examining whether the accounting principles applied in the financial statements audited by other independent auditors are consistent with those applied by the Company, the reporting principles according to which the financial statements audited by other independent auditors were prepared are consistent with binding laws and guidance applicable to the Company, and that all data required for consolidation are fairly presented in the Consolidated Financial Statements.

We communicate to the Board of Directors and management regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which the independent auditor identifies during the audit.

In addition, we provide the Board and the management with a statement to the effect that we complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters which may reasonably be thought to bear on our independence, and where relevant, safeguards applied to eliminate identifiable threats on our independence.

From the matters which were communicated or should have been communicated to the Board and the management we determined those matters which were of most significance in the audit of the 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 29, 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 Tal Chai-Zion.

Tel Aviv,
March 29, 2026

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Consolidated Statements of Financial Position

Assets

	Note	As of December 31 2025	As of December 31 2024	As of January 1, 2024
		NIS thousand		
Cash and cash equivalents for yield-dependent contracts	6	2,730,487	2,526,357	2,080,711
Other cash and cash equivalents	6	2,654,152	1,456,969	1,324,214
Financial investments for yield-dependent contracts	7	35,770,819	33,101,222	31,077,288
Other financial investments measured at fair value	7	18,805,305	15,895,547	15,497,986
Other financial investments measured at amortized cost	7	10,568,239	9,256,025	8,834,370
Receivables and debit balances	8	358,110	471,633	472,216
Current tax assets	19	15,292	17,310	118,617
Insurance contract assets	17	1,671,191	1,272,967	705,986
Reinsurance contract assets	17	3,621,761	3,373,213	3,249,063
Equity-accounted investments	9	710,149	632,243	542,907
Investment property for yield-dependent contracts	10	167,471	168,294	102,961
Investment property - other	10	683,811	685,729	651,862
Property, plant, and equipment measured at fair value	11	849,758	897,247	852,054
Other property, plant and equipment	11	158,541	156,803	165,264
Intangible assets and goodwill	12	1,881,368	1,842,060	1,794,010
Costs of obtaining investment management service contracts	13	858,694	748,182	653,398
Deferred tax assets	19	907	10,414	24,348
Total assets		81,506,055	72,512,215	68,147,255
Total assets for yield-dependent contracts		38,668,777	35,795,873	33,260,960

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Financial Position (cont.)

Equity and liabilities

	Note	As of December 31 2025	As of December 31 2024	As of January 1, 2024
		NIS thousand		
Liabilities				
Loans and credit	14	6,703,288	4,502,552	4,489,126
Held-for-trading financial liabilities	7	78,576	294,717	265,770
Payables and credit balances	15	1,425,081	907,835	1,051,682
Liability for current taxes	19	959,235	79,679	8,500
Liabilities for yield-dependent investment contracts	16	6,964,698	5,602,407	4,836,939
Liabilities for non-yield-dependent investment contracts *)	16	5,190,266	5,176,010	5,065,602
Liabilities for insurance contracts	17	49,742,262	47,342,810	45,517,358
Liabilities for reinsurance contracts	17	97,632	99,067	94,497
Liabilities for employee benefits, net	18	134,470	130,261	127,019
Liabilities for deferred taxes	19	761,392	746,156	331,465
Total liabilities		72,056,900	64,881,494	61,787,958
Equity	20			
Share capital		99,429	99,429	99,429
Share premium		316,522	326,460	332,985
Treasury shares		(64,641)	(84,019)	(100,200)
Capital reserves		340,217	347,253	320,734
Retained earnings		8,495,199	6,742,727	5,519,184
Total equity attributable to the Company's shareholders		9,186,726	7,431,850	6,172,132
Non-controlling interests		262,429	198,871	187,165
Total equity		9,449,155	7,630,721	6,359,297
Total liabilities and equity		81,506,055	72,512,215	68,147,255

*) Also includes liabilities for contracts for the management of guaranteed return provident funds.

The accompanying notes are an integral part of the consolidated financial statements.

March 29, 2026			
Approval date of the financial statements	**Eran Griffel** **Chairman of the Board**	**Ari Kalman** **CEO**	**Ran Kalmi** **CFO**

Consolidated Statements of Income

	Note	For the year ended December 31	
		2025	2024
		NIS thousand (excluding net earnings per share data)	
Revenues from insurance services		8,508,317	8,059,173
Expenses from insurance services		(6,448,154)	(6,103,137)
Income from insurance services before reinsurance policies held	21	2,060,163	1,956,036
Reinsurance expenses		(1,456,273)	(1,485,983)
Reinsurance revenues		983,492	1,059,845
Net expenses from reinsurance contracts held	21	(472,781)	(426,138)
Income from insurance services		1,587,382	1,529,898
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	22	5,202,857	3,780,685
Other investment income (losses), net:			
Interest revenues calculated using the effective interest method	22	901,746	850,054
Net losses from impairment of financial assets	22	(79,678)	(119,165)
Other investment income, net		1,816,872	1,192,385
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	9	36,241	(6,074)
Total income from other investments, net		2,675,181	1,917,200
Total investment income, net		7,878,038	5,697,885
Finance expenses, net arising from insurance contracts	17	(4,947,625)	(3,876,209)
Finance income, net arising from reinsurance contracts	17	148,826	156,369
Increase in liabilities in respect of investment contracts due to the yield component *)	16	(1,195,388)	(977,992)
Net investment and finance income	22	1,883,851	1,000,053
Income, net from insurance and investment		3,471,233	2,529,951
Revenues from management fees	23	1,198,893	1,043,287
Revenues from fees and commissions		151,462	144,272
Other operating expenses	24	(1,108,004)	(945,215)
Other revenues (expenses), net	24	85,407	(21,196)
Other finance expenses	25	(253,280)	(207,372)
Share in profits of equity-accounted subsidiaries which are not closely related to the investing activity	9	52,750	31,119
Operating income		3,598,461	2,574,846
Income before income tax		3,598,461	2,574,846
Income tax	19	1,191,544	855,605
Income for the period		2,406,917	1,719,241
Attributable to:			
Company's shareholders		2,350,981	1,684,007
Non-controlling interests		55,936	35,234
Net income		2,406,917	1,719,241
Basic earnings per share attributable to the Company's shareholders (in NIS)	27	37.71	27.17
Diluted net earnings per share attributable to the Company's shareholders (in NIS)	27	37.29	26.59

*) This line item also includes the interest expenses calculated using the effective interest method for non-yield-dependent investment contracts and the finance expenses for contracts for management of guaranteed return provident funds.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Note	For the year ended December 31	
		2025	2024
		NIS thousand	
Net income		2,406,917	1,719,241
Other comprehensive income (loss):			
Items of other comprehensive income (loss) not subsequently carried to profit or loss:			
Revaluation of property, plant, and equipment, net	11	(30,058)	49,202
Gains (losses) from remeasurement of defined benefit plan for employees	18	2,224	(271)
Total other comprehensive income (loss) not to be subsequently carried to profit or loss before income tax		(27,834)	48,931
Income tax (tax benefit) associated with items of other comprehensive income not to be subsequently carried to profit or loss	19	(6,150)	11,240
Total other comprehensive income (loss) not to be subsequently carried to profit or loss, net of tax		(21,684)	37,691
Items of other comprehensive income (loss) subsequently carried or will be carried to profit or loss:			
Foreign currency translation differences for a foreign operation		578	3,826
Share in other comprehensive income (loss), net of associates	9	8,590	(7,344)
Total other comprehensive income (loss) which has been or will be carried to profit or loss, before income tax		9,168	(3,518)
Income tax (tax benefit) applicable to the remaining items of other comprehensive income which were carried or will be carried to profit or loss:	19	(3,630)	93
Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax		12,798	(3,611)
Total other comprehensive income (loss) for the period, net of tax		(8,886)	34,080
Total comprehensive income for the period		2,398,031	1,753,321
Attributable to:			
Company's shareholders		2,342,143	1,718,051
Non-controlling interests		55,888	35,270
Total comprehensive income		2,398,031	1,753,321

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders										
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Adjustments arising from translation of financial statements of foreign operations	Revaluation capital reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
	NIS thousand										
Balance as of January 1, 2025	99,429	326,460	(84,019)	58,833	(39,739)	314,624	13,535	6,742,727	7,431,850	198,871	7,630,721
Net income	-	-	-	-	-	-	-	2,350,981	2,350,981	55,936	2,406,917
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	595	-	-	-	595	(17)	578
Impairment of property, plant and equipment	-	-	-	-	-	(30,058)	-	-	(30,058)	-	(30,058)
Gain (loss) due to remeasurement of defined benefit plans	-	-	-	-	-	-	-	2,266	2,266	(42)	2,224
Share in other comprehensive income of associates	-	-	-	-	8,590	-	-	-	8,590	-	8,590
Tax benefit (income tax) relating to items of other comprehensive income	-	-	-	-	3,630	6,914	-	(775)	9,769	11	9,780
Total other comprehensive income (loss)	-	-	-	-	12,815	(23,144)	-	1,491	(8,838)	(48)	(8,886)
Total comprehensive income (loss)	-	-	-	-	12,815	(23,144)	-	2,352,472	2,342,143	55,888	2,398,031
Exercise of employee options	-	(9,938)	19,378	(9,440)	-	-	-	-	-	-	-
Cost of share-based payment	-	-	-	10,462	-	-	-	-	10,462	(334)	10,128
Non-controlling interests in a company consolidated for the first time - See Note 5	-	-	-	-	-	-	-	-	-	37,614	37,614
Change in non-controlling interests for put option	-	-	-	-	-	-	2,271	-	2,271	(5,125)	(2,854)
Dividend distributed	-	-	-	-	-	-	-	(600,000)	(600,000)	(24,485)	(624,485)
Balance as of December 31, 2025	99,429	316,522	(64,641)	59,855	(26,924)	291,480	15,806	8,495,199	9,186,726	262,429	9,449,155

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity (cont.)

	Attributable to the Company's shareholders										
	Share capital	Share premium	Treasury shares	Capital reserve for share-based payment transaction	Adjustments arising from translation of financial statements of foreign operations	Revaluation capital reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
	NIS thousand										
Balance as of January 1, 2024	99,429	332,985	(100,200)	63,224	(36,213)	276,738	16,985	5,519,184	6,172,132	187,165	6,359,297
Net income	-	-	-	-	-	-	-	1,684,007	1,684,007	35,234	1,719,241
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	3,911	-	-	-	3,911	(85)	3,826
Revaluation of property, plant and equipment	-	-	-	-	-	49,202	-	-	49,202	-	49,202
Gain (loss) due to remeasurement of defined benefit plans	-	-	-	-	-	-	-	(423)	(423)	152	(271)
Share in other comprehensive loss, net of associates	-	-	-	-	(7,344)	-	-	-	(7,344)	-	(7,344)
Tax benefit (taxes on income) relating to items of other comprehensive income (loss)	-	-	-	-	(93)	(11,316)	-	107	(11,302)	(31)	(11,333)
Total other comprehensive income (loss)	-	-	-	-	(3,526)	37,886	-	(316)	34,044	36	34,080
Total comprehensive income (loss)	-	-	-	-	(3,526)	37,886	-	1,683,691	1,718,051	35,270	1,753,321
Exercise of employee options	-	(6,525)	16,181	(9,656)	-	-	-	-	-	-	-
Cost of share-based payment	-	-	-	5,265	-	-	-	-	5,265	74	5,339
Non-controlling interests in a company consolidated for the first time	-	-	-	-	-	-	-	-	-	700	700
Change in non-controlling interests for put option	-	-	-	-	-	-	(3,450)	-	(3,450)	(4,604)	(8,054)
Dividend distributed	-	-	-	-	-	-	-	(460,148)	(460,148)	(19,734)	(479,882)
Balance as of December 31, 2024	99,429	326,460	(84,019)	58,833	(39,739)	314,624	13,535	6,742,727	7,431,850	198,871	7,630,721

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

	Appendix	For the year ended December 31	
		2025	2024
		NIS thousand	
Cash flows from operating activities	(a)	2,227,174	1,659,330
Cash flows provided by investing activities			
Repayment of investments (investments) in investees		1,764	(67,157)
Cash received (derecognized) due to acquisition of consolidated companies consolidated for the first time	(d)	4,779	(3,495)
Cash received due to the disposal of a consolidated company	(e)	-	3,721
Investment in property, plant and equipment		(32,079)	(53,253)
Investment in intangible assets		(217,144)	(242,503)
Acquisitions of financial investments by non-insurer Group companies, net		(1,052,716)	(174,966)
Provision of loans to investees		(926)	(6,381)
Dividend received from investees		6,294	2,191
Consideration from disposal of intangible assets		-	480
Proceeds from disposal of property, plant and equipment		643	278
Net cash used for investing activities		(1,289,385)	(541,085)
Cash flows provided by financing activities			
Consideration from issuance of financial liabilities (less issuance expenses)		1,473,359	316,425
Repayment of financial liabilities		(285,684)	(384,386)
Dividend paid to the Company's shareholders		(600,000)	(460,148)
Dividend paid to non-controlling interests		(24,485)	(19,734)
Net cash provided by (used for) financing activities		563,190	(547,843)
Exchange rate differences in respect of cash and cash equivalent balances		(99,666)	7,999
Increase in cash and cash equivalents		1,401,313	578,401
Balance of cash and cash equivalents at beginning of year	(b)	3,983,326	3,404,925
Balance of cash and cash equivalents at end of year	(c)	5,384,639	3,983,326

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows (cont.)

		For the year ended December 31	
		2025	2024
		NIS thousand	
(a)	Cash flows from operating activities		
	Net income for the period	2,406,917	1,719,241
	Adjustments to profit and loss line items:		
	The Company's share in profits of equity-accounted investees	(88,991)	(25,045)
	Income, net on financial investments for insurance contracts and yield-dependent investment contracts	(5,428,882)	(3,940,938)
	Income, net on other financial investments:		
	Measured at fair value through profit and loss	(1,835,432)	(1,135,176)
	Measured at amortized cost	(420,822)	(578,590)
	Finance expenses for financial and other liabilities	242,902	209,501
	Profit (loss) from disposal:		
	Property, plant & equipment	459	(230)
	Investees	-	388
	Intangible assets	-	(219)
	Increase in fair value of investment property for yield-dependent contracts	(2,600)	(1,525)
	Decrease (increase) in fair value of other investment property	6,889	(26,619)
	Impairment of intangible assets	1,794	686
	Impairment of property, plant and equipment	-	1,713
	Cost of share-based payment	8,828	4,143
	Depreciation and amortization:		
	Property, plant & equipment	84,219	85,281
	Intangible assets	199,372	198,304
	Income tax	1,191,544	855,605

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows (cont.)

		For the year ended December 31	
		2025	2024
		NIS thousand	
(a)	Cash flows from operating activities (cont.)		
	Changes in assets and liabilities line items:		
	Change in assets and liabilities for insurance contracts	2,000,179	1,259,519
	Change in assets for reinsurance contracts	(305,154)	(64,409)
	Change in liabilities for yield-dependent investment contracts	1,362,291	765,468
	Change in liabilities for non-yield-dependent investment contracts	14,256	110,407
	Change in costs of obtaining investment management service contracts	(110,512)	(94,784)
	Receivables and debit balances	177,680	(98,507)
	Payables and credit balances	494,768	(116,104)
	Liabilities for employee benefits, net	6,433	2,416
	Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:		
	Acquisition of investment property	(8,799)	(63,808)
	Proceeds from sale of investment property	12,222	-
	Proceeds of disposal of financial investments, net	1,553,754	923,531
	Financial investments and other investment property:		
	Acquisition of investment property	(13,371)	(14,318)
	Proceeds from sale of investment property	8,400	4,102
	Proceeds of disposal (acquisition) of financial investments, net	(872,862)	175,904
	Total adjustments required to present cash flows from operating activities	(1,721,435)	(1,563,304)
	Cash paid and received during the period for:		
	Interest paid	(191,184)	(177,530)
	Interest received	1,279,626	1,357,633
	Taxes paid	(404,023)	(359,751)
	Taxes received	108,474	86,625
	Dividend received	748,799	596,416
		1,541,692	1,503,393
	Total cash flows provided by operating activities	2,227,174	1,659,330

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows (cont.)

		For the year ended December 31	
		2025	2024
		NIS thousand	
(b)	Cash and cash equivalents at the beginning of the year		
	Cash and cash equivalents for yield-dependent contracts	2,526,357	2,080,711
	Other cash and cash equivalents	1,456,969	1,324,214
	Balance of cash and cash equivalents at beginning of year	3,983,326	3,404,925
(c)	Cash and cash equivalents at end of the year		
	Cash and cash equivalents for yield-dependent contracts	2,730,487	2,526,357
	Other cash and cash equivalents	2,654,152	1,456,969
	Balance of cash and cash equivalents at end of year	5,384,639	3,983,326
(d)	Cash received (derecognized) due to acquisition of consolidated companies consolidated for the first time (see Note 5)		
	Intangible assets	(23,330)	(4,798)
	Other financial investments measured at amortized cost	(955,417)	-
	Property, plant & equipment	(12,556)	(36)
	Receivables and debit balances	(8,991)	(830)
	Deferred taxes	3,705	626
	Current taxes	4,646	-
	Loans and credit	945,708	-
	Liabilities for employee benefits	-	554
	Payables and credit balances	13,400	289
	Non-controlling interests	37,614	700
		4,779	(3,495)
(e)	Cash received due to the disposal of a consolidated company		
	Property, plant & equipment	-	8,779
	Current taxes	-	59
	Receivables and debit balances	-	1,343
	Deferred taxes	-	1,265
	Payables and credit balances	-	(1,463)
	Financial liabilities	-	(5,874)
		-	4,109
	Loss on disposal of a consolidated company	-	(388)
		-	3,721

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

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Notes to the Consolidated Financial Statements

NOTE 1 - GENERAL

A. General description of the Group and its activity

Menora Mivtachim Holdings Ltd. (hereinafter - the "**Company**") is a publicly-traded company, whose shares are listed on the Tel Aviv Stock Exchange. The Company's principal shareholders are Najaden Establishment and Palamas Establishment (foreign corporations), which are held in trust for Mssrs. Niva Gurevitch and Tali Griffel, and which (jointly) hold approx. 63% of the Company's shares. The Company operates through companies under its control in all of the main insurance subsegments, including life insurance and long-term savings (life insurance, pension and provident funds), health insurance and property and casualty insurance. The Company is also engaged - through subsidiaries and associates - in credit activity, which includes the provision of business credit, including real estate credit, consumer credit (consumer loans in the private market, including mortgages), provision of undertakings for repayment of means of payment and bringing forward of payment dates, securities distribution services, underwriting undertakings, and insurance brokerage.

The Company is an Israeli resident company incorporated in Israel, and its official address is 23 Jabotinsky St., Ramat Gan.

B. Implications of the Iron Swords War, Operation Rising Lion and Operation Lion's Roar

On October 7, 2023, a surprise attack was launched on the State of Israel from the Gaza Strip, following which the Israeli government declared a state of war (hereinafter - the "**Iron Swords War"** or the "**War**"). Consequently, the Company and the Group subsidiaries undertook the requisite operational and business measures. and from 2024 the Group returned to full operating activity without suffering any material effects due to the War. On October 9, 2025, an agreement was signed between Israel and Hamas to cease the fighting and return the hostages, to be carried out in stages. As of the report publication date, all hostages have been returned, but there is uncertainty regarding the full implementation of the agreement and its effects on the security situation.

Furthermore, Operation Rising Lion took place in June 2025, during which missiles where fired at Israel by Iran, which resulted in loss of life and damage to property, along with defensive measures such as the closure of airports and restrictions on business activity. The Operation ended with a ceasefire on June 24, 2025. See also Note 32B.

During the period, the State of Israel's credit rating as assigned by the international rating agencies has been downgraded, and on November 7, 2025, the rating outlook was revised to stable.

In addition, on February 28, 2026, Operation Lion's Roar commended - a joint military operation of the United States and Israel for the attack of targets in Iran. Concurrently, fighting against Hezbollah continues in the northern front. To the best of the Company's assessment, as of the report publication date, no material effect is expected on its activity, financial position or results in the medium term, but there is uncertainty regarding future effects mainly on financial markets, in view of the ongoing security developments.

C. The Trump administration US tariff program

In April 2025, the Trump administration announced the imposition of reciprocal tariffs on the importation of goods from multiple countries to the United States, with an overall tariff of 17% was imposed on imports from Israel. The tariffs apply to goods only and not to services.

An amendment to the original executive order was issued in July 2025, which included revisions to the tariff rates for certain countries and expansion of their applicability to additional industries. These measures have prompted reactions from various countries and led to international trade tensions, including announcements of reciprocal retaliatory measures.

Notes to the Consolidated Financial Statements

NOTE 1 - GENERAL (cont.)

D. The Trump administration US tariff program

Although the Company is not directly exposed to the importation or exportation of goods, the new policy may affect it indirectly. The potential effects include, among other things: A slowdown in global economic growth, changes in demand, an increase in raw-material and production-input prices, and effects on claim costs – for example, due to the increase in vehicle spare-parts prices. Furthermore, there may be an increase in volatility in the financial markets and in exchange rates, and a deterioration in credit conditions and an increase in finance costs. As of the publication date of these financial statements, the tariff plan has no material effect on the Company's results and financial position.

E. Definitions

In these financial statements –

Company	- Menora Mivtachim Holdings Ltd.
Consolidated companies	- Companies or partnerships whose financial statements are consolidated, directly or indirectly, with the Financial Statements of the Company.
Associates	- Companies and partnerships 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 associates.
The Group	- The Company and its investees.
Related parties	- As defined in IAS 24.
Interested parties and controlling shareholder	- As defined in the Securities Regulations (Annual Financial Statements), 2010.
The Supervisor or Commissioner	- Commissioner of the Capital Market, Insurance and Savings Authority.
The Supervision Law	- Financial Services Supervision Law (Insurance), 1981.
Solvency Circular	- Implementation of Solvency II-Based Economic Solvency Regime for Insurance Companies.
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, published by the Commissioner.
Insurance contracts	- A contract under which one party (the insurer) assumes a significant insurance risk from another party (the policyholder) by agreeing to compensate or indemnify the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
Investment contracts	- Policies that do not constitute insurance contracts, including contributions to guaranteed return provident funds.
Liabilities 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 yield-dependent contracts	- Total assets against liabilities for yield-dependent contracts.
Premiums	- Premiums including fees.
Gross premiums	- Premiums received based on billing dates.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation of the Consolidated Financial Statements

1. Measurement basis

The Consolidated Financial Statements of the Company have been prepared on a cost basis, except for investment property, own-use real estate, financial assets and liabilities measured at fair value through profit and loss, insurance assets and liabilities for insurance contracts and reinsurance contracts, deferred tax assets and deferred tax liabilities, investments in associates, assets and liabilities for employee benefits, and share-based payment.

2. Preparation format of the Financial Statements

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

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

In accordance with requirements set by the Commissioner, the initial application date of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments was postponed to January 1, 2025 (instead of the initial application date which was set 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 2U.

3. The operating cycle

The Group's operating cycle generally exceeds one year, in particular for the life insurance and long-term savings business, long-term care business, illnesses and hospitalization insurance business, and long tail property and casualty insurance business.

4. Presentation of the Statement of Financial Position

The statements of financial position, which include mainly the assets and liabilities of the Company and consolidated insurance companies, were presented according to liquidity (from high to low), with no distinction made between current and non-current assets. This presentation provides more reliable and relevant information, as required by IAS 1.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Functional currency, presentation currency and foreign currency

Functional currency and presentation currency

The Company's functional currency is NIS, which represents the primary economic environment in which the Company operates. The presentation currency of the financial statements is NIS.

The Group determines the functional currency of each Group company, including companies accounted for using the equity method.

The assets and liabilities of an investee which is a foreign operation, including excess cost generated, are translated at the closing exchange rate at each reporting date. Income statement line items are translated at average foreign exchange rates for the presented periods. Translation differences generated are charged to other comprehensive income (loss).

Intracompany loans in the Group, for which settlement is neither planned nor likely to occur in the foreseeable future, are a part of the investment in the foreign operation; therefore exchange rate differences arising from these loans (net of the tax effect) are recognized in other comprehensive income (loss).

When a foreign operation is fully or partially disposed of, such that control is lost, the cumulative profit (loss) relating to that operation, which was recognized as other comprehensive income or loss, is carried to profit or loss. When a foreign operation is partially disposed of, while retaining control in the consolidated company, a proportionate part of the amount which was recognized in other comprehensive income is re-attributed to non-controlling interests.

C. Consolidated Financial Statements

The Consolidated Financial Statements include the statements of companies which are controlled by the Company (subsidiaries).

D. 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.

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.

Goodwill is initially measured at cost, which represents the difference between the acquisition proceeds 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Equity-accounted investments

Associates are companies over which the Group has significant influence over the monetary and operating policies, but over which no control has been assumed.

Investments in companies/partnerships in which the Group has significant influence, which were made in the investment portfolios of insurance contracts and yield-dependent investment contracts, were accounted for as financial investments and measured at fair value.

Goodwill in respect of the acquisition of an associate is presented as part of the investment in the associate, measured at cost and is not systematically amortized. Goodwill is tested for impairment as part of the investment in the associate as a whole.

Other original differences identified when acquiring the investment in the associate are amortized over the economic life of those assets.

In foreign associates in which losses were incurred in amounts exceeding their equity, the Company recognized its share in the losses of the associates up to the amount of its investment in them.

F. Insurance contracts

As detailed in Section T below regarding initial application of IFRS 17, Insurance Contracts (hereinafter – "**IFRS 17**"), the consolidated insurance companies Menora Mivtachim Insurance Ltd. and Shomera Insurance Company Ltd. (hereinafter – the "**Companies**") have 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. Wherever there is text relevant only to the subsidiary Menora Mivtachim Insurance Ltd., the name "Menora Insurance" will be noted accordingly.

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 Companies issue insurance contracts in their ordinary course of business, in which they accept a significant insurance risk from the policyholders. The Companies determine whether they have 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 Menora Insurance, such as a guaranteed rate of return. Some of the contracts entered into by Menora Insurance have the legal form of an insurance contract but do not transfer a significant insurance risk (savings policies without insurance coverage). These contracts are classified as financial liabilities and referred to as 'investment contracts'.

Reinsurance contracts held are contracts held by the Companies under which they transfer to reinsurers a significant insurance risk relating to underlying insurance contracts. The purpose of the reinsurance contracts held is to mitigate the Companies' significant insurance risk in respect of the underlying insurance contracts.

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

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

Classification of insurance contracts and reinsurance contracts (cont.)

a) The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;

b) Menora Insurance expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and

c) Menora Insurance 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.

An investment component represents amounts, which Menora Insurance 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 Menora Insurance's life insurance contracts include a savings component, which constitutes an investment component. Menora Insurance 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 Companies provide a significant service in integrating the good or non-insurance service with the insurance components.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

Separating components from insurance contracts (cont.)

After separating distinct components, the Companies apply IFRS 17 to all components not separated from the host insurance contract and account for them as a single insurance contract. The Companies did not identify components, which must be separated from the insurance contracts.

Level of aggregation and combination of insurance contracts

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

In order to determine the groups, the Companies first identify insurance contract portfolios. A portfolio comprises contracts subject to similar risks and managed together. The Companies identified insurance contract portfolios in accordance with the major product lines and based on the list of insurance portfolios included in the Professional Issues Circular published by the Commissioner. Contracts managed by the subsidiary Menora Insurance are classified into a portfolio separate to that of the contracts managed by the subsidiary Shomera Insurance even if they belong to the same product line. Once they have identified a portfolio, the Companies divide it into a minimum of the following groups, based on the expected profitability upon initial recognition:

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

For contracts to which the Companies apply the PPA Model, the Companies assume 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 Menora Insurance applied the fair value approach on the transition date.

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 Companies' proportionate share in compulsory motor insurance policies issued through the Pool meets this requirement; therefore, the Companies opted to include its proportionate share in these policies in the same group as the compulsory motor insurance policies sold by the Companies themselves.

The Companies sell 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 Companies usually allocate 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 Companies separate the coverages and recognize them as separate insurance contracts. This approach is materially different from the Company's policy under IFRS 4, whereunder the Companies normally recognize and measure each coverage separately.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

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

In addition, in certain cases the Companies contract 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 Companies recognize and measure 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 Companies classify the contract as a whole in accordance with the portfolio to which the main coverage in the contract is attributed.

The Companies exercise 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 Companies' 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.

P&C Insurance	Health Insurance	Life Insurance
1) Business insurance 2) Comprehensive home 3) Compulsory Motor Insurance 4) Motor Property 5) Professional liability 6) Aircraft, vessels and freight 7) Engineering insurance 8) Naturally occurring damage in agriculture 9) Guarantees including a Sale Law guarantees 10) Pet insurance 11) Personal accidents measured according to the premium allocation approach - PAA	1) Individual LTC 2) Collective LTC 3) Medical expenses and disabilities - individual and collective, including dental (see below). 4) Critical illnesses 5) Foreign workers, travel 6) Personal accidents not measured according to the premium allocation approach - PAA	1) Policies with a non-yield-dependent savings component 2) Policies that include a yield-dependent savings component and include variable management fees 3) Policies that include a yield-dependent savings component only include fixed management fees 4) Non-yield-dependent annuity policies 5) Yield-dependent annuity policies 6) Policies without a savings component - life insurance coverage 7) Policies without a savings component - permanent health insurance coverage

Following is a list of the insurance contracts issued by the companies, by operating segments:

The aggregation of insurance contracts into portfolios was made in accordance with the Commissioner's Circular; the companies do not make any further disaggregations in addition to the groups defined in accordance with the Commissioner's Circular except for the breaking down of the annuity portfolio into two measurement models, one for yield-dependent insurance policies and one for non-yield-dependent insurance policies in the Life Insurance Segment and the ceded business portfolio and pet insurance in the Property and Casualty Insurance Segment. In addition, for measurement purposes Menora Insurance aggregates the individual and collective medical expenses portfolios, but an allocation is made for presentation purposes in the financial statements.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

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

The portfolios of reinsurance contracts held were determined based on the characteristics of reinsurance contracts held rather than as a direct derivative of the insurance portfolios issued. The breakdown of the portfolios of reinsurance contracts held reflects the actual risk-transfer structure, including the distinction between facultative and non-facultative reinsurance contracts, various coverage layers and coverage periods, which do not correspond to the coverage periods of insurance contracts issued. Consequently, there is an inherent mismatch between the portfolios of insurance contracts issued and the portfolios of reinsurance contracts held, such that a single reinsurance portfolio may include exposure arising from several insurance portfolios issued. This mismatch is consistent with the provisions of IFRS 17 and the Capital Market Authority's guidance according to which reinsurance portfolios held are determined independently provided that the allocation reliably reflects their economic essence and the actual risk management practices.

Recognition

The Companies recognize a group of insurance contracts they issue 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 Companies recognize 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 Companies defer the recognition of a group of reinsurance contracts held which provide proportionate coverage until the initial recognition of any underlying insurance contract, if that date is later than the date of commencement of the coverage period of the group of reinsurance contracts held.

and,

- The date on which the Companies 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 Companies add new contracts to the group during the reporting period in which the contract meets one of the above-mentioned recognition criteria.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs to sell, 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 Companies allocate 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

Insurance acquisition cash flows (cont.)

b) Insurance acquisition cash flows, which are directly attributable to a portfolio of insurance contracts, which are not directly attributable to a group of insurance contracts - to groups of insurance contracts in the portfolio.

The Companies allocate insurance acquisition cash flows for future renewals in certain P&C insurance contracts in which the coverage period is one year.

When the insurance acquisition cash flows were paid or incurred before the related group of insurance contracts is recognized in the statement of financial position, a separate insurance acquisition cash flows asset is recognized for each related group.

The asset in respect of insurance acquisition cash flows is derecognized from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Companies revise the amounts of insurance acquisition cash flows allocated to groups of insurance contracts, which are yet to be recognized, in order to reflect changes in assumptions relating to the allocation method used.

Subsequent to the revision of the allocation of insurance acquisition cash flows, the Companies assess the recoverable amount of the asset in respect of the insurance acquisition cash flows, if facts or circumstances indicate an impairment of the asset. When it makes this assessment, the Company applies the following to the relevant subsegments:

- Impairment test at the level of an existing or future group of insurance contracts; and
- Another impairment test specifically relating to the asset in respect of insurance acquisition cash flows allocated to expected future renewals of insurance contracts.

If an impairment loss is identified, the carrying value of the asset is adjusted and an impairment loss is recognized in profit or loss.

If the conditions which triggered an impairment in previous periods no longer exist or have improved, the Companies will recognize the reversal of some or all of the impairment loss in profit or loss and increase the carrying value of the asset.

Contract boundary

The Companies include 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:

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

Contract boundary (cont.)

- The Companies have 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 Companies have 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.

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

Measurement model

There are three models for measuring insurance contracts:

- The general measurement model (the GMM model) Menora Insurance 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 (PHI), which are sold as a standalone policy, and long-term health insurance products.
- The variable fee approach (the VFA model) – Menora Insurance 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, and yield-dependent immediate annuity policies.
- The premium allocation approach (the PAA model) - the Companies apply 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.

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, Menora Insurance measures a group of insurance contracts as the total of: (a) the fulfillment cash flows, and (b) the contractual service margin (CSM).

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

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

Measurement on initial recognition (cont.)

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

If the fulfillment cash flows constitute in total a net inflow upon initial recognition, a CSM is recognized to fully offset the fulfillment cash flows, with no effect on profit or loss upon initial recognition. The CSM represents the unearned profit of the insurance contract, which the Company will recognize insofar as it provides services under the contract. However, if the 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 revenues from insurance services.

Subsequent measurement of CSM under the GMM model

For contracts without direct participation features, when applying the GMM model, the remaining CSM 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 value 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 value 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 remaining contractual service margin at the end of the reporting period (before any allocation) over the current and remaining coverage period.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

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

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

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 expenses or income.

Subsequent measurement of CSM under the VFA model

Contracts with direct participation features measured in accordance with the VFA model are contracts under which Menora Insurance'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 Menora Insurance'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. Menora Insurance 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, Menora Insurance 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. Menora Insurance 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 remaining CSM 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 value 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 recognized as revenues from insurance services provided during the period.

Changes in fulfilment cash flows relating to future services include changes relating to the above-mentioned 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

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

Interim financial reporting

The Company elected not to change the accounting estimates set in the previous 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, Menora Insurance is required to manage investment portfolios of assets held for yield-dependent insurance policies. Under such portfolios, Menora Insurance may actually hold assets, whose total amount exceeds the nominal aggregate value of the yield-dependent policies accounted for by the VFA approach, in order to hedge the effects of additional financial exposures arising from those policies, including with regard to the effect of guaranteed annuity conversion factors, all in accordance with the Company's objective and risk mitigation strategy. The Company put into practice the risk mitigation alternative set in the standard with regard to changes in the fulfillment cash flows arising from changes in the time value of money and financial risks in the relevant insurance liabilities, which are hedged through those assets. Therefore, the aforementioned changes will be recognized in profit or loss under 'Finance income (expenses), net from insurance contracts' concurrently with the income or expenses incurred in respect of the above-mentioned assets. Menora Insurance 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.

Subsequent measurement of loss component

For contracts, which are not measured under the PAA model, Menora Insurance creates a loss component of the obligation in respect of the remaining coverage for onerous groups of insurance contracts. The loss component determines the amount of fulfillment cash flows to be recognized in profit or loss in subsequent periods as reversal of losses on onerous contracts, excluded from revenues from insurance services 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

Insurance contracts measured under the PAA model

The Companies 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 Companies reasonably expect that such simplification would produce a measurement of the liability for the remaining coverage period provided by the group that would not substantively differ from the measurement that would result from applying the general measurement model.

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

In respect of the remaining groups of contracts, the Companies compare the liability in respect of the remaining coverage period, which will be created by applying the PPA Model, and the liability, which will be created from applying the general measurement model (GMM) under possible future scenarios (PAA eligibility test).

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

For insurance acquisition cash flows allocated to groups of insurance contracts measured when applying the PAA model, the Companies 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 insurance contracts of the Companies, which are measured using the PAA model, the Companies opted to recognize the insurance acquisition cash flows which are directly attributable to the groups of insurance contracts in profit or loss over the coverage period in a systematic manner based on 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 Companies measure the LRC balance at the end of each reporting period as follows:

- Premiums received during the period; net of
- Insurance acquisition cash flows; with an added
- Amounts recognized as amortization of insurance acquisition cash flows; net of
- Amounts recognized as revenues from insurance services during the period; net of
- Investment component paid or transferred to LIC.

The amounts recognized as revenues from insurance services 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 Companies recognize 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

Insurance contracts measured under the PAA model

Subsequent measurement

The Companies estimate the LIC as the fulfillment cash flows relating to incurred claims. IFRS 17 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 Companies no longer apply the above-mentioned expedient.

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, Menora Insurance recognizes net income/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, Menora Insurance 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 Menora Insurance 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.

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

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

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

Measurement on initial recognition (cont.)

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 Companies measure 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 Companies adjust the ARC balance since under the PAA model there is no CSM.

Derecognition and modifications to the terms of an insurance contract

The Companies derecognize an insurance contract when it is extinguished, i.e., when the obligation specified in the insurance contract expires or is discharged or terminated.
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 Companies derecognize 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 Companies treat changes in the cash flows arising from the modification of terms as changes in the estimated fulfillment cash flows.

Disclosure and presentation

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

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 Companies divide the amounts recognized in the statement of income into:

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

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

Disclosure and presentation (cont.)

IFRS 17 does not require disaggregation of the RA between insurance service results and finance income or finance expenses from insurance. The Companies opted not to apply this expedient and to disaggregate the RA between insurance service results and finance income or finance expenses from insurance.

The Companies present separately revenues or expenses from reinsurance contracts held and revenues or expenses from insurance contracts issued.

Insurance service results

Revenues from insurances services reflect the amount to which the Companies expect 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 Menora Insurance 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.

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 Companies allocate 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 refunds 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 for 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Insurance contracts (cont.)

Disclosure and presentation (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 Companies expect 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 Companies expect 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 Companies expect to pay consideration. For insurance contracts measured under the PAA model, the allocation of premiums paid to the reinsurer is the expected amount of premium payments for receiving service during the period.

Finance income or finance expenses from insurance

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

A. From the effect of the time value of money and changes in the time value of money; and
B. The effect of financial risk and changes in financial risk, including the effect of the change in the Consumer Price Index (CPI); 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 Companies recognize in finance income or expenses from insurance for the period in profit or loss.

G. Financial instruments

Financial assets

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

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

(a) The business model for managing financial assets, and

(b) Contractual cash flow characteristics of the financial asset.

The Group measures debt instruments at amortized cost when:

The Group'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, unless at initial recognition, the Group opted to designate the assets to the fair value group through profit and loss, in order to reverse or significantly reduce measurement or recognition inconsistencies.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. 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.

Impairment of financial assets

At each reporting date, the Group 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 Group differentiates between two situations of recognition of a provision for loss:

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

The Group 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 Group 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 Group has financial assets with short credit periods, to which it applies the expedient set forth in IFRS 9, i.e., the Group measures the impairment provision at an amount equal to current expected credit losses throughout the entire life of the instrument.

The Group 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 Group estimates that when contractual payments for a debt instrument are past due, a significant increase in credit risk occurred, unless there is reasonable and supportable information proving that credit risk has not increased substantially.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Financial instruments (cont.)

Impairment of financial assets (cont.)

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

The Group 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 Group 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.
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 acquisition or origination of a financial asset at a deep discount, which reflects the incurred credit losses.

Derecognition of financial assets

The Group 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 Group 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 entity but the Group can be said to have transferred control over the asset, or
C. The Group 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 Group 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 Group'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 value of the asset and the maximum amount of consideration received that the Group could be required to repay (the guarantee amount).

When the Group continues to recognize an asset to the extent of its continuing involvement, the Group 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:

A. The amortized cost of the rights and obligations retained by the Group, if the transferred asset is measured at amortized cost; or
B. Equal to the fair value of the rights and obligations retained by the Group when measured on a stand-alone basis, if the transferred asset is measured at fair value.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Financial instruments (cont.)

Financial liabilities

Financial liabilities measured at amortized cost

At initial recognition, the Group 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 Group 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, liabilities for short sale 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 Group 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.

Derecognition of financial liabilities

The Group 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 Group assesses whether the terms of the liability are materially different than the existing terms, taking into account qualitative and quantitative considerations.

When a material change has been made to the terms of an existing financial liability or a liability has been replaced with another liability between the Group 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 an immaterial change is made to the terms of an existing liability or a liability has been replaced with another liability between the Group and the same lender with terms that do not differ materially, the Group updates the liability amount, that is to say, discounts the new cash flows at the original effective interest rate, and the difference is recognized in profit or loss.

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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Financial instruments (cont.)

Embedded derivatives (cont.)

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.

Put option granted to non-controlling interests

When the Group grants a put option to non-controlling interests to sell part or all of their rights in a subsidiary in a certain period, on the grant date, the Group recognizes a financial liability in the amount of the estimated present value of the consideration that will be transferred when exercising the put option. This liability is remeasured at the end of each reporting period.
If the Group has present ownership of non-controlling interests, these non-controlling interests are accounted for as if they are shares held by the Group and changes in the amount of the liability are recognized in profit and loss. If the Group does not have any present ownership interest, the interests are accounted for using the partial recognition method. Therefore, the Group grants non-controlling interests their share of profits in each period, however, at the end of the reporting period, derecognizes the non-controlling interests against the financial liability at the end of the reporting period, and the difference is recognized in capital reserve. If the option is exercised in subsequent periods, the consideration paid upon exercise will be accounted for as extinguishment of the liability. If the option expires, the liability is derecognized against the recognition of non-controlling interests and the difference is recognized in capital reserve.

H. Property, plant & equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost plus direct acquisition costs, less accumulated depreciation and impairment losses, except for self-use real-estate properties as set out in Section 3 below.

2. Depreciation

Amortization is recognized in the statement of income on a straight-line basis over the estimated useful life of each part of the property, plant and equipment items.

The depreciation rates used in the current period and in the comparative periods are as follows:

Buildings (except for the land component)	-	2%-4%
Leasehold improvements	-	Throughout the expected lease term
Motor vehicles	-	15%
Computers and peripheral equipment	-	25%-33%
Office furniture and equipment	-	6%-15%

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

H. Property, plant & equipment (cont.)

2. Depreciation

The useful life, depreciation method and residual value are reviewed at least once a year, and changes are accounted for prospectively as a change in accounting estimate from the date on which the change took place. 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.

3. Revaluation of self-use real estate

The Group applies the revaluation model to measure self-use real-estate. Using this model, the real estate is measured at its fair value and the effect of the revaluation, net of the tax effect, is recognized in capital reserve from revaluation.

The appraisals were performed by an independent external appraiser with recognized professional qualifications and extensive experience in the location and type of real estate underlying the valuation. The fair value is determined in accordance with a number of revaluation methodologies, including the cost approach, the comparison approach, and discounting appropriate rents from similar assets.

A revaluation reserve is transferred directly to retained earnings when the asset is derecognized.

I. Investment property

Investment property is initially measured at cost, with the addition of direct acquisition costs. In subsequent periods, investment property is measured at fair value, which reflects market conditions at the reporting date, net of future levies. 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.

The Group determines the fair value of investment property on the basis of a valuation by external independent appraisers who are experts in the valuation of real estate properties and have the appropriate expertise and experience. For further details, see Note 10B below.

J. Leases

The Group 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 Group is the lessee, it recognizes at effective 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 Group opted to recognize the lease payments as an expense in profit or loss on a straight line basis over the lease term. When measuring the lease liability, the Group opted to apply the expedient available under IFRS 16, and did not separate between lease components and non-lease components, included in the same transaction.

On effective date, the lease liability includes all unpaid lease payments, capitalized at the lease's implicit interest rate, when it can be readily determined, or at the Group companies' incremental interest rate. After effective date, the Group 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Leases (cont.)

1. The Group as lessee (cont.)

Following are data regarding the number of years of depreciation of the relevant right-of-use assets by class:

	No. of years	Mostly
Real estate	5-20	10
Motor vehicles	3	3
Solar fields	18	18

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.

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 revenue in profit or loss n a straight line 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.

K. Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost plus direct acquisition costs. Intangible assets acquired in business combinations are recorded at fair value at acquisition date. Subsequent to initial recognition, intangible assets are presented at their cost net of any accumulated amortization and net of any accumulated impairment losses.

Intangible assets with a definite useful life are amortized over their useful life on a straight-line basis and tested for impairment when there are indications of impairment. 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.

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 useful 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, the asset is also tested for impairment on that date and the asset is methodically amortized throughout its useful life.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Intangible assets (cont.)

1. Software development costs

Software development expenses are capitalized only if: the development costs can be reliably measured; the software is technically and commercially feasible; future economic benefits are expected from the development; and the Group intends to complete the development and use the software and has sufficient resources to do so. A capitalized expense includes the cost of labor directly attributable to preparation of the asset for its intended use. Other development expenses are carried to profit and loss as incurred. Capitalized development expenses are measured at cost less any amortization and accumulated impairment losses.

Amortization of the asset commences once the development has been completed and the asset is available for use. The asset is amortized over its useful life. The asset is tested for impairment once a year over the development period.

When it is impossible to recognize an internally-generated intangible asset, development costs are carried to profit or loss as incurred. Development costs previously recognized as an expense are not recognized as an asset in a later period.

2. Subsequent costs

Subsequent costs are recognized as an intangible asset only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs, including costs related to goodwill or internally generated brands, are carried to the income statement as incurred.

3. Amortization

The estimated useful life for the current and comparative periods is as follows:

a) Excess cost attributable to agent relations and agreements of a consolidated insurance agency is amortized over 10-20 years, and excess cost attributable to a trade name is amortized over 6 years.
b) Excess cost arising on acquisition of management rights in provident funds attributable to customer portfolios are amortized over a period of 5 to 12 years.
c) Excess cost arising on acquisition of the consolidated company ERN, and which are attributable to customer portfolios are amortized over a period of 14 to 15 years. Excess cost attributable to a brand are amortized over 6 years.
d) Software – amortized on a straight line basis over 8 years.
e) Excess cost arising from the acquisition of a consolidated company - Yesodot A. Financial Support Ltd. - which are allocated to customer relations and brand, are amortized on a straight-line basis over 5 years.

Estimates as to the depreciation method and useful life are reviewed at least at the end of each reporting year.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

L. Impairment of non-financial assets

The Group tests for the probability of impairment of non-financial assets (except for deferred acquisition costs, investment property, and deferred tax assets) whenever events or changes in circumstances indicate that the balance of the assets in the Financial Statements is irrecoverable. When the balance of the non-financial assets in the books of accounts exceeds their recoverable amount, the assets are amortized to their recoverable value. The recoverable amount is the higher of the sale price, net and the value in use.

The following criteria are applied in impairment testing the following specific assets:

a) Goodwill

For impairment testing, goodwill acquired in a business combination is allocated at the acquisition date to each cash-generating unit of the Group, which is expected to benefit from the business combination.

The Group reviews goodwill impairment at the end of each year, or more frequently if events or changes in circumstances indicate that there is impairment.

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 it larger than an operating segment.

Goodwill impairment is determined by testing the recoverable amount of a cash generating unit (or a group of cash generating units) to which the relates belongs. 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 book balance of the cash generating unit (or group of cash generating units). Impairment losses from goodwill cannot be reversed in subsequent periods.

b) Associates

After implementing the equity method, the Group determines whether it is necessary to recognize a further impairment loss in respect of impairment of the investment in associates. At each reporting date, the Group determines whether there is objective evidence of impairment of an investment in an associate. If necessary, the impairment loss is recognized in the amount of the difference between the recoverable amount of the investment in the associate and its value in the Financial Statements. The recoverable amount is the higher of the fair value and the value in use, calculated on the basis of the valuation of the net cash flows generated by the associate. The impairment loss is recognized in the statement of income under the Company's share in the line item income from associates, net.

In the Group's opinion, the collective impairment testing of the assets detailed above is not expected to have a material effect on the Financial Statements, since the testing on the level of the single asset identifies the absolute majority of the losses incurred.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

M. Fair value measurement

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 which 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.

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 which are observable, either directly or indirectly.
- Level 3 - Inputs which are not based on observable market data (assessment techniques not using observable market input).

N. Liabilities for employee benefits

1. Short-term benefits

Short-term employee benefits are benefits which are expected to be settled in full within one year after the end of the annual reporting period, in which the employees rendered the service, and they include salaries, paid leave, recreation pay, and employer's National Insurance contributions and are recognized as expenses 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

The Group has several post-employment benefit plans. The plans are usually funded by contributions in insurance companies and pension funds (hereinafter - the "**plan assets**").

Defined contribution plans

In accordance with Section 14 of the Israeli Severance Pay Law, the Group regularly pays 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. The Group's contributions in defined contribution plans are recognized as an expense in profit and loss when the services are rendered by the employee.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

N. Liabilities for employee benefits (cont.)

2. Post-employment benefits (cont.)

Defined contribution plans (cont.)

In addition, the Group has a defined benefit plan in respect of severance pay under the Severance Pay Law, which stipulates that employees are entitled to receive compensation upon their 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 Group 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 fund 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.

The severance pay component in policies issued by a consolidated insurance company does not constitute plan assets in the Financial Statements and is offset from liabilities in respect of insurance contracts.

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 during the period in which they were incurred.

3. Other long-term employee benefits

The Group's net liability for other long-term employee benefits, other than post-employment benefit plans, is in respect of the amount of future benefit payable to employees for their services rendered in current and prior periods. The amount of these benefits is discounted to its present value. 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 liabilities.

O. Equity-settled share-based payment transactions

The Company's employees are entitled to benefits by way of equity-settled share-based payment.

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.

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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

O. Equity-settled share-based payment transactions (cont.)

Cash-settled transactions in equity instruments (cont.)

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 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.

P. Provisions

A provision under IAS 37 is recognized when the Group has a present legal or constructive obligation as a result of a past event, which can be reliably estimated, and when it is likely that financial resources will be required to settle the obligation.

Types of provisions included in the Financial Statements:

Legal claims - A provision for legal 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 an outflow of economic resources to extinguish the obligation and the amount of obligation can be reliably estimated.

Onerous contracts - A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group under it. The provision is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of continuing to fulfil the contract.

Q. 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.

2. Pension funds and provident funds

Fees and commissions to agents, purchasing supervisors and pension resellers 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

Q. Costs of obtaining investment management service contracts (cont.)

2. Pension funds and provident funds (cont.)

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.

R. Revenue recognition

1. Insurance contracts - For an explanation of the revenue recognition policy with respect to insurance contracts and reinsurance contracts issued by the Group, see Note 17E.

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 for 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.

3. Fees and commissions from insurance agencies

Revenues from property and casualty insurance fees and commissions is 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

S. Income tax

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.

Deferred taxes are offset if there is a legally enforceable 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.

T. Earnings (loss) per share

Earnings per share are calculated by dividing the net income 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.

U. *Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments*

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

IFRS 17 sets rules for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes the current guidance on this issue under IFRS 4 and the Commissioner's Directives.
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 above-mentioned criteria and postponed the application of IFRS 9 accordingly. 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 by way of retrospective application, excluding exceptions for which specific provisions have been set. The provisions of IFRS 1 stipulate that IFRS 17's transitional provisions 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.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of *IFRS 17, Insurance Contracts,* and *IFRS 9, Financial Instruments* (cont.)

(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 revenue recognition based on the premiums charged during the period (gross premiums). Furthermore, investment components are no longer included in revenues from insurances services 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.

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

The Companies apply the PAA model to simplify the measurement of contracts in the P&C Insurance Segment and in some short-term health insurance products, except for groups of insurance contracts, which do not qualify for application of the PAA model. The measurement of the liability with respect to the remaining coverage under the PAA model is similar to the Company's previous accounting treatment under IFRS 4. However, in its measurement of liability for incurred claims, the Companies include 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 Companies’ accounting policies with respect to insurance contracts and reinsurance contracts under IFRS 17, see Section F above.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of *IFRS 17, Insurance Contracts,* and *IFRS 9, Financial Instruments* (cont.)

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

Transitional Provisions

Changes in accounting policies arising from the application of IFRS 17 were applied retrospectively using the full retrospective application approach to the extent possible. In applying the Full Retrospective Application approach, the Companies shall identify, recognize and measure each group of insurance contracts and any assets with respect to insurance acquisition cash flows as if IFRS 17 is applied retrospectively. Furthermore, the Companies shall derecognize any existing balances, which would not exist had IFRS 17 been applied retrospectively. Any resulting net difference will be recognized in equity.

The transition date is January 1, 2024, such that upon initial application the Companies have restated the comparative figures for 2024.

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 shall apply 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 Companies will apply the retrospective application approach to the P&C and short-term health insurance portfolios.

Menora Insurance 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 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 the intentions of Menora Insurance's management 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 Menora Insurance).

The modified retrospective application approach (MRA)

Menora Insurance applied the modified retrospective approach to the following portfolio groups (gross): life, critical illness and personal accidents, which are not measured using the premium allocation approach in respect of underwriting years 2018-2023 inclusive, and to the individual long-term care reinsurance and individual medical expenses reinsurance portfolios in respect of underwriting years 2005-2023 inclusive and 2009-2023, respectively.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application *of IFRS 17, Insurance Contracts,* and *IFRS 9, Financial Instruments* (cont.)

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

Transitional Provisions (cont.)

In applying this approach, Menora Insurance 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 Menora Insurance 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.

Menora Insurance's remaining insurance contracts groups were measured in accordance with the fair value approach (FVA).

The fair value approach - FVA

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

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

Following are the main assumptions underlying the valuation:

A. Capital requirement: The capital requirements are based on the provisions of Solvency II in Israel. For the purpose of assessing the compensation for the Menora Insurance's diversification, it is assumed that the market participant has an existing business mix similar to that of the Company. When calculating the compensation for diversification until the extinguishment of the portfolio, the Company takes into account new future sales in accordance with its current sales mix. Furthermore, the valuation assumes that 40% of the capital requirements are financed through Tier 2 capital instruments.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application *of IFRS 17, Insurance Contracts,* and *IFRS 9, Financial Instruments* (cont.)

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

The fair value approach - FVA (cont.)

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% margin, and the final economic solvency ratio target required from the market participant will be based on the average of the future capital targets for dividend distribution purposes of the five largest insurance companies in Israel. Accordingly, the valuation assumes an initial capital target of 121% in the year following the transition date, which will rise to 135% at the end of 2032 and then remain constant.

C. Target Return on Equity (TRE) - The valuation assumes a 13.6% return on equity based on the CAPM model with adjustments to reflect level of inherent risk in Menora Insurance'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 Menora Insurance's Solvency II calculations.

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

In applying the fair value approach, Menora Insurance 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 Group'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 amortized cost

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

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application *of IFRS 17, Insurance Contracts,* and *IFRS 9, Financial Instruments* (cont.)

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

For an explanation of how the Group classify and measure financial assets and account for related gains or losses under IFRS 9, see Section G above.
IFRS 9 did not have a material effect on the Group 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.

Transitional Provisions

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/ solely payments of principal and interest test (SPPI) test
  - Designation of financial instruments to measurement at fair value through profit or loss due to recognition or measurement inconsistency.
- If a financial asset had a low credit risk on the transition date, the Group concludes that there was no substantial increase in credit risk since initial recognition.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of initial application on the line items of the Statements of Financial Position

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

	As of January 1, 2024, as previously reported	Effect of initial application of IFRS 17 and IFRS 9	As of January 1, 2024, according to IFRS
	NIS thousand		
Assets			
Cash and cash equivalents for yield-dependent contracts	2,080,711	-	2,080,711
Other cash and cash equivalents	1,324,214	-	1,324,214
Financial investments for yield-dependent contracts	31,077,288	-	31,077,288
Other financial investments measured at fair value (1)	9,179,805	6,318,181	15,497,986
Other financial investments measured at amortized cost (1)	14,689,853	(5,855,483)	8,834,370
Receivables and debit balances	524,638	(52,422)	472,216
Collectible premium (2)	1,030,293	(1,030,293)	-
Current tax assets	119,148	(531)	118,617
Insurance contract assets (3)	-	705,986	705,986
Reinsurance contract assets (4)	3,628,513	(379,450)	3,249,063
Equity-accounted investments	542,907	-	542,907
Investment property for yield-dependent contracts	102,961	-	102,961
Investment property - other	651,862	-	651,862
Property, plant, and equipment measured at fair value	852,054	-	852,054
Other property, plant and equipment	165,264	-	165,264
Intangible assets and goodwill	1,795,069	(1,059)	1,794,010
Costs of obtaining investment management service contracts	653,398	-	653,398
Deferred acquisition costs (5)	1,535,028	(1,535,028)	-
Deferred tax assets	24,348	-	24,348
Total assets	69,977,354	(1,830,099)	68,147,255
Total assets for yield-dependent contracts	33,559,357	(298,397)	33,260,960
Liabilities			
Loans and credit	4,489,126	-	4,489,126
Liabilities for derivative instruments	265,770	-	265,770
Payables and credit balances	2,587,938	(1,536,256)	1,051,682
Liability for current taxes	8,500	-	8,500
Liabilities for yield-dependent investment contracts	4,836,939	-	4,836,939
Liabilities for non-yield-dependent investment contracts (6)	5,065,602	-	5,065,602
Labilities for insurance contracts (3)	45,512,058	5,300	45,517,358
Liabilities for reinsurance contracts (4)	-	94,497	94,497
Liabilities for employee benefits, net	127,019	-	127,019
Liabilities for deferred taxes	466,400	(134,935)	331,465
Total liabilities	63,359,352	(1,571,394)	61,787,958
Equity			
Share capital	99,429	-	99,429
Share premium	332,985	-	332,985
Treasury share	(100,200)	-	(100,200)
Capital reserves (7)	804,046	(483,312)	320,734
Retained earnings	5,294,577	224,607	5,519,184
Total equity attributable to Company's shareholders	6,430,837	(258,705)	6,172,132
Non-controlling interests	187,165	-	187,165
Total equity	6,618,002	(258,705)	6,359,297
Total current liabilities and equity	69,977,354	(1,830,099)	68,147,255

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of initial application on the line items of the Statements of Financial Position (cont.)

Following is the effect of the initial application on Statement of Financial Position line items as of January 1, 2024: (cont.)

(1) As a result of the transition to IFRS 9, some illiquid debt assets measured at amortized cost - including Israeli government Hetz bonds - are measured at fair value through profit and loss.
Under the line item "Other financial investments measured at fair value" most of the change arises from revaluation to fair value of designated bonds instead of measurement at adjusted cost. The credit loss provision balance for the debt assets at amortized cost totaling approx. NIS 210,564 thousand.

(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.

(3) Following is a disclosure regarding contractual service margin (CSM) and risk adjustment (RA) as of January 1, 2024:

	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Total
Contractual service margin (CSM):				
CSM, gross	2,588,050	4,500,889	-	7,088,939
CSM, reinsurance	80,521	556,456	-	636,977
CSM, net	**2,507,529**	**3,944,433**	-	**6,451,962**
Risk adjustment (RA):				
RA, gross	365,047	1,276,454	266,268	1,907,769
RA, reinsurance	42,660	367,983	100,267	510,910
RA, net	**322,387**	**908,471**	**166,001**	**1,396,859**

The revision of the insurance contract assets and liabilities arises mainly from the recognition of the asset in respect of life, critical illness and medical expenses insurance portfolios, which are measured 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. On the other hand, the Company increased the liabilities, mainly in respect of the guaranteed-return long-term care insurance portfolios, and insurance contracts with yield-dependent savings component and variable management fees as a result of recognition of an additional liability for CSM and RA and transition to discounting based on risk-free interest.

(4) Most of the contribution to CSM reinsurance arises from the Health Insurance Segment, from the medical expenses, critical illness and long-term care insurance portfolios.

In accordance with IFRS 17, reinsurers' deposits are included in the estimated future cash flows in respect of the reinsurance contracts and therefore are included in the reinsurance assets line item.

(5) In accordance with IFRS 17, deferred acquisition costs attributable to life and health insurance contracts were derecognized on transition date against capital reduction. As from 2024, deferred acquisition costs are included in the measurement of insurance contracts and reduce CSM.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of initial application on the line items of the Statements of Financial Position (cont.)

Following is the effect of the initial application on Statement of Financial Position line items as of January 1, 2024: (cont.)

(6) This line item also includes liabilities for contracts for the management of guaranteed return provident funds.

(7) Capital reserve for available-for-sale financial assets was classified to retained earnings at the transition date.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of initial application on the line items of the Statements of Financial Position (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 of IFRS 17 and IFRS 9	As of December 31, 2024, according to IFRS
		NIS thousand	
Assets			
Cash and cash equivalents for yield-dependent contracts	2,526,357	-	2,526,357
Other cash and cash equivalents	1,456,969	-	1,456,969
Financial investments for yield-dependent contracts	33,101,222	-	33,101,222
Other financial investments measured at fair value (1)	9,440,798	6,454,749	15,895,547
Other financial investments measured at amortized cost (1)	15,263,779	(6,007,754)	9,256,025
Receivables and debit balances	624,615	(152,982)	471,633
Collectible premium (2)	1,089,038	(1,089,038)	-
Current tax assets	17,399	(89)	17,310
Insurance contract assets (3)	-	1,272,967	1,272,967
Reinsurance contract assets (4)	3,867,297	(494,084)	3,373,213
Equity-accounted investments	632,243	-	632,243
Investment property for yield-dependent contracts	168,294	-	168,294
Investment property - other	685,729	-	685,729
Property, plant, and equipment measured at fair value	897,247	-	897,247
Other property, plant and equipment	156,803	-	156,803
Intangible assets and goodwill	1,842,808	(748)	1,842,060
Costs of obtaining investment management service contracts	748,182	-	748,182
Deferred acquisition costs (5)	1,647,283	(1,647,283)	-
Deferred tax assets	10,414	-	10,414
Total assets	74,176,477	(1,664,262)	72,512,215
Total assets for yield-dependent contracts	36,142,945	(347,072)	35,795,873
Liabilities			
Loans and credit	4,502,552	-	4,502,552
Liabilities for derivative instruments	294,717	-	294,717
Payables and credit balances	2,448,242	(1,540,407)	907,835
Liability for current taxes	76,636	3,043	79,679
Liabilities for yield-dependent investment contracts	5,602,407	-	5,602,407
Liabilities for non-yield-dependent investment contracts (6)	5,176,010	-	5,176,010
Liabilities for insurance contracts (3)	47,898,549	(555,739)	47,342,810
Liabilities for reinsurance contracts (4)	-	99,067	99,067
Liabilities for employee benefits, net	130,261	-	130,261
Liabilities for deferred taxes	634,027	112,129	746,156
Total liabilities	66,763,401	(1,881,907)	64,881,494
Equity			
Share capital	99,429	-	99,429
Share premium	326,460	-	326,460
Treasury share	(84,019)	-	(84,019)
Capital reserves (7)	958,533	(611,280)	347,253
Retained earnings	5,913,802	828,925	6,742,727
Total equity attributable to Company's shareholders	7,214,205	217,645	7,431,850
Non-controlling interests	198,871	-	198,871
Total equity	7,413,076	217,645	7,630,721
Total current liabilities and equity	74,176,477	(1,664,262)	72,512,215

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of initial application on the line items of the Statements of Financial Position (cont.)

Following is the effect of the initial application on Statement of Financial Position line items as of December 31, 2024: (cont.)

(1) As a result of the transition to IFRS 9, some illiquid debt assets measured at amortized cost - including Hetz bonds - are measured at fair value through profit and loss. Under the line item "Other financial investments measured at fair value" most of the change arises from revaluation to fair value of designated bonds instead of measurement at adjusted cost. In addition, of which: The credit loss provision balance for the debt assets at amortized cost totaling NIS 188,110 thousand.

(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.

(3) Following is a disclosure regarding contractual service margin (CSM) and risk adjustment (RA) as of December 31, 2024:

	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Total
Contractual service margin (CSM):				
CSM, gross	1,978,011	4,697,782	-	6,675,793
CSM, reinsurance	81,593	320,849	-	402,442
CSM, net	**1,896,418**	**4,376,933**	-	**6,273,351**
Risk adjustment (RA):				
RA, gross	336,289	1,434,249	262,414	2,032,952
RA, reinsurance	43,765	399,272	93,998	537,036
RA, net	**292,524**	**1,034,977**	**168,416**	**1,495,916**

In the Life Insurance and Long-Term Savings Segment, the main contribution to CSM arises from the Life Insurance Segment and in the Health Insurance Segment - from the medical expenses and critical illness portfolios.

(4) Most of the contribution to CSM reinsurance arises from the Health Insurance Segment, from medical expenses, critical illness and long-term care insurance portfolios.

In accordance with IFRS 17, reinsurers' deposits are included in the estimated future cash flows in respect of the reinsurance contracts and therefore are included in the reinsurance assets line item.

(5) In accordance with IFRS 17, deferred acquisition costs attributable to life and health insurance contracts were derecognized on transition date against capital reduction. As from 2024, deferred acquisition costs are included in the measurement of insurance contracts and reduce CSM.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of initial application on the line items of the Statements of Financial Position (cont.)

Following is the effect of the initial application on Statement of Financial Position line items as of December 31, 2024: (cont.)

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

(7) Capital reserve for available-for-sale financial assets were classified to retained earnings at the transition date.

4. Effect of initial application on the Statement of Comprehensive Income line items

	For the year ended December 31, 2024
	NIS thousand
Comprehensive income as previously reported	1,276,971
Adjustments to comprehensive income under the transition to IFRS:	
Insurance contracts	741,440
Financial instruments	(15,114)
Tax effect of the above	(249,976)
Comprehensive income according to IFRS	1,753,321

Most of the adjustments to income under the transition to IFRS 17 arise from:

Insurance contracts

- 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 and management fees effectively charged during the period.

- Under IFRS 17, the effect of studies and model revisions adjusts the contractual service margin (CSM) and their effect is recognized in the profit or loss under the release of CSM. Similarly, the effects of the change in rates of return, which affect the amount of management fees, adjust the CSM. In addition, investment components/premium repayments in the savings policies, which are not recognized in insurance service expenses, changes in insurance reserves such as LAT reserve and reserve for fixed premium, which are no longer required under IFRS 17, financial effects on insurance liabilities, which are recognized in the insurance contract finance expenses line item in accordance with IFRS 17, presentation of expenses, which are not directly attributable to insurance contracts and expenses relating to non-insurance activities in the other operating expenses line item, and differences in the recognition insurance acquisition cash flows as an expense during the period.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

4. Effect of initial application on the Statement of Comprehensive Income line items (cont.)

Most of the adjustments to income under the transition to IFRS 17 arise from: (cont.)

Insurance contracts (cont.)

- Under IFRS 17 the long-term life and health reinsurance expenses recognized during the period are measured in accordance with the amount of the decrease in the ARC arising from the service provided during the period instead of recognition of the expense based on the premium charged during the period and due to reinsurance commissions, whose amount is not derived from the claims for the underlying contracts, and which are presented as a decrease in expenses for reinsurance.

Financial instruments

- Most of the adjustments to income from financial instruments in the transition to IFRS 17 arises from revaluation of designated bonds and other illiquid debt assets to fair value through profit or loss instead of measurement at amortized cost.

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

5. Effect of initial application on the financial investments line items

As of January 1, 2024

	Measurement in accordance with IAS 39		Remeasurement		Measurement in accordance with IFRS 9	
	Category	Amount	Expected credit losses	Other	Amount	Category
		NIS thousand				
Financial investments held against yield-dependent contracts:	Fair value through profit or loss	30,767,646	-	-	30,767,646	Fair value through profit or loss
	Loans and receivables	309,642	-	-	309,642	Amortized cost
Other financial investments:						
Illiquid debt instruments, excluding designated bonds	Loans and receivables	4,413,958	(20,670)	-	4,393,288	Amortized cost
Illiquid debt instruments, excluding designated bonds	Loans and receivables	3,260,331	-	(114,633)	3,145,698	Fair value through profit or loss
Treasury deposits	Loans and receivables	4,441,083	-	-	4,441,083	Amortized cost
Designated bonds	Loans and receivables	2,574,482	-	598,000	3,172,482	Fair value through profit or loss
Liquid debt instruments	Fair value through profit or loss	797,834	-	-	797,834	Fair value through profit or loss
Liquid debt instruments	Available-for-sale	4,039,164	-	-	4,039,164	Fair value through profit or loss
Equity instruments	Fair value through profit or loss	36,670	-	-	36,670	Fair value through profit or loss
Equity instruments	Available-for-sale	1,079,268	-	-	1,079,268	Fair value through profit or loss
Other investments	Fair value through profit or loss	172,285	-	-	172,285	Fair value through profit or loss
Other investments	Available-for-sale	3,054,583	-	-	3,054,583	Fair value through profit or loss
Total		54,946,946	(20,670)	483,367	55,409,643	

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Initial application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

5. Effect of initial application on the financial investments line items (cont.)

As of December 31, 2024

	Measurement in accordance with IAS 39		Remeasurement		Measurement in accordance with IFRS 9	
	Category	Amount	Expected credit losses	Other	Amount	Category
			NIS thousand			
Financial investments held against yield-dependent contracts:	Fair value through profit or loss	32,982,930	-	-	32,982,930	Fair value through profit or loss
	Loans and receivables	118,292	-	-	118,292	Amortized cost
Other financial investments:						
Illiquid debt instruments, excluding designated bonds	Loans and receivables	4,747,464	(29,462)	-	4,718,002	Amortized cost
Illiquid debt instruments, excluding designated bonds	Loans and receivables	3,358,478	-	(47,660)	3,310,818	Fair value through profit or loss
Treasury deposits	Loans and receivables	4,538,023	-	-	4,538,023	Amortized cost
Designated bonds	Loans and receivables	2,619,814	-	524,117	3,143,931	Fair value through profit or loss
Liquid debt instruments	Fair value through profit or loss	791,021	-	-	791,021	Fair value through profit or loss
Liquid debt instruments	Available-for-sale	3,733,163	-	-	3,733,163	Fair value through profit or loss
Equity instruments	Fair value through profit or loss	42,751	-	-	42,751	Fair value through profit or loss
Equity instruments	Available-for-sale	1,116,299	-	-	1,116,299	Fair value through profit or loss
Other investments	Fair value through profit or loss	255,347	-	-	255,347	Fair value through profit or loss
Other investments	Available-for-sale	3,502,217	-	-	3,502,217	Fair value through profit or loss
Total		57,805,799	(29,462)	476,457	58,252,794	

Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

V. Disclosure of the new IFRSs in the period prior to their application

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 income statement, 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 income statement 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.

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.
- 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.

Y. Changes 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

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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 Consolidated 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. Following are the contract boundary of material policies identified by Menora Insurance:

   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. 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 for 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.

   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 Menora Insurance 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 IFRS 17's recognition rules.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Considerations (cont.)

1. Insurance contracts (cont.)

b) Contract boundary

3. Reinsurance contracts held

The contract boundaries may also include cash flows in respect of underlying contracts, which the companies expect 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.

In reinsurance contracts, where both parties has a cancellation right at any point in time by giving a three-month advance notice, the contract boundary regarding a future business is three months. In the other contracts, the contract boundary regarding a future business is one year.

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 Menora Insurance 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 revenues from insurance services in each period to reflect the insurance services provided within the group of insurance contracts during that period. This amount is determined as follows:

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

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

The insurance contract services include:

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

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

A. An investment component exists, or the policyholder has a right to withdraw an amount;
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 investing activities to generate an investment return.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Considerations (cont.)

1. Insurance contracts (cont.)

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

Menora Insurance 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, Menora Insurance discounts the coverage units.

When a group of insurance contracts includes several types of insurance coverages and/or investment services, the Menora Insurance weights the various coverage units on the basis of the expected amount of benefits for the policyholder from each type of coverage or 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 services provided.

In insurance products without a savings component, the coverage units are usually insurance amounts, the number of coverages and/or monthly compensation amounts if the products in question are products with periodic payments.

For insurance products, which include a savings component - during the accrual period, the coverage units are accrual amounts or amounts at risk. During the annuity period, if the products in question are products with direct participation features (yield-dependent), the coverage units are investment revenues for the entire annuity period (guaranteed and non-guaranteed) plus the amounts of the annuity during the non-guaranteed period. In products without direct participation features (non-yield-dependent), the coverage units are investment revenues for the guaranteed period plus the amount of the annuity during the non-guaranteed period.

d) Investment component

Menora Insurance 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 Menora Insurance is not committed to pay any amount if the policyholder does not redeem the contract 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.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Considerations (cont.)

2. Classification and designation of financial investments

The Group's management exercised judgment in classifying and designating the financial investments into the following classes:

- Financial assets at fair value through profit and loss
- Debt instruments at amortized cost.

3. 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, voting agreements between the Group companies, and the distribution of other holdings and voting patterns at earlier general meetings of the shareholders. In addition, the Company assesses whether it has significant influence in companies in which it holds less than 20%.

Estimates and assumptions

Preparation of the Financial Statements requires the Group's management to exercise judgment and 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 insurance, pension, and provident funds segments, and there is uncertainty as to the manner of their materialization and implications.

Following are the main assumptions used in the Consolidated 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 Consolidated 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, as applicable; and
- Risk adjustment for non-financial risk

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Fulfillment cash flows (cont.)

Menora Insurance aims to determine a best estimate of its future insurance liabilities including risk margin. The calculation method is based on a deterministic cash flow approach, which takes into account both revenues and expenses over the life of the policy. In addition, the model takes into account a range of financial and actuarial components such as: premiums, claims, fees and commissions, reinsurance cost and investment components, etc.

Estimated future cash flows

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

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

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

- Claims handling costs, policy management and maintenance costs;
- Current commissions to agents received on the basis of premium collection (recurring commissions);
- Costs incurred by Menora Insurance for the provision of investment management services;
- Costs, which Menora Insurance will incur in performing investing activities to the extent that it performs them to enhance benefits from insurance coverage for policyholders. Investment activities enhance benefits from insurance coverage if the entity performs those activities expecting to generate an investment return from which policyholders will benefit if an insured event occurs;
- And insurance acquisition cash flows and other costs incurred in the fulfillment of the contract include direct costs and an allocation of fixed and variable overheads.

The Company measures insurance contracts and reinsurance contracts liabilities and assets according to insurance portfolios with a breakdown into profitability groups and underwriting years. In many cases, insurance contract portfolios incorporate several insurance coverages. Most of the underlying estimates and assumptions are determined at the level of insurance coverages and rather than at the level of insurance portfolios.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Fulfillment cash flows (cont.)

Following is a list of insurance coverages for which disclosure has been made of one or more of the assumptions detailed in this disclosure, and the relevant insurance and reinsurance portfolios in which such coverages are included (for a list of the Company's current insurance portfolios, see Note 2, Significant Accounting Policies):

Life Insurance:

Associated insurance portfolio(s)	Insurance coverage
Policies which include a non-yield-dependent savings component	Guaranteed-return savings, death benefit, permanent health insurance, critical illness, disability, medical expenses
Policies that include a yield-dependent savings component and include variable management fees	Yield-dependent savings with variable management fees, death benefit, permanent health insurance, critical illness, disabilities, medical expenses
Policies that include a yield-dependent savings component and include fixed management fees	Yield-dependent savings with fixed management fees, death benefit, permanent health insurance, critical illness, disabilities, medical expenses
Non-yield-dependent annuity policies	Guaranteed-return savings
Yield-dependent annuity policies	Yield-dependent savings with fixed management fees
Policies without a savings component - death rider	Death benefit, mortgage life insurance, permanent health insurance, critical illness, disabilities, medical expenses
Policies without a savings component - permanent health insurance coverage	Permanent health insurance, death benefit, critical illness, disability, medical expenses

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Estimated future cash flows (cont.)

Health Insurance:

Associated insurance portfolio(s)	Insurance coverage
Individual LTC	Non-yield-dependent and yield dependent long-term care, medical expenses, critical illness
Collective LTC	LTC
Critical illnesses	Critical illnesses, cancer, permanent health insurance, disabilities
Individual and collective medical expenses, including dental	Surgeries, transplants, medications, ambulatory, riders, permanent health insurance, disabilities, dental
Personal accidents	Personal accidents, occupational disability
Travel abroad and foreign workers	Travel abroad, foreign workers

P&C insurance:

Associated insurance portfolio(s)	Insurance coverage
Compulsory Motor Insurance	Coverage for bodily injury due to road accidents
Motor Property	Coverage for property damage due to road accidents
Insurance and businesses	Coverage for various risks including fire, theft, naturally occurring damage, employers' liability, product liability, professional liability, third party liability
Professional liability	Coverage for various types of professional liability
Comprehensive home	Coverage for various risks including fire, theft, naturally occurring damage, earthquake, employers' liability, third party liability
Engineering insurance	Coverage for various risks including fire, theft, naturally occurring damage, earthquake, employers' liability, third party liability
Aircraft, vessels and freight	Coverage for aircraft, vessels and cargo in transit
Guarantees including a Sale Law guarantees	Coverage for breach of undertaking
Personal accidents	Personal accidents
Naturally occurring damage	Coverage for naturally occurring damage in agriculture
Pet insurance	Coverage for reimbursement of medical expenses in respect of medical treatments provided to the pet

The following assumptions were used to measure the future cash flows.

For information regarding sensitivity analyses with respect to the assumptions detailed below, see also Note 29C - Risk management - sensitivity analyses in respect of underwriting and market risks.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Estimated future cash flows (cont.)

Following are details of the key assumptions used in the Life and Health Segment:

1. Mortality and morbidity rates
   a) Active mortality - based on data from reinsurers, adjusted according to the Menora Insurance's claims history based on mortality studies for the relevant products that are carried out periodically.

   b) Mortality of pensioners - in accordance with the appendixes and the life expectancy increase assumption as published by the Commissioner in the Consolidated Circular Section 5, Part 2, Chapter 1 - Measurement Appendix C - Measurement of Liabilities, including the Amendment to the Consolidated Circular on Measurement of Liabilities - Updating the Demographic Assumptions in Life Insurance and Updating the Mortality Improvements Model for Insurance Companies and Pension Funds of July 27, 2024. An increase in the mortality rate assumption, due to an increase in actual mortality rates to a level, which is higher than the current level, will result in an increase in the estimated future cash flows in respect of the policyholders' death before they reach retirement age and a decrease in the estimated future cash flows in respect of lifetime annuities. It should be noted that in recent decades, there has been a reversal of the trajectory – of increasing life expectancy and lower mortality rates. The mortality assumption used to calculate the estimated future cash flows takes into account an assumption in respect of a future increase in life expectancy.

   c) Morbidity rates refer to the prevalence of claims for morbidity from critical illnesses, PHI, long-term care, medical expenses products, accidental disability, etc. These rates are determined based on Menora Insurance's experience and/or in combination of studies by reinsurers. In the long-term care and PHI Subsegments, the annuity payment period is based on Menora Insurance's experience and/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, medical expenses, accidental disability insurance, etc.

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 - with a guaranteed annuity conversion factor. Regarding premiums which were contributed through May 2000, the policyholder may select, on retirement date, his/her preferred track. Since the insurance liability amount differs in each of these two tracks, Menora Insurance is required to estimate the rate of policies in which the policyholders will select the annuity track due to the effect on the reserve required in respect of such liabilities. This rate was set based on the Company's past experience in accordance with the Commissioner's Directives, in view of the reliability of the Company's past experience. It is noted that as from 2008, most provident funds plans and contributions towards the old plans are designated to annuity. Furthermore, Menora Insurance updates - according to past experience - the mix of the annuity tracks to be selected by the policyholders. The pension uptake rate is calculated separately for yield-dependent policies and non-yield-dependent policies.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Estimated future cash flows (cont.)

Following are details of the key assumptions used in the Life and Health Segment: (cont.)

3. Lapse rates

The lapse rate discount reflects the discontinuation of premium payment, settlement of policies, payment of redemption value - in accordance with Menora Insurance's experience with the various products as observed in periodic lapse studies, while making adjustments in accordance with Menora Insurance's estimates in cases where past experience does not faithfully represent Menora Insurance'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 Companies' claims can be used to predict the development of future claims and consequently the ultimate cost of claims.

The choice of the appropriate actuarial method for each insurance subsegment and for each event or underwriting year is determined by exercising judgment on the degree of the method's suitability to the subsegment, and sometimes the various methods are combined. The assessments are mainly based on past experience in the development of claim payouts and/or development of the amount of specific payments and estimates. The assessments include assumptions about the average claim cost, claims handling costs, and prevalence of claims. Additional assumptions may take into account changes in interest rates, foreign exchange rates and timing of payments. Claim 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 Companies' actuaries sometimes use 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-off event, internal changes such as a change in the portfolio mix, underwriting policies and claims handling procedures, as well as the effect of external factors such as court rulings, legislation, etc. When such changes were not fully reflected in past experience, the actuaries update the models and/or makes specific provisions based on statistical and/or legal assessments, as applicable.

The actuarial assessment 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.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

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

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

The estimate of the contingent claims in the Compulsory Motor Subsegment for the Companies 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 by taking into account the type of agreement (proportional or non-proportional) and the actual claims data and premium transferred to the reinsurer.

Discount rates

The Companies determine 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 Companies 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.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Discount rates (cont.)

Following are the discount rates (real spot interest including illiquidity premium) used by the Companies:

	As of December 31, 2025								
	Portfolio's duration								
	One year	3 years	5 years	10 years	15 years	25 years	35 years	45 years	60 years
Policies with a non-yield-dependent savings component and annuity policies *)	2.4%	2.1%	2.1%	2.1%	2.2%	2.4%	2.5%	2.6%	2.7%
Policies that include a yield-dependent savings component and include variable management fees, individual long-term care and compulsory motor	2.3%	2.0%	2.0%	2.1%	2.2%	2.3%	2.5%	2.5%	2.6%
Policies that include a yield-dependent savings component and include fixed management fees	2.3%	1.9%	1.9%	2.0%	2.1%	2.3%	2.4%	2.5%	2.6%
Remaining portfolios	2.2%	1.9%	1.9%	2.0%	2.1%	2.3%	2.4%	2.5%	2.6%

	As of December 31, 2024								
	Portfolio's duration								
	One year	3 years	5 years	10 years	15 years	25 years	35 years	45 years	60 years
Policies with a non-yield-dependent savings component and annuity policies *)	2.1%	2.2%	2.2%	2.4%	2.4%	2.5%	2.6%	2.6%	2.7%
Policies that include a yield-dependent savings component and include variable management fees, individual long-term care and compulsory motor	2.0%	2.1%	2.2%	2.3%	2.3%	2.4%	2.5%	2.6%	2.7%
Policies that include a yield-dependent savings component and include fixed management fees	2.0%	2.0%	2.1%	2.2%	2.3%	2.3%	2.4%	2.5%	2.6%
Remaining portfolios	1.9%	2.0%	2.0%	2.2%	2.2%	2.3%	2.3%	2.4%	2.5%

(*) This curve is also used to calculate the fair value of the designated bonds.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Risk adjustment for non-financial risk

The RA represents the compensation, which the companies demand 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. For Property and Casualty Insurance, the Companies implement principles of the "best practice" approach, which is an approach based on the VaR technique with a long horizon.

The confidence interval levels set for each reporting segment are as follows:

	Issued insurance contracts	Reinsurance contracts held
Life Insurance Segment	75%	75%
Health Insurance Segment, excluding individual long-term care portfolio	75%	75%
Individual long-term care portfolio	90%	90%
Property and Casualty Insurance Segment	75%	75%

In determining the non-financial risk adjustment at the portfolio level, the Companies take into account the diversification benefit between the various portfolios and segments. For reinsurance contracts held, the Companies calculate 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 set the non-financial risk adjustment transferred to the reinsurer as the amount of the difference between gross and retention as detailed above. The companies do not take into account diversification benefits among the Group's insurance companies.

2. Estimation of current expected credit losses

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased substantially since the initial recognition date. The Group 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.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

3. Legal claims

Several lawsuits and motions to certify lawsuits as class actions are pending against the Group. When assessing the chances of lawsuits filed against the Group, the Group relied on the opinions of its 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, the outcomes may differ from the assessments provided by legal counsel.

In addition to the aforesaid claims, the Group is exposed to allegations or lawsuits that have not yet been argued or filed, where, among other things, there is doubt as to the interpretation of an agreement and/or provisions of the law and/or the manner of their implementation. This exposure is brought to the attention of the Group 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, the Group relies 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.

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. The fair value of options is based on the B&S model and the fair value of complex instruments is based on a quote from the manager of the complex instrument.

5. Investment property and self-use real estate

Investment property and self-use real estate are presented at fair value at the reporting date, with fair value changes recognized in profit and loss and to other comprehensive income, respectively. The fair value is determined by external and independent appraisers based on economic valuations, which include the use of valuation techniques and assumptions as to estimates of expected 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 and own-use properties, the appraisers and Group's management use certain assumptions as to rates of return required in respect of the Group's properties, future rental prices, occupancy rates, contract renewals, rezonings, 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 real estate properties. Changes in assumptions used to measure investment property and own-used real estate properties may result in a change in fair value.

Notes to the Consolidated Financial Statements

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

Estimates and assumptions (cont.)

6. Impairment of non-financial assets, including goodwill

The Group assesses, at each reporting date, whether there have been any events or changes in circumstances which would indicate impairment of one or more non-financial assets. When there are indications of impairment, it is assessed whether the recoverable amount is higher than the carrying amount of the asset, and if necessary, a provision for impairment is recorded up to the recoverable amount. The discounted cash flows are calculated according to the discount rate, which reflect the market assessments for the time value of money and the risks specific to the asset. The estimates of the cash flows are based on past experience of this asset or similar assets, and on the best estimate of the Group for the economic conditions prevailing in the course of the remaining useful life of the asset. In addition, the Group measures impairment of goodwill at least once a year. This requires management to estimate the expected future cash flows from continued use of the cash-generating unit 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.

7. Determining the recoverability of costs of obtaining investment management service contracts

Menora Insurance'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, Menora Insurance'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 Menora Insurance’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.

8. Post-employment employee benefits

Liability in respect of post-employment defined benefit plans is set using actuarial valuation 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.

Notes to the Consolidated Financial Statements

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.

The assets and liabilities of each segment include items that are directly attributable to the segment, and items that may be attributed on a reasonable basis. Insofar as a segment's assets are managed separately from those of another segment and there is no regulatory restriction, the assets and results are presented according to the specific accounts managed for that segment; otherwise, the results are attributed according to the rate of insurance liabilities.

The accounting principles applied in segment reporting correspond to the generally accepted accounting principles applied in the preparation and presentation of the Group's consolidated financial statements.

Inter-company movements take place between the segments, which include, among other things, imputation of interest calculated in accordance with the provisions of the law.

Subordinated notes that serve Menora Insurance's capital requirements and finance expenses in respect thereof are presented in the "not attributable to the operating segments" column.

1. Life Insurance and Long-Term Savings Segment
   The Life Insurance and Long-Term Savings Segment includes the life insurance, pension and provident funds subsegments and focuses mainly on long-term savings (in the framework of various types of insurance policies, pension funds and provident funds including advanced education funds), as well as insurance coverage for various risks such as: death, disability, permanent health insurance, etc.
   In accordance with the Commissioner's Directives, the Life Insurance and Long-Term Savings Segment is broken down into life insurance, pension funds and provident funds.

2. Health Insurance Segment
   The Health Insurance Segment includes long-term care, medical expenses, critical illness, surgery and transplants, dental, foreign workers insurance, etc.

3. Property and Casualty Insurance 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 compulsory motor insurance, motor property, property and other, 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).

   - 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.

   - Other
     Non-motor property and liability subsegments.

Notes to the Consolidated Financial Statements

NOTE 3 - OPERATING SEGMENTS (cont.)

4. Credit Segment
   Over the past few years, the Group has worked to expand its credit activity, both organically and through acquisitions. In view of the above, as from the Financial Statements for 2025, the Group presents a new operating segment - the Credit Segment. The activities included in the Credit Segment include provision of business credit, including real estate credit, the provision of consumer credit (consumer loans in the private market, including mortgages), as well as early payment services or repayment undertakings. Business credit is provided through Menora Insurance and through Company subsidiaries: Yesodot A. Financial Support Ltd. (hereinafter - "**Yesodot**") and ERN Israel Ltd. (hereinafter - "**Menora ERN**") and through Ampa Capital Ltd., a Company associate (hereinafter - "**Ampa**"). Consumer credit is provided through Menora Mortgages (hereinafter - "**Menora Mortgages**"), and via Menora ERN. The operating segment also includes a holding in an associate, IBI Quality Credit Ltd., which engages in credit brokerage, and whose activity is immaterial.
   These activities were previously presented under the Company's various operating segments. The comparative figures included under the operating segments note were restated accordingly.

5. The activity, which non-segmented, includes investments in real estate, the provision of underwriting obligations, insurance brokerage and investment revenue and finance expenses that were not attributed to the other operating segments.
   The accounting policies of the operating segments as stated above is identical to the one presented in Note 2. The performances of the segments are assessed based on profit (loss), as presented in the financial statements. The results of the segments, which are reported to the chief operating decision maker, include items that are attributable directly to the segment and items that may be reasonably attributable.

Notes to the Consolidated Financial Statements

NOTE 3 - OPERATING SEGMENTS (cont.)

	For the year ended December 31, 2025						
	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Credit	Non-segmented	Adjustments and offsets	Total
	NIS thousand						
Revenues from insurance services	1,699,977	2,168,845	4,639,495	-	-	-	8,508,317
Expenses from insurance services	(1,389,378)	(1,553,532)	(3,533,070)	-	-	27,826	(6,448,154)
Income from insurance services before reinsurance policies held	310,599	615,313	1,106,425	-	-	27,826	2,060,163
Reinsurance expenses	(126,542)	(313,711)	(1,016,020)	-	-	-	(1,456,273)
Reinsurance revenues	91,060	237,207	655,225	-	-	-	983,492
Net expenses from reinsurance contracts held	(35,482)	(76,504)	(360,795)	-	-	-	(472,781)
Income from insurance services	275,117	538,809	745,630	-	-	27,826	1,587,382
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	5,018,862	183,995	-	-	-	-	5,202,857
Other investment income (losses), net:							
Interest revenues calculated using the effective interest method	344,306	-	4,165	481,468	71,807	-	901,746
Decrease in net losses (losses) from impairment of financial assets	(848)	-	(163)	(117,771)	39,104	-	(79,678)
Other investment gains (losses), net	589,057	202,354	368,840	(910)	668,856	(11,325)	1,816,872
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	(2,858)	(1,118)	40,691	-	(474)	-	36,241
Total income from other investments, net	929,657	201,236	413,533	362,787	779,293	(11,325)	2,675,181
Total investment income, net	5,948,519	385,231	413,533	362,787	779,293	(11,325)	7,878,038
Finance expenses, net arising from insurance contracts	(4,442,844)	(226,678)	(278,103)	-	-	-	(4,947,625)
Finance income (expenses), net arising from reinsurance contracts	(10,628)	60,371	99,083	-	-	-	148,826
Increase in liabilities for investment contracts due to the yield component	(1,195,388)	-	-	-	-	-	(1,195,388)
Net investment and finance income	299,659	218,924	234,513	362,787	779,293	(11,325)	1,883,851
Income, net from insurance and investment	574,776	757,733	980,143	362,787	779,293	16,501	3,471,233
Revenues from management fees	1,131,792	65,672	-	-	10,591	(9,162)	1,198,893
Revenues from fees and commissions	-	-	-	70,134	149,147	(67,819)	151,462
Other operating expenses	(760,149)	(64,445)	(53,416)	(117,152)	(172,356)	59,514	(1,108,004)
Other revenues (expenses), net	(3,667)	-	-	(13,691)	105,143	(2,378)	85,407
Other finance income (expenses)	(5,359)	-	4,400	(152,706)	(112,237)	12,622	(253,280)
Share in profits of equity-accounted subsidiaries which are not closely related to the investing activity	-	-	-	33,978	18,772	-	52,750
Income before income tax	937,393	758,960	931,127	183,350	778,353	9,278	3,598,461
Other comprehensive loss before taxes on income:							
Other	(4,491)	(2,803)	(1,374)	(138)	(1,209)	(8,651)	(18,666)
Total comprehensive income before income tax	932,902	756,157	929,753	183,212	777,144	627	3,579,795

Notes to the Consolidated Financial Statements

NOTE 3 - OPERATING SEGMENTS (cont.)

	For the year ended December 31, 2024						
	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Credit	Non-segmented	Adjustments and offsets	Total
	NIS thousand						
Revenues from insurance services	1,618,377	2,051,324	4,389,472	-	-	-	8,059,173
Expenses from insurance services	(1,267,758)	(1,546,113)	(3,308,722)	-	-	19,456	(6,103,137)
Income from insurance services before reinsurance policies held	350,619	505,211	1,080,750	-	-	19,456	1,956,036
Reinsurance expenses	(130,856)	(348,866)	(1,006,261)	-	-	-	(1,485,983)
Reinsurance revenues	96,788	306,282	656,775	-	-	-	1,059,845
Net expenses from reinsurance contracts held	(34,068)	(42,584)	(349,486)	-	-	-	(426,138)
Income from insurance services	316,551	462,627	731,264	-	-	19,456	1,529,898
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	3,589,802	190,883	-	-	-	-	3,780,685
Other investment income (losses), net:							
Interest revenues calculated using the effective interest method	386,029	-	-	371,843	92,182	-	850,054
Net losses from impairment of financial assets	-	-	-	(109,618)	(9,547)	-	(119,165)
Other investment gains (losses), net	410,442	151,173	331,442	(968)	335,929	(35,633)	1,192,385
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	(474)	(160)	(6,120)	-	680	-	(6,074)
Total income from other investments, net	795,997	151,013	325,322	261,257	419,244	(35,633)	1,917,200
Total investment income, net	4,385,799	341,896	325,322	261,257	419,244	(35,633)	5,697,885
Finance expenses, net arising from insurance contracts	(3,285,431)	(337,109)	(253,669)	-	-	-	(3,876,209)
Finance income (expenses), net arising from reinsurance contracts	(361)	77,636	79,094	-	-	-	156,369
Increase in liabilities for investment contracts due to the yield component	(977,992)	-	-	-	-	-	(977,992)
Net investment and finance income	122,015	82,423	150,747	261,257	419,244	(35,633)	1,000,053
Income, net from insurance and investment	438,566	545,050	882,011	261,257	419,244	(16,177)	2,529,951
Revenues from management fees	1,009,045	32,813	-	-	10,470	(9,041)	1,043,287
Revenues from fees and commissions	-	-	-	74,566	124,129	(54,423)	144,272
Other operating expenses	(699,694)	(36,424)	(36,046)	(91,330)	(136,996)	55,275	(945,215)
Other revenues (expenses), net	(10,956)	(118)	-	(11,358)	3,496	(2,260)	(21,196)
Other finance income (expenses)	(10,260)	-	4,469	(125,864)	(74,101)	(1,616)	(207,372)
Share in profits of equity-accounted subsidiaries which are not closely related to the investing activity	-	-	-	28,223	2,896	-	31,119
Income before income tax	726,701	541,321	850,434	135,494	349,138	(28,242)	2,574,846
Other comprehensive income (loss) before income tax:							
Other	(120)	33	114	636	30,527	14,223	45,413
Total comprehensive income before income tax	726,581	541,354	850,548	136,130	379,665	(14,019)	2,620,259

Notes to the Consolidated Financial Statements

NOTE 3 - OPERATING SEGMENTS (cont.)

	As of December 31, 2025						
	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Credit	Non-segmented	Adjustments and offsets	Total
	NIS thousand						
Assets:							
Segment assets:							
Investments for yield-dependent contracts (*)	37,310,637	1,358,140	-	-	-	-	38,668,777
Other investments (*)	12,085,912	2,119,316	5,660,640	5,115,289	8,079,576	(349,226)	32,711,507
Insurance contract assets	724,362	946,829	-	-	-	-	1,671,191
Reinsurance contract assets	26,028	1,331,914	2,263,819	-	-	-	3,621,761
Equity-accounted investments	30,112	25,964	65,449	342,392	246,232	-	710,149
Costs of obtaining investment management service contracts	858,694	-	-	-	-	-	858,694
Other unallocated assets	1,556,369	411,958	612,084	580,235	1,398,486	(1,295,156)	3,263,976
Total assets	52,592,114	6,194,121	8,601,992	6,037,916	9,724,294	(1,644,382)	81,506,055
Total assets for yield-dependent contracts	37,310,637	1,358,140	-	-	-	-	38,668,777
Liabilities:							
Segment liabilities:							
Financial liabilities (**)	264,791	-	8,588	3,748,265	3,296,355	(536,135)	6,781,864
Liabilities for investment contracts	12,154,964	-	-	-	-	-	12,154,964
Liabilities for insurance contracts	37,143,073	5,147,188	7,452,001	-	-	-	49,742,262
Liabilities for reinsurance contracts	97,632	-	-	-	-	-	97,632
Other unallocated liabilities	896,150	725,220	672,849	101,142	1,999,449	(1,114,632)	3,280,178
Total liabilities	50,556,610	5,872,408	8,133,438	3,849,407	5,295,804	(1,650,767)	72,056,900

(*) 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.

Notes to the Consolidated Financial Statements

NOTE 3 - OPERATING SEGMENTS (cont.)

	As of December 31, 2024						
	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Credit	Non-segmented	Adjustments and offsets	Total
	NIS thousand						
Assets:							
Segment assets:							
Investments for yield-dependent contracts (*)	34,031,087	1,764,786	-	-	-	-	35,795,873
Other investments (*)	12,637,421	1,876,929	4,563,005	3,570,779	4,722,569	(76,433)	27,294,270
Insurance contract assets	635,418	637,549	-	-	-	-	1,272,967
Reinsurance contract assets	50,155	1,398,065	1,924,993	-	-	-	3,373,213
Equity-accounted investments	57,948	11,333	68,689	307,815	186,458	-	632,243
Costs of obtaining investment management service contracts	748,182	-	-	-	-	-	748,182
Other unallocated assets	1,834,733	374,211	1,623,073	546,595	1,309,129	(2,292,275)	3,395,467
Total assets	49,994,944	6,062,873	8,179,760	4,425,189	6,218,156	(2,368,708)	72,512,215
Total assets for yield-dependent contracts	34,031,087	1,764,786	-	-	-	-	35,795,873
Liabilities:							
Segment liabilities:							
Financial liabilities (**)	490,429	-	6,443	2,423,381	2,142,363	(265,347)	4,797,269
Liabilities for investment contracts	10,778,417	-	-	-	-	-	10,778,417
Liabilities for insurance contracts	34,861,826	5,686,383	6,794,601	-	-	-	47,342,810
Liabilities for reinsurance contracts	99,067	-	-	-	-	-	99,067
Other unallocated liabilities	1,401,549	208,089	175,869	59,758	2,116,724	(2,098,059)	1,863,931
Total liabilities	47,631,288	5,894,472	6,976,913	2,483,139	4,259,087	(2,363,406)	64,881,494

(*) 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.

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS

A. Life Insurance and Long-Term Savings Segment

	For the year ended December 31, 2025				
	Provident	Pension	Investment contracts (*)	Life Insurance	Total
			NIS thousand		
Revenues from insurance services	-	-	-	1,699,977	1,699,977
Expenses from insurance services	-	-	-	(1,389,378)	(1,389,378)
Income from insurance services before reinsurance policies held	-	-	-	310,599	310,599
Reinsurance expenses	-	-	-	(126,542)	(126,542)
Reinsurance revenues	-	-	-	91,060	91,060
Net expenses from reinsurance contracts held	-	-	-	(35,482)	(35,482)
Income from insurance services	-	-	-	275,117	275,117
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	-	-	835,736	4,183,126	5,018,862
Other investment income (losses), net:					
Interest revenues calculated using the effective interest method	344,303	-	-	3	344,306
Net losses from impairment of financial assets	(409)	-	-	(439)	(848)
Other investment income, net	32,741	28,307	184	527,825	589,057
Share in losses of equity-accounted subsidiaries closely related to the investing activity	-	-	-	(2,858)	(2,858)
Total income from other investments, net	376,635	28,307	184	524,531	929,657
Total investment income, net	376,635	28,307	835,920	4,707,657	5,948,519
Finance expenses, net arising from insurance contracts	-	-	-	(4,442,844)	(4,442,844)
Finance expenses, net arising from reinsurance contracts	-	-	-	(10,628)	(10,628)
Increase in liabilities for investment contracts due to the yield component	(359,534)	-	(835,854)	-	(1,195,388)
Net investment and finance income	17,101	28,307	66	254,185	299,659
Income, net from insurance and investment	17,101	28,307	66	529,302	574,776
Revenues from management fees	236,795	846,961	48,036		1,131,792
Other operating expenses	(174,970)	(522,924)	(42,453)	(19,802)	(760,149)
Other expenses, net	(2,146)	(1,521)	-	-	(3,667)
Other finance expenses	(38)	(5,321)	-	-	(5,359)
Income before income tax	76,742	345,502	5,649	509,500	937,393
Other comprehensive income (loss) before income tax:					
Other	(12)	6	-	(4,485)	(4,491)
Total comprehensive income before income tax	76,730	345,508	5,649	505,015	932,902
Additional information regarding investment contracts (*)					
Proceeds from investment contracts			1,409,261		1,409,261
Annualized receipts for investment contracts - new business			17,281		17,281
One-off proceeds for investment contracts			1,343,616		1,343,616

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

A. Life Insurance and Long-Term Savings Segment (cont.)

	For the year ended December 31, 2024				
	Provident	Pension	Investment contracts (*)	Life Insurance	Total
			NIS thousand		
Revenues from insurance services	-	-	-	1,618,377	1,618,377
Expenses from insurance services	-	-	-	(1,267,758)	(1,267,758)
Income from insurance services before reinsurance policies held	-	-	-	350,619	350,619
Reinsurance expenses	-	-	-	(130,856)	(130,856)
Reinsurance revenues	-	-	-	96,788	96,788
Net expenses from reinsurance contracts held	-	-	-	(34,068)	(34,068)
Income from insurance services	-	-	-	316,551	316,551
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	-	-	570,459	3,019,343	3,589,802
Other investment income (losses), net:					
Interest revenues calculated using the effective interest method	386,029	-	-	-	386,029
Other investment income, net	29,089	16,810	182	364,361	410,442
Share in losses of equity-accounted subsidiaries closely related to the investing activity	-	-	-	(474)	(474)
Total income from other investments, net	415,118	16,810	182	363,887	795,997
Total investment income, net	415,118	16,810	570,641	3,383,230	4,385,799
Finance expenses, net arising from insurance contracts	-	-	-	(3,285,431)	(3,285,431)
Finance expenses, net arising from reinsurance contracts	-	-	-	(361)	(361)
Increase in liabilities for investment contracts due to the yield component	(407,273)	-	(570,719)	-	(977,992)
Net investment and finance income	7,845	16,810	(78)	97,438	122,015
Income, net from insurance and investment	7,845	16,810	(78)	413,989	438,566
Revenues from management fees	203,565	762,127	43,353	-	1,009,045
Other operating expenses	(156,454)	(484,451)	(41,268)	(17,521)	(699,694)
Other expenses, net	(2,143)	(8,813)	-	-	(10,956)
Other finance expenses	(523)	(9,737)	-	-	(10,260)
Income before income tax	52,290	275,936	2,007	396,468	726,701
Other comprehensive income (loss) before income tax:					
Other	(14)	(379)	-	273	(120)
Total comprehensive income before income tax	52,276	275,557	2,007	396,741	726,581
Additional information regarding investment contracts (*)					
Proceeds from investment contracts			1,092,658		1,092,658
Annualized receipts for investment contracts - new business			15,940		15,940
One-off proceeds for investment contracts			992,396		992,396

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

A. Life Insurance and Long-Term Savings Segment (cont.)

	For the year ended December 31, 2025			
	Policies with a non-yield-dependent savings component (a)	Policies with a yield-dependent savings component (a)	Policies without a savings component	Total
	NIS thousand			
(1) Details of the results by main portfolio groups				
Amounts recognized in profit or loss:				
Revenues from insurance services	87,412	542,239	1,070,326	1,699,977
Expenses from insurance services (*)	(71,465)	(423,568)	(894,345)	(1,389,378)
Income from insurance services before reinsurance policies held	15,947	118,671	175,981	310,599
Reinsurance expenses	(1,498)	-	(125,044)	(126,542)
Reinsurance revenues	229	-	90,831	91,060
Net expenses from reinsurance contracts held	(1,269)	-	(34,213)	(35,482)
Income from insurance services	14,678	118,671	141,768	275,117
Total investment income, net	515,858	4,172,615	19,184	4,707,657
Finance income (expenses), net arising from insurance contracts	(392,524)	(4,140,041)	89,721	(4,442,844)
Finance expenses, net arising from reinsurance contracts	(8,026)	-	(2,602)	(10,628)
Net investment and finance income	115,308	32,574	106,303	254,185
Income, net from insurance and investment	129,986	151,245	248,071	529,302
(*) Of which:				
Claims and other insurance service expenses incurred (b)	(71,843)	(469,147)	(744,684)	(1,285,674)
Changes relating to past service – adjustment for liabilities for incurred claims (b)	1,400	45,054	(4,268)	42,186
(2) Details of assets and liabilities by main portfolio groups				
Gross and reinsurance data, as of December 31, 2025				
Liabilities, net for insurance contracts according the remaining coverage and incurred claims: (c)				
Liabilities, net for remaining coverage (LRC), excluding loss component	6,367,132	29,842,296	(1,465,053)	34,744,375
Loss component (LC)	7,878	232	-	8,110
Liabilities, net for incurred claims (LIC)	13,993	659,732	958,707	1,632,432
Balances of accounts receivable and payable, net (***)				33,794
Total liabilities, net for insurance contracts (**)				36,418,711
Liabilities, net for insurance contracts, by measurement components: (c), (d)				
Best estimates (BE) of the present value of the future cash flows.	6,184,221	29,457,421	(1,828,967)	33,812,675
Risk adjustment (RA) for non-financial risk	12,182	102,425	221,761	336,368
Contractual service margin (CSM)	192,601	942,413	1,100,860	2,235,874
Balances of accounts receivable and payable, net (***)				33,794
Total liabilities, net for insurance contracts (**)				36,418,711
(**) Of which: Insurance contract assets				724,362
(***) Composition of balances of accounts receivable and payable, net:				
Premiums collectible				(18,042)
Payables for claims and insurance service expenses				123,474
Other				(71,638)
Total balances of accounts receivable and payable, net				33,794
Assets, net for reinsurance contracts	(10,419)	-	120,199	109,780
Balances of other receivables and payables and reinsurance deposits				(181,384)
Total assets, net for reinsurance contracts				(71,604)
(3) Additional information (e)				
Gross data for the year ended December 31, 2025				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	111,577	1,402,189	917,078	2,430,844
(***) Of which: Savings component	107,844	1,210,178	-	1,318,022
Variable management fees (f)	-	238,631	-	238,631
Fixed management fees (f)	-	203,702	-	203,702
Annualized premium for insurance contracts - new business (g)	-	2,670	85,072	87,742
One-off premium for insurance contracts (g)	82,867	438,973	-	521,840
Acquisition expenses for insurance contracts (g)	282	5,444	151,159	156,885

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

A. Life Insurance and Long-Term Savings Segment (cont.)

	For the year ended December 31, 2024			
	Policies with a non-yield-dependent savings component (a)	Policies with a yield-dependent savings component (a)	Policies without a savings component	Total
	NIS thousand			
(1) Details of the results by main portfolio groups				
Amounts recognized in profit or loss:				
Revenues from insurance services	81,481	491,858	1,045,038	1,618,377
Expenses from insurance services (*)	(59,681)	(443,486)	(764,591)	(1,267,758)
Income from insurance services before reinsurance policies held	21,800	48,372	280,447	350,619
Reinsurance expenses	(6,062)	-	(124,794)	(130,856)
Reinsurance revenues	(6,228)	-	103,016	96,788
Net expenses from reinsurance contracts held	(12,290)	-	(21,778)	(34,068)
Income from insurance services	9,510	48,372	258,669	316,551
Total investment income, net	357,215	3,009,703	16,312	3,383,230
Finance income (expenses), net arising from insurance contracts	(376,134)	(3,004,230)	94,933	(3,285,431)
Finance expenses, net arising from reinsurance contracts	(1,263)	-	902	(361)
Income (loss) from investments and financing, net	(20,182)	5,473	112,147	97,438
Income (loss), net from insurance and investment	(10,672)	53,845	370,816	413,989
(*) Of which:				
Claims and other insurance service expenses incurred (b)	(56,836)	(440,262)	(670,704)	(1,167,802)
Changes relating to past service – adjustment for liabilities for incurred claims (b)	(2,552)	(902)	11,863	8,409
(2) Details of assets and liabilities by main portfolio groups				
Gross and reinsurance data, as of December 31, 2024				
Liabilities, net for insurance contracts according the remaining coverage and incurred claims: (c)				
Liabilities, net for remaining coverage (LRC), excluding loss component	6,573,865	27,396,133	(1,190,142)	32,779,856
Loss component (LC)	1,166	759	-	1,925
Liabilities, net for incurred claims (LIC)	14,178	652,630	860,716	1,527,524
Balances of accounts receivable and payable, net (***)				(82,897)
Total liabilities, net for insurance contracts (**)				34,226,408
Liabilities, net for insurance contracts, by measurement components: (c), (d)				
Best estimates (BE) of the present value of the future cash flows.	6,377,198	27,328,991	(1,711,184)	31,995,005
Risk adjustment (RA) for non-financial risk	10,837	114,852	210,600	336,289
Contractual service margin (CSM)	201,175	605,665	1,171,171	1,978,011
Balances of accounts receivable and payable, net (***)				(82,897)
Total liabilities, net for insurance contracts (**)				34,226,408
(**) Of which: Insurance contract assets				635,418
(***) Composition of balances of accounts receivable and payable, net:				
Premiums collectible				(118,906)
Payables for claims and insurance service expenses				107,264
Other				(71,255)
Total balances of accounts receivable and payable, net				(82,897)
Assets, net for reinsurance contracts	(10,704)	-	127,820	117,116
Balances of other receivables and payables and reinsurance deposits				(166,028)
Total assets, net for reinsurance contracts				(48,912)
(3) Additional information (e)				
Gross data for the year ended December 31, 2024				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	102,145	1,625,023	873,743	2,600,911
(***) Of which: Savings component	97,664	1,414,689	-	1,512,353
Variable management fees (f)	-	-	-	-
Fixed management fees (f)	-	193,345	-	193,345
Annualized premium for insurance contracts - new business (g)	-	1,789	91,708	93,497
One-off premium for insurance contracts (g)	71,228	549,264	-	620,492
Acquisition expenses for insurance contracts (g)	35	2,365	156,992	159,392

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

A. Life Insurance and Long-Term Savings Segment (cont.)

Comments:

A. The policies include a non-yield-dependent savings component, including annuity policies, which are not yield dependent; policies which include a yield-dependent savings component, including yield-dependent annuity policies.

B. The "claims and expenses of other insurance services incurred" line item and the line item "changes relating to past services - adjustment of liabilities for incurred claims" are components included under expenses from insurance services - see Note 21 - Income (Loss) from Insurance Service and Reinsurance.

C. For the purpose of this disclosure, some of the components of the net liabilities for insurance contracts - both by remaining coverage and incurred claims and by measurement components - do not include balances of other receivables and payables arising from the difference between the billing or credit date and the actual date of receipt or payment. Therefore, the amount of the net liability components for insurance contracts in respect of net liabilities for remaining coverage (LRC), excluding the loss component; net liabilities for incurred claims (LIC); as well as best estimates (BE) of the present value of future cash flows, presented in this note, do not correspond to the amount of those components presented in Note 17B, Assets and Liabilities for Insurance Contracts and Reinsurance Contracts.

D. Liabilities for insurance contracts according to measurement components include both liabilities for the remaining coverage and liabilities for incurred claims, by measurement components.

E. For more information regarding investment contracts - see Section A.1. Additional data regarding the Life Insurance and Long-Term Savings operating segment above.

F. The premiums and management fees were received based on billing dates.

G. Increases 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 Company's systems.

H. Acquisition expenses include expenses paid or expenses that the Company is required to pay in respect of insurance contracts issued in the reporting year (both for insurance contracts recognized in the financial statements and for future insurance contracts not yet recognized) and except for recurring commissions that have not been classified as insurance acquisition cash flows.

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

B. Health Insurance Segment

	LTC		Health Insurance - other			
	Individual	Collective	Medical expenses and disabilities - individual	Medical expenses and disabilities - collective (a)	Other (a)	Total
	NIS thousand					
(1) Details of the results by main portfolio groups						
For the year ended December 31, 2025						
Amounts recognized in profit or loss:						
Revenues from insurance services	178,643	38,726	750,584	294,563	906,329	2,168,845
Expenses from insurance services (*)	(148,103)	(26,158)	(475,547)	(281,193)	(622,531)	(1,553,532)
Income (loss) from insurance services before reinsurance contracts held	30,540	12,568	275,037	13,370	283,798	615,313
Reinsurance expenses	(79,949)	(2,195)	(140,790)	-	(90,777)	(313,711)
Reinsurance revenues	65,821	(2,777)	108,551	-	65,612	237,207
Net expenses from reinsurance contracts held	(14,128)	(4,972)	(32,239)	-	(25,165)	(76,504)
Income (loss) from insurance services	16,412	7,596	242,798	13,370	258,633	538,809
Total investment income, net	189,935	167,244	23,122	212	4,718	385,231
Finance income (expenses), net arising from insurance contracts	(176,292)	(170,530)	(7,301)	(4,691)	132,136	(226,678)
Finance income, net arising from reinsurance contracts	26,260	745	32,048	-	1,318	60,371
Income (loss) from investments and financing, net	39,903	(2,541)	47,869	(4,479)	138,172	218,924
Income, net from insurance and investment	56,315	5,055	290,667	8,891	396,805	757,733
(*) Of which:						
Claims and other insurance service expenses incurred (b)	(136,031)	(30,854)	(488,971)	(297,592)	(541,680)	(1,495,128)
Changes relating to past service – adjustment for liabilities for incurred claims (b)	(12,056)	4,696	33,210	17,483	35,171	78,504
(2) Details of assets and liabilities by main portfolio groups						
Gross and reinsurance data, as of December 31, 2025						
Liabilities, net for insurance contracts according the remaining coverage and incurred claims: (c)						
Liabilities, net for remaining coverage (LRC), excluding loss component	2,557,020	1,179,661	556,239	19,098	(1,137,395)	3,174,623
Loss component (LC)	-	-	54	3,267	-	3,321
Liabilities, net for incurred claims (LIC)	328,554	164,713	163,342	151,048	282,482	1,090,139
Balances of accounts receivable and payable, net						(67,724)
Total liabilities, net for insurance contracts (**)						4,200,359
Liabilities, net for insurance contracts, by measurement components: (c), (d)						
Best estimates (BE) of the present value of the future cash flows.	1,873,385	1,305,095	(2,728,357)	99,790	(2,828,127)	(2,278,214)
Risk adjustment (RA) for non-financial risk	541,178	1,496	651,607	11,685	307,449	1,513,415
Contractual service margin (CSM)	471,012	37,783	2,796,385	61,938	1,589,680	4,956,798
Balances of accounts receivable and payable, net *)						25,437
Total contracts not measured according to the PAA model						4,217,436
Contracts measured according to the PAA model					(17,077)	(17,077)
Total liabilities, net for insurance contracts						4,200,359
Of which: Insurance contract assets					946,829	946,829
*) Composition of balances of accounts receivable and payable, net						
Premiums collectible						(127,290)
Payables for claims and insurance service expenses						59,566
Total balances of accounts receivable and payable, net						(67,724)
Assets, net for reinsurance contracts	702,325	98,020	760,590	-	70,986	1,631,921
Balances of other receivables and payables and reinsurance deposits						(300,007)
Total assets, net for reinsurance contracts						1,331,914
(3) Additional information						
Gross data for the year ended December 31, 2025						
Gross premiums net of repayment of premiums (e)	128,463	131,781	665,820	292,343	784,882	2,003,289
Annualized premium for insurance contracts - new business (f)	-	-	63,357	-	64,870	128,227
Acquisition expenses for insurance contracts (g)	91	666	103,797	5,564	153,632	263,750

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

B. Health Insurance Segment (cont.)

	LTC		Health Insurance - other			
	Individual	Collective	Medical expenses and disabilities - individual	Medical expenses and disabilities - collective (a)	Other (a)	Total
	NIS thousand					
(1) Details of the results by main portfolio groups						
For the year ended December 31, 2024						
Amounts recognized in profit or loss:						
Revenues from insurance services	166,816	125,442	656,879	248,226	853,961	2,051,324
Expenses from insurance services (*)	(128,825)	(110,749)	(468,266)	(282,279)	(555,994)	(1,546,113)
Income (loss) from insurance services before reinsurance contracts held	37,991	14,693	188,613	(34,053)	297,967	505,211
Reinsurance expenses	(70,537)	(51,093)	(130,694)	-	(96,542)	(348,866)
Reinsurance revenues	64,046	34,564	134,377	-	73,295	306,282
Revenues (expenses), net from reinsurance contracts held	(6,491)	(16,529)	3,683	-	(23,247)	(42,584)
Income (loss) from insurance services	31,500	(1,836)	192,296	(34,053)	274,720	462,627
Total investment income, net	137,064	177,059	24,870	80	2,823	341,896
Finance income (expenses), net arising from insurance contracts	(178,534)	(183,578)	(46,475)	(4,113)	75,591	(337,109)
Finance income, net arising from reinsurance contracts	22,277	10,131	40,648	-	4,580	77,636
Income (loss) from investments and financing, net	(19,193)	3,612	19,043	(4,033)	82,994	82,423
Income (loss), net from insurance and investment	12,307	1,776	211,339	(38,086)	357,714	545,050
(*) Of which:						
Claims and other insurance service expenses incurred (b)	(132,532)	(111,073)	(461,744)	(275,778)	(523,823)	(1,504,950)
Changes relating to past service – adjustment for liabilities for incurred claims (b)	3,712	324	2,303	(979)	28,852	34,212
(2) Details of assets and liabilities by main portfolio groups						
Gross and reinsurance data, as of December 31, 2024						
Liabilities, net for insurance contracts according the remaining coverage and incurred claims: (c)						
Liabilities, net for remaining coverage (LRC), excluding loss component	2,465,253	1,660,553	732,371	22,003	(838,552)	4,041,628
Loss component (LC)	-	-	101	3,520	-	3,621
Liabilities, net for incurred claims (LIC)	288,881	242,892	155,805	138,498	271,161	1,097,237
Balances of accounts receivable and payable, net						(93,652)
Total liabilities, net for insurance contracts (**)						5,048,834
Liabilities, net for insurance contracts, by measurement components: (c), (d)						
Best estimates (BE) of the present value of the future cash flows.	1,651,161	1,880,200	(1,877,490)	101,271	(2,797,907)	(1,042,765)
Risk adjustment (RA) for non-financial risk	562,394	1,061	559,675	6,218	304,901	1,434,249
Contractual service margin (CSM)	540,579	22,185	2,206,093	56,532	1,872,393	4,697,782
Balances of accounts receivable and payable, net *)						(28,402)
Total contracts not measured according to the PAA model						5,060,864
Contracts measured according to the PAA model	-	-	-	-	(12,030)	(12,030)
Total liabilities, net for insurance contracts						5,048,834
Of which: Insurance contract assets	-	-	-	-	637,549	637,549
*) Composition of balances of accounts receivable and payable, net						
Premiums collectible						(136,693)
Payables for claims and insurance service expenses						43,041
Total balances of accounts receivable and payable, net						(93,652)
Assets, net for reinsurance contracts	697,715	159,308	764,577	-	82,155	1,703,755
Balances of other receivables and payables and reinsurance deposits						(305,690)
Total assets, net for reinsurance contracts						1,398,065
(3) Additional information						
Gross data for the year ended December 31, 2024						
Gross premiums net of repayment of premiums (e)	123,426	547,784	591,305	261,739	694,547	2,218,801
Annualized premium for insurance contracts - new business (f)	-	-	52,991	-	53,503	106,494
Acquisition expenses for insurance contracts (g)	168	7,808	141,382	11,177	127,025	287,560

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

B. Health Insurance Segment (cont.)

Comments:

A. Medical expenses and disabilities - collective, including dental. In addition, for the purpose of measuring the CSM, Menora Insurance aggregates the individual and collective medical expenses portfolios, but an allocation is made for presentation purposes in the financial statements. Other health including critical illness, foreign workers, travel, and personal accidents.

B. The "claims and expenses of other insurance services incurred" line item and the line item "changes relating to past services - adjustment of liabilities for incurred claims" are components included under expenses from insurance services - see Note 21 - Income (Loss) from Insurance Service and Reinsurance.

C. Some of the components of the net liabilities for insurance contracts - both by remaining coverage and incurred claims and by measurement components - do not include balances of other receivables and payables arising from the difference between the billing or credit date and the actual date of receipt or payment. Therefore, the amount of the net liability components for insurance contracts in respect of net liabilities for remaining coverage (LRC), excluding the loss component; net liabilities for incurred claims (LIC); as well as best estimates (BE) of the present value of future cash flows, presented in this note, do not correspond to the amount of those components presented in Note 17B, Assets and Liabilities for Insurance Contracts and Reinsurance Contracts.

D. Liabilities for insurance contracts according to measurement components include both liabilities for the remaining coverage and liabilities for incurred claims, by measurement components.

E. Premiums received based on billing dates.

F. Increases 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.

G. Acquisition expenses include expenses paid or expenses that the Company is required to pay in respect of insurance contracts issued in the reporting year (both for insurance contracts recognized in the financial statements and for future insurance contracts not yet recognized) and except for recurring commissions that have not been classified as insurance acquisition cash flows.

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

C. Property and Casualty Insurance Segment

	For the year ended December 31, 2025			
	Compulsory Motor	Motor Property	Other (a)	Total
	NIS thousand			
(1) Details of the results by main portfolio groups				
Amounts recognized in profit or loss:				
Revenues from insurance services	984,999	1,887,944	1,766,552	4,639,495
Expenses from insurance services (*)	(877,884)	(1,550,192)	(1,104,994)	(3,533,070)
Income from insurance services before reinsurance policies held	107,115	337,752	661,558	1,106,425
Reinsurance expenses	(37,339)	(2,766)	(975,915)	(1,016,020)
Reinsurance revenues	47,001	6,421	601,803	655,225
Revenues (expenses), net from reinsurance contracts held	9,662	3,655	(374,112)	(360,795)
Income from insurance services	116,777	341,407	287,446	745,630
Total investment income, net	234,427	100,072	79,034	413,533
Finance expenses, net arising from insurance contracts	(141,297)	(22,165)	(114,641)	(278,103)
Finance income, net arising from reinsurance contracts	19,961	267	78,855	99,083
Net investment and finance income	113,091	78,174	43,248	234,513
Income, net from insurance and investment	229,868	419,581	330,694	980,143
(*) Of which:				
Claims and other insurance service expenses incurred	(837,805)	(1,169,527)	(882,763)	(2,890,095)
Changes relating to past service - adjustment for liabilities for incurred claims	46,979	17,712	95,180	159,871
(2) Details of assets and liabilities by main portfolio groups				
Gross and reinsurance data, as of December 31, 2025				
Liabilities, net for remaining coverage (LRC):				
Liabilities, net for remaining coverage, excluding loss component and contractual service margin	312,574	571,550	874,663	1,758,787
Loss component (LC)	-	-	7,663	7,663
Total liabilities, net for remaining coverage	312,574	571,550	882,327	1,766,451
Best estimates (BE) of the present value of future cash flows for contracts according to the PAA model	3,002,133	559,676	2,250,121	5,811,930
Risk adjustment (RA) for non-financial risk for contracts according to the PPA model	139,644	29,024	108,881	277,549
Total liabilities, net for incurred claims (LIC)	3,141,777	588,700	2,359,002	6,089,479
Balances of accounts receivable and payable, net (***)				(403,929)
Total liabilities, net for insurance contracts	3,454,351	1,160,250	3,241,329	7,452,001
(***) Composition of balances of accounts receivable and payable, net:				
Premiums collectible				(843,029)
Payables for claims and insurance service expenses				90,350
Insurance agents				348,750
Total balances of accounts receivable and payable, net				(403,929)
Assets, net for reinsurance contracts	385,946	5,670	2,291,106	2,682,722
Balances of other receivables and payables and reinsurance deposits				(418,903)
Total assets, net for reinsurance contracts				2,263,819
(3) Additional information				
Gross data for the year ended December 31, 2025				
Gross premiums net of reimbursement of premiums	955,852	1,869,367	1,900,832	4,726,051
Acquisition expenses for insurance contracts	90,016	392,900	331,320	814,236

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

C. Property and Casualty Insurance Segment (cont.)

	For the year ended December 31, 2024			
	Compulsory Motor	Motor Property	Other (a)	Total
	NIS thousand			
(1) Details of the results by main portfolio groups				
Amounts recognized in profit or loss:				
Revenues from insurance services	896,881	1,826,318	1,666,273	4,389,472
Expenses from insurance services (*)	(812,526)	(1,462,902)	(1,033,294)	(3,308,722)
Income from insurance services before reinsurance policies held	84,355	363,416	632,979	1,080,750
Reinsurance expenses	(29,101)	(8,035)	(969,125)	(1,006,261)
Reinsurance revenues	27,535	(4,662)	633,902	656,775
Net expenses from reinsurance contracts held	(1,565)	(12,697)	(335,222)	(349,486)
Income from insurance services	82,790	350,719	297,757	731,264
Total investment income, net	156,127	98,210	70,986	325,323
Finance expenses, net arising from insurance contracts	(131,325)	(21,085)	(101,259)	(253,669)
Finance income, net arising from reinsurance contracts	14,526	1,039	63,529	79,094
Net investment and finance income	39,328	78,164	33,256	150,747
Income, net from insurance and investment	122,118	428,883	331,013	882,011
(*) Of which:				
Claims and other insurance service expenses incurred	(771,661)	(1,161,128)	(904,249)	(2,837,038)
Changes relating to past service - adjustment for liabilities for incurred claims	40,753	69,333	136,229	246,315
(2) Details of assets and liabilities by main portfolio groups				
Gross and reinsurance data, as of December 31, 2024				
Liabilities, net for remaining coverage (LRC):				
Liabilities, net for remaining coverage, excluding loss component and contractual service margin	344,678	598,274	782,549	1,725,501
Loss component (LC)	-	-	5,114	5,114
Total liabilities, net for remaining coverage	344,678	598,274	787,663	1,730,615
Best estimates (BE) of the present value of future cash flows for contracts according to the PAA model	2,853,645	484,131	2,000,450	5,338,226
Risk adjustment (RA) for non-financial risk for contracts according to the PPA model	128,512	29,420	104,482	262,414
Total liabilities, net for incurred claims (LIC)	2,982,157	513,551	2,104,932	5,600,640
Balances of accounts receivable and payable, net (***)				(536,654)
	3,326,835	1,111,825	2,892,595	6,794,601
(***) Composition of balances of accounts receivable and payable, net:				
Premiums collectible				(828,628)
Payables for claims and insurance service expenses				134,443
Insurance agents				157,531
Total balances of accounts receivable and payable, net				(536,654)
Assets, net for reinsurance contracts	430,391	10,742	1,941,229	2,382,362
Balances of other receivables and payables and reinsurance deposits				(457,369)
Total assets, net for reinsurance contracts				1,924,993
(3) Additional information				
Gross data for the year ended December 31, 2024				
Gross premiums net of reimbursement of premiums	981,112	1,893,899	1,750,798	4,625,809
Acquisition expenses for insurance contracts	85,102	389,970	286,662	761,734

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

C. Property and Casualty Insurance Segment (cont.)

Comments:

A. Other property and casualty insurance includes the remaining the Property and Casualty Insurance Subsegments other than compulsory motor insurance and motor property insurance, and it consists mainly of the results of the following insurance groups (portfolios): Business insurance, professional liability insurance, comprehensive home insurance and engineering insurance, whose activity constitutes 88% of the total insurance services in these subsegments.

B. The "claims and expenses of other insurance services incurred" line item and the line item "changes relating to past services - adjustment of liabilities for incurred claims" are components included under expenses from insurance services - see Note 21 - Income (Loss) from Insurance Service and Reinsurance.

C. For insurance contracts to which the premium allocation approach (PAA) has been applied, liability for the remaining coverage is in fact similar to the unexpired risks reserve (UPR) and is generally calculated on the basis of the premiums received net of insurance acquisition cash flows (unless they have been recognized as an immediate expense).

D. For the purpose of this disclosure, some of the components of the net liabilities for insurance contracts do not include balances of other receivables and payables arising from the difference between the billing or credit date and the actual date of receipt or payment. Therefore, the amount of the net liability components for insurance contracts in respect of net liabilities for remaining coverage, excluding the loss component; net liabilities for incurred claims (LIC), including the risk adjustment (RA) for a non-financial risk; as well as best estimates (BE) of the present value of future cash flows for contracts under the PAA model, presented in this note, do not correspond to the amount of those components presented in Note 17B, Assets and Liabilities for Insurance Contracts and Reinsurance Contracts.

E. Premiums received based on billing dates.

F. Acquisition expenses include expenses paid or expenses that the Company is required to pay in respect of insurance contracts issued in the reporting year (both for insurance contracts recognized in the financial statements and for future insurance contracts not yet recognized) and except for recurring commissions that have not been classified as insurance acquisition cash flows.

Notes to the Consolidated Financial Statements

NOTE 4 - ADDITIONAL INFORMATION REGARDING THE COMPANY'S ACTIVITIES BY MAIN PORTFOLIO GROUPS (cont.)

D. Yield-dependent liabilities

Manner of calculating yield-dependent liabilities

Appendix 5.2.4.14 - Management of Investment Assets for an Insurer Applying IFRS 17 - in Section 2 to Chapter 4 to Part 2 of Section 5 of the Consolidated Circular - Management of Investment Assets - sets, among other things, the provisions for determining the amount of yield-dependent liabilities (Type 20 Liabilities) for the purpose of determining the amount of assets to be held against these liabilities, as follows:

The amount of liabilities for insurance contracts and investment contracts under the contractual terms of which the payments are fully or partially linked to the performance of an identifiable portfolio or portfolios managed by the insurance company (hereinafter - the "**Benchmark Portfolio**"). This amount will be calculated on each reporting date according to the higher of the following:

1) **Accumulated amount** which will be calculated as the total of the following amounts:

   (a) Regarding life insurance contracts which include a yield-dependent savings component and yield-dependent investment contracts - the accumulated savings amount as of the reporting date;

   (b) Regarding yield-dependent paid annuities, including claims in respect of events, which have occurred but not reported (IBNR) - the discounted amount of the expected cash flows on the reporting date in respect of paid annuities offset against future management fees directly derived from the amount of the annuities, and excluding indirect expenses or other non-yield-dependent components. This amount is calculated using the rates of return, discount rates and demographic assumptions used to measure liabilities for insurance contracts in these financial statements;
   For the purpose of calculating the abovementioned amount, a paid annuity will be considered as yield-dependent from the date on which it is contingent - under the policy's terms and conditions - on the profits of the portfolio (or the portfolios) to which it was linked, i.e. - as from the date on which a change in the yield of the Benchmark Portfolio would have resulted in an immediate change in the policyholders' rights;

   (c) Regarding "mixed" or other life insurance contracts which are not paid annuities, and which include a bonus-malus mechanism or another mechanism for participating in investment income - the redemption values as of the reporting date, reflecting the effect of such mechanism, or other adjusted values as of the date on which a change in the yield of the Benchmark Portfolio would have resulted in an immediate change in the policyholders' rights.

2) **Economic amount** - The economic amount is calculated in order to adequately and reliably reflect the Company's performance assessment and risk management policies for determining the amount of the asset portfolios backing the yield-dependent insurance contracts and investment contracts. The Company determined the economic value separately for the portfolio of policies which include a yield-dependent savings component and variable management fees ("old participating"), and for the portfolio of policies which include a yield-dependent savings component and only fixed management fees ("new participating"), as the balance of assets required in excess of the minimum amount set in accordance with the Capital Market Authority's directives, based on an analysis of sensitivity to immediate changes in returns of the present value of adjusted cash flows, excluding future contributions. According to the Company, this amount represents the assets under management required for hedging the economic volatility of the participating portfolio and maintaining financial stability in accordance with the portfolio's characteristics and the Company's risk management policy.

	As of December 31, 2025
	NIS thousand
Liabilities for yield-dependent insurance contracts	31,441,989
Liabilities for yield-dependent investment contracts	6,964,698
Total liabilities for insurance contracts and yield-dependent investment contracts	38,406,687
Total assets for insurance contracts and yield-dependent investment contracts	38,668,777

Notes to the Consolidated Financial Statements

NOTE 5 - BUSINESS COMBINATION

On January 27, 2025, Menora Insurance and Menora Mivtachim Fund Management (hereinafter - "**Fund Management**"), wholly owned subsidiaries of the Company, entered into an agreement with Yesodot A Financial Support Ltd. (hereinafter - "**Yesodot**") for the provision of substandard credit facilities (hereinafter - the "**Agreement**"). Menora Insurance and Fund Management undertook to advance to Yesodot credit facilities totaling NIS 200 million each, and the credit facility to be advanced by Fund Management is immediately convertible, at the Company's discretion, into 50.1% of Yesodot's shares; such conversion will result in assumption of control. Furthermore, the parties entered into a shareholder agreement, which will come into effect upon the execution of the conversion (if it is executed), comprising three mutual options (put and call), for a period of up to 4 years, at the end of which (if exercised) Fund Management will hold 100% of Yesodot's shares. In April 2025, all the conditions precedent were met and accordingly the Agreement entered into force.

Since the loan granted by Fund Management to Yesodot can be converted into shares immediately at a rate that will grant Fund Management control in Yesodot, Fund Management is handling this transaction by way of a business combination and credits 100% of Yesodot's capital to non-controlling interests.

Following is the fair value of the identifiable assets and identifiable liabilities of Yesodot at acquisition date :

	Fair value
	NIS thousand
Intangible assets	23,330
Property, plant & equipment	12,556
Receivables and debit balances	8,991
Other financial investments measured at amortized cost	955,417
Cash and cash equivalents	204,779
	1,205,073
Liabilities for deferred taxes	3,705
Liability for current taxes	4,646
Payables and credit balances	13,400
Loans and credit	945,708
	967,459
Net identifiable assets	237,614
Non-controlling interests *)	(37,614)
Total acquisition cost	200,000

*) The Company measured the non-controlling interests in Yesodot according to their share in the net identified assets.

Cash arising from the acquisition:	
Cash and cash equivalents in Yesodot as of the acquisition date	204,779
Cash paid as acquisition proceeds	(200,000)
	4,779

The fair value of the assets and liabilities of Yesodot is determined by an independent external appraiser. In accordance with the valuation, the excess cost was attributed to the acquired assets and the amortization period of the excess cost was determined as detailed below:

	Amortization period	Amortization method
Customer relations and brand name	2025-2030	Straight line

For information regarding the acquisition of control over Yesodot subsequent to the reporting date, see Note 32D.

Notes to the Consolidated Financial Statements

NOTE 6 - CASH AND CASH EQUIVALENTS

A. For yield-dependent contracts:

	As of December 31	
	2025	2024
	NIS thousand	
Cash and deposits available for immediate withdrawal	2,078,047	2,176,027
Short-term deposits	652,440	350,330
Cash and cash equivalents	2,730,487	2,526,357

As of the reporting date, the cash with the banking corporations bears interest at a rate of 3.9% (as of December 31, 2024 - 4.1%).

Short-term deposits deposited with banking corporations are for periods of up to three months. The deposits bear interest at an average rate of 3.9% (as of December 31, 2024 - 4.2%).

B. Other:

	As of December 31	
	2025	2024
	NIS thousand	
Cash and deposits available for immediate withdrawal:		
In NIS	1,888,227	891,813
In USD	435,138	318,364
In other currency	37,837	59,573
	2,361,202	1,269,750
Short-term deposits - in NIS	292,950	187,219
Cash and cash equivalents	2,654,152	1,456,969

As of the reporting date, the cash with the banking corporations bears interest at a rate of 3.9% (as of December 31, 2024 - 4.1%).

Short-term deposits deposited with banking corporations are for periods of up to three months. The deposits bear interest at an average rate of 3.9% (as of December 31, 2024 - 4.2%).

Notes to the Consolidated Financial Statements

NOTE 7 - FINANCIAL INVESTMENTS AND DERIVATIVE INSTRUMENTS

A. Financial investments held against yield-dependent contracts - breakdown by type of asset

	As of December 31	
	2025	2024
	NIS thousand	
Debt instruments:		
Illiquid debt instruments:		
Deposits with banks and financial institutions	17,085	118,353
Illiquid corporate bonds	148,993	179,097
Loans (including investees)	2,784,589	3,108,759
Other illiquid debt instruments	177,076	163,102
Total illiquid debt instruments *)	3,127,743	3,569,311
Liquid debt instruments:		
Government bonds	4,446,429	4,618,330
Liquid corporate bonds	5,349,609	4,774,636
Total liquid debt instruments	9,796,038	9,392,966
Total debt instruments	12,923,781	12,962,277
Equity instruments:		
Illiquid equity instruments:		
Illiquid shares	498,233	505,592
Liquid equity instruments:		
Liquid shares	10,951,967	9,137,491
Total equity instruments	11,450,200	9,643,083
Other investments:		
Other investments **)	10,865,529	10,464,137
Derivative instruments ***)	531,309	31,725
Total other financial investments	11,396,838	10,495,862
Total financial investments	35,770,819	33,101,222
Liabilities for derivative instruments ***)	45,684	242,449
*) Including assets measured based on amortized cost	86,208	118,292
Fair value of said debt assets	86,000	116,257

**) Other investments mainly include investments in ETFs, participation certificates in mutual funds, investment funds, and structured products.

***) Derivative instruments mainly comprise futures and options.

Notes to the Consolidated Financial Statements

NOTE 7 - FINANCIAL INVESTMENTS AND DERIVATIVE INSTRUMENTS (cont.)

B. Other financial investments (not for yield-dependent contracts)

B.1 Breakdown of financial investments by asset type

	As of December 31, 2025		
	Financial investments measured at fair value through profit or loss	Financial investments measured at amortized cost	Total
	NIS thousand		
Debt instruments:			
Illiquid debt instruments:			
Deposits with banks and financial institutions	70,886	95,897	166,783
Treasury deposits	-	4,573,956	4,573,956
Designated bonds	3,144,036	-	3,144,036
Illiquid corporate bonds	173,468	232,043	405,511
Loans (including investees)	2,825,305	5,666,343	8,491,648
Total illiquid debt instruments	6,213,695	10,568,239	16,781,934
Liquid debt instruments:			
Government bonds	4,619,018	-	4,619,018
Liquid corporate bonds	2,172,119	-	2,172,119
Other liquid debt instruments	117,282	-	117,282
Total liquid debt instruments	6,908,419	-	6,908,419
Total debt instruments	13,122,114	10,568,239	23,690,353
Balance of credit loss provision	-	228,496	228,496
Equity instruments:			
Illiquid equity instruments:			
Illiquid shares	306,924	-	306,924
Liquid equity instruments:			-
Liquid shares	1,022,986	-	1,022,986
Total equity instruments	1,329,910	-	1,329,910
Other investments:			
Other investments *)	4,125,165	-	4,125,165
Derivative instruments **)	228,116	-	228,116
Total other financial investments	4,353,281	-	4,353,281
Total financial investments	18,805,305	10,568,239	29,373,544
Liabilities for derivative instruments **)	32,893		

*) Other investments mainly include investments in ETFs, participation certificates in mutual funds, investment funds, and structured products.

**) Derivative instruments mainly comprise futures and options.

Notes to the Consolidated Financial Statements

NOTE 7 - FINANCIAL INVESTMENTS AND DERIVATIVE INSTRUMENTS (cont.)

B. Other financial investments (not for yield-dependent contracts) (cont.)

B. 1 Breakdown of financial investments by asset type (cont.)

	As of December 31, 2024		
	Financial investments measured at fair value through profit or loss	Financial investments measured at amortized cost	Total
	NIS thousand		
Debt instruments:			
Illiquid debt instruments:			
Deposits with banks and financial institutions	128,008	181,494	309,502
Treasury deposits	-	4,538,024	4,538,024
Designated bonds	3,143,931	-	3,143,931
Illiquid corporate bonds	275,058	253,516	528,574
Loans (including investees)	2,907,752	4,282,991	7,190,743
Total illiquid debt instruments	6,454,749	9,256,025	15,710,774
Liquid debt instruments:			
Government bonds	2,390,994	-	2,390,994
Liquid corporate bonds	2,117,341	-	2,117,341
Other liquid debt instruments	15,849	-	15,849
Total liquid debt instruments	4,524,184	-	4,524,184
Total debt instruments	10,978,933	9,256,025	20,234,958
Balance of credit loss provision	-	217,707	217,707
Equity instruments:			
Illiquid equity instruments:			
Illiquid shares	317,036	-	317,036
Liquid equity instruments:			
Liquid shares	842,014	-	842,014
Total equity instruments	1,159,050	-	1,159,050
Other investments:			
Other investments *)	3,709,949	-	3,709,949
Derivative instruments **)	47,615	-	47,615
Total other financial investments	3,757,564	-	3,757,564
Total financial investments	15,895,547	9,256,025	25,151,572
Liabilities for derivative instruments **)	52,268		

*) Other investments mainly include investments in ETFs, participation certificates in mutual funds, investment funds, and structured products.

**) Derivative instruments mainly comprise futures and options.

Notes to the Consolidated Financial Statements

NOTE 7 - FINANCIAL INVESTMENTS AND DERIVATIVE INSTRUMENTS (cont.)

C. Details on paid interest and linkage in respect of debt assets

	As of December 31, 2025				
	Illiquid debt instruments				
Effective interest rate	0%-2%	2%-5%	Over 5%	Total	Weighted average effective interest rate
	In NIS thousand				In percentage
Linkage basis					
CPI-linked	25,937	4,362,271	1,015,165	5,403,373	4.46
NIS	12,041	34,318	5,036,471	5,082,830	5.74
Linked to foreign currency	-	9,040	72,996	82,036	6.32

	As of December 31, 2024				
	Illiquid debt instruments				
Effective interest rate	0%-2%	2%-5%	Over 5%	Total	Weighted average effective interest rate
	In NIS thousand				In percentage
Linkage basis					
CPI-linked	27,305	4,392,770	1,081,088	5,501,163	4.64
NIS	11,883	47,301	3,626,921	3,686,105	5.97
Linked to foreign currency	-	20,061	48,696	68,757	5.52

The note includes debt assets measured at amortized cost only.

Notes to the Consolidated Financial Statements

NOTE 7 - FINANCIAL INVESTMENTS AND DERIVATIVE INSTRUMENTS (cont.)

D. Derivatives (not for yield-dependent contracts)

Following is the composition of the carrying value and the net amount of exposure to the underlying asset, presented in delta terms of the financial transactions carried out as of the financial statements' date, of all derivative instruments held by the Company, by contract type:

	As of December 31, 2025		
	Assets for derivative instruments	Liabilities for derivative instruments	Exposure amount, net of the underlying asset, in delta terms
	In NIS thousand		
Share contracts	41,487	24,750	158,079
CPI contracts	4,315	5,096	(40,310)
Foreign currency contracts	102,474	541	(2,803,629)
Interest rate contracts	76,892	1,757	(810,376)
Commodity- and other contracts	2,948	749	50,484
Total	228,116	32,893	(3,445,752)

	As of December 31, 2024		
	Assets for derivative instruments	Liabilities for derivative instruments	Exposure amount, net of the underlying asset, in delta terms
	In NIS thousand		
Share contracts	9,171	10,914	83,718
CPI contracts	3,377	2,602	480,643
Foreign currency contracts	28,809	5,408	(1,384,606)
Interest rate contracts	5,431	31,283	(291,760)
Commodity- and other contracts	827	2,061	5,464
Total	47,615	52,268	(1,106,541)

Notes to the Consolidated Financial Statements

NOTE 8 - RECEIVABLES AND DEBIT BALANCES

	As of December 31	
	2025	2024
	NIS thousand	
Revenues receivable	159,562	101,302
Government institutions and authorities	3,514	5,531
Receivables for financial transactions	44,634	200,266
Prepaid expenses	79,767	58,895
Insurance agents	937	278
Related parties	2,081	281
Pension funds	40,875	31,201
Other	41,581	84,344
Net of provision for impairment	(14,841)	(10,465)
Total receivables and debit balances	358,110	471,633

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES

Associates

A. Composition of investment in equity-accounted associates

	As of December 31	
	2025	2024
	NIS thousand	
Shares	488,636	478,440
Long-term loan	197,051	150,748
Company's share in retained earnings as from acquisition date, net	47,063	(3,791)
Adjustments arising from translation of financial statements of foreign operations	(27,751)	2,996
Share-based payment	5,150	3,850
	710,149	632,243
Goodwill included in the investment	202,649	202,649

The Group also extended loans to associates amounting on the reporting date to NIS 194,952 thousand (as of December 31, 2024, in an amount of NIS 222,207 thousand), presented in the Other Financial Investments Section as illiquid debt assets. For further details, see Note 30A below.

B. Summary of financial data from the financial statements of equity-accounted associates, according to holding rates by the Group:

	As of December 31	
	2025	2024
	NIS thousand	
Assets	2,136,955	1,661,196
Liabilities	(1,664,501)	(1,267,114)
Net assets	472,454	394,082
Goodwill and attributed excess costs	236,780	237,246
Additional acquisition costs	915	915
	710,149	632,243

	For the year ended December 31	
	2025	2024
	NIS thousand	
Group's share in the results of operations of the associates, according to holding stakes therein during the period:		
Revenues	278,180	216,387
Net income	88,991	25,045
Other comprehensive income (loss)	8,590	(7,344)
Comprehensive income	97,581	17,701

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Associates (cont.)

C. Holding rates and further details

Associates of Menora Mivtachim Real Estate Ltd. (hereinafter - "**Menora Real Estate**"):

		In issued share capital, profits and voting rights	
		As of December 31	
		2025	2024
	Comment	In percentage	
Yatelsis Development Ltd.	1)	60	60
Yatelsis River Development Ltd.	2)	60	60
Mxr Development Ltd.	3)	50	50
Easy Solar SA	4)	35	35
RNA Power SA	4)	35	35
D.H.E. SA	4)	35	35

The other shareholders in Yatelsis River and Yatelsis Development have voting rights on substantive resolutions pertaining to the companies' activity, such as: veto rights on the entry into new projects, appointing managers and determining the terms of their work, approval of the current budget, etc. In light of the aforementioned circumstances, Menora Real Estate was prevented from exercising actual control over Yatelsis River and Yatelsis Development, and consequently the investments in these companies were presented in Menora Real Estate's Financial Statements according to the equity method.

1) Yatelsis Development Ltd. (hereinafter - "**Yatelsis Development**") was incorporated in Cyprus in 2007. In October 2007, Yatelsis together with additional investors, purchased land in St. Petersburg, Russia, covering an area of approx. 35,500 sq.m for industrial use, storage depots and offices.

   In February 2016, subsidiaries of Yatelsis Development and MXR signed combination agreements in Russia with a local contractor, which established, among other things, a consideration of 25% of the scope of the construction in return for the land. The subsidiaries undertook to invest a further sum of approx. USD 5.6 million in order to obtain the requisite authorization for the commencement of construction work within 24 months of the date of signing the agreement. In April 2016, Menora Real Estate transferred a total of approx. USD 2.5 million in respect of its share in the investment. In late 2017, construction work began on the land together with sale of the apartments. To date, all the Stage A and Stage B apartments have been handed over. During the second quarter of 2024, renovation work on the building for conservation was completed and all apartments in the building were delivered.

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Associates (cont.)

C. Holding rates and further details (cont.)

Associates of Menora Real Estate: (cont.)

2) In June 2008, Yatelsis River Development Ltd. (hereinafter - "**Yatelsis River**"), acquired shares in a Russian company owning approx. 43 dunam of land in central St. Petersburg in Russia, in equal shares with a company incorporated and traded in Poland (hereinafter - the "**Partner**"), with the intention of launching a project for the development of the acquired land and to establish office buildings there.

In September 2016, Yatelsis River (hereinafter - the "**Acquirer**") signed an agreement for the purchase of the Partner's shares and rights (hereinafter - the "**Seller**"), which jointly owns, together with the subsidiaries of Yatelsis River, 50% of the project. The agreement provides that the consideration for the shares and rights will amount to approx. EUR 3.85 million, of which a sum of EUR 0.6 million will be paid immediately and without right of refund to the Acquirer and the balance is to be divided equally into quarterly installments. In September 2018, the last installment was transferred to the Seller and the Seller's shares and rights in the project were transferred in full to the Purchaser.

In September 2017, Yatelsis River acquired an additional 10% of the project in consideration for a sum of approx. EUR 625 thousand.

3) MXR Development Ltd. (hereinafter - "**MXR**") was incorporated in Cyprus in 2007. MXR provides management services, via a Russian subsidiary, for assets acquired by Yatelsis Development and Yatelsis River as stated in Sections 2, 3 above and it is also engaged in development activity. In March 2015, the court approved a proposal submitted by MXR for the procurement of 16% out of 20% which were owned by its Partner in the land that Yatelsis Development had purchased as stated in Section 2 above, as part of the Partner's liquidation proceedings. According to the proposal, MXR paid a sum of NIS 4 million in consideration for the acquired rights, and the sellers of the rights shall be entitled to receive an additional NIS 6 million from the current cash flow issuing from the land.

4) Companies operating in Greece that are in possession of solar fields.

Associates of Menora Mivtachim Insurance Ltd. (hereinafter - "**Menora Insurance**"):

		In issued share capital and profits	
		As of December 31	
		2025	2024
	Comment	In percentage	
Surrey Street, LP	1)	28.1	28.1
Gaia Journal Square Holdings, LLC	2)	38.3	38.3
Boulder Texas Holdings, LLC	3)	30.1	30.1
120 Wall Holdings, LLC	4)	20.1	20.1
Fenwick, LLC MM	5)	21.6	21.6
MMZ Properties B.V. *)	6)	18.5	18.5
Michelson Real Estate Fund IV, LLC	7)	22.5	22.5
MMZ Properties Alaska Haarlem B.V. ***)**	8)	21.9	21.9
City Center Mengot sp. Z o.o *)	9)	17.6	17.6
DigitalOwl INST Ltd. (hereinafter - "**Digital**")	10)	-	12.8
Kissterra Technologies Ltd. (hereinafter - "**Kissterra**")	11)	3.5	3.5
Israel Land Development Urban Regeneration *)	12)	29.75	-

*) Menora Insurance's voting rights also include the voting rights of Shomera, which were allocated to Menora Insurance.

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Associates (cont.)

C. Holding rates and further details (cont.)

Associates of Menora Insurance: (cont.)

The ownership stakes set forth in the table above relate to Menora Insurance's stakes both via the nostro investment portfolio and via the investment portfolios of yield-dependent insurance policies. The investments made via the investment portfolios of yield-dependent insurance policies were treated as financial investments and measured in accordance with fair value.

1) In December 2009, Menora Insurance together with the Menora Mivtachim Pension Fund, via designated companies abroad, acquired 48% of the rights in a partnership owning an office building in England, leased for a period of 20 years to Aviva Central Services UK Ltd. Menora Insurance's ownership stake in the partnership, through the nostro portfolio, is 7.95%.

2) In August 2011, Menora Insurance together with the Menora Mivtachim Pension Fund, acquired 48.2% of the rights in a partnership owning an office building in New Jersey, USA. Menora Insurance's ownership stake in the partnership, through the nostro portfolio, is 18.3%.

3) In September 2011, Menora Insurance together with the Menora Mivtachim Pension Fund, acquired 40% of the rights in a partnership owning a residential complex in Texas, USA. Menora Insurance's ownership stake in the partnership, through the nostro portfolio, is 10.1%.

4) In September 2012, Menora Insurance together with the Menora Mivtachim Pension Fund, acquired 30% of the rights in a partnership owning an office building in New York, USA. Menora Insurance's ownership stake in the partnership, through the nostro portfolio, is 7%.

5) In March 2014, Menora Insurance together with the Menora Mivtachim Pension Fund, acquired 41.6% of the rights in a partnership owning a residential complex in Kentucky, USA. Menora Insurance's ownership stake in the partnership, through the nostro portfolio, is 7.19%.

6) In May 2014, Menora Insurance together with the Menora Mivtachim Pension Fund and Shomera Insurance, acquired 85% of the rights in a partnership owning an office block in Utrecht, the Netherlands. Menora Insurance's ownership stake in this company via the nostro portfolio is 4.5%. During 2025, the office building was sold. The balance as of December 31, 2025 primarily reflects the balance of the sale consideration receivable.

7) In May 2014, Menora Insurance together with the Menora Mivtachim Pension Fund, acquired 42.5% of the rights in a partnership owning two residential complexes in Texas, USA. Menora Insurance's ownership stake in the partnership, through the nostro portfolio, is 7.5%. In May 2021, one of the assets was sold for a consideration of USD 48.5 million.

8) In October and November 2014, Menora Insurance together with the Menora Mivtachim Pension Fund and Shomera Insurance, acquired approx. 99.3% of the rights in a partnership owning two office blocks in The Hague and Haarlem, the Netherlands. Menora Insurance's ownership stake in this company, through the nostro portfolio, is approx. 5.6%.

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Associates (cont.)

C. Holding rates and further details (cont.)

9) In July 2018, Menora Insurance together with the Menora Mivtachim Pension Fund and Shomera Insurance, acquired 94% of the rights in a partnership owning an office building in Warsaw, Poland. Menora Insurance's ownership stake in this company, through the nostro portfolio, is 4.4%. The consent of Menora Insurance is required in order to pass substantive resolutions on this transaction. In light of the aforementioned, and notwithstanding the fact that the Company's ownership stake is less than 20%, the Company has a material effect, and accordingly it presented its investment in accordance with the equity method.

10) Digital is engaged in the provision of artificial intelligence services for the analysis of medical information. In November 2025, Menora Insurance sold its holdings in Digital for USD 13 million.

11) Kissterra develops a system for management of digital marketing and distribution of insurance companies in the US. The Company has significant influence on Kissterra and accordingly presented its investment therein in accordance with the equity method.

12) Israel Land Development Urban Regeneration is engaged in carrying out residential urban renewal projects in several cities in Israel. Under its investment, Israel Land Development Urban Regeneration undertook to invest in 4 projects, of which investments were made in two projects by the end of 2025.

Investments of Shomera Insurance Company Ltd.:

		In issued share capital and profits	
		As of December 31	
		2025	2024
	Comment	In percentage	
MMZ Properties B.V.	6) Above	2.5	2.5
MMZ Properties Alaska Haarlem B.V.	8) Above	2.9	2.9
City Center Mengot sp. Z o.o	9) Above	2.2	2.2
Israel Land Development Urban Regeneration	12) Above	5.25	-

An associate of the Company:

	In issued share capital and profits	
	As of December 31	
	2025	2024
	In percentage	
Ampa Capital Ltd	48.14	47.65

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Associates (cont.)

C. Holding rates and further details (cont.)

An associate of the Company: (cont.)

(1) In January 2016, the Company signed an agreement with Ampa Capital Ltd. (hereinafter - "**Ampa Capital**") and its parent company, the Investment Company for the Development of Industry for Israel Ltd. (hereinafter - the "**Seller**") regarding the acquisition and allocation of 30% of Ampa Capital shares from the Seller in consideration for a sum of approx. NIS 63.5 million, as well as options for the acquisition and allocation of an additional 10% of Ampa Capital shares under the terms and conditions as set forth in the agreement (hereinafter - the "**Agreement**"). The call options shall remain valid for the duration of a period of 180 days commencing after 3 years have elapsed from the completion date, subject to the Company's right to bring forward the exercise of the call options in certain cases as set forth in the Agreement. The exercise money in respect of the option was determined in accordance with the net income product of Ampa Capital in 2018. In February 2016, and subsequent to receipt of approval from the Antitrust Commissioner as required, the said transaction was concluded. As of the acquisition date, a valuation was conducted by an independent appraiser.

(2) On February 5, 2018, the Company signed an agreement with the Seller as stated in Section (1) above and the CEO of Ampa Capital (hereinafter - the "**CEO**"), in respect of a transaction for the acquisition of an additional part of the Ampa Capital shares which was concluded on that date (hereinafter - the "**Agreement**"). Among other things, the following provisions were included in the Agreement:

a) On the date of signing the Agreement, the Company purchased from the Seller and the CEO shares in Ampa Capital totaling approx. 17.63% of Ampa Capital's share capital, in consideration for a sum of approx. NIS 48.2 million (hereinafter - the "**Consideration Amount**"). The Consideration Amount is mainly based on the value of Ampa Capital amounting to a sum of NIS 270 million and is subject to the modification of a certain price (based on Ampa Capital's financial results for 2018), as is set forth in the Agreement. The option to purchase 10% that belonged to the Company prior to the Agreement was canceled.

b) The Company granted the CEO of Ampa Capital a put option (hereinafter - the "**Put Option**") to sell the Company additional shares in Ampa Capital amounting to approx. 0.75% of Ampa Capital's share capital during a 12 month period commencing on January 1, 2020 (whereby this period could be brought forward subject to the occurrence of certain events as set forth in the Agreement), in consideration for the exercise price based on Ampa Capital's value as derived from its financial results as they shall be in the year preceding the exercise date of the Put Option, and which shall be no less than a sum of NIS 1.7 million (subject to certain adjustments). In January 2020, the CEO exercised the option right and the Company's ownership stake in Ampa Capital rose to 48.38%.

c) Furthermore, as part of the Agreement, provisions were determined regarding the provision of funding for Ampa Capital by the Company and/or elements on its behalf during the period commencing on the date of signing the Agreement until December 31, 2025, amounting to a cumulative total of approx. NIS 200 million, by way of issuing subordinated notes and providing loans, and all under certain terms and conditions as set forth in the Agreement. During 2019, the redemption date of the subordinated bonds totaling NIS 70 million was postponed to December 31, 2028, under the same terms and conditions.

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Associates (cont.)

C. Holding rates and further details (cont.)

(3) In November, 2022, shares constituting 1.5% of Ampa Capital's share capital were allocated to Ampa Capital's Chairman of the Board, subsequent to the allocation. As a result of the said allocation, the Company's ownership stake decreased from 48.38% to 47.65%, and the Company recorded a loss totaling NIS 1,769 thousand.

(4) In March 2024, the Company's Board of Directors approved an investment in Ampa Capital in the amount of approx. NIS 50 million. The investment was made in two stages, half in April 2024 and the second half - on December 31, 2024. The purpose of the investment is to increase the shareholders' equity to support the growth of Ampa Capital's activities.

(5) In November 2025, the Company acquired 0.49% of Ampa Capital's shares from Ampa Capital's chairman for NIS 4.7 million.

Associates of Menora Mivtachim Agencies Ltd. (hereinafter - "**Menora Agencies**"):

		In issued share capital, profits and voting rights	
		As of December 31	
		2025	2024
	Comment	In percentage	
Resources Pension Insurance Agencies (2018) Ltd.	(1)	25	25
Easy Digital Ltd.	(1)	25	25
HSO Group Ltd.	(2)	13.96	13.96
Bestie Price Ltd.	(3)	50	50
Meteor AA Pension Insurance Company (2020) Ltd.	(4)	25	25
Alifim Insurance Agency (2002) Ltd.	(5)	50	50
Office Y.R.A. Ltd.	(6)	33	33

(1) In May 2019, Menora Agencies signed an agreement with the owners of Resources and Easy Digital (hereinafter - the "**Sellers**") for the acquisition of 25% of the issued and paid up share capital and the voting rights of the two companies, Resources and Easy Digital. Pursuant to the agreement, the Sellers granted Menora Agencies the right to require the Sellers to sell and transfer shares to Menora Agencies (hereinafter - the "**Initial Call Option**"), which together with the shares in Resources and Easy Digital owned by Menora Agencies on the Initial Call Option exercise date, shall constitute 51% of the issued and paid up share capital and the voting rights of each of the companies. In consideration, Menora Agencies shall pay an amount to be determined based on the average net income of Resources and Easy Digital during 2023-2025, in accordance with and subject to the provisions set forth in the agreement.

Should Menora Agencies exercise its right to the Initial Call Option, the Sellers shall then grant Menora Agencies the right to require the Sellers to sell and transfer shares to Menora Agencies (hereinafter - the "**Second Call Option**"), which together with the shares in Resources and Easy Digital owned by Menora Agencies on the Second Call Option exercise date, shall constitute 75% of the issued and paid up share capital and the voting rights of each of the companies. In consideration, Menora Agencies shall pay an amount to be determined based on the average net income of Resources and Easy Digital during 2026-2028, in accordance with and subject to the provisions set forth in the agreement.

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Associates (cont.)

C. Holding rates and further details (cont.)

Menora Mivtachim Agencies Ltd. associates (hereinafter - "**Menora Agencies**"): (cont.)

(1) (cont.)

If and insofar as Menora Agencies shall exercise the Initial Call Option and the Second Call Option, in such a case alone, Menora Agencies shall grant the Sellers a put option to require Menora Agencies to purchase the remaining shares in Resources and Easy Digital. The consideration amount for the shares will be determined based on the average net income of Resources and Easy Digital during 2032-2034, in accordance with and subject to the provisions set forth in the agreement. For information regarding the sale of resources' insurance portfolio subsequent to the reporting date, see Note 41J.

(2) In September 2019, Menora Agencies acquired 25% of HSO's shares. Pursuant to the purchase agreement, Menora Agencies received the right to purchase ordinary shares (hereinafter - the "**call option**"), which - together with HSO shares owned by Menora Agencies on the call option date - shall constitute 49.9% of HSO's issued and paid up share capital. In 2023, Menora Agencies recorded a provision for impairment in the full amount of its investment and the loans it extended to HSO.
In May 2024, Menora Agencies and Sure-Tech Investments - Limited Partnership (hereinafter - "**SureTech**"), signed an instrument agreement, whereby SureTech invested in HSO a total of USD 1 million against the allocation HSO shares. Furthermore, Menora Agencies transferred to SureTech - without consideration - HSO shares aggregating approx. 7.4% of HSO's issued and paid-up share capital (fully diluted). Furthermore, the guarantee provided by Menora Agencies to the Bank to secure HSO's undertakings was canceled and the terms of the loans provided to HSO by Menora Agencies were modified.

(3) Bestie Price Ltd. was founded in 2019 and began to operate in July 2020. The company provides a digital platform for comparing prices in the insurance industry.

(4) In November 2020, Menora Agencies signed an agreement for the investment of 25% of Meteor shares.

(5) On April 13, 2022, a binding agreement was signed between Mr. Alexander Chernomordik and Best Capital 54 Ltd. (hereinafter - the "**Sellers**") and Menora Mivtachim Agencies Ltd. (hereinafter - "**Menora Agencies**"), a wholly-owned and controlled subsidiary of the Company, for the purchase of 50% of the issued and paid up share capital (fully diluted) of Alifim Insurance Agency (2002) Ltd. (hereinafter - the "**Agency**") in consideration for NIS 140 million plus a future consideration of NIS 10 million, subject to the fulfillment of conditions as set out in the agreement (hereinafter - the "**Agreement**").

The Agreement stipulates that the Company will provide the Agency with a credit facility for the purpose of its operating activities, including for the purpose of expanding its activity by way of purchasing other agencies and agents' portfolios, and a condition whereby Mr. Chernomordik will continue to serve as the CEO of the Agency and will be subject to a non-compete stipulation for the periods and under the conditions set out in the Agreement.

Furthermore, the agreement includes generally accepted representations in relation to the Agency and the parties to the engagement, and generally accepted arrangements between the parties in their capacity as shareholders in the Agency as from the completion date, including with regard to the transfer of shares to a third party and the Agency's dividend distribution policy, subject to the provisions of any law and to the Commissioner's Directives, conditions regarding put and call options to the parties, and provisions regarding the appointment of directors and indemnity in the event of breach of representations, tax liability or any other matter that took place prior to the completion date.

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Associates (cont.)

C. Holding rates and further details (cont.)

Menora Mivtachim Agencies Ltd. associates (hereinafter - "**Menora Agencies**"): (cont.)

(5) (cont.)

The transaction was completed in December 2022. As of the acquisition date, a valuation was conducted by an independent appraiser. Pursuant to this appraisal, an amount of approx. NIS 44.6 million (net of tax effect) was attributed to customer portfolios, which shall be depreciated over 10-11 years and an amount of approx. NIS 93.4 million for goodwill.

(6) In March 2023, Menora Agencies entered into an agreement for the procurement of 33.33% of the issued and paid up share capital of Office Y.R.A. Ltd. (hereinafter - "**Office**"), from Office's existing shareholders (hereinafter - the "**Transaction**"), Office is a privately-held company which was incorporated in 2022 and provides operating services for insurance agents, among other things, via technological systems (hereinafter - the "**Technological Systems**"). Pursuant to the provisions of the sale agreement, the amount of the Transaction's consideration is to be determined based on Office's average net income over the three years of 2023, 2024 and 2025 multiplied by 7 (hereinafter - the "**Share Consideration**"). On the Transaction completion date, the existing shareholders were paid NIS 4 million on account of the amount of the Share Consideration, and this amount is to be adjusted (either upwards or downwards) immediately after determining Office's value as set forth above. Pursuant to the provisions of the sale agreement, by the Transaction completion date, an irrevocable deed of assignment will be signed assigning to Office all the intellectual property rights in the Technological Systems which are the property of the Technological Systems developers (a related party of one of the existing shareholders). The Transaction is subject to receipt of approval for the merger from the Competition Commissioner. On the Transaction completion date, among other things, a shareholders' agreement (hereinafter - the "**Shareholders' Agreement**") in Office will enter into force, stipulating mutual rights and liabilities of the parties as shareholders in Office, including a mutual right of first refusal, a mutual tag-along right, a preemptive right, a right to appoint directors, resolutions requiring consent of a special majority of 75% of the Board of Directors and a general meeting of Office, together with a dividend policy. In addition, the Shareholders' Agreement establishes a separation mechanism among the Office shareholders by virtue of which, during a 3-year period commencing on the account settling date for determining the value of Office in order to pay the Share Consideration, Menora Agencies shall have the right to a put option obligating the existing shareholders to purchase from it all its shares in Office for a consideration to be determined based on independent appraisals to be conducted at that time for Office. Insofar as Menora Agencies does not exercise the separation right granted to it during the said 3-year period, then commencing from the end of the said 3-year period, each of the shareholders in Office (including Menora Agencies) shall have the right to a put option obligating the other shareholders to purchase its shares in Office for a consideration to be determined based on independent appraisals. On August 24, 2023, a sum of NIS 2 million was transferred and on October 12, 2023, an additional sum of NIS 2 million was transferred.

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Associates (cont.)

C. Holding rates and further details (cont.)

An associate of Menora Mivtachim Finance Ltd. (hereinafter - "**Menora Finance**"):

		In issued share capital, profits and voting rights	
		As of December 31	
		2025	2024
	Comment	In percentage	
IBI Quality Credit Holdings Ltd.	(1)	27.5	27.5

(1) In September 2022, a collaboration agreement was signed for the provision of reverse mortgage loans by Menora Insurance to borrowers located by Quality Credit Holdings Ltd. (hereinafter - "**Quality**" and the "**Original Agreement**"). On March 7, 2024, an agreement was signed between Menora Finance and Quality regarding an addendum to the collaboration agreement in which it was agreed that Menora will exercise the call option granted to it to purchase shares in Quality at a rate not exceeding 27.5% of the issued and paid up share capital of Quality against payment to Quality of an amount based on a value of approx. NIS 70 million for the Company with respect to Quality Holdings.

D. The amount of the dividend received from the associates in the reporting year amounted to NIS 6,294 thousand (last year this was NIS 2,191 thousand).

E. Immaterial joint ventures

	Balance as of December 31	
	2025	2024
	NIS thousand	
Share in the equity of joint ventures	171,249	154,769
	For year	
	2025	2024
	NIS thousand	
Share in profit of joint ventures	11,022	10,700

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Consolidated companies

F. Details regarding consolidated companies of the Company

	As of December 31, 2025					
	Shares conferring voting rights	Shares conferring rights to profits	Country of incorporation	Total investment		
				In shares	In loans	In capital notes
	Holding rate			In NIS thousand		
Consolidated companies of the Company						
Menora Mivtachim Insurance Ltd.	100.00%	100.00%	Israel	4,164,494	-	-
Menora Mivtachim Pension Ltd. - management company	90.00%	90.00%	Israel	1,206,443	-	-
Shomera Insurance Company Ltd.	100.00%	100.00%	Israel	863,147	-	-
Menora Mivtachim Finance Ltd.	100.00%	100.00%	Israel	331,964	-	-
Menora Mivtachim Real Estate Ltd.	100.00%	100.00%	Israel	40,345	19,875	-
Nachalat Menora Housing and Development Company (1950) Ltd.	100.00%	100.00%	Israel	17,300	-	-
Menora Mivtachim Paying Ltd.	100.00%	100.00%	Israel	236	-	-
Estimates for You Ltd.	100.00%	100.00%	Israel	(245)	-	-
Menora Mivtachim Agencies Ltd.	100.00%	100.00%	Israel	206,718	-	-
ERN Israel Ltd. (*)	70.00%	70.00%	Israel	654,103	11,271	-
Menora Mivtachim Fund Management Ltd. **)	100.00%	100.00%	Israel	206,012	-	-

*) For information regarding an increase in the holding rate to 100% subsequent to the reporting date, see Note 32C.

**) For additional information, see Note 5 and Note 32D.

Notes to the Consolidated Financial Statements

NOTE 9 - INVESTMENTS IN INVESTEES (cont.)

Consolidated companies (cont.)

F. Details regarding consolidated companies of the Company (cont.)

	As of December 31, 2024					
	Shares conferring voting rights	Shares conferring rights to profits	Country of incorporation	Total investment		
				In shares	In loans	In capital notes
	Holding rate			In NIS thousand		
Consolidated companies of the Company						
Menora Mivtachim Insurance Ltd.	100.00%	100.00%	Israel	3,733,090	-	310,842
Menora Mivtachim Pension Ltd. - management company	90.00%	90.00%	Israel	1,080,543	-	-
Shomera Insurance Company Ltd.	100.00%	100.00%	Israel	729,993	-	-
Menora Mivtachim Finance Ltd.	100.00%	100.00%	Israel	244,499	-	-
Menora Mivtachim Real Estate Ltd.	100.00%	100.00%	Israel	29,107	21,081	-
Nachalat Menora Housing and Development Company (1950) Ltd.	100.00%	100.00%	Israel	14,433	-	-
Menora Mivtachim Paying Ltd.	100.00%	100.00%	Israel	361	-	-
Estimates for You Ltd.	100.00%	100.00%	Israel	148	-	-
Menora Mivtachim Agencies Ltd.	100.00%	100.00%	Israel	183,857	-	1,330
ERN Israel Ltd.	70.00%	70.00%	Israel	638,276	11,277	-

G. The amount of the dividend received from the consolidated companies in the reporting year amounted to NIS 1,445,349 thousand (last year this was NIS 584,201 thousand), for further details see Note 20G.

Notes to the Consolidated Financial Statements

NOTE 10 - INVESTMENT PROPERTY – INCLUDING INVESTMENT PROPERTY FOR YIELD-DEPENDENT CONTRACTS

A. Movement:

	For yield-dependent contracts		Other	
	2025	2024	2025	2024
	NIS thousand			
Balance as of January 1	168,294	102,961	685,729	651,862
Additions during the year				
Acquisitions and additions to existing properties	8,799	63,808	13,371	14,318
Derecognitions during the year				
Disposals	12,222	-	8,400	4,102
Reclassified to property, plant, and equipment	-	-	-	2,968
Total derecognitions	12,222	-	8,400	7,070
Fair value adjustment	2,600	1,525	(6,889)	26,619
Balance as of December 31	167,471	168,294	683,811	685,729

B. Fair value measurement of investment property

Investment property is measured at fair value as determined by an appraisal 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. In estimating cash flows, their inherent risk was taken into account, and they are capitalized at a rate of return that reflects the risks inherent in the cash flows, which was determined taking into account the accepted return in the land market, with adjustments to the specific characteristics of the property and the risk level of the expected revenues therefrom.

1) Following are details of the assumptions, factors and considerations used in the valuation

a) of the properties valuated according to the comparison approach

The property's location, age and physical condition, its area, the level of development in the area where it is located, its designation, the real estate market prices and the level of demand in that area for properties of a similar type, the state of rights and the property's planning status, the legal background and in commercial properties also the gross to net ratio method.

b) In assets valued according to the income approach

	Based on weighted averages	
	As of December 31	
	2025	2024
Average rent per sq.m in NIS	127.87	130.00
Return on the asset in %	7.29	7.26
Space available for rent	3.18	3.18

Notes to the Consolidated Financial Statements

NOTE 10 - INVESTMENT PROPERTY – INCLUDING INVESTMENT PROPERTY FOR YIELD-DEPENDENT CONTRACTS (cont.)

B. Fair value measurement of investment property (cont.)

2) Following is the fair value hierarchy of the investment property:

	December 31, 2025	
	Level 3	Total
	NIS thousand	
	851,282	851,282

	December 31, 2024	
	Level 3	Total
	NIS thousand	
	854,023	854,023

3) Adjustment for fair value measurement of investment property (Level 3 in the fair value hierarchy)

	Vacant land	Shopping centers	Office buildings	Hotel **)	Total
	NIS thousand				
Balance as of January 1, 2024	121,856	139,516	307,540	185,911	754,823
Remeasurement recognized in profit or loss *)	79	2,126	15,955	9,984	28,144
Acquisitions and additions to existing properties	71	64,855	12,893	307	78,126
Transfer from fixed assets	-	-	(2,968)	-	(2,968)
Disposals	-	-	(4,102)	-	(4,102)
Balance as of December 31, 2024	122,006	206,497	329,318	196,202	854,023
Remeasurement recognized in profit or loss *)	(3,727)	2,600	(550)	(2,612)	(4,289)
Acquisitions and additions to existing properties	3,365	9,175	9,403	227	22,170
Disposals	-	(12,222)	(8,400)	-	(20,622)
Balance as of December 31, 2025	121,644	206,050	329,771	193,817	851,282
*) Of which - total income (loss) for the period, which was not disposed of and was recognized in profit or loss for investment property held at the end of the reporting period:					
For 2024	79	2,126	15,955	9,984	28,144
For 2025	(3,727)	2,600	(550)	(2,612)	(4,289)

) In July 2018, one of the Company's sub-subsidiaries signed a lease agreement with Brown Hotels (hereinafter - the "Lessee**") for lease of the premises owned by the subsidiary at 115 Allenby St. in Tel Aviv, which formerly served as the Company's Offices, for the purpose of establishing a hotel. The lease term is ten years with an extension option for an additional three lease terms of five years each. Brown Group has a debt for a loan and rent arrears to the Menora Group. In December 2024, Brown Group submitted a motion for the convening of a creditors' meeting, the agenda of which included a debt settlement arrangement based on the sale of Brown Group's activities to Israel Canada. Under the debt settlement arrangement, which was signed and approved by the District Court at the end of February 2025, the Menora Group received most of the outstanding debt and the rent arrears balance owed to the Menora Group.

Notes to the Consolidated Financial Statements

NOTE 10 - INVESTMENT PROPERTY – INCLUDING INVESTMENT PROPERTY FOR YIELD-DEPENDENT CONTRACTS (cont.)

B. Fair value measurement of investment property (cont.)

4) Adjustment to the book balance

Following is the adjustment between the appraisals received and the book balance of the investment property:

	2025	2024
	NIS thousand	
Fair value according to a valuation made by an external appraiser	855,916	858,141
Less amounts credited to revenues receivable for rent on a straight-line basis	(4,634)	(4,118)
Book balance	851,282	854,023

5) Sensitivity analysis

The discount rate constitutes a critical estimate in determining the fair value, since a change in the discount rate will have a material effect on the investment property's fair value. Change in fair value of investment property for 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 for	
	2025	2024	2025	2024
	NIS thousand			
0.5% increase	(13,692)	(15,632)	(8,249)	(10,189)
Decrease of 0.5%	14,946	17,072	8,618	10,744

C. For further details regarding contractual engagements relating to the lease of investment property, see Note 31D.

Notes to the Consolidated Financial Statements

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

A. Composition and movement:

2025

	Land *) and office buildings	Investment in solar fields	Computers and peripheral equipment	Motor vehicles	Office furniture and equipment	Leasehold improvements	Total
	NIS thousand						
Cost							
Balance as of January 1, 2025	952,099	3,569	471,221	117,108	137,669	46,188	1,727,854
Additions during the year *)	7,746	-	13,980	28,883	5,136	416	56,161
Revisions to right-of-use assets for CPI linkages	550	-	-	901	-	-	1,451
Company consolidated for the first time	10,973	-	332	-	1,576	750	13,631
Adjustments arising from translation of financial statements of foreign operations	-	(144)	-	-	-	-	(144)
Revaluation recognized in other comprehensive income	(48,652)	-	-	-	-	-	(48,652)
Derecognitions during the year	(2,470)	-	-	(15,258)	(1,011)	-	(18,739)
Balance as of December 31, 2025	920,246	3,425	485,533	131,634	143,370	47,354	1,731,562
Accumulated depreciation							
Balance as of January 1, 2025	35,161	1,987	421,799	74,930	101,840	38,087	673,804
Additions during the year *)	26,100	116	22,175	27,487	6,232	2,096	84,206
Company consolidated for the first time	-	-	268	-	601	206	1,075
Adjustments arising from translation of financial statements of foreign operations	-	(128)	-	-	-	-	(128)
Revaluation recognized in other comprehensive income	(18,594)	-	-	-	-	-	(18,594)
Derecognitions during the year	(1,742)	-	-	(14,347)	(1,011)	-	(17,100)
Balance as of December 31, 2025	40,925	1,975	444,242	88,070	107,662	40,389	723,263
Balance of amortized cost as of December 31, 2025 *)	879,321	1,450	41,291	43,564	35,708	6,965	1,008,299
*) Of which for right-of-use assets							
Additions to cost during the year	1,193	-	-	30,472	-	-	31,665
Annual depreciation	7,922	116	-	26,463	-	-	34,501
Balance as of December 31, 2025	16,648	1,450	-	35,971	-	-	54,069

Notes to the Consolidated Financial Statements

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont.)

A. Composition and movement: (cont.)

2024

	Land *) and office buildings	Investment in solar fields	Computers and peripheral equipment	Motor vehicles	Office furniture and equipment	Leasehold improvements	Total
	NIS thousand						
Cost							
Balance as of January 1, 2024	908,629	31,344	440,561	105,252	133,259	45,770	1,664,815
Additions during the year *)	11,205	-	31,786	28,581	6,965	391	78,928
Revisions to right-of-use assets for CPI linkages	728	-	-	1,192	-	-	1,920
Companies consolidated for the first time	-	-	36	-	71	27	134
A consolidated company disposed of	-	(22,516)	-	-	-	-	(22,516)
Transfer from investment property	2,968	-	-	-	-	-	2,968
Adjustments arising from translation of financial statements of foreign operations	-	(3,546)	-	-	-	-	(3,546)
Revaluation recognized in other comprehensive income	28,569	-	-	-	-	-	28,569
Revaluation recognized in profit and loss	-	(1,713)	-	-	-	-	(1,713)
Derecognitions during the year	-	-	(1,162)	(17,917)	(2,626)	-	(21,705)
Balance as of December 31, 2024	952,099	3,569	471,221	117,108	137,669	46,188	1,727,854
Accumulated depreciation							
Balance as of January 1, 2024	28,745	17,721	402,475	66,257	96,254	36,045	647,497
Additions during the year *)	27,049	1,433	20,458	25,782	8,116	2,019	84,857
Companies consolidated for the first time	-	-	28	-	47	23	98
A consolidated company disposed of	-	(13,737)	-	-	-	-	(13,737)
Adjustments arising from translation of financial statements of foreign operations	-	(3,430)	-	-	-	-	(3,430)
Revaluation recognized in other comprehensive income	(20,633)	-	-	-	-	-	(20,633)
Derecognitions during the year	-	-	(1,162)	(17,109)	(2,577)	-	(20,848)
Balance as of December 31, 2024	35,161	1,987	421,799	74,930	101,840	38,087	673,804
Balance of amortized cost as of December 31, 2024 *)	916,938	1,582	49,422	42,178	35,829	8,101	1,054,050
*) Of which for right-of-use assets							
Additions to cost during the year	5,461	-	-	29,087	-	-	34,548
Annual depreciation	6,831	1,433	-	25,030	-	-	33,294
Balance as of December 31, 2024	21,544	1,582	-	35,431	-	-	58,557

Notes to the Consolidated Financial Statements

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont.)

B. The Group's offices are located at Menora Mivtachim House at 23 Jabotinsky Street in Ramat Gan.

The Group also has offices it also uses in Petach Tikva. In addition, the Group leases additional office space for its own use.

C. Revaluation of land and office buildings

The Group contracted with an independent qualified appraiser to determine fair value of the land and the office buildings in its possession. The fair value was determined using market-based evidence.

Due to the use of the revaluation model, a revaluation reserve has been created with a pre-tax balance as of December 31, 2025, of approx. NIS 369,339 thousand, net of tax (as of December 31, 2024 - NIS 399,397 thousand). For information regarding the effect of the missile which fell near the Company's offices, see Note 32B.

Had the land and buildings been measured using the cost model, their value in the Consolidated Financial Statements would have been as follows:

	As of December 31	
	2025	2024
	NIS thousand	
Cost	721,777	715,100
Accumulated depreciation	143,154	131,039
Amortized cost	578,623	584,061

The fair value of the land and the buildings was determined using the comparison method for similar properties on the market. 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.

As of the valuation date, the fair value of the land and the office buildings was determined by an external qualified expert, and is considered Level 3 of the fair value hierarchy.

D. Adjustments for fair value measurement of land and office buildings

	Office buildings
	NIS thousand
Balance as of January 1, 2024	879,884
Remeasurement recognized in other comprehensive income	49,202
Acquisitions and additions to existing properties	11,933
Companies consolidated for the first time	2,968
Depreciation	(27,049)
Balance as of December 31, 2024	916,938
Remeasurement recognized in other comprehensive income	(30,058)
Acquisitions and additions to existing properties	8,296
Company consolidated for the first time	10,973
Disposals	(728)
Depreciation	(26,100)
Balance as of December 31, 2025	879,321

Notes to the Consolidated Financial Statements

NOTE 12 - INTANGIBLE ASSETS

A. Composition of and movement:

	Goodwill	Insurance portfolios	Customer portfolios and agent relations	Brands and trade names	Computer software	Other	Total
	NIS thousand						
Cost							
Balance as of January 1, 2024	837,368	89,119	496,326	33,287	2,586,330	1,413	4,043,843
Consolidated company consolidated for the first time	2,078	2,720	-	-	-	-	4,798
Derecognitions	-	-	-	-	(686)	-	(686)
Disposals	-	(360)	-	-	-	-	(360)
Additions	17,969	3,911	-	-	220,623	-	242,503
Balance as of December 31, 2024	857,415	95,390	496,326	33,287	2,806,267	1,413	4,290,098
Consolidated company consolidated for the first time	-	-	16,098	7,232	-	-	23,330
Derecognitions	-	-	-	-	(1,794)	-	(1,794)
Additions	-	-	-	-	217,144	-	217,144
Balance as of December 31, 2025	857,415	95,390	512,424	40,519	3,021,617	1,413	4,528,778
Accumulated amortization and impairment losses							
Balance as of January 1, 2024	25,453	36,838	385,012	16,316	1,784,998	1,216	2,249,833
Derecognitions	-	(99)	-	-	(686)	-	(785)
Impairment	-	-	-	-	686	-	686
Amortization recognized during the year	-	7,550	16,977	3,573	170,204	-	198,304
Balance as of December 31, 2024	25,453	44,289	401,989	19,889	1,955,202	1,216	2,448,038
Derecognitions	-	-	-	-	(1,794)	-	(1,794)
Impairment	-	-	-	-	1,794	-	1,794
Amortization recognized during the year	-	7,945	11,218	4,296	175,913	-	199,372
Balance as of December 31, 2025	25,453	52,234	413,207	24,185	2,131,115	1,216	2,647,410
Net carrying value							
As of December 31, 2025	831,962	43,156	99,217	16,334	890,502	197	1,881,368
As of December 31, 2024	831,962	51,101	94,337	13,398	851,065	197	1,842,060

Notes to the Consolidated Financial Statements

NOTE 12 - INTANGIBLE ASSETS (cont.)

B. Impairment of goodwill

For the purpose of goodwill impairment testing, the goodwill was allocated to the following cash-generating units:

1. The Pension Segment is included in the Life Insurance and Long-Term Savings Segment.
2. P&C insurance.
3. Provident is included in the Life Insurance and Long-Term Savings Segment.
4. The financial services segment that is included in those activities is not attributed to the operating segment.
5. The insurance agencies that are included in those activities are not attributed to the operating segment

Following is the goodwill balance in the Financial Statements:

		December 31	
		2025	2024
		NIS thousand	
Cash-generating unit:			
Pension segment	(1)	384,929	384,929
Property and Casualty Insurance Segment	(2)	26,549	26,549
Provident funds management	(3)	24,241	24,241
Credit	(4)	353,944	353,944
Insurance agency	(5)	32,628	32,628
Total goodwill recognized in business combinations		822,291	822,291
Other	(6)	9,671	9,671
		831,962	831,962

For the purpose of goodwill impairment testing, the value of the smallest cash-generating unit within the operating segment to which the goodwill is attributed compared with its recoverable amount, should be tested. If the cash-generating unit's recoverable amount exceeds its value in the Financial Statements, then the unit and the goodwill allocated to it shall not be considered to have been impaired. If the unit's value in the Financial Statements exceeds its recoverable amount, then the Company recognizes the impairment loss.

1) The Pension Segment's recoverable amount, which constitutes part of the Life Insurance and Long-Term Savings Segment, is determined based on the embedded value calculation principles, using an appropriate discount rate. Based on this calculation for the report date, the Group believes that there is no need to reduce the goodwill value in respect of Mivtachim Pension and Provident.

2) Shomera Insurance's recoverable amount as a cash-generating unit, which constitutes part of P&C insurance business, is determined based on the value in use calculated according to the estimated future cash flows, using an appropriate discount rate (10% throughout all the report periods).

   As of the report date, as the estimated cash flows are expected to be substantially greater than the asset's value in the Financial Statements, the Group believes that there is no need for goodwill impairment in respect of Shomera Insurance.

Notes to the Consolidated Financial Statements

NOTE 12 - INTANGIBLE ASSETS (cont.)

B. Impairment of goodwill (cont.)

3) The recoverable amount of the provident funds' activity as a cash-generating unit, which constitutes part of the Long-Term Savings Segment, is determined based on the value in use calculated according to the estimated future cash flows. As of the reporting date, valuations were carried out by external appraisers, and according to them the recoverable amount exceeded the carrying amount by a substantial margin.

The key assumptions used in testing value in use are:

In Menora Mivtachim Pension and Provident Funds -

Post-tax discount rate - 10.7% (last year - 10.9%).
The expected growth rate - 1.0% (last year - identical).

In Menora Engineers -

Post-tax discount rate - 11.9% (last year - identical).
The expected negative rate - 3% (last year - identical).

As the estimated cash flows are expected to be greater than the asset's value in the Financial Statements, there is no need to record a goodwill impairment.

4) In accordance with the value at which S.A.B's interests were acquired subsequent the reporting date as stated in Note 32C, ERN's recoverable amount exceeds its carrying amount.

5) An appraisal of the consolidated insurance agencies' activity was conducted by an external appraiser for the reporting date, which was calculated on the basis of the estimated future cash flows from fees and commissions less the agencies' expenses, according to which the insurance agencies' recoverable amount exceeded their carrying amount. The post-tax discount rate used in calculating the value is 16% (last year - 17%).

6) The recoverable amount of other goodwill, which was created at the time of an increase in the Company's ownership stakes in Menora Insurance, is attributed to Menora Insurance's cash-generating units, which include the P&C insurance segment and the Life Insurance Segment.

Notes to the Consolidated Financial Statements

NOTE 13 - COSTS OF OBTAINING INVESTMENT MANAGEMENT SERVICE CONTRACTS

Movement in costs of obtaining investment management service contracts

	Life Insurance and Long-Term Savings			
	Investment contracts	Pension funds	Provident funds	Total
	In NIS thousand			
Balance as of January 1, 2024	23,954	557,141	72,324	653,419
Current amortization	(1,073)	(65,041)	(20,121)	(86,235)
Other adjustments	2,299	139,391	39,308	180,998
Balance as of December 31, 2024	25,180	631,491	91,511	748,182
Current amortization	(2,485)	(74,162)	(22,370)	(99,017)
Other adjustments	8,473	165,789	35,267	209,529
Balance as of December 31, 2025	31,168	723,118	104,408	858,694

Notes to the Consolidated Financial Statements

NOTE 14 - LOANS AND CREDIT

This note provides information regarding the contractual terms of loans and credit. Additional information regarding the Group's exposure to interest, foreign currency and liquidity risks is provided in Note 29 regarding risk management.

A. Composition of carrying value

		As of December 31	
		2025	2024
		NIS thousand	
1.	Financial liabilities presented at amortized cost:		
	Loans from banking corporations	2,292,206	1,373,198
	Commercial papers	500,920	200,380
	Non-convertible bonds	2,760,630	1,911,513
	Liabilities for financial guarantee contracts	11,462	12,986
	Liabilities to pay standing orders	873,410	753,319
	Lease liabilities	70,807	65,320
	Loan from non-controlling interests	5,683	-
	Total loans and credit presented at amortized cost	6,515,118	4,316,716
2.	Liabilities presented at fair value through profit or loss		
	Liabilities for options granted to non-controlling interests	188,170	185,836
	Total financial liabilities	6,703,288	4,502,552
	Subordinated notes and capital notes which constitute eligible capital for Menora Insurance:		
	Tier 1 capital *)	791,867	310,843
	Tier 2 capital	2,213,773	1,802,145
		3,005,640	2,112,988

*) Includes a total of approx. NIS 302 million held by the Company.

The amounts of financial liabilities are presented net of the interest payable. The interest payable is recognized in the accounts payable line item, see Note 15.

Notes to the Consolidated Financial Statements

NOTE 14 - LOANS AND CREDIT (cont.)

B. Loans and credit presented at amortized cost

1) Further details

Type of liability	Issuance date	Original loan amount	Debt rating and rating agency	Linkage terms	Liquid	Capital according to the solvency regime	Fixed annual interest	Carrying value less interest payable December 31 2025	Carrying value less interest payable December 31 2024	Fair value less interest payable December 31 2025	Fair value less interest payable December 31 2024	Frequency of interest and principal payments	Payment dates of principal	Interest payment dates	Right to early redemption	Comments
		In NIS thousand					In %	NIS thousand								
Subordinated notes	September 2023	300,000	Midroog - Aa3	NIS	Liquid	Tier 2 Capital	5.28	297,624	297,308	315,630	301,483	Semi-annual interest	7/2036	2024-2036	(a)	(b)
Subordinated notes	February, December 2022	392,542	Midroog - A1	NIS	Liquid	Tier 2 Capital	2.98	381,722	379,560	366,556	353,759	Semi-annual interest	12/2033	2022-2033	(c)	(b), (d)
Subordinated notes	April 2014	203,000	Midroog - A1	CPI-linked	Illiquid	Tier 2 Capital	3.30	240,792	235,216	250,279	244,706	Semi-annual interest	10/2030	2014-2030	(e)	(b), (f)
Subordinated notes	November 2016	100,000	Midroog - A1	CPI-linked	Illiquid	Tier 2 Capital	2.78	118,806	116,048	121,080	117,113	Annual interest	7/2034	2017-2034	(g)	(n)
Subordinated notes	February 2018, December 2020	303,880	Midroog - A1	NIS	Liquid	Tier 2 Capital	3.43	304,884	305,172	296,253	287,623	Semi-annual interest	6/2032	2018-2032	H	(b), (i)
Subordinated notes	September 2019	300,000	Midroog - A1	NIS	Liquid	Tier 2 Capital	1.84	299,690	299,275	291,660	285,345	Semi-annual interest	9/2030	2020-2030	(j)	(b), (n)
Subordinated notes	November 2019	150,000	Midroog - A1	CPI-linked	Illiquid	Tier 2 Capital	1.34	175,135	171,087	162,765	155,757	Annual	7/2034	2020-2034	(k)	(n)
Subordinated notes	March 2025	400,000	Midroog - Aa3	NIS	Liquid	Tier 2 Capital	5.02	397,006	-	407,840	-	Semi-annual interest	9/2035	2026-2035	(o)	(b), (p)
Subordinated notes	September 2025	502,475	Midroog - Aa3	NIS	Liquid	Tier 1 capital	5.18	490,620	-	502,877	-	Semi-annual interest	11/2074	2026-2074	(q)	(b)
Bonds	September 2016, May 2020	373,075	Midroog - Aa3	NIS	Liquid		2.94	54,351	107,847	52,925	104,901	Annual	2020-2026	2017-2026	(l)	(m)
Loans from a bank	April 2021			NIS	Illiquid		3.10	-	23	-	23				(q)	(b)
On Call	2024-2025			NIS	Illiquid		P-0.25 - P-0.5	618,303	1,042,857	618,303	1,042,857		Current	Current		
On Call	2025			NIS	Illiquid		P+0.2 - P+0.3	1,103,316	-	1,103,316	-		Current	Current		
Loans from a bank	2024-2025			CPI-linked	Illiquid		2.95-3.4	551,557	311,288	551,557	311,288		2026, 2027	2026, 2027		
Loans from a bank	2024			NIS	Illiquid		9.5	19,030	19,030	19,030	19,030		2026	2026		
Commercial papers	2023-2025			NIS	Illiquid		Bank of Israel+ 0.4-0.7	500,920	200,380	500,920	200,380		2028, 2030	2028, 2030		
Liabilities for financial guarantee contracts				NIS	Illiquid			11,462	12,986	11,462	12,986					(s)
Liabilities to pay standing orders				NIS	Illiquid			873,410	753,319	873,410	753,319					(r)
Loans from non-controlling interests				NIS	Illiquid		6.5	5,683	-	5,683	-					
Lease liabilities				CPI-linked	Illiquid			70,807	65,320							
								6,515,118	4,316,716	6,451,546	4,190,570					

Notes to the Consolidated Financial Statements

NOTE 14 - LOANS AND CREDIT (cont.)

B. Loans and credit presented at amortized cost (cont.)

1) Further details (cont.)

(a) Menora Capital Raising may execute early redemption on any interest payment date, and the first early redemption date will be July 1, 2033. To the extent that Menora Capital Raising does not exercise its right to execute early redemption, additional interest will be paid to holders of the subordinated notes in addition to the interest which the subordinated notes bear at that time in respect of the remaining period (from the early repayment date on which the early redemption right was not exercised through the actual repayment date); the additional interest rate will be equal to 50% of the original risk margin set in the issuance. The rate of additional interest as stated above shall be 0.7%.

(b) The proceeds of the issuance of notes raised by Menora Mivtachim Capital Raising Ltd. (hereinafter - "**Menora Capital Raising**"), a wholly-owned consolidated company of Menora Insurance, were deposited in Menora Insurance for use at its discretion and responsibility. Menora Insurance undertook to pay the note holders the principal, linkage and interest according to the terms of the notes.

(c) Menora Capital Raising may execute early redemption on any interest payment date, and the first early redemption date will be December 31, 2030. To the extent that Menora Capital Raising does not exercise its right to execute early redemption, additional interest will be paid to holders of the subordinated notes in addition to the interest which the subordinated notes bear at that time in respect of the remaining period (from the early repayment date on which the early redemption right was not exercised through the actual repayment date); the additional interest rate will be equal to 50% of the original risk margin set in the issuance. The rate of additional interest as stated above shall be 0.74%.

(d) In May 2022, the notes were rated by Midroog at a rating of Aa3, with a stable outlook. In December 2022, May, August and September 2023, May 2024 and May 2025, Midroog published a tracking report, in which it reiterated the said rating.

(e) Menora Capital Raising has the option of early redemption in 2027 on fulfillment of one of the following conditions: (1) concomitantly with the early redemption of the subordinated notes, Menora Capital Raising shall issue a capital instrument with the same or better quality; or (2) subject to prior approval of the Commissioner and the terms and conditions he shall determine. To the extent that Menora Capital Raising does not exercise its right to execute early redemption, additional interest will be paid to holders of the subordinated notes in addition to the interest which the subordinated notes bear at that time in respect of the remaining period (from the early repayment date on which the early redemption right was not exercised through the actual redemption date); the additional interest rate will be equal to 50% of the original risk margin set in the issuance. The rate of additional interest as stated above shall be 0.94%. Furthermore, principal and/or interest payments in respect of the subordinated notes will be deferred, which on their payment date will be subject to "suspending circumstances", as defined in the Solvency Circular and the Commissioner's position.

(f) In March and December 2015, November 2016, February and June 2018, June 2019, June 2020, May 2021 and January 2022, Midroog published a tracking report in which it affirmed the rating issued in April 2014, leaving it unchanged. In May and December 2022, Midroog published reports which raised the rating to Aa3. In May, August and September 2023, May 2024 and May 2025, Midroog published a tracking report, in which it reiterated the said rating.

(g) Menora Insurance has the right to execute early redemption on July 1, 2031. The early redemption will be possible on fulfillment of one of the following conditions: (1) the issue of a capital instrument (as per its meaning in the Solvency Circular and the Commissioner's position) with the same or better quality; or (2) subject to prior approval of the Commissioner and the terms and conditions he shall determine. Insofar as the Company does not exercise its right to early redemption, supplementary interest shall be paid to the lender at a rate of 0.95%.

(h) Menora Capital Raising may execute early redemption on any interest payment date, and the first early redemption date will be June 30, 2029. To the extent that Menora Capital Raising does not exercise its right to execute early redemption, additional interest will be paid to holders of the subordinated notes in addition to the interest which the subordinated notes bear at that time in respect of the remaining period (from the early repayment date on which the early redemption right was not exercised through the actual repayment date); the additional interest rate will be equal to 50% of the original risk margin set in the issuance. The rate of additional interest shall be 0.681%.

Notes to the Consolidated Financial Statements

NOTE 14 - LOANS AND CREDIT (cont.)

B. Loans and credit presented at amortized cost (cont.)

1) Further details (cont.)

(i) In June 2018, June 2019, June 2020, December 2020, May 2021 and January 2022, Midroog published a tracking report in which it reiterated the February 2018 rating. In May and December 2022, Midroog published reports which raised the rating to Aa3. In May, August and September 2023, May 2024 and May 2025, Midroog published a tracking report, in which it reiterated the said rating.

(j) Menora Capital Raising may execute early redemption on any interest payment date, and the first early redemption date will be September 30, 2026. To the extent that Menora Capital Raising does not exercise its right to execute early redemption, additional interest will be paid to holders of the subordinated notes in addition to the interest which the subordinated notes bear at that time in respect of the remaining period (from the early repayment date on which the early redemption right was not exercised through the actual repayment date); the additional interest rate will be equal to 50% of the original risk margin set in the issuance. The rate of additional interest shall be 0.479%.

(k) Menora Insurance has the right to execute early redemption in 2031. To the extent that the Company does not exercise its right to execute early redemption, additional interest will be paid to holders of the subordinated notes in addition to the interest which the subordinated notes bear at that time in respect of the remaining period (from the early repayment date on which the early redemption right was not exercised through the actual repayment date); the additional interest rate will be equal to 50% of the original risk margin set in the issuance (a spread of 1.58% over government bonds with an average duration similar to the average duration of the notes).

(l) The Company has an early redemption option starting 60 days from the date of listing of Bonds (Series C) for trading.

(m) In June 2017 and June 2018, Midroog published a tracking report, in which it reiterated the said rating. In January 2019, Midroog published a rating report upgrading the Bonds to an Aa2 rating, and in January 2020, May 2021, January 2021, January 2022, January 2023, and January 2024, Midroog published a rating report leaving that rating unchanged.

(n) In February and June 2018, June 2019, June 2020, May 2021 and January 2022, Midroog published a tracking report in which it affirmed the rating issued on the issuance date, leaving it unchanged. In May and December 2022, Midroog published reports which raised the rating to Aa3. In May, August and September 2023, May 2024 and May 2025, Midroog published a tracking report, in which it reiterated the said rating.

(o) Menora Capital Raising has an option for early redemption as of March 31, 2030. Subsequent to this date, Menora Capital Raising will be entitled to redeem the subordinated notes by way of early redemption at any time. To the extent that Menora Capital Raising does not exercise its right to execute early redemption through September 30, 2032, additional interest will be paid to the holders of the subordinated notes on the interest payable as from the interest payment due on March 31, 2033 in respect of the remaining period, which will equal to 50% of the original risk margin. The rate of additional interest shall be 0.36473%.

(p) In May Midroog published a tracking report in which it reiterated the rating given at the issuance date.

(q) The first early redemption date will be November 30, 2035. After this date, Menora Capital Raising will be permitted to redeem the notes at the first interest payment date which will take place 5 years after the First Early Redemption Date, and subsequently, once every 5 years on the next interest payment date. If Menora Capital Raising does not exercise its right to early redemption by November 30, 2035, the interest rate will be changed to the government bond yield in NIS (unlinked) for five years at that date plus the spread set for the series of notes at the issue date (1.16418%).

(r) As part of the direct debit service, consolidated company ERN provides merchants with a service of undertaking to pay direct debits of the merchant's customers. On the date of entering into a transaction with the merchant, ERN recognizes in its financial statements a financial asset in respect of the debt of the merchant's customer, against a financial liability in respect of the undertaking to pay the merchant.

(s) Consolidated company ERN guarantees to pay checks received as part of transactions between the end customer and the merchants. As of the report date, ERN has liability to pay checks whose due date is subsequent to the report date, in the amount of NIS 712,866 thousand (as of December 31, 2024 - NIS 753,899 thousand).

Notes to the Consolidated Financial Statements

NOTE 14 - LOANS AND CREDIT (cont.)

B. Loans and credit presented at amortized cost (cont.)

2) Details on paid interest and linkage

	December 31	
	2025	2024
	Effective interest rate	
	Percentage	
Linkage basis:		
CPI-linked	2.89	2.76
NIS	4.92	4.74

3) Unamortized issuance expenses

Unamortized deferred issuance expenses as of December 31, 2025, are approx. NIS 16,165 thousand (as of December 31, 2024 - NIS 7,607 thousand). Deferred issuance expenses are amortized using the effective interest method.

C. Fair value data of loans and credit

Fair value of loans and credit by level:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Liabilities for options granted to non-controlling interests	-	188,170	-	188,170
Liabilities presented at amortized cost the fair value of which is disclosed:				
Bonds	52,925	-	-	52,925
Subordinated notes	2,180,816	534,124	-	2,714,940
Loans from banking corporations	-	2,292,206	-	2,292,206
Commercial papers	-	500,920	-	500,920
Liabilities for financial guarantee contracts	-	11,462	-	11,462
Liabilities to pay standing orders	-	873,410	-	873,410
Loan from non-controlling interests	-	-	5,683	5,683
	2,233,741	4,212,122	5,683	6,451,546

In the reporting period, there were no material transfers from level to level.

Notes to the Consolidated Financial Statements

NOTE 14 - LOANS AND CREDIT (cont.)

C. Fair value data of loans and credit (cont.)

Fair value of loans and credit by level: (cont.)

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Liability in respect of option granted to non-controlling interests	-	185,836	-	185,836
Liabilities presented at amortized cost the fair value of which is disclosed:				
Bonds	104,901	-	-	104,901
Subordinated notes	1,228,210	517,576	-	1,745,786
Loans from banking corporations	-	1,373,198	-	1,373,198
Commercial papers	-	200,380	-	200,380
Liabilities for financial guarantee contracts	-	12,986	-	12,986
Liabilities to pay standing orders	-	753,319	-	753,319
	1,333,111	2,857,459	-	4,190,570

In 2024, there were no material transfers from level to level.

Notes to the Consolidated Financial Statements

NOTE 14 - LOANS AND CREDIT (cont.)

D. Changes in liabilities stemming from financing activity

	Balance as of January 1, 2025	Commencement of consolidation	Cash Flow	Recognition of lease liabilities	Other changes	Balance as of December 31, 2025
	NIS thousand					
Bonds	1,911,513	-	836,975	-	12,142	2,760,630
Loans from banks and commercial papers	1,573,578	928,856	166,306	-	124,386	2,793,126
Liabilities for financial guarantee contracts	12,986	-	(1,524)	-	-	11,462
Liabilities to pay standing orders	753,319	-	103,638	-	16,453	873,410
Lease liabilities	65,320	11,333	(32,008)	27,746	(1,584)	70,807
Loan from non-controlling interests	-	5,519	-	-	164	5,683
	4,316,716	945,708	1,073,387	27,746	151,561	6,515,118

	Balance as of January 1, 2024	Deconsolidation	Cash flow	Effect of changes in exchange rates	Recognition of lease liabilities	Other changes	Balance as of December 31, 2024
	NIS thousand						
Bonds	2,244,944	-	(423,847)	-	-	90,416	1,911,513
Loans from banks and commercial papers	1,380,927	-	96,002	-	-	96,649	1,573,578
Liabilities for financial guarantee contracts	13,239	-	(253)	-	-	-	12,986
Liabilities to pay standing orders	603,804	-	128,401	-	-	21,114	753,319
Lease liabilities	71,666	(5,874)	(30,654)	(17)	29,944	255	65,320
	4,314,580	(5,874)	(230,351)	(17)	29,944	208,434	4,316,716

E. As of the financial statements date, the consolidated company Yesodod has an unutilized credit facility totaling NIS 98.4 million and the consolidated companies ERN and Mimun Click have unutilized credit facilities totaling approx. NIS 1,482 million.

Notes to the Consolidated Financial Statements

NOTE 15 - PAYABLES AND CREDIT BALANCES

	As of December 31	
	2025	2024
	NIS thousand	
Employees and other liabilities in respect of compensation and salaries	239,216	221,687
Accrued expenses	193,425	152,943
Trade payables	89,264	85,429
Government institutions and authorities	70,717	35,475
Interest payable	31,465	14,809
Affiliates	534	11,144
Insurance agents	251,369	214,170
Policyholders and planholders	38,775	60,411
Pension funds	19,220	13,343
Liabilities for acquisition agreements	9,715	10,124
Payables for financial transactions	407,915	13,234
Prepaid revenues	16,423	-
Other	57,043	75,066
Total payables and credit balances	1,425,081	907,835

For payables and credit balances that constitute related parties and interested parties, see Note 30.

Notes to the Consolidated Financial Statements

NOTE 16 - LIABILITIES IN RESPECT OF INVESTMENT CONTRACTS

A. Movement in liabilities for investment contracts	Reference to note	2025		
		Yield-dependent investment contracts (*)	Non-yield-dependent investment contracts (**)	Total
		In NIS thousand		
Balance as of January 1, 2024		4,836,939	5,065,602	9,902,541
Changes recognized in the income statement:				
Increase due to the yield component (***)	22	570,459	407,533	977,992
Net of management fees for investment contracts	23	(43,353)	-	(43,353)
Cash flow:				
Proceeds		1,092,658	4,293	1,096,951
Payments		(854,296)	(301,418)	(1,155,714)
Balance as of December 31, 2024		5,602,407	5,176,010	10,778,417
Changes recognized in the income statement:				
Increase due to the yield component (***)	22	835,736	359,652	1,195,388
Net of management fees for investment contracts	23	(48,036)	-	(48,036)
Cash flow:				
Proceeds		1,409,261	3,638	1,412,899
Payments		(834,670)	(349,034)	(1,183,704)
Balance as of December 31, 2025		6,964,698	5,190,266	12,154,964

(*) Yield-dependent investment contracts are treated as financial liabilities at fair value through profit or loss.

(**) This column includes both non-yield-dependent investment contracts and liabilities for contracts for management of guaranteed return provident funds.

(***) This line item also includes the interest expenses calculated using the effective interest method for non-yield-dependent investment contracts and the finance expenses for contracts for management of guaranteed return provident funds.

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS

The following tables detail the composition and movement in the carrying value of balances in respect of insurance contracts and reinsurance contracts by the operating segments.

A. Composition of balances for insurance contracts and reinsurance contracts

		As of December 31, 2025			
	Reference to note	Life insurance and long-term savings	Health Insurance	P&C Insurance	Total
		In NIS thousand			
Insurance contracts:					
Liabilities for insurance contracts	17(b)	37,214,711	5,147,188	7,475,037	49,836,936
Assets for insurance acquisition cash flows	17(c)	-	-	(23,036)	(23,036)
Total liabilities for insurance contracts		37,214,711	5,147,188	7,452,001	49,813,900
Less amounts deposited to the Company as part of a defined benefit plan for the Group's employees		71,638	-	-	71,638
Total liabilities for insurance contracts		37,143,073	5,147,188	7,452,001	49,742,262
Insurance contract assets:					
Insurance contract assets	17(b)	724,362	946,829	-	1,671,191
Reinsurance contracts:					
Reinsurance contract assets	17(b)	26,028	1,331,914	2,263,819	3,621,761
Liabilities for reinsurance contracts	17(b)	(97,632)	-	-	(97,632)
Total reinsurance contracts		(71,604)	1,331,914	2,263,819	3,524,129

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

A. Composition of balances for insurance contracts and reinsurance contracts (cont.)

		As of December 31, 2024			
	Reference to note	Life insurance and long-term savings	Health Insurance	P&C Insurance	Total
		In NIS thousand			
Insurance contracts:					
Liabilities for insurance contracts	17(b)	34,933,081	5,686,383	6,818,178	47,437,642
Assets for insurance acquisition cash flows	17(c)	-	-	(23,578)	(23,578)
Total liabilities for insurance contracts		34,933,081	5,686,383	6,794,600	47,414,064
Less amounts deposited to the Company as part of a defined benefit plan for the Group's employees		71,255	-	-	71,255
Total liabilities for insurance contracts		34,861,826	5,686,383	6,794,600	47,342,809
Insurance contract assets:					
Insurance contract assets	17(b)	635,418	637,549	-	1,272,967
Reinsurance contracts:					
Reinsurance contract assets	17(b)	50,155	1,398,065	1,924,993	3,373,213
Liabilities for reinsurance contracts	17(b)	(99,067)	-	-	(99,067)
Total reinsurance contracts		(48,912)	1,398,065	1,924,993	3,274,146

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts

1. Life Insurance and Long-Term Savings Segment

(a) Insurance contracts

1 - Analysis according to the remaining coverage and incurred claims

	Reference to note	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)	Total
		Excluding loss component	Loss component	Contracts not under the PAA model	
		In NIS thousand			
Balance of assets as of January 1, 2025		1,282,985	-	(647,567)	635,418
Balance of liabilities as of January 1, 2025		(33,943,935)	(1,925)	(987,221)	(34,933,081)
Balance, net as of January 1, 2025		(32,660,950)	(1,925)	(1,634,788)	(34,297,663)
Changes in the income statement and other comprehensive income:					
Revenues from insurance services:					
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		672,877	-	-	672,877
Contracts to which the fair value approach was applied under the Transitional Provisions		773,697	-	-	773,697
Other contracts		253,403	-	-	253,403
Total revenues from insurance services	21	1,699,977	-	-	1,699,977
Expenses from insurance services:					
Claims and other insurance service expenses incurred		-	-	(1,285,674)	(1,285,674)
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	42,186	42,186
Losses for groups of onerous insurance contracts		-	(469)	-	(469)
Amortization of insurance acquisition cash flows		(145,421)	-	-	(145,421)
Total expenses from insurance services	21	(145,421)	(469)	(1,243,488)	(1,389,378)
Investment component		3,055,101	-	(3,055,101)	-
Total income from insurance services		4,609,657	(469)	(4,298,589)	310,599
Finance expenses, net of insurance contracts	22	(4,310,114)	(5,716)	(127,014)	(4,442,844)
Total changes in the income statement and other comprehensive income		299,543	(6,185)	(4,425,603)	(4,132,245)
Cash flow:					
Premiums and management fees received net of repayment of premiums		(2,430,844)	-	-	(2,430,844)
Claims and other insurance service expenses paid, including investment components		-	-	4,329,652	4,329,652
Cash flows for purchase of insurance		156,885	-	-	156,885
Total cash flows		(2,273,959)	-	4,329,652	2,055,693
Other adjustments		(90,967)		(25,167)	(116,134)
Balance, net, as of December 31, 2025:		(34,726,333)	(8,110)	(1,755,906)	(36,490,349)
Balance of assets as of December 31, 2025		1,456,490	-	(732,128)	724,362
Balance of liabilities as of December 31, 2025		(36,182,823)	(8,110)	(1,023,778)	(37,214,711)
Balance, net, as of December 31, 2025:		(34,726,333)	(8,110)	(1,755,906)	(36,490,349)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life Insurance and Long-Term Savings Segment (cont.)

(a) Insurance contracts (cont.)

1 - Analysis according to the remaining coverage and incurred claims (cont.)

	Reference to note	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)	
		Excluding loss component	Loss component	Contracts not under the PAA model	Total
		In NIS thousand			
Balance of assets as of January 1, 2024		945,245	-	(597,095)	348,150
Balance of liabilities as of January 1, 2024		(32,367,274)	-	(854,842)	(33,222,116)
Balance, net as of January 1, 2024		(31,422,029)	-	(1,451,937)	(32,873,966)
Changes in the income statement and other comprehensive income:					
Revenues from insurance services:					
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		637,676	-	-	637,676
Contracts to which the fair value approach was applied under the Transitional Provisions		907,660	-	-	907,660
Other contracts		73,041	-	-	73,041
Total revenues from insurance services	21	1,618,377	-	-	1,618,377
Expenses from insurance services:					
Claims and other insurance service expenses incurred		-	-	(1,167,802)	(1,167,802)
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	8,409	8,409
Losses for groups of onerous insurance contracts		-	(2,597)	-	(2,597)
Amortization of insurance acquisition cash flows		(105,768)	-	-	(105,768)
Total expenses from insurance services	21	(105,768)	(2,597)	(1,159,393)	(1,267,758)
Investment component		2,860,376	-	(2,860,376)	-
Total income from insurance services		4,372,985	(2,597)	(4,019,769)	350,619
Finance expenses, net of insurance contracts	22	(3,174,875)	672	(111,228)	(3,285,431)
Total changes in the income statement and other comprehensive income		1,198,110	(1,925)	(4,130,997)	(2,934,812)
Cash flow:					
Premiums and management fees received net of repayment of premiums		(2,600,911)	-	-	(2,600,911)
Claims and other insurance service expenses paid, including investment components		-	-	4,047,743	4,047,743
Cash flows for purchase of insurance		159,392	-	-	159,392
Total cash flows		(2,441,519)	-	4,047,743	1,606,224
Other adjustments		4,488	-	(99,597)	(95,109)
Balance, net, as of December 31, 2024		(32,660,950)	(1,925)	(1,634,788)	(34,297,663)
Balance of assets as of December 31, 2024		1,282,985	-	(647,567)	635,418
Balance of liabilities as of December 31, 2024		(33,943,935)	(1,925)	(987,221)	(34,933,081)
Balance, net, as of December 31, 2024		(32,660,950)	(1,925)	(1,634,788)	(34,297,663)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life Insurance and Long-Term Savings Segment (cont.)

(a) Insurance contracts (cont.)

2 - Analysis according to measurement components – contracts that are not measured according to the PAA model

				Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods)				
	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	Total
					In NIS thousand			
Balance of assets as of January 1, 2025		1,768,880	(182,159)	(632,024)	(139,929)	(179,350)	(951,303)	635,418
Balance of liabilities as of January 1, 2025		(33,752,243)	(154,130)	-	(998,375)	(28,333)	(1,026,708)	(34,933,081)
Balance, net as of January 1, 2025		(31,983,363)	(336,289)	(632,024)	(1,138,304)	(207,683)	(1,978,011)	(34,297,663)
Changes in the income statement and other comprehensive income:								
Changes relating to current services:								
The contractual service margin (CSM) amount recognized in profit or loss for services provided	21	-	-	104,276	168,897	62,580	335,753	335,753
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	34,414	-	-	-	-	34,414
Experience adjustments		(101,285)	-	-	-	-	-	(101,285)
Changes relating to future services:								
Contracts first recognized during the period		267,396	(31,623)	-	-	(238,935)	(238,935)	(3,162)
Changes in estimates adjusting the contractual service margin		(48,190)	(10,105)	116,091	(84,930)	27,134	58,295	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates		2,693	-	-	-	-	-	2,693
Changes relating to past service:								
Adjustments to liabilities for incurred claims		42,186	-	-	-	-	-	42,186
Total income from insurance services	21	162,800	(7,314)	220,367	83,967	(149,221)	155,113	310,599
Finance expenses, net of insurance contracts	22	(4,037,103)	7,235	(12,783)	(379,385)	(20,808)	(412,976)	(4,442,844)
Total changes in the income statement and other comprehensive income		(3,874,303)	(79)	207,584	(295,418)	(170,029)	(257,863)	(4,132,245)
Cash flow:								
Premiums and management fees received net of repayment of premiums		(2,430,844)	-	-	-	-	-	(2,430,844)
Claims and other insurance service expenses paid, including investment components		4,329,652	-	-	-	-	-	4,329,652
Cash flows for purchase of insurance		156,885	-	-	-	-	-	156,885
Total cash flows		2,055,693	-	-	-	-	-	2,055,693
Other adjustments		(116,134)	-	-	-	-	-	(116,134)
Balance, net, as of December 31, 2025		(33,918,107)	(336,368)	(424,440)	(1,433,722)	(377,712)	(2,235,874)	(36,490,349)
Balance of assets as of December 31, 2025		1,715,186	(193,609)	(424,440)	(82,491)	(290,284)	(797,215)	724,362
Balance of liabilities as of December 31, 2025		(35,633,293)	(142,759)	-	(1,351,231)	(87,428)	(1,438,659)	(37,214,711)
Balance, net, as of December 31, 2025		(33,918,107)	(336,368)	(424,440)	(1,433,722)	(377,712)	(2,235,874)	(36,490,349)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life Insurance and Long-Term Savings Segment (cont.)

(a) Insurance contracts (cont.)

2 - Analysis according to measurement components – contracts that are not measured according to the PAA model (cont.)

				Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods)				
	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	Total
					In NIS thousand			
Balance of assets as of January 1, 2024		1,914,340	(185,857)	(1,168,705)	(211,628)		(1,380,333)	348,150
Balance of liabilities as of January 1, 2024		(31,835,209)	(179,190)	-	(1,207,717)		(1,207,717)	(33,222,116)
Balance, net as of January 1, 2024		(29,920,869)	(365,047)	(1,168,705)	(1,419,345)	-	(2,588,050)	(32,873,966)
Changes in the income statement and other comprehensive income:								
Changes relating to current services:								
The contractual service margin (CSM) amount recognized in profit or loss for services provided	21	-	-	159,616	157,868	25,111	342,595	342,595
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	30,931	-	-	-	-	30,931
Experience adjustments		(28,719)	-	-	-	-	-	(28,719)
Changes relating to future services:								
Contracts first recognized during the period		296,202	(32,570)	-	-	(262,563)	(262,563)	1,069
Changes in estimates adjusting the contractual service margin		(572,095)	54,712	395,072	89,604	32,707	517,383	-
Losses for groups of onerous contracts due to changes in estimates		(3,666)	-	-	-	-	-	(3,666)
Changes relating to past service:								
Adjustments to liabilities for incurred claims		8,409	-	-	-	-	-	8,409
Total income from insurance services	21	(299,869)	53,073	554,688	247,472	(204,745)	597,415	350,619
Finance expenses, net of insurance contracts	22	(3,273,740)	(24,315)	(18,007)	33,569	(2,938)	12,624	(3,285,431)
Total changes in the income statement and other comprehensive income		(3,573,609)	28,758	536,681	281,041	(207,683)	610,039	(2,934,812)
Cash flow:								
Premiums and management fees received net of repayment of premiums		(2,600,911)	-	-	-	-	-	(2,600,911)
Claims and other insurance service expenses paid, including investment components		4,047,743	-	-	-	-	-	4,047,743
Cash flows for purchase of insurance		159,392	-	-	-	-	-	159,392
Total cash flows		1,606,224	-	-	-	-	-	1,606,224
Other adjustments		(95,109)	-	-	-	-	-	(95,109)
Balance, net, as of December 31, 2024		(31,983,363)	(336,289)	(632,024)	(1,138,304)	(207,683)	(1,978,011)	(34,297,663)
Balance of assets as of December 31, 2024		1,768,880	(182,159)	(632,024)	(139,929)	(179,350)	(951,303)	635,418
Balance of liabilities as of December 31, 2024		(33,752,243)	(154,130)	-	(998,375)	(28,333)	(1,026,708)	(34,933,081)
Balance, net, as of December 31, 2024		(31,983,363)	(336,289)	(632,024)	(1,138,304)	(207,683)	(1,978,011)	(34,297,663)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life Insurance and Long-Term Savings Segment (cont.)

(b) Reinsurance contracts held

1 - Analysis according to the remaining coverage and incurred claims

	Reference to note	Assets for remaining coverage		Assets for incurred claims		
		Excluding loss recovery component	Loss recovery component	Contracts not under the PAA model	Contracts under the PAA model: Estimates of the present value of the future cash flows	Total
		In NIS thousand				
Balance of assets as of January 1, 2025		23,087	996	26,072	-	50,155
Balance of liabilities as of January 1, 2025		(127,455)	-	28,388	-	(99,067)
Balance, net as of January 1, 2025		(104,368)	996	54,460	-	(48,912)
Changes in the income statement and other comprehensive income:						
Reinsurance expenses						
Contracts to which the fair value approach was applied under the Transitional Provisions		(109,577)	-	-	-	(109,577)
Other contracts		(13,538)	-	-	(3,427)	(16,965)
Total reinsurance expenses	21	(123,115)	-	-	(3,427)	(126,542)
Reinsurance revenues:						
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred		1,668	(1,316)	106,016	-	106,368
Changes relating to past service - adjustment for assets for incurred claims		-	-	(16,138)	-	(16,138)
Recoveries of losses for groups of onerous underlying insurance contracts		-	830	-	-	830
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers	21	1,668	(486)	89,878	-	91,060
Total revenues (expenses), net for reinsurance contracts held		(121,447)	(486)	89,878	(3,427)	(35,482)
Finance income, net from reinsurance contracts	22	(5,221)	476	(5,883)		(10,628)
Total changes in the income statement and other comprehensive income		(126,668)	(10)	83,995	(3,427)	(46,110)
Cash flow:						
Premiums paid, net of fees independent of claims		100,932	-	-	3,427	104,359
Amounts received		-	-	(65,585)	-	(65,585)
Total cash flows		100,932	-	(65,585)	3,427	38,774
Other adjustments		-	-	(15,356)	-	(15,356)
Balance, net, as of December 31, 2025		(130,104)	986	57,514	-	(71,604)
Balance of assets as of December 31, 2025		15,200	986	9,842	-	26,028
Balance of liabilities as of December 31, 2025		(145,304)	-	47,672	-	(97,632)
Balance, net, as of December 31, 2025		(130,104)	986	57,514	-	(71,604)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life Insurance and Long-Term Savings Segment (cont.)

(b) Reinsurance contracts held (cont.)

1 - Analysis according to the remaining coverage and incurred claims (cont.)

		Assets for remaining coverage		Assets for incurred claims		
					Contracts under the PAA model	
	Reference to note	Excluding loss recovery component	Loss recovery component	Contracts not under the PAA model	Estimates of the present value of the future cash flows	Total
Balance of assets as of January 1, 2024		29,120	-	29,737	-	58,857
Balance of liabilities as of January 1, 2024		(105,698)	-	11,200	-	(94,498)
Balance, net as of January 1, 2024		(76,578)	-	40,937	-	(35,641)
Changes in the income statement and other comprehensive income:						
Reinsurance expenses:						
Contracts to which the fair value approach was applied under the Transitional Provisions		(130,144)	-	-	-	(130,144)
Other contracts		(6,263)	-	-	5,551	(712)
Total reinsurance expenses	21	(136,407)	-	-	5,551	(130,856)
Reinsurance revenues:						
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred		294	(2,619)	95,256	-	92,931
Changes relating to past service - adjustment for assets for incurred claims		-	-	1,076	-	1,076
Recoveries of losses for groups of onerous underlying insurance contracts		-	2,781	-	-	2,781
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers	21	294	162	96,332	-	96,788
Total revenues (expenses), net for reinsurance contracts held		(136,113)	162	96,332	5,551	(34,068)
Finance income, net from reinsurance contracts	22	(1,957)	834	762	-	(361)
Total changes in the income statement and other comprehensive income		(138,070)	996	97,094	5,551	(34,429)
Cash flow:						
Premiums paid, net of fees independent of claims		110,280	-	-	3,472	113,752
Amounts received		-	-	(81,147)	(9,023)	(90,170)
Total cash flows		110,280	-	(81,147)	(5,551)	23,582
Other adjustments		-	-	(2,424)	-	(2,424)
Balance, net, as of December 31, 2024		(104,368)	996	54,460	-	(48,912)
Balance of assets as of December 31, 2024		23,087	996	26,072	-	50,155
Balance of liabilities as of December 31, 2024		(127,455)	-	28,388	-	(99,067)
Balance, net, as of December 31, 2024		(104,368)	996	54,460	-	(48,912)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life Insurance and Long-Term Savings Segment (cont.)

(b) Reinsurance contracts held (cont.)

2 - Analysis according to measurement components – contracts that are not measured according to the PAA model

				Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods)				Total
	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	
		In NIS thousand						
Balance of assets as of January 1, 2025		(8,517)	6,075	-	53,076	(479)	52,597	50,155
Balance of liabilities as of January 1, 2025		(165,753)	37,690	-	22,011	6,985	28,996	(99,067)
Balance, net as of January 1, 2025		(174,270)	43,765	-	75,087	6,506	81,593	(48,912)
Changes in the income statement and other comprehensive income:								
Changes relating to current services:								
The contractual service margin (CSM) amount recognized in profit or loss for services received	21	-	-	-	(11,867)	(3,441)	(15,308)	(15,308)
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	(6,337)	-	-	-	-	(6,337)
Experience adjustments		4,898	-	-	-	-	-	4,898
Changes relating to future services:								
Contracts first recognized during the period	Section D(1) below	(12,865)	3,919	-	-	9,335	9,335	389
Changes in recoveries of losses for groups of onerous underlying insurance contracts adjusting the contractual service margin		-	-	-	-	-	-	-
Changes in estimates adjusting the contractual service margin		6,898	(1,246)	-	(5,423)	(229)	(5,652)	-
Changes in estimates of losses for groups of onerous underlying insurance contracts		441	-	-	-	-	-	441
Changes relating to past service:								
Adjustments to assets for incurred claims		(16,138)	-	-	-	-	-	(16,138)
Total revenues (expenses), net for reinsurance contracts held	21	(16,766)	(3,664)	-	(17,290)	5,665	(11,625)	(32,055)
Finance income, net from reinsurance contracts	22	(16,331)	2,499		2,586	618	3,204	(10,628)
Total changes in the income statement and other comprehensive income		(33,097)	(1,165)	-	(14,704)	6,283	(8,421)	(42,683)
Cash flow:								
Premiums paid, net of fees independent of claims		100,932	-	-	-	-	-	100,932
Amounts received		(65,585)	-	-	-	-	-	(65,585)
Total cash flows		35,347	-	-	-	-	-	35,347
Other adjustments		(15,356)	-	-	-	-	-	(15,356)
Balance, net, as of December 31, 2025		(187,376)	42,600	-	60,383	12,789	73,172	(71,604)
Balance of assets as of December 31, 2025		(27,742)	4,827	-	48,060	883	48,943	26,028
Balance of liabilities as of December 31, 2025		(159,634)	37,773	-	12,323	11,906	24,229	(97,632)
Balance, net, as of December 31, 2025		(187,376)	42,600	-	60,383	12,789	73,172	(71,604)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life Insurance and Long-Term Savings Segment (cont.)

(b) Reinsurance contracts held (cont.)

2 - Analysis according to measurement components – contracts that are not measured according to the PAA model (cont.)

	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods): Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	Total
		In NIS thousand					
Balance of assets as of January 1, 2024		(10,044)	6,911	61,990	-	61,990	58,857
Balance of liabilities as of January 1, 2024		(148,778)	35,749	18,531	-	18,531	(94,498)
Balance, net as of January 1, 2024		(158,822)	42,660	80,521	-	80,521	(35,641)
Changes in the income statement and other comprehensive income:							
Changes relating to current services:							
The contractual service margin (CSM) amount recognized in profit or loss for services received		-	-	(14,051)	(798)	(14,849)	(14,849)
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	(6,648)	-	-	-	(6,648)
Experience adjustments		(21,979)	-	-	-	-	(21,979)
Changes relating to future services:							
Contracts first recognized during the period	Section D(1) below	(10,707)	7,526	-	6,987	6,987	3,806
Changes in estimates adjusting the contractual service margin		(3,456)	(1,831)	5,168	119	5,287	-
Changes in estimates of reversal of losses for groups of onerous underlying insurance contracts		(1,025)	-	-	-	-	(1,025)
Changes relating to past service:							
Adjustments to assets for incurred claims		1,076	-	-	-	-	1,076
Total revenues (expenses), net for reinsurance contracts held	21	(36,091)	(953)	(8,883)	6,308	(2,575)	(39,619)
Finance income, net from reinsurance contracts	22	(6,066)	2,058	3,449	198	3,647	(361)
Total changes in the income statement and other comprehensive income		(42,157)	1,105	(5,434)	6,506	1,072	(39,980)
Cash flow:							
Premiums paid, net of fees independent of claims		110,280	-	-	-	-	110,280
Amounts received		(81,147)	-	-	-	-	(81,147)
Total cash flows		29,133	-	-	-	-	29,133
Other adjustments		(2,424)	-	-	-	-	(2,424)
Balance, net, as of December 31, 2024		(174,270)	43,765	75,087	6,506	81,593	(48,912)
Balance of assets as of December 31, 2024		(8,517)	6,075	53,076	(479)	52,597	50,155
Balance of liabilities as of December 31, 2024		(165,753)	37,690	22,011	6,985	28,996	(99,067)
Balance, net, as of December 31, 2024		(174,270)	43,765	75,087	6,506	81,593	(48,912)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health Insurance Segment (cont.)

(a) Insurance contracts

1 - Analysis according to the remaining coverage and incurred claims

	Comment	Reference to note	Liabilities for remaining coverage		Liabilities for incurred claims		Total
			Excluding loss component	Loss component	Contracts not under the PAA model	Contracts under the PAA model: Estimates of the present value of the future cash flows	
			In NIS thousand				
Balance of assets as of January 1, 2025			806,881	-	(169,332)	-	637,549
Balance of liabilities as of January 1, 2025			(4,753,176)	(3,621)	(927,904)	(1,682)	(5,686,383)
Balance, net as of January 1, 2025			(3,946,295)	(3,621)	(1,097,236)	(1,682)	(5,048,834)
Changes in the income statement and other comprehensive income:							
Revenues from insurance services:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions			515,607	-	-	-	515,607
Contracts to which the fair value approach was applied under the Transitional Provisions	A		1,222,733	-	-	-	1,222,733
Other contracts			430,505	-	-	-	430,505
Total revenues from insurance services	B	21	2,168,845	-	-	-	2,168,845
Expenses from insurance services:							
Claims and other insurance service expenses incurred			-	1,235	(1,355,871)	(140,492)	(1,495,128)
Changes relating to past service - adjustment for liabilities for incurred claims	C		-	-	73,504	5,000	78,504
Losses for groups of onerous insurance contracts			-	(902)	-	-	(902)
Amortization of insurance acquisition cash flows			(136,006)	-	-	-	(136,006)
Total expenses from insurance services		21	(136,006)	333	(1,282,367)	(135,492)	(1,553,532)
Investment component	D		7,409	-	(7,409)	-	-
Total income from insurance services			2,040,248	333	(1,289,776)	(135,492)	615,313
Finance expenses, net of insurance contracts		22	(4,209)	(33)	(61,009)	-	(65,251)
Total changes in the income statement and other comprehensive income			2,036,039	300	(1,350,785)	(135,492)	550,062
Cash flow:							
Premiums received net of repayment of premiums			(1,920,404)	-	-	-	(1,920,404)
Claims and other insurance service expenses paid, including investment components			-	-	1,357,882	135,312	1,493,194
Cash flows for purchase of insurance			247,221	-	-	-	247,221
Total cash flows			(1,673,183)	-	1,357,882	135,312	(179,989)
Other adjustments			478,402	-	-	-	478,402
Balance, net, as of December 31, 2025			(3,105,037)	(3,321)	(1,090,139)	(1,862)	(4,200,359)
Balance of assets as of December 31, 2025			1,127,240	-	(180,411)	-	946,829
Balance of liabilities as of December 31, 2025			(4,232,277)	(3,321)	(909,728)	(1,862)	(5,147,188)
Balance, net, as of December 31, 2025			(3,105,037)	(3,321)	(1,090,139)	(1,862)	(4,200,359)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health Insurance Segment (cont.)

(a) Insurance contracts (cont.)

1 - Analysis according to the remaining coverage and incurred claims (cont.)

	Comment	Reference to note	Liabilities for remaining coverage		Liabilities for incurred claims		Total
			Excluding loss component	Loss component	Contracts not under the PAA model	Contracts under the PAA model: Estimates of the present value of the future cash flows	
			In NIS thousand				
Balance of assets as of January 1, 2024			498,451	-	(144,398)	-	354,053
Balance of liabilities as of January 1, 2024			(4,844,213)	-	(852,768)	(1,319)	(5,698,300)
Balance, net as of January 1, 2024			(4,345,762)	-	(997,166)	(1,319)	(5,344,247)
Changes in the income statement and other comprehensive income:							
Revenues from insurance services:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions			525,475	-	-	-	525,475
Contracts to which the fair value approach was applied under the Transitional Provisions	A		1,299,717	-	-	-	1,299,717
Other contracts			226,132	-	-	-	226,132
Total revenues from insurance services	B	21	2,051,324	-	-	-	2,051,324
Expenses from insurance services:							
Claims and other insurance service expenses incurred			-	1,935	(1,381,773)	(125,112)	(1,504,950)
Changes relating to past service - adjustment for liabilities for incurred claims	C		-	-	34,212	-	34,212
Losses for groups of onerous insurance contracts			-	(5,493)	-	-	(5,493)
Amortization of insurance acquisition cash flows			(69,882)	-	-	-	(69,882)
Total expenses from insurance services		21	(69,882)	(3,558)	(1,347,561)	(125,112)	(1,546,113)
Investment component	D		6,744	-	(6,744)	-	-
Total income from insurance services			1,988,186	(3,558)	(1,354,305)	(125,112)	505,211
Finance expenses, net of insurance contracts		22	(120,558)	(63)	(43,859)	-	(164,480)
Total changes in the income statement and other comprehensive income			1,867,628	(3,621)	(1,398,164)	(125,112)	340,731
Cash flow:							
Premiums received net of repayment of premiums			(1,803,123)	-	-	-	(1,803,123)
Claims and other insurance service expenses paid, including investment components			-	-	1,298,094	124,749	1,422,843
Cash flows for purchase of insurance			293,960	-	-	-	293,960
Total cash flows			(1,509,163)	-	1,298,094	124,749	(86,320)
Other adjustments			41,002	-	-	-	41,002
Balance, net, as of December 31, 2024			(3,946,295)	(3,621)	(1,097,236)	(1,682)	(5,048,834)
Balance of assets as of December 31, 2024			806,881	-	(169,332)	-	637,549
Balance of liabilities as of December 31, 2024			(4,753,176)	(3,621)	(927,904)	(1,682)	(5,686,383)
Balance, net, as of December 31, 2024			(3,946,295)	(3,621)	(1,097,236)	(1,682)	(5,048,834)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health Insurance Segment (cont.)

(a) Insurance contracts (cont.)

2 - Analysis according to measurement components – contracts that are not measured according to the PAA model

	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods): Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods): Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
			In NIS thousand						
Balance of assets as of January 1, 2025			2,520,485	(266,421)	(1,320,340)	(131,185)	(164,990)	(1,616,515)	637,549
Balance of liabilities as of January 1, 2025			(1,449,318)	(1,167,828)	(188,617)	(2,760,768)	(131,882)	(3,081,267)	(5,698,413)
Balance, net as of January 1, 2025			1,071,167	(1,434,249)	(1,508,957)	(2,891,953)	(296,872)	(4,697,782)	(5,060,864)
Changes in the income statement and other comprehensive income:									
Changes relating to current services:								-	
The contractual service margin (CSM) amount recognized in profit or loss for services provided		21	-	-	157,961	239,854	68,778	466,593	466,593
Change in risk adjustment (RA) for non-financial risk resulting from past risks	H		-	61,100	-	-	-	-	61,100
Experience adjustments	I		(6,802)	-	-	-	-	-	(6,802)
Changes relating to future services:									
Contracts first recognized during the period		17D	575,225	(82,388)	-	-	(493,782)	(493,782)	(945)
Changes in estimates adjusting the contractual service margin			39,932	29,078	239,588	(416,862)	108,064	(69,210)	(200)
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates	J		(29)	72	-	-	-	-	43
Changes relating to past service:									
Adjustments to liabilities for incurred claims		21	78,504	-	-	-	-	-	78,504
Total income from insurance services		22	686,830	7,862	397,549	(177,008)	(316,940)	(96,399)	598,293
Finance income (expenses), net from insurance contracts			184,395	(87,028)	(29,406)	(111,364)	(21,847)	(162,617)	(65,250)
Total changes in the income statement and other comprehensive income			871,225	(79,166)	368,143	(288,372)	(338,787)	(259,016)	533,043
Cash flow:									
Premiums received net of repayment of premiums			(1,740,838)	-	-	-	-	-	(1,740,838)
Claims and other insurance service expenses paid, including investment components			1,352,851	-	-	-	-	-	1,352,851
Cash flows for purchase of insurance			219,970	-	-	-	-	-	219,970
Total cash flows	F		(168,017)	-	-	-	-	-	(168,017)
Other adjustments			478,402	-	-	-	-	-	478,402
Balance, net, as of December 31, 2025			2,252,777	(1,513,415)	(1,140,814)	(3,180,325)	(635,659)	(4,956,798)	(4,217,436)
Balance of assets as of December 31, 2025			2,581,546	(273,153)	(977,480)	(94,902)	(289,182)	(1,361,564)	946,829
Balance of liabilities as of December 31, 2025			(328,769)	(1,240,262)	(163,334)	(3,085,423)	(346,477)	(3,595,234)	(5,164,265)
Balance, net, as of December 31, 2025			2,252,777	(1,513,415)	(1,140,814)	(3,180,325)	(635,659)	(4,956,798)	(4,217,436)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health Insurance Segment (cont.)

(a) Insurance contracts (cont.)

2 - Analysis according to measurement components – contracts that are not measured according to the PAA model (cont.)

	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods): Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods): Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
			In NIS thousand						
Balance of assets as of January 1, 2024			2,349,172	(248,803)	(1,587,404)	(158,911)	-	(1,746,315)	354,054
Balance of liabilities as of January 1, 2024			(1,949,115)	(1,027,651)	(223,860)	(2,530,875)	-	(2,754,735)	(5,731,501)
Balance, net as of January 1, 2024			400,057	(1,276,454)	(1,811,264)	(2,689,786)	-	(4,501,050)	(5,377,447)
Changes in the income statement and other comprehensive income:									
Changes relating to current services:								-	
The contractual service margin (CSM) amount recognized in profit or loss for services provided		21	-	-	203,579	228,996	22,799	455,374	455,374
Change in risk adjustment (RA) for non-financial risk resulting from past risks	H		-	53,398	-	-	-	-	53,398
Experience adjustments	I		(51,564)	-	-	-	-	-	(51,564)
Changes relating to future services:									
Contracts first recognized during the period		17D	385,367	(55,145)	-	-	(336,276)	(336,276)	(6,054)
Changes in estimates adjusting the contractual service margin			238,329	(85,379)	132,200	(309,862)	24,712	(152,950)	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates	J		557	4	-	-	-	-	561
Changes relating to past service:									
Adjustments to liabilities for incurred claims		21	34,212	-	-	-	-	-	34,212
Total income from insurance services		22	606,901	(87,122)	335,779	(80,866)	(288,765)	(33,852)	485,927
Finance expenses, net of insurance contracts			69,072	(70,673)	(33,472)	(121,301)	(8,107)	(162,880)	(164,481)
Total changes in the income statement and other comprehensive income			675,973	(157,795)	302,307	(202,167)	(296,872)	(196,732)	321,446
Cash flow:									
Premiums received net of repayment of premiums			(1,616,750)	-	-	-	-	-	(1,616,750)
Claims and other insurance service expenses paid, including investment components			1,298,210	-	-	-	-	-	1,298,210
Cash flows for purchase of insurance			272,675	-	-	-	-	-	272,675
Total cash flows	F		(45,865)	-	-	-	-	-	(45,865)
Other adjustments			41,002	-	-	-	-	-	41,002
Balance, net, as of December 31, 2024			1,071,167	(1,434,249)	(1,508,957)	(2,891,953)	(296,872)	(4,697,782)	(5,060,864)
Balance of assets as of December 31, 2024			2,520,485	(266,421)	(1,320,340)	(131,185)	(164,990)	(1,616,515)	637,549
Balance of liabilities as of December 31, 2024			(1,449,318)	(1,167,828)	(188,617)	(2,760,768)	(131,882)	(3,081,267)	(5,698,413)
Balance, net, as of December 31, 2024			1,071,167	(1,434,249)	(1,508,957)	(2,891,953)	(296,872)	(4,697,782)	(5,060,864)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health Insurance Segment (cont.)

(b) Reinsurance contracts held

1 - Analysis according to the remaining coverage and incurred claims

	Comment	Reference to note	Liabilities for remaining coverage	Liabilities for incurred claims	Total
			Excluding loss recovery component	Contracts not under the PAA model	
				In NIS thousand	
Balance of assets as of January 1, 2025			1,230,146	167,919	1,398,065
Balance of liabilities as of January 1, 2025			-	-	-
Balance, net as of January 1, 2025			1,230,146	167,919	1,398,065
Changes in the income statement and other comprehensive income:					
Reinsurance expenses		21	(313,711)	-	(313,711)
Revenues from insurance services:					
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	263,730	263,730
Changes relating to past service - adjustment for assets for incurred claims	C		-	(26,523)	(26,523)
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		21	-	237,207	237,207
Total revenues (expenses), net for reinsurance contracts held			(313,711)	237,207	(76,504)
Finance income (expenses), net from reinsurance contracts		22	71,436	(11,065)	60,371
Total changes in the income statement and other comprehensive income			(242,275)	226,142	(16,133)
Cash flow:					
Premiums paid, net of repayment of premiums	M		217,548	-	217,548
Amounts received			-	(267,566)	(267,566)
Total cash flows			217,548	(267,566)	(50,018)
Balance, net, as of December 31, 2025			1,205,419	126,495	1,331,914
Balance of assets as of December 31, 2025			1,205,419	126,495	1,331,914
Balance of liabilities as of December 31, 2025			-	-	-
Balance, net, as of December 31, 2025			1,205,419	126,495	1,331,914

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health Insurance Segment (cont.)

(b) Reinsurance contracts held (cont.)

1 - Analysis according to the remaining coverage and incurred claims (cont.)

	Comment	Reference to note	Liabilities for remaining coverage	Liabilities for incurred claims	Total
			Excluding loss recovery component	Contracts not under the PAA model	
			In NIS thousand		
Balance of assets as of January 1, 2024			1,245,676	157,476	1,403,152
Balance of liabilities as of January 1, 2024			-	-	-
Balance, net as of January 1, 2024			1,245,676	157,476	1,403,152
Changes in the income statement and other comprehensive income:					
Reinsurance expenses		21	(348,866)	-	(348,866)
Revenues from insurance services:					
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	305,080	305,080
Changes relating to past service - adjustment for assets for incurred claims	C		-	1,202	1,202
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		21	-	306,282	306,282
Total revenues (expenses), net for reinsurance contracts held			(348,866)	306,282	(42,584)
Finance income (expenses), net from reinsurance contracts		22	80,810	(3,174)	77,636
Total changes in the income statement and other comprehensive income			(268,056)	303,108	35,052
Cash flow:					
Premiums paid, net of repayment of premiums	M		252,526	-	252,526
Amounts received			-	(292,665)	(292,665)
Total cash flows			252,526	(292,665)	(40,139)
Balance, net, as of December 31, 2024			1,230,146	167,919	1,398,065
Balance of assets as of December 31, 2024			1,230,146	167,919	1,398,065
Balance of liabilities as of December 31, 2024			-	-	-
Balance, net, as of December 31, 2024			1,230,146	167,919	1,398,065

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health Insurance Segment (cont.)

(b) Reinsurance contracts held (cont.)

2 - Analysis according to measurement components – contracts that are not measured according to the PAA model

	Comment	Reference to note	Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods)						Total
			Estimates of the present value of the future cash flows	Risk adjustment for 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	
			In NIS thousand						
Balance of assets as of January 1, 2025			677,944	399,272	(14,545)	334,803	591	320,849	1,398,065
Balance of liabilities as of January 1, 2025			-	-	-	-	-	-	-
Balance, net as of January 1, 2025			677,944	399,272	(14,545)	334,803	591	320,849	1,398,065
Changes in the income statement and other comprehensive income:									
Changes relating to current services:									
The contractual service margin (CSM) amount recognized in profit or loss for services received		21	-	-	(1,812)	(35,683)	(1,578)	(39,073)	(39,073)
Change in risk adjustment (RA) for non-financial risk resulting from past risks	H		-	(8,709)	-	-	-	-	(8,709)
Experience adjustments	I		(2,199)	-	-	-	-	-	(2,199)
Changes relating to future services:									
Contracts first recognized during the period		17D	(14,881)	2,521	-	-	12,360	12,360	-
Changes in estimates adjusting the contractual service margin			(92,106)	(50,884)	28,620	117,338	(2,968)	142,990	-
Changes relating to past service:									
Adjustments to assets for incurred claims	L		(26,523)	-	-	-	-	-	(26,523)
Total revenues (expenses), net for reinsurance contracts held		21	(135,709)	(57,072)	26,808	81,655	7,814	116,277	(76,504)
Finance income (expenses), net from reinsurance contracts		22	29,296	21,127	(3,188)	12,498	638	9,948	60,371
Total changes in the income statement and other comprehensive income			(106,413)	(35,945)	23,620	94,153	8,452	126,225	(16,133)
Cash flow:	M								
Premiums paid, net of repayment of premiums			217,550	-	-	-	-	-	217,550
Amounts received			(267,568)	-	-	-	-	-	(267,568)
Total cash flows	F		(50,018)	-	-	-	-	-	(50,018)
Balance, net, as of December 31, 2025			521,513	363,327	9,075	428,956	9,043	447,074	1,331,914
Balance of assets as of December 31, 2025			521,513	363,327	9,075	428,956	9,043	447,074	1,331,914
Balance of liabilities as of December 31, 2025			-	-	-	-	-	-	-
Balance, net, as of December 31, 2025			521,513	363,327	9,075	428,956	9,043	447,074	1,331,914

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health Insurance Segment (cont.)

(b) Reinsurance contracts held (cont.)

2 - Analysis according to measurement components – contracts that are not measured according to the PAA model (cont.)

	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin (CSM) (see Note 17E regarding expected release over the next periods): Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
			In NIS thousand						
Balance of assets as of January 1, 2024			478,713	367,983	71,402	485,054	-	556,456	1,403,152
Balance of liabilities as of January 1, 2024			-	-	-	-	-	-	-
Balance, net as of January 1, 2024			478,713	367,983	71,402	485,054	-	556,456	1,403,152
Changes in the income statement and other comprehensive income:									
Changes relating to current services:									
The contractual service margin (CSM) amount recognized in profit or loss for services received		21	-	-	(2,116)	(40,344)	(178)	(42,638)	(42,638)
Change in risk adjustment (RA) for non-financial risk resulting from past risks	H		-	(7,727)	-	-	-	-	(7,727)
Experience adjustments	I		6,579	-	-	-	-	-	6,579
Changes relating to future services:									
Contracts first recognized during the period		17D	(5,145)	778	-	-	4,367	4,367	-
Changes in estimates adjusting the contractual service margin			200,802	15,449	(83,022)	(129,513)	(3,716)	(216,251)	-
Changes relating to past service:									
Adjustments to assets for incurred claims	L		1,202	-	-	-	-	-	1,202
Total revenues (expenses), net for reinsurance contracts held		21	203,438	8,500	(85,138)	(169,857)	473	(254,522)	(42,584)
Finance income (expenses), net from reinsurance contracts		22	35,932	22,789	(809)	19,606	118	18,915	77,636
Total changes in the income statement and other comprehensive income			239,370	31,289	(85,947)	(150,251)	591	(235,607)	35,052
Cash flow:	M								
Premiums paid, net of repayment of premiums			252,526	-	-	-	-	-	252,526
Amounts received			(292,665)	-	-	-	-	-	(292,665)
Total cash flows	F		(40,139)	-	-	-	-	-	(40,139)
Balance, net, as of December 31, 2024			677,944	399,272	(14,545)	334,803	591	320,849	1,398,065
Balance of assets as of December 31, 2024			677,944	399,272	(14,545)	334,803	591	320,849	1,398,065
Balance of liabilities as of December 31, 2024			-	-	-	-	-	-	-
Balance, net, as of December 31, 2024			677,944	399,272	(14,545)	334,803	591	320,849	1,398,065

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts

3. Property and Casualty Insurance Segment

(a) Insurance contracts

1 - Analysis according to the remaining coverage and incurred claims

	Comment	Reference to note	Liability for remaining coverage		Contracts under the PAA model		Total
			Excluding loss component	Loss component (g)	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
			In NIS thousand				
Balance of assets as of January 1, 2025			-	-	-	-	-
Balance of liabilities as of January 1, 2025			(1,114,451)	(5,113)	(5,436,248)	(262,366)	(6,818,178)
Balance, net as of January 1, 2025			(1,114,451)	(5,113)	(5,436,248)	(262,366)	(6,818,178)
Changes in the income statement and other comprehensive income:							
Revenues from insurance services:							
Other contracts			(4,639,495)	-	-	-	(4,639,495)
Total revenues from insurance services	B	21	(4,639,495)	-	-	-	(4,639,495)
Expenses from insurance services:							
Claims and other insurance service expenses incurred			-	15,131	(2,816,688)	(88,539)	(2,890,095)
Changes relating to past service - adjustment for liabilities for incurred claims	C		-	-	73,351	86,520	159,871
Losses (reversal of losses) for groups of onerous insurance contracts			-	(17,683)	-	-	(17,683)
Amortization of insurance acquisition cash flows			(783,625)	-	-	-	(783,625)
Total expenses from insurance services		21	(783,625)	(2,552)	(2,743,337)	(2,019)	(3,531,532)
Investment component	D		-	-	-	-	-
Total income from insurance services			(3,855,870)	2,552	2,743,337	2,019	(1,107,963)
Finance expenses, net of insurance contracts		22	-	-	(264,983)	(13,120)	(278,103)
Total changes in the income statement and other comprehensive income			(3,855,870)	2,552	3,008,319	15,139	(829,860)
Cash flow:	F						
Premiums received net of repayment of premiums			4,702,432	-	-	-	4,702,432
Claims and other insurance service expenses paid, including investment components			-	-	2,572,470	-	2,572,470
Cash flows for purchase of insurance			(643,243)	-	-	-	(643,243)
Total cash flows			4,059,189	-	(2,572,470)	-	1,486,719
Balance, net, as of December 31, 2025			(1,317,770)	(7,665)	(5,872,097)	(277,505)	(7,475,037)
Balance of assets as of December 31, 2025			-	-	-	-	-
Balance of liabilities as of December 31, 2025			(1,317,770)	(7,665)	(5,872,097)	(277,505)	(7,475,037)
Balance, net, as of December 31, 2025			(1,317,770)	(7,665)	(5,872,097)	(277,505)	(7,475,037)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

3. Property and Casualty Insurance Segment (cont.)

(a) Insurance contracts (cont.)

1 - Analysis according to the remaining coverage and incurred claims (cont.)

	Comment	Reference to note	Liability for remaining coverage		Contracts under the PAA model		Total
			Excluding loss component	Loss component (g)	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
			In NIS thousand				
Balance of assets as of January 1, 2024			-	-	-	-	-
Balance of liabilities as of January 1, 2024			(1,076,773)	(5,729)	(5,298,594)	(259,940)	(6,641,036)
Balance, net as of January 1, 2024			(1,076,773)	(5,729)	(5,298,594)	(259,940)	(6,641,036)
Changes in the income statement and other comprehensive income:							
Revenues from insurance services:							
Other contracts			(4,389,472)	-	-	-	(4,389,472)
Total revenues from insurance services	B	21	(4,389,472)	-	-	-	(4,389,472)
Expenses from insurance services:							
Claims and other insurance service expenses incurred			-	7,324	(2,758,154)	(86,208)	(2,837,038)
Changes relating to past service - adjustment for liabilities for incurred claims	C		-	-	150,163	96,152	246,315
Losses (reversal of losses) for groups of onerous insurance contracts			-	(6,708)	-	-	(6,708)
Amortization of insurance acquisition cash flows			(720,222)	-	-	-	(720,222)
Total expenses from insurance services		21	(720,222)	616	(2,607,991)	9,944	(3,317,653)
Investment component	D		-	-	-	-	-
Total income from insurance services			(3,669,250)	(616)	2,607,991	(9,944)	(1,071,819)
Finance expenses, net of insurance contracts		22	-	-	(241,298)	(12,370)	(253,668)
Total changes in the income statement and other comprehensive income			(3,669,250)	(616)	2,849,289	2,426	(818,151)
Cash flow:	F						
Premiums received net of repayment of premiums			4,527,838	-	-	-	4,527,838
Claims and other insurance service expenses paid, including investment components			-	-	2,711,635	-	2,711,635
Cash flows for purchase of insurance			(820,910)	-	-	-	(820,910)
Total cash flows			3,706,928	-	(2,711,635)	-	995,293
Balance, net, as of December 31, 2024			(1,114,451)	(5,113)	(5,436,248)	(262,366)	(6,818,178)
Balance of assets as of December 31, 2024			-	-	-	-	-
Balance of liabilities as of December 31, 2024			(1,114,451)	(5,113)	(5,436,248)	(262,366)	(6,818,178)
Balance, net, as of December 31, 2024			(1,114,451)	(5,113)	(5,436,248)	(262,366)	(6,818,178)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

(b) Movement in insurance contracts and reinsurance contracts (cont.)

3. Property and Casualty Insurance Segment (cont.)

(b) Reinsurance contracts held

1 - Analysis according to the remaining coverage and incurred claims

	Comment	Reference to note	Assets for remaining coverage		Contracts under the PAA model		Total
			Excluding loss component	Loss component (g)	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
			In NIS thousand				
Balance of assets as of January 1, 2025			103,364	(34)	1,727,184	94,479	1,924,993
Balance of liabilities as of January 1, 2025			-	-	-	-	-
Balance, net as of January 1, 2025			103,364	(34)	1,727,184	94,479	1,924,993
Changes in the income statement and other comprehensive income:							
Reinsurance expenses		21					
Other contracts			(1,016,020)	-	-	-	(1,016,020)
Total reinsurance expenses	B	21	(1,016,020)	-	-	-	(1,016,020)
Reinsurance revenues:							
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	(34)	(608,884)	(27,397)	(636,315)
Changes relating to past service - adjustment for assets for incurred claims	C		-	-	(46,833)	27,923	(18,910)
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		21	-	(34)	(655,717)	526	(655,225)
Investment component			10,443	-	(10,443)	-	-
Total revenues (expenses), net for reinsurance contracts held			1,026,463	(34)	(666,160)	526	360,795
Finance income, net from reinsurance contracts		22	-	-	(93,876)	(5,207)	(99,083)
Total changes in the income statement and other comprehensive income			1,026,463	(34)	(760,036)	(4,681)	261,712
Cash flow:	F						
Premiums paid, net of fees independent of claims	M		(1,148,972)	-	-	-	(1,148,972)
Amounts received			-	-	548,434	-	548,434
Cash flows for purchase of insurance			-	-	-	-	-
Total cash flows			(1,148,972)	-	548,434	-	(600,538)
Balance, net, as of December 31, 2025			225,873	-	1,938,786	99,160	2,263,819
Balance of assets as of December 31, 2025			225,873	-	1,938,786	99,160	2,263,819
Balance of liabilities as of December 31, 2025			-	-	-	-	-
Balance, net, as of December 31, 2025			225,873	-	1,938,786	99,160	2,263,819

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

3. Property and Casualty Insurance Segment (cont.)

(b) Reinsurance contracts held (cont.)

1 - Analysis according to the remaining coverage and incurred claims (cont.)

	Comment	Reference to note	Assets for remaining coverage		Contracts under the PAA model		Total
			Excluding loss recovery component	Loss recovery component (g)	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
			In NIS thousand				
Balance of assets as of January 1, 2024			84,941	116	1,600,260	96,949	1,782,266
Balance of liabilities as of January 1, 2024			-	-	-	-	-
Balance, net as of January 1, 2024			84,941	116	1,600,260	96,949	1,782,266
Changes in the income statement and other comprehensive income:							
Reinsurance expenses		21					
Other contracts			(1,006,260)	-	-	-	(1,006,260)
Total reinsurance expenses	B	21	(1,006,260)	-	-	-	(1,006,260)
Reinsurance revenues:							
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	33	(651,965)	(24,332)	(676,264)
Changes relating to past service - adjustment for assets for incurred claims	K		-	-	(8,574)	18,396	9,822
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts			-	117	(3,587)	13,137	9,667
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		21	-	150	(664,126)	7,201	(656,775)
Total revenues (expenses), net for reinsurance contracts held			1,006,260	150	(664,126)	7,201	349,485
Finance income, net from reinsurance contracts		22	-	-	(74,363)	(4,731)	(79,094)
Total changes in the income statement and other comprehensive income			1,006,260	150	(738,489)	2,470	270,391
Cash flow:	M						
Premiums paid, net of fees independent of claims			(1,024,683)	-	-	-	(1,024,683)
Amounts received			-	-	611,565	-	611,565
Cash flows for purchase of insurance			-	-	-	-	-
Total cash flows			(1,024,683)	-	611,565	-	(413,118)
Reclassifications into other items in the statement of financial position			-	-	-	-	-
Balance, net, as of December 31, 2024			103,364	(34)	1,727,184	94,479	1,924,993
Balance of assets as of December 31, 2024			103,364	(34)	1,727,184	94,479	1,924,993
Balance of liabilities as of December 31, 2024			-	-	-	-	-
Balance, net, as of December 31, 2024			103,364	(34)	1,727,184	94,479	1,924,993

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR 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 revenues are 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 2U above.

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.

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. Other adjustments include movements in respect of receivable and payable balances for insurance contracts and reinsurance contracts during the period.

F. Fulfillment cash flows of an insurance contract may include amounts that are not within the scope of IFRS 17 but rather within the scope of other accounting standards.In accordance with the provisions of the standard, the Company derecognizes these costs from the insurance contract fulfillment cash flows at the time of their incurrence and recognizes these costs as part of the carrying amount of the relevant asset or liability, as the case may be. In addition, this item includes transfers from assets for insurance acquisition cash flows, see Note 17C below.

G. 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.

H. 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.

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

Comments (cont.)

I. 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.

J. 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.

K. Changes in the estimate of fulfillment cash flows on reinsurance contracts held 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 income statement, except if the date of the reinsurance engagement occurred after the Company recognized the related onerous underlying insurance contracts.

L. Estimates of the present value of future cash flows for a group of reinsurance contracts held include the effects of non-performance risk of the reinsurers, and primarily losses from disputes. Changes in the estimates of these future cash flows do not relate to future service and shall not adjust the contractual service margin. The Company includes the changes in these losses in 'net revenues (expenses) from reinsurance contracts held' (see Note 22 - regarding insurance and reinsurance service profit (loss)).

M. Premiums paid for reinsurance contracts held are recognized net of cost recoveries directly attributable to fulfilling insurance contracts that are not dependent on claims in respect of the underlying contracts and less premium refunds.

N. The contractual service margin (CSM) for reinsurance contracts held 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.

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

C. Assets for insurance acquisition cash flows (DAC for contracts not yet recognized)

1. Movement in assets for insurance acquisition cash flows (a)

	Comments	P&C Insurance
		In NIS thousand
Balance as of January 1, 2024	B	12,311
Other amounts incurred during the year for insurance contracts not yet recognized	C	9,140
Amounts derecognized and included in measurement of insurance contracts	D	(6,804)
Impairment losses (reversal of impairment losses)		8,931
Balance as of December 31, 2024	B, E	23,578
Other amounts incurred during the year for insurance contracts not yet recognized	C	10,512
Amounts derecognized and included in measurement of insurance contracts	D	(9,515)
Impairment losses (reversal of impairment losses)		(1,539)
Balance as of December 31, 2025	B, E	23,036

A. Assets in respect of insurance acquisition cash flows are composed both of amounts effectively paid and of amounts recognized against recognition of liabilities arising from the application of other accounting standards.

B. The balance of assets in respect of insurance acquisition cash flows is presented within the carrying value of the relevant groups of issued insurance contracts, as detailed in the composition in Section A above.

C. Insurance acquisition costs paid before the date of initial recognition of the relevant group of insurance contracts, are recognized under insurance acquisition cash flows through the date of initial recognition of that group.

D. Amounts arising from derecognition of the insurance acquisition cash flows are included in the measurement of the insurance contracts at the date of initial recognition of the group of insurance contracts to which the cash flows are allocated. For contracts which are not measured in accordance with the PAA model, these amounts reduce the contractual service margin component (CSM) of the relevant group of insurance contracts.

E. The balance of insurance acquisition cash flows arises mainly from the compulsory motor insurance, motor property insurance and home insurance subsegments in the Property and Casualty Insurance Segment.

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

C. Assets for insurance acquisition cash flows (DAC for contracts not yet recognized)(cont.)

2. Details regarding expected derecognition dates for assets with respect to insurance acquisition cash flows:

	Carrying value as of December 31, 2025	Up to one year	From one year to 2 years	From 2 to 5 years	From 5 to 10 years	More than 10 years
	In NIS thousand					
As of December 31, 2025						
P&C Insurance	23,036	4,805	3,418	6,223	5,131	3,459
As of December 31, 2024						
P&C Insurance	23,578	5,910	3,960	6,617	4,685	2,406

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

D. Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model)

1. Life Insurance and Long-Term Savings Segment

(a) Insurance contracts	2025		
	Contracts issued for the first time		
	Profitable contracts	Onerous contracts	Total
	In NIS thousand		
Claims and other insurance service expenses payable	(1,099,735)	(131,915)	(1,231,650)
Cash flows for purchase of insurance	(140,697)	(1,846)	(142,543)
Estimates of the present value of the negative future cash flows	(1,240,432)	(133,761)	(1,374,193)
Estimates of the present value of the positive future cash flows	1,510,990	130,780	1,641,770
Risk adjustment (RA) for non-financial risk	(31,623)	(181)	(31,804)
Contractual service margin (CSM)	238,935	-	238,935
Losses recognized at initial recognition of insurance contracts	-	(3,162)	(3,162)

(b) Reinsurance contracts held	2025		
	Contracts issued for the first time		
	Contracts recognized without a loss recovery component	Contracts recognized with a loss recovery component	Total
	In NIS thousand		
Estimates of the present value of the positive future cash flows	55,469	1,600	57,069
Estimates of the present value of the negative future cash flows	(68,535)	(2,177)	(70,712)
Risk adjustment (RA) for non-financial risk	3,859	60	3,919
Gain recognized at initial recognition in reinsurance contracts held	-	389	389
Contractual service margin (CSM)	(9,207)	(128)	(9,335)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

D. Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model) (cont.)

1. Life Insurance and Long-Term Savings Segment (cont.)

(a) Insurance contracts	2024		
	Contracts issued for the first time		
	Profitable contracts	Onerous contracts	Total
	In NIS thousand		
Claims and other insurance service expenses payable	(869,752)	(465,299)	(1,335,051)
Cash flows for purchase of insurance	(148,620)	(1,716)	(150,336)
Estimates of the present value of the negative future cash flows	(1,018,372)	(467,015)	(1,485,387)
Estimates of the present value of the positive future cash flows	1,313,505	469,240	1,782,745
Risk adjustment (RA) for non-financial risk	(32,570)	(1,156)	(33,726)
Contractual service margin (CSM)	262,563	-	262,563
Losses recognized at initial recognition of insurance contracts	-	(1,609)	(1,609)

(b) Reinsurance contracts held	2024		
	Contracts issued for the first time		
	Contracts recognized without a loss recovery component	Contracts recognized with a loss recovery component	Total
	In NIS thousand		
Estimates of the present value of the positive future cash flows	55,255	1,105	56,360
Estimates of the present value of the negative future cash flows	(70,514)	(4,165)	(74,679)
Risk adjustment (RA) for non-financial risk	7,328	198	7,526
Gain recognized at initial recognition in reinsurance contracts held	-	3,806	3,806
Contractual service margin (CSM)	(7,931)	944	(6,987)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

D. Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model) (cont.)

2. Health Insurance Segment

	2025		
	Contracts issued for the first time		
	Profitable contracts	Onerous contracts	Total
	In NIS thousand		
(a) Insurance contracts			
Claims and other insurance service expenses payable	(1,516,450)	(38,215)	(1,554,665)
Cash flows for purchase of insurance	(204,128)	(1,789)	(205,917)
Estimates of the present value of the negative future cash flows	(1,720,578)	(40,004)	(1,760,582)
Estimates of the present value of the positive future cash flows	2,296,738	39,069	2,335,807
Risk adjustment (RA) for non-financial risk	(82,378)	(10)	(82,388)
Contractual service margin (CSM)	493,782	-	493,782
Losses recognized at initial recognition of insurance contracts	-	(945)	(945)

	2025		
	Contracts issued for the first time		
	Contracts recognized without a loss recovery component	Contracts recognized with a loss recovery component	Total
	In NIS thousand		
(b) Reinsurance contracts held			
Estimates of the present value of the positive future cash flows	82,502	-	82,502
Estimates of the present value of the negative future cash flows	(97,384)	-	(97,384)
Risk adjustment (RA) for non-financial risk	2,521	-	2,521
Contractual service margin (CSM)	(12,361)	-	(12,361)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

D. Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model) (cont.)

2. Health Insurance Segment (cont.)

	2024		
	Contracts issued for the first time		
	Profitable contracts	Onerous contracts	Total
	In NIS thousand		
(a) Insurance contracts			
Claims and other insurance service expenses payable	(777,178)	(15,221)	(792,399)
Cash flows for purchase of insurance	(170,883)	(9,368)	(180,251)
Estimates of the present value of the negative future cash flows	(948,061)	(24,589)	(972,650)
Estimates of the present value of the positive future cash flows	1,339,401	18,616	1,358,017
Risk adjustment (RA) for non-financial risk	(55,065)	(81)	(55,146)
Contractual service margin (CSM)	336,275	-	336,275
Losses recognized at initial recognition of insurance contracts	-	(6,054)	(6,054)

	2024		
	Contracts issued for the first time		
	Contracts recognized without a loss recovery component	Contracts recognized with a loss recovery component	Total
	In NIS thousand		
(b) Reinsurance contracts held			
Estimates of the present value of the positive future cash flows	34,316	-	34,316
Estimates of the present value of the negative future cash flows	(39,444)	-	(39,444)
Risk adjustment (RA) for non-financial risk	761	-	761
Contractual service margin (CSM)	(4,367)	-	(4,367)

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

E. Details regarding the recognition dates of profit or loss of the contractual service margin (for contracts not measured according to the PAA model)

	Up to one year	From one year to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	From 5 to 10 years	From 10 to 15 years	More than 15 years	Total - carrying value as of December 31, 2025
(a) Insurance contracts As of December 31, 2025									
Life insurance and long-term savings	310,076	261,371	224,683	194,293	168,749	568,649	276,796	231,257	2,235,874
Health	449,162	398,226	356,162	320,984	282,514	1,082,029	707,912	1,359,809	4,956,798
Total	759,238	659,597	580,845	515,277	451,263	1,650,678	984,708	1,591,066	7,192,672
(b) Reinsurance contracts held As of December 31, 2025									
Life insurance and long-term savings	11,970	10,326	8,796	7,439	6,280	18,857	6,620	2,884	73,172
Health	36,389	32,785	29,687	26,994	24,048	93,698	63,478	139,995	447,074
Total	48,359	43,111	38,483	34,433	30,328	112,555	70,098	142,879	520,246

The amounts presented reflect the CSM expected to be recognized in profit or loss considering the remaining CSM as of the statement of financial position date only, and the expected coverage units. These amounts do not take into account future expected changes in CSM, including:

- Interest accrued on the CSM in accordance with the interest rate curve at initial recognition of the GMM model.
- An increase in CSM due to the expected change in the Company's share in the fair value of the underlying items in the VFA model
- CSM to be recognized for new business
- Studies and population changes to affect the CSM level

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

E. Details regarding the recognition dates of profit or loss of the contractual service margin (for contracts not measured according to the PAA model) (cont.)

	Up to one year	From one year to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	From 5 to 10 years	From 10 to 15 years	More than 15 years	Total - carrying value as of December 31, 2025
(a) Insurance contracts As of December 31, 2024									
Life insurance and long-term savings	284,927	254,704	214,606	167,746	144,621	500,681	227,749	182,977	1,978,011
Health	434,400	390,183	361,529	324,694	293,795	986,053	704,300	1,202,827	4,697,781
Total	719,327	644,887	576,135	492,440	438,416	1,486,734	932,049	1,385,804	6,675,792
(b) Reinsurance contracts held As of December 31, 2024									
Life insurance and long-term savings	13,287	11,510	9,961	8,679	6,984	20,718	7,186	3,268	81,593
Health	30,019	26,724	24,752	20,175	20,119	68,148	43,646	87,266	320,849
Total	43,306	38,234	34,713	28,854	27,103	88,866	50,832	90,534	402,442

The amounts presented reflect the CSM expected to be recognized in profit or loss considering the remaining CSM as of the statement of financial position date only, and the expected coverage units. These amounts do not take into account future expected changes in CSM, including:

- Interest accrued on the CSM in accordance with the interest rate curve at initial recognition of the GMM model.
- An increase in CSM due to the expected change in the Company's share in the fair value of the underlying items in the VFA model
- CSM to be recognized for new business
- Studies and population changes to affect the CSM level

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

F. Effect of changes in models and key assumptions

In 2025 and 2024, the Company changed some of the estimates and assumptions it used to calculate the carrying value of the insurance contracts and reinsurance contracts. These changes affected the profit and loss and the contractual service margin (CSM), as detailed below:

	2025	
	Effect on income	
	Income (loss) from investments and financing, net	Effect on the remaining contractual service margin (CSM)
	In NIS thousand	
Life Insurance Segment:		
Life expectancy assumption	4,897	(88,507)
Morbidity assumption	(320)	18,707
Lapses assumption	1,745	55,866
Revised expense model	589	30,856
Annuity takeup assumption	(2,020)	(22,352)
Retention discount	27	2,518
Discount rate effect	20,617	(50,312)
Total	25,535	(53,224)
Health Insurance Segment:		
Life expectancy assumption	(4,554)	(133,683)
Morbidity assumption	(3,498)	143,308
Lapses assumption	33,901	(291,214)
Revised expense model	929	(9,756)
Retention discount	(5,046)	218,957
Discount rate effect	28,429	839
Total	50,161	(71,549)
Property and Casualty Insurance Segment:		
Discount rate effect	(7,203)	-

The effect of the discount interest rate also includes changes in assessments as a result of actual changes in the insurance portfolio, among other things as a result of population updates and changes in assumptions and other models. The total aforementioned effects on profit and loss amounted in 2025 to a profit of NIS 41,595 thousand.

In addition, the CSM is also affected by the time value of money and in some portfolios - by changes in financial assumptions as well.

Notes to the Consolidated Financial Statements

NOTE 17 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

F. Effect of changes in models and key assumptions (cont.)

	2024	
	Effect on income	
	Income (loss) from investments and financing, net	Effect on the remaining contractual service margin (CSM)
	In NIS thousand	
Life Insurance Segment:		
Life expectancy assumption	2,546	(120,744)
Morbidity assumption	-	2,431
Lapses assumption	55,243	(431,274)
Revised expense model	514	(92,011)
Annuity takeup assumption	(14,689)	84,002
Retention discount	14,927	(127,880)
Discount rate effect	(36,296)	(14,578)
Total	22,245	(700,054)
Health Insurance Segment:		
Life expectancy assumption	48	(400)
Morbidity assumption *)	(16,077)	197,027
Lapses assumption	(216)	69,592
Revised expense model	(3,130)	32,922
Retention discount	17,697	83,225
Discount rate effect	(23,708)	407
Total	(25,386)	382,773
Property and Casualty Insurance Segment:		
Discount rate effect	10,915	-

*) Including regulatory changes which occurred in 2024.

The effect of the discount interest rate also includes changes in assessments as a result of actual changes in the insurance portfolio, among other things as a result of population updates and changes in assumptions and other models. The total aforementioned effects on profit and loss amounted to a loss in 2024 of NIS 26,717 thousand.

In addition, the CSM is also affected by the time value of money and in some portfolios - by changes in financial assumptions as well.

Notes to the Consolidated Financial Statements

NOTE 18 - 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 26.
For further information about benefits to key management personnel, see Note 30 regarding related parties and interested parties.

Post-employment benefits

Under labor laws in Israel and the Israeli Severance Pay Law, the Group is required to pay severance pay to employees upon dismissal or retirement, or to make regular contributions to a defined contribution plan in accordance with Section 14 of the Severance Pay Law, as described below. The Group's subsequent liabilities are accounted for as post-employment benefits.
The Group'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 retirement benefits constitute defined contribution plans.

	For the year ended December 31	
	2025	2024
	NIS thousand	
Expenses in respect of defined contribution plans	93,225	87,466

2. Defined benefit plans

   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.

Notes to the Consolidated Financial Statements

NOTE 18 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS (cont.)

Post-employment benefits (cont.)

2. Defined benefit plans (cont.)

a) Changes in defined benefit obligation and fair value of plan assets

2025

	Balance as of January 1, 2025	Expenses charged to profit or loss				Gain (loss) in respect of remeasurement in other comprehensive income								
		Current service cost	Interest expenses, net	Total expenses charged to profit or loss during the period	Payments from plan	Return on plan assets, excluding amounts recognized in net interest expenses	Actuarial loss due to changes in the demographic assumptions	Actuarial gain (loss) due to changes in the financial assumptions	Actuarial gain (loss) in respect of deviations in experience	Total effect on other comprehensive income for the period	Contributions by the employer	Company consolidated for the first time	Balance as of December 31, 2025
	NIS thousand												
Defined benefit liability	216,209	10,071	11,201	21,272	(12,706)	-	(49)	(293)	1,404	1,062	-	728	223,713
Fair value of plan assets	85,948	259	4,598	4,339	(6,279)	2,698	(6)	272	(1,802)	1,162	4,073	728	89,243
Net defined benefit asset (liability)	130,261	10,330	6,603	16,933	(6,427)	2,698	(55)	(21)	(398)	2,224	(4,073)	-	134,470

Notes to the Consolidated Financial Statements

NOTE 18 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS (cont.)

Post-employment benefits (cont.)

2. Defined benefit plans (cont.)

a) Changes in defined benefit liability and fair value of plan assets (cont.)

2024

		Expenses charged to profit or loss				Gain (loss) in respect of remeasurement in other comprehensive income						
	Balance as of January 1, 2025	Current service cost	Interest expenses, net	Total expenses charged to profit or loss during the period	Payments from plan	Return on plan assets, excluding amounts recognized in net interest expenses	Actuarial loss due to changes in the demographic assumptions	Actuarial gain (loss) due to changes in the financial assumptions	Actuarial gain (loss) in respect of deviations in experience	Total effect on other comprehensive income (loss) for the period	Contributions by the employer	Company consolidated for the first time	Balance as of December 31, 2024
	NIS thousand												
Defined benefit liability	206,113	8,012	9,753	17,765	(13,888)	-	12	(127)	(5,376)	(5,491)	-	728	216,209
Fair value of plan assets	79,094	238	4,183	3,945	(7,051)	3,472	1	284	1,463	5,220	4,012	728	85,948
Net defined benefit asset (liability)	127,019	8,250	5,570	13,820	(6,837)	3,472	13	157	(3,913)	(271)	(4,012)	-	130,261

Notes to the Consolidated Financial Statements

NOTE 18 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS (cont.)

Post-employment benefits (cont.)

2. Defined benefit plans (cont.)

b) Key assumptions in respect of defined benefit plan

	As of December 31	
	2025	2024
	%	
Discount rate *)	4.8	5.4
Expected rate of wage increase	3.2	3.3

*) The discount rate is based on high-quality CPI-linked corporate bonds.

c) 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:

	The change in the defined benefit obligation	
	As of December 31	
	2025	2024
	NIS thousand	
Sensitivity test to the change in the rate of expected real wage increase beyond the actuarial assumptions		
The change is the result of:		
Increase in salary of 1%	5,813	5,292
Decrease in salary of 1%	(4,719)	(4,229)
Sensitivity test to changes in the liability discount rate and plan assets beyond the actuarial assumptions		
The change is the result of:		
1% increase in the discount rate	(5,483)	(4,952)
1% decrease in the discount rate	6,773	6,138

Notes to the Consolidated Financial Statements

NOTE 19 - TAXES ON INCOME

A. Tax laws applicable to the Group companies

1. General

The revenue of the Company and all Group companies is subject to corporate tax in accordance with the Income Tax Ordinance, 1961 (New Version) (hereinafter - the "**Ordinance**"). Furthermore, the revenue 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 should be noted that the operations of companies classified as financial institutions in the insurance, Pension and Provident Subsegments constitute most of the Group's operations.

2. Income Tax Law (Inflationary Adjustments), 1985

The Income Tax Law (Inflationary Adjustments), 1985 (hereinafter - the "**Law**") applies to the Company and its investees that are not investees located abroad, until the end of 2007. According to the law, the results for tax purposes were measured having regard to the changes in the CPI.

In February 2008, an amendment to the Law was passed in the Knesset, providing that the Adjustments Law would cease to apply during the 2007 tax year, and that from the 2008 tax year the provisions of the Law would cease to apply, apart from the Transitional Provisions that are designed to prevent errors in the tax calculations. 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. The amendment to the Law includes, among other things, cancellation of the adjustment of the supplement and the deduction due to inflation and the additional deduction for depreciation of depreciable assets purchased after the 2007 tax year.

3. Tax arrangements unique to the insurance industry

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.

a) Arrangements relevant until the 2024 tax year

The sectoral agreements address, among other things, the following issues:

- Deferred acquisition costs (DAC) - direct expenses incurred by insurance companies to acquire 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.
  Purchase expenses of pension and provident contracts (as defined in the agreement) in respect of underwriting years 2015 through 2020 inclusive, shall be deductible for tax purposes in equal shares over ten years or in accordance with the amortization rate in the financial statements, as decided by the Company. The expense in respect of pension and provident contracts cannot be brought forward.
  Deferred acquisition costs relating to critical illnesses and hospitalization insurance are amortized for tax purposes over a six-year period, in accordance with their amortization period as per the financial statements.

Notes to the Consolidated Financial Statements

NOTE 19 - TAXES ON INCOME (cont.)

A. Tax laws applicable to the Group companies (cont.)

3. Tax arrangements unique to the insurance industry (cont.)

a) Arrangements relevant until the 2024 tax year (cont.)

- Attribution of expenses to preferred revenue - expenses will be attributed to revenue subject to reduced tax rates and to tax-exempt revenue 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.

- The method employed to tax income from assets held as investments matches yield-dependent liabilities.

- Provision for indirect expenses for settling claims - in respect of each underwriting year from 2013 to 2020, part of the provision for indirect expenses for settling claims in property and casualty insurance and health insurance shall be adjusted. The adjustment amount shall be recognized for tax purposes over three years, starting in the year following the year of adjustment.

The sectoral agreements address, among other things, the following issues:

- The tax applying 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 accordance with the sectoral taxation agreement for tax years 2020-2022 as stated above, it was agreed that:

A. 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.

B. If the New Capital Regulations regarding components relating to special risks in life insurance are cancelled or reduced, the parties will discuss the resulting tax consequences, if any.

b) 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:

Notes to the Consolidated Financial Statements

NOTE 19 - TAXES ON INCOME (cont.)

A. Tax laws applicable to the Group companies (cont.)

3. Tax arrangements unique to the insurance industry (cont.)

b) Arrangements relevant to the 2025 tax year: (cont.)

A. 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 each 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 the Menora Insurance's retained earnings for tax purposes as of the transition date is NIS 626 million.

The change in Shomera's retained earnings for tax purposes as of the transition date is NIS 10.7 million.

The revenue for tax purposes arising from the change in retained earnings for tax purposes will be recognized in 5 equal annual parts as of 2025.

B. Tax issues relevant to the application of IFRS 17

1. Losses and reversal of losses for groups of onerous insurance contracts:
   - 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.

2. VFA model for participating policies – in the 2025 underwriting year, the VFA accounting model will also be applied for tax purposes.

3. PAA model for Property and Casualty Insurance – in the 2025 underwriting year, the PAA accounting model will also be applied for tax purposes.

Notes to the Consolidated Financial Statements

NOTE 19 - TAXES ON INCOME (cont.)

A. Tax laws applicable to the Group companies (cont.)

3. Tax arrangements unique to the insurance industry (cont.)

b) Arrangements relevant to the 2025 tax year: (cont.)

C. 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.

In addition, the securities taxation provisions of the 2008 sectoral agreement shall continue to apply, including rules regarding the attribution of a purchase value to securities purchased before and after January 1, 2008; a mechanism to attribute revenues to securities held against participating policies; and rules regarding securities in participating funds.

The provision for taxes in the financial statements is made in accordance with the arrangements with the Israel Tax Authority and the draft principles stated above.

4. The OECD's International Tax Reform (hereinafter - "**Pillar 2**")

In December 2021, the OECD published the Pillar Two rules also known as the Global Anti-Base Erosion (GloBE) rules - these rules are designed to ensure that multinational groups pay a minimum tax level in each jurisdiction in which they operate. Within this, a minimum effective global tax rate of 15% was determined, calculated per jurisdiction, for multinational groups whose turnover in the consolidated financial statements exceeds EUR 750 million in at least two of the four tax years preceding the tax year under review.

As of January 1, 2025, most of the jurisdictions in which the Group operates have successfully passed legislation to implement the GloBE Rules.

In December 2025, Israel enacted a minimum tax law for multinational companies, in accordance with the OECD's Pillar Two framework; the law establishes a mechanism of Qualified Domestic Minimum Top-Up Tax (QDMTT), which is designed to ensure that the profits of multinational group entities are subject to a minimum effective tax rate in Israel. The QDMTT mechanism shall take effect from January 1, 2026, and apply to revenues generated from that date and thereafter.

Based on the Group's Pillar Two assessment, the implementation of the GloBE Rules does not have a material effect on the Group's consolidated financial statements for the year ended December 31, 2025. The Group will continue to monitor legislative developments in Israel and worldwide, and examine their potential effect on its financial statements.

Notes to the Consolidated Financial Statements

NOTE 19 - TAXES ON INCOME (cont.)

B. Tax rates applicable to the revenue of the Group companies

1. The statutory tax applicable to financial institutions, which constitutes most of the Group's activities, is composed of corporate tax and profit tax.

2. The statutory tax rates applicable to financial institutions are as follows:

		Corporate tax rate	Profit tax rate	Total tax rate in financial institutions
			%	
	2024	23.0	17.00	34.19
2025 and onwards		23.0	18.00	34.75

C. Tax Assessments

Final tax assessments

The Company was issued with final tax assessments through tax year 2018. Menora Insurance has final tax assessments up to and including 2020. Shomera Insurance has tax assessments that are considered final up to and including the 2015. Sinai Insurance Agency has tax assessments that are considered final up to and including the 2013 tax year. Shomera Real Estate was issued with final tax assessments through tax year 2010. Menora Real Estate was issued with final tax assessments through tax year 2017. ERN has final tax assessments up to and including 2017. The tax assessments of the other consolidated companies for the tax years until the 2020 tax year inclusive, are considered to be final.

D. Carryforward losses and other temporary differences

The consolidated companies have carry forward business losses for tax purposes totaling approx. NIS 9,045 thousand and carryforward capital losses totaling approx. NIS 112,222 thousand as of December 31, 2025. In respect of these balances and other deductible temporary differences, deferred tax assets were listed in the Financial Statements as detailed in Section G below.

A deferred tax asset in respect of capital losses of consolidated companies totaling approx. NIS 2,656 thousand was not recognized due to the lack of their expected utilization in the foreseeable future.

E. Income tax included in the income statements

	For the year ended December 31	
	2025	2024
	NIS thousand	
Current taxes	1,155,441	436,659
Deferred taxes in respect of the creation and reversal of temporary differences, see also Section G below	28,170	412,244
Taxes for previous years	7,933	(3,729)
Adjustment of deferred tax balances following a change in tax rates	-	10,431
	1,191,544	855,605

Notes to the Consolidated Financial Statements

NOTE 19 - TAXES ON INCOME (cont.)

F. Income tax (tax benefit) relating to other comprehensive income (loss) items

	For the year ended December 31	
	2025	2024
	NIS thousand	
Actuarial gain (loss) in respect of defined benefit plans	764	(77)
Adjustments arising from translation of financial statements of foreign operations	(3,630)	106
Revaluation of property, plant and equipment	(6,914)	11,316
Adjustment of deferred tax balances following a change in tax rates	-	(12)
	(9,780)	11,333

Notes to the Consolidated Financial Statements

NOTE 19 - TAXES ON INCOME (cont.)

G. Deferred taxes

Composition:

	Initial application of IFRS 17 and IFRS 9 (*)	Losses for tax purposes	Property, plant & equipment and investment property	Financial instruments	Provisions for doubtful debts	Employee benefits	Attributed excess cost	Lease liabilities	Other	Total
	NIS thousand									
Balance of deferred tax asset (liability) as of January 1, 2024	128,124	10,937	(303,355)	(221,170)	33,320	44,487	(34,895)	20,134	15,301	(307,117)
Disposal of a consolidated company	-	-	-	-	-	-	-	-	(1,266)	(1,266)
Company consolidated for the first time	-	-	-	-	-	-	(626)	-	-	(626)
Adjustments arising from translation of financial statements of foreign operations	-	-	(2)	-	-	-	(9)	-	86	75
Changes carried to profit and loss	(315,807)	(3,388)	(93,126)	(702)	1,615	(729)	3,390	491	3,212	(405,044)
Changes carried to comprehensive income and equity	-	-	(11,316)	-	-	77	-	-	(106)	(11,345)
Effect of change in tax rates	(4,207)	-	(3,560)	(3,573)	425	497	(46)	89	(44)	(10,419)
Balance of deferred tax asset (liability) as of December 31, 2024	(191,890)	7,549	(411,359)	(225,445)	35,360	44,332	(32,186)	20,714	17,183	(735,742)
Adjustments arising from translation of financial statements of foreign operations	-	-	1	-	-	-	-	-	1	2
Changes carried to profit and loss	43,507	(5,356)	(14,399)	(31,495)	(2,265)	1,360	1,106	658	(23,936)	(30,820)
Changes carried to comprehensive income and equity	-	-	6,914	-	-	(764)	-	-	3,630	9,780
Company consolidated for the first time	-	-	(2,524)	-	1,526	-	(5,366)	2,607	52	(3,705)
Balance of deferred tax asset (liability) as of December 31, 2025	(148,383)	2,193	(421,367)	(256,940)	34,621	44,928	(36,446)	23,979	(3,070)	(760,485)

(*) For further details, see Section A3 b)a. above.

Notes to the Consolidated Financial Statements

NOTE 19 - TAXES ON INCOME (cont.)

G. Deferred taxes (cont.)

The deferred taxes are presented in the consolidated statements of financial position as follows:

	December 31	
	2025	2024
	NIS thousand	
Deferred tax assets	907	10,414
Liabilities for deferred taxes	(761,392)	(746,156)
	(760,485)	(735,742)

H. Theoretical tax

Following is a reconciliation between the tax amount that would have applied had all revenue and expenses, profits and losses in the income statement been taxed at the statutory tax rate, and the income tax amount recognized in the income statement:

	For the year ended December 31	
	2025	2024
	NIS thousand	
Profit before income tax	3,598,461	2,574,846
Statutory tax rate applicable to financial institutions (see Section B above)	34.75%	34.19%
Tax calculated according to total statutory tax rate	1,250,465	880,340
Deduction due to non-application of profit tax to companies which are not financial institutions	(37,004)	(21,896)
Increase (decrease) in taxes on revenues resulting from the following factors:		
Non-deductible expenses	6,075	7,226
Revenues subject to special tax rates	(31,468)	(3,848)
Group's share in associates' profits	(11,070)	(7,130)
Measurement basis differences	92	(2,403)
Temporary differences for which deferred taxes were not recognized	453	402
Decrease in losses for tax purposes in respect of which no deferred taxes were recognized	(325)	(1,852)
Utilization of losses for tax purposes from previous years, for which deferred taxes were not credited in the past	9	(2,016)
Revision of deferred tax balances due to legislative changes	-	10,431
Taxes for previous years	7,933	(3,729)
Other	6,384	80
Income tax	1,191,544	855,605
Average effective tax rate	33.11%	33.23%

Notes to the Consolidated Financial Statements

NOTE 20 - EQUITY AND CAPITAL REQUIREMENTS

A. Composition of share capital

	As of December 31, 2024 and 2025	
	Authorized	Issued and paid up
	NIS thousand	
Ordinary shares of NIS 1 p.v. each	440,000	63,272

B. 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. Traded on the Tel Aviv Stock Exchange.

C. Treasury shares

In January 2022, and after the Company Board of Directors conducted the tests regarding dividend distribution pursuant to the provisions of Section 302 of the Companies Law, 1999, the Company Board of Directors adopted a share buyback plan for a period of one year and for a scope of up to NIS 100 million. The Company contracted with a TASE member, which operated on the basis of an irrevocable power of appointment pursuant to the provisions of the buyback plan. The Company Board of Directors stated among its arguments for approving the plan that the shares to be purchased pursuant to the buyback plan, may be used, among others, for implementation of the options plan for the employees. In addition, the Board of Directors established that the share buyback would be conducted beyond and in addition to the dividend distribution in accordance with the policy adopted on this matter by the Company. In November 2022, the share buyback was completed in accordance with the plan, with 1,388,921 shares being brought by the Company; the shares became dormant shares, representing 2.19% of the Company's issued and paid-up share capital.

In 2024-2025, some of the options allocated to the offerees under the said option plan vested, and as a result some of the dormant shares were allocated in accordance with the exercises made by the offerees and will become liquid shares.

D. Dividend

On March 28, 2024, the Company's Board of Directors declared the distribution of a dividend to the Company's shareholders on April 8, 2024 (the ex-date) totaling NIS 175 million, which constitute NIS 2.82 per each share of NIS 1 par value. The dividend was paid on April 16, 2024.

On August 28, 2024, the Company's Board of Directors declared a dividend distribution to the Company's shareholders on September 5, 2024 (the ex-date) totaling NIS 170 million, which constitute NIS 2.74 per each share of NIS 1 par value. The dividend was paid on September 15, 2024.

On November 27, 2024, the Company's Board of Directors declared the distribution of a dividend to the Company's shareholders on December 8, 2024 (the ex-date) totaling NIS 115 million, which constitute NIS 1.85 per each share of NIS 1 par value The dividend was paid on December 16, 2024.

On March 13, 2025, the Company's Board of Directors declared the dividend distribution to the Company's shareholders on March 24, 2025 (ex-dividend date) totaling NIS 150 million, which constitute NIS 2.4 per each share of NIS 1 par value. The dividend was paid on April 1, 2025.

Notes to the Consolidated Financial Statements

NOTE 20 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

D. Dividend (cont.)

On August 28, 2025, the Company's Board of Directors declared a dividend distribution to the Company's shareholders, as of September 8, 2025 (the ex-dividend date), totaling NIS 450 million, which constitute NIS 7.2 per each share of NIS 1 par value. The dividend was paid on September 16, 2025.

For details regarding the dividend distributed by the Company to its shareholders subsequent to the reporting date, see Note 32E.

Dividend Distribution Policy

On December 19, 2021, the Company Board of Directors approved adopting the dividend distribution policy as detailed below:

Commencing from 2022, the Company shall distribute a dividend to its shareholders at a rate of no less than 35% of the annual distributable income, subject to compliance with the distribution tests set forth in the Companies Law, 1999, subject to the financial constraints and covenants that either have been or will be established from time to time in the Company's financing agreements, including under the terms of the bonds issued by the Company or which shall be issued by it in the future, and as long as the dividend distribution has no adverse effect on the Company's cash flow needs, as they shall be from time to time, such as for the purpose of: (a) Fulfillment of the provisions of any law applying to it (b) Fulfilling the capital requirements of the institutional entities under its control (c) Meeting its commitments (including the Company's financial covenants) as well as (d) The development of its business operations, among others, in accordance with the budget plan and/or its business plan.

A decision on dividend distribution in accordance with the aforementioned distribution policy, may be made once a year or at any other time as determined by the Board of Directors, based on the Company's reviewed or audited Financial Statements and at the Board of Directors' discretion. Furthermore, the Company Board of Directors may, at any time, change the rate of the dividend distributed or decide not to distribute it at all, when taking into account business and financial considerations, cash flow needs, investment plans, business plans, rating considerations, etc.

It is clarified that, from time to time, the Company Board of Directors may review the said dividend distribution policy, and 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 and subject to the aforementioned criteria.

E. Other capital reserves

Composition - Attributable to the Company's shareholders:

	As of December 31	
	2025	2024
	NIS thousand	
Tax benefit in respect of granting shares to the Company's CEO	5,961	5,961
Transaction with controlling shareholder	696	696
Put option for non-controlling interests	11,757	9,486
Undertaking to purchase shares	(2,608)	(2,608)
	15,806	13,535

Capital reserve in respect of a transaction with a controlling shareholder - the capital reserve refers to a transaction conducted between consolidated companies belonging to the Company. The difference between the fair value and the transaction's consideration is carried to the capital reserve.

Notes to the Consolidated Financial Statements

NOTE 20 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

F. Non-controlling interests

Composition of non-controlling interests in the Consolidated Statements of Financial Position:

	As of December 31	
	2025	2024
	NIS thousand	
Share of total assets	191,348	148,436
Share in excess cost	71,081	50,435
	262,429	198,871

G. Capital policy and requirements

It is management's policy to maintain a strong capital base in order to retain Group's ability to continue its activities such that it will be able to generate returns to its shareholders and support future business activities. Menora Insurance and Shomera Insurance (hereinafter - the "**Consolidated Insurance Companies**") are subject to the capital requirements set by the Commissioner.

As part of the implementation of the solvency regime, the Consolidated Insurance Companies are required to conduct own risk assessment. The Boards of Directors of the Consolidated Insurance Companies are required to set a capital target that will reflect what is in their opinion an adequate solvency ratio for the purpose of dividend distribution.

The target capital set by the consolidated insurance companies for the purpose of dividend distribution was formed gradually. In November 2021, Shomera Insurance updated the target capital for dividend distribution purposes, such that it will increase gradually until reaching 113% (in lieu of 110%) by approx. 2.1% per year through the end of the Transitional Period in 2024. Menora Insurance's target capital was set at 115% through the end of 2024. In November 2023, Menora Insurance updated the target capital, such that as from the end of 2024 the target capital will increase linearly from 115% as stated above to 130% in 2032. As of December 31, 2025, the target capital stands at approx. 116.9% and approx. 113% in Menora Insurance and Shomera Insurance, respectively. It is hereby clarified that there is no certainty that the Consolidated Insurance Companies will meet this solvency ratio at each point in time.

Menora Mivtachim Pension and Provident Funds Ltd. (hereinafter - "**Mivtachim Pension and Provident**") and Menora Mivtachim and The Association of Engineers Provident Funds Management Ltd. (hereinafter - "**Menora Engineers**") are required to comply with the Supervision of Financial Services Supervision Regulations (Provident Funds) (Minimum Capital Required from a Provident Fund or a Pension Fund's Management Company), 2012, and the Income Tax Regulations (Rules for Approval and Management of Provident Funds) (Amendment No. 2), 2012.

1. Solvency II-based economic solvency regime applicable to the Consolidated Insurance Companies

The Consolidated Insurance Companies are 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 "**Solvency Circular**").

Risk-based solvency ratio

A risk-based solvency ratio is calculated as the ratio between the economic shareholders' equity of the insurance company and the solvency capital requirement. The economic shareholders' equity is determined as the sum of the economic balance sheet (see below) and debt instruments that include loss absorption mechanisms (Additional Tier 1 capital and a Tier 2 capital instrument).

Notes to the Consolidated Financial Statements

NOTE 20 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

G. Capital policy and requirements (cont.)

1. Solvency II-based economic solvency regime applicable to the Consolidated Insurance Companies (cont.)

Risk-based solvency ratio (cont.)

Economic balance sheet items are calculated based on economic value, with insurance liabilities calculated on the basis of a best estimate of all expected future cash flows from existing businesses, without conservatism margins, and plus a risk margin.

The solvency capital requirement (SCR) is designed to estimate the economic shareholders' equity's exposure to a series of scenarios set out in the Solvency Circular, and which reflect insurance risks, market risks and credit risks as well as operating risks.

The Economic Solvency Regime includes, as stated above, the transitional provisions relevant to Menora Insurance with respect to compliance with capital requirements that enable the increase in economic capital by deduction from the insurance reserves of 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 entitled 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, Menora Insurance received the Commissioner's approval regarding the Deduction Rates for the Transitional Period.

Furthermore, in view of the listing of Additional Tier 1 capital for Menora Insurance on the Tel Aviv Stock Exchange's main list and in accordance with Menora Insurance's undertakings under the deed of trust, as of the reporting year, Menora Insurance publishes for public review, as part of the Board of Directors Report, the estimated quarterly solvency ratio as of March 31 and September 30, as part of the periodic report published subsequent to 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 Menora 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 Menora Insurance'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, Menora Insurance made an estimate of its economic solvency ratio - which is not audited or reviewed by an 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 - 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. Menora Insurance 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.

Notes to the Consolidated Financial Statements

NOTE 20 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

G. Capital policy and requirements (cont.)

1. Solvency II-based economic solvency regime applicable to the Consolidated Insurance Companies (cont.)

Disclosure and Reporting Provisions in connection with Economic Solvency Ratio Report for 2019 and Onwards

In accordance with the Solvency Circular, the Economic Solvency Ratio Report in respect of the December 31 and June 30 data of each year shall be included in the first periodic report published after the calculation date.
On 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. In addition, as part of the Circular, certain disclosure tables in the Economic Solvency Ratio Report were updated to align with IFRS 17. These updates took effect as of the Economic Solvency Ratio Report as of June 30, 2025.

Solvency ratio of the Consolidated Insurance Companies

According to the Solvency Ratio Reports for June 30, 2025, which were published in November 2025 for Menora Insurance and Shomera Insurance (hereinafter - the "**Consolidated Insurance Companies**"), and in accordance with Menora Insurance's estimated quarterly solvency ratio as of September 30, 2025 as stated above, the Companies maintain a capital surplus whether or not the Transitional Provisions are taken into account.

The calculation carried out by Consolidated Insurance Companies as of June 30, 2025, as stated above, 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 Consolidated Insurance Companies' solvency calculations as of June 30, 2025, comply, in all material respects, with the Commissioner's Directives, and are not part of the auditing 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 substantively vary from the calculation, since the combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the calculation.

In their special report, the independent auditors noted that they did not review the appropriateness of the Deduction during the Transitional Period as of June 30, 2025, except for verifying that the Deduction amount does not exceed the expected discounted amount of the risk margin and the solvency capital requirement in respect of life and health insurance risks arising from existing businesses during the Transitional Period in accordance with the pattern of future development of the capital requirement, which affects both the calculation of the expected capital release and the release of the expected risk margin as detailed in the provisions on calculation of risk margin. Furthermore, emphasis of matter is made regarding that which is stated in the economic solvency ratio reports regarding the uncertainty derived from regulatory changes and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated.

Notes to the Consolidated Financial Statements

NOTE 20 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

G. Capital policy and requirements (cont.)

Solvency ratio for the purpose of dividend distribution by the Consolidated Insurance Companies (cont.)

According to the letter published by the Commissioner, in October 2017, (hereinafter - the "**Letter**") an insurance company shall be entitled to distribute a dividend only if, following the distribution, the company has a solvency ratio (according to the Solvency Circular) of at least 100%, calculated without taking into account the Transitional Provisions and subject to the solvency ratio target set by the Company's Board of Directors.In addition, the letter set out provisions for reporting to the Commissioner.

The Consolidated Insurance Companies' calculation as of June 30, 2025, which is based on the investments mix and the insurance liabilities as of the calculation date, and taking into account equity transactions after the calculation date, reflects an economic solvency ratio, which is higher than the solvency ratio required according to the Letter.

2. Following are data regarding Mivtachim Pension and Provident's required and existing capital in accordance with the Supervision of Financial Services Regulations (Provident Funds) (Minimum Capital Required from a Provident Fund or a Pension Fund's Management Company), 2012, and the Income Tax Regulations (Rules for Approval and Management of Provident Funds) (Amendment No. 2), 2012 (hereinafter - the "**Capital Regulations**") and the Commissioner's directives:

	As of December 31	
	2025	2024
	NIS thousand	
The amount required according with the Capital Regulations of management companies	337,627	299,039
Eligible equity	955,558	815,669
Surplus	617,931	516,630
Dividend declared subsequent to the reporting date *)	(60,000)	-
Surplus taking into account an event occurring subsequent to the reporting date	557,931	516,630
The required amount includes capital requirements for:		
Total assets under management	187,967	160,778
Annual expenses	150,438	139,037
Expedients according to the Commissioner's circular	(778)	(776)
	337,627	299,039

*) Subsequent to the reporting date, on March 16, 2026, the Board of Directors of Mivtachim Pension and Provident declared the distribution of a NIS 60 million dividend to the shareholders. The dividend was paid on March 26, 2026.

As of 2023, Mivtachim Pension and Provident's dividend distribution policy is as follows: Subject to the provisions of any law, Mivtachim Pension and Provident shall distribute on each calendar year, a dividend amounting to at least 70% of its annual distributable profit, provided that, on distribution date, Mivtachim Pension and Provident shall have liquid assets in the amount of: (a) In 2023, at least NIS 20 million in addition to the amount required of it according to all capital requirements applicable to it and (b) as of 2024 and thereafter, at least NIS 30 million in addition to the amount required of it according to all capital requirements applicable to it, and all (both relative to that which is set forth in Paragraph (i) and in Paragraph (ii)) subject to the needs of Mivtachim Pension and Provident as they shall be from time to time, such as: (a) in order to comply with the provisions of any law applicable to it, (b) for the purpose of meeting its commitments (including its financial covenants) as they shall be from time to time as well as (c) for the development of its business operations, inter alia, pursuant to its budget plan and/or the business plan.

Notes to the Consolidated Financial Statements

NOTE 20 - EQUITY AND CAPITAL REQUIREMENTS (cont.)

G. Capital policy and requirements (cont.)

3. In March, September and November 2025, Menora Insurance distributed dividends to the Company totaling NIS 250 million, NIS 450 million and NIS 500 million, respectively. For details regarding the dividend distributed by Menora Insurance to its shareholders subsequent to the reporting date, see Note 32E.

4. In May and November 2025, Menora Pension and Provident Funds distributed to the Company NIS 50 million and NIS 80 million in dividends, respectively.

5. In November 2025, Shomera Insurance distributed a NIS 100 million dividend to the Company.

6. For information regarding the dividend distributed subsequent to the reporting date, see Note 32E.

Notes to the Consolidated Financial Statements

NOTE 21 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE

	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):				
The contractual service margin (CSM) amount recognized in profit or loss for services provided (a)	335,753	466,592	-	802,345
Change in risk adjustment (RA) for non-financial risk resulting from past risks (b)	31,410	57,092	-	88,502
Claims and other expected insurance service expenses incurred (c)	1,109,629	1,342,067	-	2,451,696
Other (d)	77,764	9,542	-	87,306
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows (f)	145,421	111,356	-	256,777
Total contracts to which the Premium Allocation Approach (PAA) was not applied	1,699,977	1,986,649	-	3,686,626
Contracts to which the Premium Allocation Approach (PAA) was applied (d)	-	182,196	4,639,495	4,821,691
Total revenues from insurance services	1,699,977	2,168,845	4,639,495	8,508,317
Expenses from insurance services				
Claims and other insurance service expenses incurred	(1,285,674)	(1,495,128)	(2,890,095)	(5,670,897)
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	42,186	78,504	159,871	280,561
Losses for groups of onerous insurance contracts (e)	(469)	(902)	(17,683)	(19,054)
Amortization of insurance acquisition cash flows (f)	(145,421)	(136,006)	(785,163)	(1,066,590)
Total expenses from insurance services	(1,389,378)	(1,553,532)	(3,533,070)	(6,475,980)
Income from insurance services before reinsurance policies held	310,599	615,313	1,106,425	2,032,337
Revenues (expenses), net for reinsurance contracts held				
Reinsurance expenses:				
Contracts to which the Premium Allocation Approach (PAA) was not applied:				
Amounts relating to changes in assets for remaining coverage (ARC):				
The contractual service margin (CSM) amount recognized in profit or loss for services received (a), (h)	(15,308)	(39,072)	-	(54,380)
Change in risk adjustment (RA) for non-financial risk resulting from past risks (b)	(6,076)	(7,712)	-	(13,788)
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred (i)	(81,843)	(237,013)	-	(318,856)
Other	(19,888)	(29,914)	-	(49,802)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	(123,115)	(313,711)	-	(436,826)
Contracts to which the Premium Allocation Approach (PAA) was applied (j)	(3,427)	-	(1,016,020)	(1,019,447)
Total reinsurance expenses	(126,542)	(313,711)	(1,016,020)	(1,456,273)
Reinsurance revenues:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	106,368	263,730	636,317	1,006,415
Changes relating to past service - adjustment for assets for incurred claims	(16,138)	(26,523)	18,908	(23,753)
Recoveries of losses for groups of onerous underlying insurance contracts	830	-	-	830
Total reinsurance revenues	91,060	237,207	655,225	983,492
Total expenses, net for reinsurance contracts held (g)	(35,482)	(76,504)	(360,795)	(472,781)
Income from insurance services	275,117	538,809	745,630	1,559,556

Note: Insurance service expenses are before deducting fees and commission expenses to the agencies in the Group.

Notes to the Consolidated Financial Statements

NOTE 21 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (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):				
The contractual service margin (CSM) amount recognized in profit or loss for services provided (a)	342,595	455,374	-	797,969
Change in risk adjustment (RA) for non-financial risk resulting from past risks (b)	32,023	50,914	-	82,937
Claims and other expected insurance service expenses incurred (c)	1,075,560	1,305,892	-	2,381,452
Other (d)	62,431	5,040	-	67,471
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows (f)	105,768	69,882	-	175,650
Total contracts to which the Premium Allocation Approach (PAA) was not applied	1,618,377	1,887,102	-	3,505,479
Contracts to which the Premium Allocation Approach (PAA) was applied (d)	-	164,222	4,389,472	4,553,694
Total revenues from insurance services	1,618,377	2,051,324	4,389,472	8,059,173
Expenses from insurance services				
Claims and other insurance service expenses incurred	(1,167,802)	(1,504,950)	(2,837,038)	(5,509,790)
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	8,409	34,212	246,315	288,936
Losses for groups of onerous insurance contracts (e)	(2,597)	(5,493)	(6,708)	(14,798)
Amortization of insurance acquisition cash flows (f)	(105,768)	(69,882)	(711,292)	(886,942)
Total expenses from insurance services	(1,267,758)	(1,546,113)	(3,308,722)	(6,122,594)
Income from insurance services before reinsurance policies held	350,619	505,211	1,080,750	1,936,579
Revenues (expenses), net for reinsurance contracts held				
Reinsurance expenses:				
Contracts to which the Premium Allocation Approach (PAA) was not applied:				
Amounts relating to changes in assets for remaining coverage (ARC):				
The contractual service margin (CSM) amount recognized in profit or loss for services received (a), (h)	(14,849)	(42,638)	-	(57,487)
Change in risk adjustment (RA) for non-financial risk resulting from past risks (b)	(6,578)	(7,516)	-	(14,094)
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred (i)	(83,033)	(271,436)	-	(354,469)
Other	(31,947)	(27,276)	-	(59,223)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	(136,407)	(348,866)	-	(485,273)
Contracts to which the Premium Allocation Approach (PAA) was applied (j)	5,551	-	(1,006,261)	(1,000,710)
Total reinsurance expenses	(130,856)	(348,866)	(1,006,261)	(1,485,983)
Reinsurance revenues:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	92,931	305,080	676,264	1,074,275
Changes relating to past service - adjustment for assets for incurred claims	1,076	1,202	(19,372)	(17,094)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	2,781	-	(117)	2,664
Total reinsurance revenues	96,788	306,282	656,775	1,059,845
Total expenses, net for reinsurance contracts held (g)	(34,068)	(42,584)	(349,486)	(426,138)
Income from insurance services	316,551	462,627	731,264	1,510,441

Note: Insurance service expenses are before deducting fees and commission expenses to the agencies in the Group.

Notes to the Consolidated Financial Statements

NOTE 21 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

Comments

A. The contractual service margin is recognized in profit or loss over each group of contracts' coverage period based on the coverage units provided during the period, in order to reflect the insurance contract services provided during the period. Insurance contract services consist of insurance coverage, investment-return service (for insurance contracts without direct participation features), or investment-related services (for insurance contracts with direct participation features).

B. Changes in risk adjustment reflect the amounts attributed to risks that have elapsed during the period, net of the amounts allocated to the loss component of the liability for the remaining coverage.

C. Claims and other insurance services expenses include the costs of the claims themselves, direct and indirect claim settlement costs, and the remaining current costs that meet the definition of cash flows directly related to contract fulfillment.

D. Other amounts, as applicable, such as experience adjustments arising from premiums received, are immediately recognized in profit or loss as revenues from insurance services, other than such premiums relating to a future service.

   For contracts measured in accordance with the PAA model, experience adjustments arising from premiums received, other than such premiums relating to a future service, constitute part of the expected premium receipts, and therefore will be allocated to each coverage period in the same manner as the expected premium receipts (on the basis of the passage of time or the expected timing of incurred insurance services expenses).

E. Losses arising from onerous contracts are immediately recognized in profit or loss.

   For contracts that are not measured according to the PAA model, losses recognized in previous periods are reversed according to the allocation basis specified in the standard, and are recognized under the "Claims and expenses of other insurance services incurred" item against insurance revenues under these items: "Claims and expected expenses of other insurance services incurred" and "Change in risk adjustment for non-financial risk (RA) arising from elapsed risks" (reversal of the consequential inflationary gross-up effect of revenues and expenses). Losses arising from the sale of an onerous new business as well as from changes in the estimate pertaining to future service in respect of onerous groups are included in the line item 'Losses (reversal of losses) for groups of onerous insurance contracts'.

   For contracts measured according to the PAA model, the change in the loss component is recognized under the item "Losses (reversal of losses) for groups of onerous insurance contracts."

F. Insurance acquisition cash flows are systematically allocated on the basis of the passage of time (on a straight-line basis / based on another allocation method, determined systematically, that reflects the passage of time) over a group of contracts' applicable coverage period, and are recognized as an expense from insurance services, except for contracts measured according to the PAA model, in which the coverage period of each contract in the group of contracts does not exceed one year, and for which the Company has elected to recognize insurance acquisition cash flows as expenses immediately.

   For contracts not measured according to the PAA model, revenues from insurance services will be recognized in the same amount.

G. Net revenues (expenses) in respect of reinsurance contracts held are recognized similarly to income from insurance services in respect of issued insurance contracts, with the required adjustments, such as interest on reinsurer deposits.

H. The total contractual service margin (CSM) recognized due to receipt of services during the period also includes the net cost arising from the purchase of reinsurance coverage relating to events that occurred prior to the purchase of a group of reinsurance contracts held. The net cost in respect of such retroactive coverage is immediately recognized in profit or loss.

Notes to the Consolidated Financial Statements

NOTE 21 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

Comments (cont.)

I. Recoveries of expenses in respect of expected insurance services incurred during the period consist of recoveries of claims and other expenses that the Company expects to receive from its reinsurers upon the occurrence of insurance events incurred during the period, less the amounts that the Company expects to receive from the reinsurer that depend on claims pursuant to the underlying contracts, as part of the claims for which indemnification is expected, according to the reinsurance contract held.

J. For contracts measured according to the PAA model, reinsurance expenses are the expected premium amounts to be paid in exchange for services during the period, net of amounts that the Company expects to receive from the reinsurer that do not depend on claims pursuant to the underlying contracts (e.g., certain ceding commissions).

Notes to the Consolidated Financial Statements

NOTE 22 - INCOME (LOSS) FROM INVESTMENTS AND FINANCING, NET

A. Income (loss) from investments and financing, net, by operating segments

	For the year ended December 31, 2025					
	Life Insurance	Health Insurance	P&C Insurance	Credit	Other	Total
	NIS thousand					
Investment income (losses), net:						
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts (b2)	5,018,862	183,995	-	-	-	5,202,857
Investment income from other investments, net:						
Interest revenues calculated using the effective interest method (b1)	344,306	-	4,165	481,468	71,807	901,746
Gains on reversal of impairment (impairment losses), net in respect of financial assets (b3)	(848)	-	(163)	(117,771)	39,104	(79,678)
Other investment gains (losses), net (b2)	589,057	202,354	368,840	(910)	657,531	1,816,872
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity (b3, Note 9)	(2,858)	(1,118)	40,691	-	(474)	36,241
Total income from other investments, net	929,657	201,236	413,533	362,787	767,968	2,675,181
Total investment income, net recognized in the income statement	5,948,519	385,231	413,533	362,787	767,968	7,878,038
Investment gains (losses), net recognized in other comprehensive income	(5,086)	(3,370)	(1,374)	-	19,696	9,866
Total investment income, net	5,943,433	381,861	412,159	362,787	787,664	7,887,904
Finance expenses, net arising from insurance contracts:						
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contacts	(3,970,425)	(161,428)	-	-	-	(4,131,853)
Effects of the risk mitigation option for VFA contracts	(71,668)	-	-	-	-	(71,668)
Interest accrued	(149,507)	(141,828)	(124,238)	-	-	(415,573)
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(284,904)	49,651	(153,865)	-	-	(389,118)
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF carried to CSM	33,660	26,927	-	-	-	60,587
Total finance expenses, net arising from insurance contracts *)	(4,442,844)	(226,678)	(278,103)	-	-	(4,947,625)
Finance income, net arising from reinsurance contracts insurance contracts:						
Interest accrued	1,455	29,983	40,566	-	-	72,004
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(12,477)	36,825	58,517	-	-	82,865
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF carried to CSM	394	(6,437)	-	-	-	(6,043)
Total finance income (expenses), net arising from reinsurance contracts *)	(10,628)	60,371	99,083	-	-	148,826
Decrease in liabilities in respect of investment contracts due to the yield component	(1,195,388)	-	-	-	-	(1,195,388)
Total net investment and finance income *)	294,573	215,554	233,139	362,787	787,664	1,893,717
*) Represented by:						
Amounts recognized in profit or loss	299,659	218,924	234,513	362,787	767,968	1,883,851
Amounts recognized in other comprehensive income (loss)	(5,086)	(3,370)	(1,374)	-	19,696	9,866
Total net investment and finance income	294,573	215,554	233,139	362,787	787,664	1,893,717

Notes to the Consolidated Financial Statements

NOTE 22 - INCOME (LOSS) FROM INVESTMENTS AND FINANCING, NET (cont.)

A. Income (loss) from investments and financing, net, by operating segments (cont.)

(a) In the GMM model, accrued interest includes interest accrued on the remaining CSM in accordance with the nominal interest rate curve at initial recognition. In addition, the accrued interest includes interest accrued on BE and RA balances in accordance with the real interest rate curve at initial recognition.

Under the PAA Model, the accrued interest includes interest accrued on BE and RA balances which are included in the LIC in accordance with the real interest rate curve at the beginning of the period.

(b) The effect of the change in interest rate in this line item includes both the replacement of the curve in relation to the beginning of the period and the difference between the interest accrual on the remaining BE and RA according to the curve at the beginning of the period for accrual in accordance with the curve at initial recognition.

Notes to the Consolidated Financial Statements

NOTE 22 - INCOME (LOSS) FROM INVESTMENTS AND FINANCING, NET (cont.)

A. Income (loss) from investments and financing, net, by operating segments (cont.)

	For the year ended December 31, 2024					
	Life Insurance	Health Insurance	P&C Insurance	Credit	Other	Total
	NIS thousand					
Investment income (losses), net:						
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts (b2)	3,589,802	190,883	-	-	-	3,780,685
Investment income from other investments, net:						
Interest revenues calculated using the effective interest method (b1)	386,029	-	-	371,843	92,182	850,054
Gains on reversal of impairment (impairment losses), net in respect of financial assets (b3)	-	-	-	(109,618)	(9,547)	(119,165)
Other investment income, net (b2)	410,442	151,173	331,442	(968)	300,296	1,192,385
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity (b3, Note 9)	(474)	(160)	(6,120)	-	680	(6,074)
Total income from other investments, net	795,997	151,013	325,322	261,257	383,611	1,917,200
Total investment income, net recognized in the income statement	4,385,799	341,896	325,322	261,257	383,611	5,697,885
Investment gains (losses), net recognized in other comprehensive income	275	51	114	-	(3,950)	(3,510)
Total investment income, net	4,386,074	341,947	325,436	261,257	379,661	5,694,375
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	(2,863,541)	(172,629)	-	-	-	(3,036,170)
Effects of the risk mitigation option for VFA contracts	(69,396)	-	-	-	-	(69,396)
Interest accrued	(180,616)	(181,818)	(80,087)	-	-	(442,521)
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(244,138)	103,814	(173,582)	-	-	(313,906)
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF carried to CSM	72,260	(86,476)	-	-	-	(14,216)
Total finance expenses, net arising from insurance contracts *)	(3,285,431)	(337,109)	(253,669)	-	-	(3,876,209)
Finance income, net arising from reinsurance contracts insurance contracts:						
Interest accrued	1,716	39,620	25,708	-	-	67,044
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(2,345)	35,307	53,385	-	-	86,347
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF carried to CSM	268	2,709	-	-	-	2,977
Total finance income (expenses), net arising from reinsurance contracts *)	(361)	77,636	79,093	-	-	156,368
Increase in liabilities in respect of investment contracts due to the yield component	(977,992)	-	-	-	-	(977,992)
Total net investment and finance income *)	122,290	82,474	150,860	261,257	379,661	996,542
*) Represented by:						
Amounts recognized in profit or loss	122,015	82,423	150,746	261,257	383,611	1,000,052
Amounts recognized in other comprehensive income (loss)	275	51	114	-	(3,950)	(3,510)
Total net investment and finance income	122,290	82,474	150,860	261,257	379,661	996,542

Notes to the Consolidated Financial Statements

NOTE 22 - INCOME (LOSS) FROM INVESTMENTS AND FINANCING, NET (cont.)

A. Income (loss) from investments and financing, net, by operating segments (cont.)

(a) In the GMM model, accrued interest includes interest accrued on the remaining CSM in accordance with the nominal interest rate curve at initial recognition. In addition, the accrued interest includes interest accrued on BE and RA balances in accordance with the real interest rate curve at initial recognition.

Under the PAA Model, the accrued interest includes interest accrued on BE and RA balances which are included in the LIC in accordance with the real interest rate curve at the beginning of the period.

(b) The effect of the change in interest rate in this line item includes both the replacement of the curve in relation to the beginning of the period and the difference between the interest accrual on the remaining BE and RA according to the curve at the beginning of the period for accrual in accordance with the curve at initial recognition.

Notes to the Consolidated Financial Statements

NOTE 22 - INCOME (LOSS) FROM INVESTMENTS AND FINANCING, NET (cont.)

B. Information on investment income items by type of asset

	For the year ended December 31, 2025	
	Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	Other investment income (losses), net
	In NIS thousand	
B.1. Interest revenues is calculated using the effective interest method and linkage differences		
Deposits with banks and financial institutions	-	9,864
Treasury deposits	-	334,738
Corporate bonds	-	17,222
Loans (including investees)	-	539,922
Total	-	901,746
B.2. Other investment gains (losses), net		
Net gains (losses) for changes in fair value of investments in financial instruments:		
Cash and cash equivalents	(10,536)	183,907
Deposits with banks and financial institutions	7,588	4,179
Government bonds	291,248	263,398
Corporate bonds	309,197	158,854
Designated bonds	14,601	229,600
Loans (including investees)	161,956	139,952
Shares	3,588,510	400,204
Investments in other equity instruments	40,661	166,906
Derivative instruments	790,547	248,929
Other	(34)	722
Total	5,193,738	1,796,651
Other:		
Revenues from investment property:		
Revaluation of investment property, including capital gains (losses)	2,651	(4,691)
Rental income from investment property	6,468	24,912
Total revenue from investment property	9,119	20,221
Total other investment income, net	5,202,857	1,816,872
B.3. Other gains (losses), net:		
Impairment losses (reversal of impairment losses) for financial assets	-	(79,678)
Share in gains (losses) of equity-accounted investees closely related to the investing activity	-	36,241
Total	-	(43,437)
Total investment income (losses), net recognized in profit or loss	5,202,857	2,675,181

(*) During 2025, no financial assets measured at amortized cost were derecognized.

Notes to the Consolidated Financial Statements

NOTE 22 - INCOME (LOSS) FROM INVESTMENTS AND FINANCING, NET (cont.)

B. Information on investment income items by type of asset (cont.)

	For the year ended December 31, 2024	
	Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	Other investment income (losses), net
	In NIS thousand	
B.1. Interest revenues is calculated using the effective interest method and linkage differences		
Deposits with banks and financial institutions	-	25,079
Treasury deposits	-	376,335
Corporate bonds	-	17,834
Loans (including investees)	-	430,806
Total	-	850,054
B.2. Other investment gains (losses), net		
Net gains (losses) for changes in fair value of investments in financial instruments:		
Cash and cash equivalents	51,370	75,743
Deposits with banks and financial institutions	18,464	5,426
Government Bonds	1,469	49,775
Corporate bonds	792	191,612
Designated bonds	10,357	143,378
Loans (including investees)	60,887	190,527
Shares	(38,121)	223,316
Investments in other equity instruments	3,677,304	234,137
Derivative instruments	(9,665)	(7,085)
Other	1,018	39,563
Total	3,773,876	1,146,392
Other:		
Revenues from investment property:		
Revaluation of investment property, including capital gains (losses)	1,525	26,619
Rental income from investment property	5,284	19,374
Total revenue from investment property	6,809	45,993
Total other investment income, net	3,780,685	1,192,385
B.3. Other gains (losses), net:		
Impairment losses (reversal of impairment losses) for financial assets	-	(119,165)
Share in gains (losses) of equity-accounted investees closely related to the investing activity	-	(6,074)
Total	-	(125,239)
Total investment income, net recognized in profit or loss	3,780,685	1,917,200

(*) During 2024, no financial assets measured at amortized cost were derecognized.

Notes to the Consolidated Financial Statements

NOTE 23 - INCOME FROM MANAGEMENT FEES

	For the year ended December 31	
	2025	2024
	NIS thousand	
Management fees in the Pension and Provident Subsegments	1,083,756	965,692
Management fees for investment contracts	48,036	43,353
Management fees for operating HMOs' LTC funds and others	67,101	34,242
Total revenues from management fees	1,198,893	1,043,287

Notes to the Consolidated Financial Statements

NOTE 24 - EXPENSES AND REVENUES CLASSIFIED BY TYPE

	Comments	For the year ended December 31	
		2025	2024
		In NIS thousand	
Operating expenses: (a)			
Cost of claims (b)		4,611,410	4,393,928
Losses for groups of onerous insurance contracts		3,851	9,387
Purchase fees for agents		568,781	584,652
Salaries and related expenses (see also Note 18 regarding employee benefits and Note 26 regarding share-based payment).		1,099,274	1,032,345
Other fees and commissions		860,431	790,507
Depreciation and amortization		268,540	263,150
Office maintenance and communications		70,321	69,586
Marketing and advertising		95,996	92,517
Legal and professional advice		98,726	90,307
Bank		60,026	55,969
Automation		160,353	142,210
Vehicle maintenance		18,387	21,465
Other		90,209	74,587
Less indirect claims settlement expenses classified under the claims cost item		(170,738)	(144,443)
Total operating expenses		7,835,567	7,476,167
Other expenses (revenues), net: (a)			
Loss (gain) on disposal of fixed assets	Note 11	459	(230)
Loss from the disposal of investees		-	388
Income from disposal of intangible assets	Note 12	-	(219)
Loss on impairment of intangible assets	Note 12	1,794	686
Loss on impairment of property, plant & equipment	Note 11	-	1,713
Amortization of excess cost		15,514	20,550
Revenue from indemnification for damage from a missile strike	Note 32B	(50,000)	-
Compensation for cancellation of a purchase transaction	Note 32A	(61,946)	-
Other		8,772	(1,693)
Total other expenses (revenues), net		(85,407)	21,195
Total		7,750,160	7,497,362
Amounts attributable to insurance acquisition cash flows arising during the period.	Note 17.B-C	(1,226,464)	(1,227,243)
Amortization of insurance acquisition cash flows	Note 17.B	1,066,590	893,370
Impairment loss (reversal of impairment loss) from net impairment of assets for insurance acquisition cash flows	Note 17.C	(8,930)	1,539
Movement in costs of obtaining investment management service contracts	Note 12	(110,605)	(95,480)
Total adjustments for insurance acquisition cash flows and costs to obtain investment management service contracts		(279,409)	(427,814)
Total expenses (revenues), net (c) *		7,470,751	7,069,548
*** Represented by:**			
Expenses from insurance services		6,448,154	6,103,137
Other operating expenses		1,108,004	945,215
Other expenses (revenues), net		(85,407)	21,196
Total expenses (revenues), net		7,470,751	7,069,548

Notes to the Consolidated Financial Statements

(a) Other expenses (revenues) arising from the Company's main business activities and which are integral to the Company's activities.

(b) The cost of claims includes the claim amounts and the direct claim settlement costs incurred in the period, as well as an estimate of the Company’s expected indirect claim settlement costs. When the indirect claim settlement costs are actually incurred, they are recognized under the other relevant expenses items in this Note, based on their nature. In addition, since the incurring of indirect costs for the settlement of claims in practice is not recognized as an expense in the financial statements but as a decrease in liability for incurred claims, a series of amounts attributed to the settlement of claims resets the said expenses. The rest of the expenses that can be directly attributed to fulfilling insurance contracts are recognized as part of the other relevant expenses line items in this note, according to their nature.

(c) Expenses from insurance services and other operating expenses include expenses for automation totaling NIS 412 million and NIS 386 million for 2025 and 2024, respectively.

Notes to the Consolidated Financial Statements

NOTE 25 - OTHER FINANCE EXPENSES

	For the year ended December 31	
	2025	2024
	NIS thousand	
Interest expense and linkage differences in respect of:		
Liabilities to banks	121,848	95,010
Subordinated notes	96,079	83,327
Bonds	2,501	4,055
Leases	3,640	3,980
Associates and Related Parties	16,475	3,895
Liabilities for direct debits	16,453	21,114
Other finance income	(3,716)	(4,009)
Total finance expenses	253,280	207,372

Notes to the Consolidated Financial Statements

NOTE 26 - SHARE-BASED PAYMENT

In January 2022, further to the approval of the Company's Compensation Committee and Board of Directors, the Company's General Meeting approved an amendment to the Company's compensation policy. The revised provisions of the compensation policy allow, inter alia, the award - to officers, executives and employees of the Group (hereinafter - "**Employees**") - of a share-based compensation, including options exercisable into the Company's shares. In December 2021, the Company's Board of Directors approved a compensation plan, subject to the approval of the change in the compensation policy by the General Meeting as described above, which was given on January 3, 2022. Further to what is stated above, the Company's Board of Directors approved the publication of an outline for the allotment of securities to Employees. As part of the compensation plan, the Company allotted - without consideration - up to 2,900,000 illiquid and non-transferable options to offerees, which are exercisable into up to 2,900,000 ordinary shares of the Company (subject to adjustments and other provisions of the option plan (hereinafter - the "**Plan**"). At the first stage, the number of options allotted includes a "bank" for future allotments to eligible employees. The options that were allocated according to the Plan were allotted under the capital gains track and deposited with a trustee, who will hold them in trust for the Employees over the period set for that purpose in the Ordinance and in the regulations promulgated thereunder. It is noted that in view of the fact that under the provisions of the Plan the allotment of shares (as part of the exercise) is carried out on a cashless basis, the maximum number of shares that may be allotted (assuming full exercise and maximum price) shall constitute approx. 1.99% of the Company's issued and paid up share capital and voting rights (fully diluted).

In May 2025, the Company's Board of Directors approved an option outline plan for Group's employees, comprising up to 1,122,068 options, which will not be listed on the Tel Aviv Stock Exchange Ltd. (hereinafter - "**Options**" and the "**TASE**"), and which are exercisable into up to 1,122,068 registered Company ordinary shares of NIS 1 p.v. each; the shares are offered or will be offered, without consideration, to employees of the Company and companies under its control; the option outline plan also includes up to 877,932 options, which will not be listed on the TASE, and which are exercisable into up to 877,932 ordinary shares, which were allocated to a trustee by virtue of the previous outline and held by the trustee as of the date of this outline. The Options not allocated to specific offerees will enable future allocations to additional officers and employees.

Following are the data used in measuring the fair value of the options at the grant date, according to the binomial options pricing model, in connection with the above plan and additional data:

	Award date			
	January 30, 2022	**May 29, 2022**	**April 20, 2023**	**August 29, 2023**
Exercise premium per option in NIS	74.3	77.8	72.1	78.3
Expected volatility of share prices	29.97%-33.73%	33.08%-36.51%	34.58%-38.1%	34.95%-38.52%
Risk-free interest rate	0.75%-1.05%	2.13%-2.26%	3.78%-3.86%	3.78%-3.84%
Expected life of the options	4-6 years	4-6 years	4-6 years	4-6 years
Weighted average of the share prices (in NIS)	14.38-14.71	14.94-15.13	15.35-15.44	16.36-16.43
Fair value per option in NIS	14.55	15.05	15.38	16.4
Total value of options allocated in NIS million	31.9	0.6	3.49	0.3
No. of options allocated to CEO	-	-	-	-
No. of options allocated to other employees	1,707,534	27,098	203,521	18,297
Balance of unexercised options as of the report date	479,346	7,360	135,534	12,210
Conversion ratio	1:1	1:1	1:1	1:1

Notes to the Consolidated Financial Statements

NOTE 26 - SHARE BASED PAYMENT (cont.)

Following are the data used in measuring the fair value of the options at the award date, according to the binomial options pricing model, in connection with the above plan: (cont.)

	Award date				
	March 27, 2024	May 28, 2024	August 27, 2024	November 26, 2024	December 25, 2024
Exercise premium per option in NIS	96.85	91.49	99.24	120.1	141.08
Expected volatility of share prices	33.61% - 36.49%	33.9% - 37%	31.42% - 36.66%	30.3%-36.5%	36.75%
Risk-free interest rate	3.93% - 4.03%	4.41% - 4.56%	4.36% - 4.51%	4.33% - 4.38%	4.21%
Expected life of the options	4-6 years	4-6 years	4-6 years	4-6 years	5 years
Weighted average of the share prices (in NIS)	26.52 - 27.22	23.68 - 24.47	26.74 - 27.45	39.48-40.85	39.2
Fair value per option in NIS	26.98	24.16	27.14	40.35	39.2
Total value of options allocated in NIS million	0.63	0.48	0.21	0.18	0.55
No. of options allocated to CEO	-	-	-	-	-
No. of options allocated to other employees	15,909	19,868	7,961	4,558	14,031
Balance of unexercised options as of the report date	15,909	19,868	7,961	4,558	14,031
Conversion ratio	1:1	1:1	1:1	1:1	1:1

Notes to the Consolidated Financial Statements

NOTE 26 - SHARE BASED PAYMENT (cont.)

	Award date	
	May 27, 2025	August 27, 2025
Exercise premium per option in NIS	191.16	321.4
Expected volatility of share prices	30.34% - 35.49%	31.5% - 31.63%
Risk-free interest rate	4.26% - 4.34%	3.93% - 3.95%
Expected life of the options	4-6 years	4-5 years
Weighted average of the share prices (in NIS)	50.75 - 52.37	45.34 - 48.15
Fair value per option in NIS	51.51	46.74
Total value of options allocated in NIS million	0.3	36.6
No. of options allocated to CEO	-	-
No. of options allocated to other employees	5,242	784,804
Balance of unexercised options as of the report date	5,242	784,804
Conversion ratio	1:1	1:1

The following are the movements in the options:

	2025		2024	
	No. of Options	Weighted average of exercise price	No. of Options	Weighted average of exercise price
Share options as of beginning of year	1,383,737		2,210,410	
Share options granted during the year	773,214		69,776	
Share options forfeited during the year	(85,955)		(225,702)	
Share options exercised during the year	(643,365)	171.86	(670,747)	105.74
	1,427,631		1,383,737	

For the above, the Company recognized in its consolidated financial statements for the reporting period, an expense totaling NIS 9,162 thousand (in 2024 - NIS 4,069 thousand).

Notes to the Consolidated Financial Statements

NOTE 27 - EARNINGS PER SHARE

The calculation of basic earnings per share for 2025 was based on the earnings attributed to ordinary shareholders in the amount of NIS 2,350,981 thousand (in 2024 - earnings in the amount of NIS 1,684,007 thousand), divided by the weighted average number of outstanding ordinary shares amounting to 62,341 thousand shares (in 2024 - 61,983 thousand shares).

The calculation of diluted earnings per share for 2025 was based on the earnings attributable to the ordinary shareholders of NIS 2,350,981 thousand divided by the weighted average number of outstanding ordinary shares totaling 63,043 thousand shares, as follows:

The calculation of diluted earnings per share did not include approx. 785 thousand potential shares in 2025 and approx. 42 thousand shares in 2024.

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS

a) Fair value

The different fair value levels were defined as follows:

- Level 1 - fair value measured using quoted prices (unadjusted) in an active market for identical instruments.
- Level 2 - fair value measured using observable inputs, either directly or indirectly, that are not included in Level 1 above.
- Level 3 - fair value measured using inputs that are not based on observable market inputs.

The methods and assumptions used to determine fair value

Valuation techniques

The fair value of investments traded actively in regulated financial markets is determined based on market prices as of the reporting date. With respect to investments for which there is no active market. Fair value is determined using valuation techniques. Such techniques include using transactions which were recently made at fair market value, reference to the current market value of another instrument which is substantially the same, discounted cash flows, or other valuation methods.

Illiquid debt assets (excluding designated bonds)

The fair value of illiquid debt assets, which are measured at fair value through profit and loss, and the fair value of illiquid financial debt assets, for which fair value information is provided solely for disclosure purposes, is determined by discounting the estimated future cash flows from those assets. The discount rates are based primarily on yields on government bonds and spreads of corporate bonds as measured on the Tel Aviv Stock Exchange. The quoted prices and interest rates used for discounting purposes are determined by a company which won the tender, published by the Ministry of Finance, for the setting up and operating a database of quoted prices and interest rates for institutional entities. During the reporting period, a notice from the Capital Market Authority regarding the results of a new tender for selecting a supplier for the revaluation of illiquid debt assets for the institutional entities. In accordance with the notice, Ness Fair Value Ltd. was selected by the Capital Market, Insurance and Savings Authority as the new revaluation supplier (hereinafter - the "**New Supplier**"), following a comprehensive tender conducted in accordance with the provisions of the law. The Company is in the advanced stages of preparing for working with the new supplier; preparations are expected to be completed in the coming months. Based on the revaluation model of the New Supplier, including the data to be used in the model, the 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.

Designated bonds

Designated Hetz bonds (hereinafter – "**Hetz Bonds**") are illiquid and non-transferable bonds, which are issued (and repaid) by virtue of a series of agreements signed between the insurance companies and the State of Israel, and allocated at a certain rate of the insurance liabilities for insurance contracts, which include a guaranteed return savings component for the policyholder.
The Company calculates the fair value in accordance with the indirect approach, according to which the fair value calculation is based on the amortized cost of Hetz Bonds plus the excess value arising from the difference between the nominal interest on Hetz Bonds and the risk-free interest rate curve plus the illiquidity premium used in the financial statements. This calculation is similar to the method of calculation used in Solvency II-based economic solvency regime. The estimated cash flows of Hetz Bonds are based on expected cash flows in respect of insurance liabilities and therefore include assumptions regarding non-observable inputs, such as lapse rate, annuity takeup rate, retirement age, etc.

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS (cont.)

A. Fair value (cont.)

Following are the average interest rates for illiquid debt assets included in each rating group:

	As of December 31	
	2025	2024
	In percentage	
For illiquid debt assets - in Israel, by local rating: *)		
AA and above	1.83	1.96
BBB to A	5.04	4.88
Less than BBB	0.93	1.14
Non-rated	8.33	10.82

* The sources for the ratings in Israel are rating agencies Maalot and Midroog. 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+.

Investment in illiquid shares

The fair value of shares for which there is no quoted market price, is determined by the discounted cash flow model. The valuation requires the Company to make certain assumptions regarding non-observable inputs included in the model.

Investment funds

The fair value of investment funds is based on the net asset value (NAV) reported by the funds periodically; when the financial reporting date differs from the balance sheet date, as is the case with most investment funds, adjustments are usually made for subsequent investments and distributions on a quarterly basis.

Financial liabilities

The interest rates used in determining the fair value

	December 31	
	2025	2024
	Percentage	
Bonds	4.27	4.80
Subordinated notes	4.05	4.19

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS (cont.)

A. Fair value (cont.)

(1) Financial instruments held against yield-dependent contracts

(1)(a) Fair value of financial instruments by level

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial assets:				
Illiquid debt assets	-	3,020,140	21,395	3,041,535
Liquid debt assets	9,760,264	35,774	-	9,796,038
Equity instruments	10,819,639	132,328	498,233	11,450,200
Other investments	5,599,115	1,299,738	4,497,985	11,396,838
Total financial assets	26,179,018	4,487,980	5,017,613	35,684,611
Financial liabilities:				
Derivative instruments	16,073	29,611	-	45,684

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial assets:				
Illiquid debt assets	-	3,421,118	29,901	3,451,019
Liquid debt assets	8,512,931	880,035	-	9,392,966
Equity instruments	9,123,897	13,594	505,592	9,643,083
Other investments	4,660,084	1,132,348	4,703,430	10,495,862
Total financial assets	22,296,912	5,447,093	5,238,923	32,982,930
Financial liabilities:				
Derivative instruments	32,230	210,219	-	242,449

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS (cont.)

A. Fair value (cont.)

(1) Financial instruments held against yield-dependent contracts (cont.)

(1)(b) Financial instruments measured at fair value - Level 3

	As of December 31, 2025			
	Financial assets			
	NIS thousand			
	Illiquid debt instruments	Equity instruments	Other investments	Total financial assets
Balance as of January 1, 2025	29,901	505,592	4,703,430	5,238,923
Total losses recognized in profit or loss	(1,752)	(24,200)	(86,172)	(112,124)
Proceeds from interest and dividend	(869)	(8,936)	(282,753)	(292,558)
Purchases	-	53,992	563,387	617,379
Sales	(425)	(28,215)	(399,907)	(428,547)
Discharges	(5,460)	-	-	(5,460)
Balance as of December 31, 2025	21,395	498,233	4,497,985	5,017,613
Total losses) for the period included in profit or loss for assets and liabilities held as of December 31, 2025:				
Investment losses, net from assets held against insurance contracts and yield-dependent investment contracts	(1,753)	(15,743)	(74,226)	(91,722)
(*) Recognized under “investment income (losses), net from assets held against insurance contracts and yield-dependent investment contracts”.				

*) Recognized under investment gains, net from assets held against insurance contracts and yield-dependent investment contracts.

In 2025, there were no material transfers from Level 1 to Level 2, nor were there transfers from or to Level 3.

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS (cont.)

A. Fair value (cont.)

(2) Financial instruments held against yield-dependent contracts (cont.)

(1)(b) Financial instruments measured at fair value - Level 3 (cont.)

	As of December 31, 2024			
	Financial assets			
	NIS thousand			
	Illiquid debt instruments	Equity instruments	Other investments	Total financial assets
Balance as of January 1, 2024	36,228	517,739	4,304,283	4,858,250
Total gains (losses) recognized in profit or loss	834	(38,412)	225,385	187,807
Proceeds from interest and dividend	(1,045)	(12,064)	(224,243)	(237,352)
Purchases	-	38,329	709,274	747,603
Sales	-	-	(311,269)	(311,269)
Discharges	(6,116)	-	-	(6,116)
Balance as of December 31, 2024	29,901	505,592	4,703,430	5,238,923
Total gains (losses) for the period included in profit or loss for assets and liabilities held as of December 31, 2024:				
Investment income (losses), net from assets held against insurance contracts and yield-dependent investment contracts	834	(38,363)	263,496	225,967

*) Recognized under investment gains, net from assets held against insurance contracts and yield-dependent investment contracts.

In 2024, there were no material transfers from Level 1 to Level 2, nor were there transfers from or to Level 3.

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS (cont.)

A. Fair value (cont.)

(2) Other financial instruments not held against yield-dependent contracts

(2)(a) Fair value of financial instruments by level

The following table presents an analysis of the financial instruments measured at fair value:

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	3,039,189	30,470	3,069,659
Designated bonds	-	-	3,144,036	3,144,036
Liquid debt instruments	6,869,532	38,887	-	6,908,419
Equity instruments	968,438	54,548	306,924	1,329,910
Other investments	690,721	267,825	3,394,735	4,353,281
Total financial assets	8,528,691	3,400,449	6,876,165	18,805,305
Financial liabilities:				
Derivative instruments	25,127	7,766	-	32,893
Total financial liabilities	25,127	7,766	-	32,893

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	3,267,101	43,717	3,310,818
Designated bonds	-	-	3,143,931	3,143,931
Liquid debt instruments	4,467,433	56,751	-	4,524,184
Equity instruments	840,489	1,525	317,036	1,159,050
Other investments	396,695	50,474	3,310,395	3,757,564
Total financial assets	5,704,617	3,375,851	6,815,079	15,895,547
Financial liabilities:				
Derivative instruments	11,193	41,075	-	52,268
Total financial liabilities	11,193	41,075	-	52,268

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS (cont.)

A. Fair value (cont.)

(2) Other financial instruments not held against yield-dependent contracts (cont.)

(2)(b) Financial instruments measured at fair value - Level 3

	As of December 31, 2025				
	Financial assets				
	NIS thousand				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Equity instruments	Other investments	Total financial assets
Balance as of January 1, 2025	43,717	3,143,931	317,036	3,310,394	6,815,078
Total gains (losses) recognized in profit or loss (*)	(5,631)	229,600	(6,253)	93,077	310,793
Proceeds from interest and dividend	(2,774)	(130,900)	(4,141)	(189,323)	(327,138)
Purchases	24	96,887	21,688	452,781	571,380
Sales	(139)	-	(21,407)	(272,197)	(293,743)
Discharges	(4,728)	(195,482)	-	-	(200,210)
Balance as of December 31, 2025	30,469	3,144,036	306,923	3,394,732	6,876,160
Total gains (losses) for the period included in profit or loss for assets and liabilities held as of December 31, 2025:					
Investment income (losses), net from assets held against insurance contracts and non-yield-dependent investment contracts, equity and other liabilities	(2,421)	222,687	(7,671)	93,681	306,276

*) Recognized under Investment income (losses), net.

In 2025, there were no material transfers from Level 1 to Level 2, nor were there transfers from or to Level 3.

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS (cont.)

B. Fair value (cont.)

(2) Other financial instruments not held against yield-dependent contracts (cont.)

(2)(b) Financial instruments measured at fair value - Level 3 (cont.)

	As of December 31, 2024				
	Financial assets				
	NIS thousand				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Equity instruments	Other investments	Total financial assets
Balance as of January 1, 2024	42,652	3,172,482	314,183	2,868,956	6,398,273
Total gains (losses) recognized in profit or loss (*)	1,081	143,254	(5,087)	172,427	311,675
Proceeds from interest and dividend	(1,793)	(130,612)	(5,770)	(131,215)	(269,390)
Purchases	4,525	111,997	49,764	602,717	769,003
Sales	-	-	(36,054)	(202,490)	(238,544)
Discharges	(2,748)	(153,190)	-	-	(155,938)
Balance as of December 31, 2024	43,717	3,143,931	317,036	3,310,395	6,815,079
Total gains (losses) for the period included in profit or loss for assets and liabilities held as of December 31, 2024:					
Investment income (losses), net from assets held against insurance contracts and non-yield-dependent investment contracts, equity and other liabilities	934	137,498	(4,876)	169,144	302,700

*) Recognized under Investment income (losses), net.

In 2024, there were no material transfers from Level 1 to Level 2, nor were there transfers from or to Level 3.

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS (cont.)

A. Fair value (cont.)

(2) Other financial instruments not held against yield-dependent contracts (cont.)

(2)(c) Substantial non-observable data used in Level 3 fair value measurements

			As of December 31, 2025		As of December 31, 2024			
Financial instrument	**Valuation techniques**	**Significant non-observable inputs**	**Fair value (in NIS thousand)**	**Range (weighted average)**	**Fair value (in NIS thousand)**	**Range (weighted average)**	**Sensitivity of fair value to change in inputs**	**Interactions between significant non-observable inputs and fair other non-observable inputs**
Designated Hetz bonds	Discounted expected cash flows	Discount rate	3,144,036	1.96% - 2.89%	3,143,931	1.92% - 2.80%	A substantial increase in this data will lead to a substantial decrease in fair value	There were no significant interactions between the non-observable inputs
		Actuarial assumptions		Based on an actuarial model		Based on an actuarial model	A significant change in this data may lead to a substantial change in value	

Notes to the Consolidated Financial Statements

NOTE 28 - FINANCIAL INSTRUMENTS (cont.)

A. Fair value (cont.)

(3) Financial instruments measured at fair value for disclosure purposes only by level

	As of December 31, 2025			
		Fair value		
	Carrying value	Level 2	Level 3	Total
	NIS thousand			
Financial assets:				
Other financial investments measured at amortized cost:				
Illiquid debt instruments:				
Deposits with banks and financial institutions	95,897	100,913	-	100,913
Treasury deposits	4,573,956	5,506,565	-	5,506,565
Illiquid corporate bonds	232,043	242,414	-	242,414
Loans (including investees)	5,666,343	5,637,258	21,656	5,658,914
Total illiquid debt instruments	10,568,239	11,487,150	21,656	11,508,806
Total financial assets	10,568,239	11,487,150	21,656	11,508,806

	As of December 31, 2024			
		Fair value		
	Carrying value	Level 2	Level 3	Total
	NIS thousand			
Financial assets:				
Other financial investments measured at amortized cost:				
Illiquid debt instruments:				
Deposits with banks and financial institutions	181,494	189,786	-	189,786
Treasury deposits	4,538,024	5,431,775	-	5,431,775
Illiquid corporate bonds	253,516	264,177	210	264,387
Loans (including investees)	4,282,991	4,236,981	21,775	4,258,756
Total illiquid debt instruments	9,256,025	10,122,719	21,985	10,144,704
Total financial assets	9,256,025	10,122,719	21,985	10,144,704

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT

General

The Company operates in the following main operating segments: life Insurance and Long-Term Savings, Health, P&C insurance and credit. The Company's activities in the various insurance segments and in the capital market and financial & credit services segment expose it to the following risks:

- Underwriting risks (consisting of insurance risks; cancellation risks; and expenses risks), including concentration risks and catastrophe risk.
- Financial risks:
  - Market risks;
  - Liquidity risks;
  - Credit risks;
- Operational risks;
- Business risks;
- Information security and cybersecurity risk;
- AI risks;
- Macroeconomic risks;
- Sustainability risks (ESG), including climate change risks;
- Legal risks;
- Regulatory and compliance risks;
- Reputational risk;

Underwriting risks

Underwriting risks include a wide range of exposures arising from insurance and pensions decision-making processes. In the Life & Long-Term Savings Segments, the risks arise from uncertainty regarding the payment of future claims based on actuarial assumptions such as mortality and longevity rates, morbidity and disability rates, expenses, policyholders' behavior, cancellations or redemptions. In pension funds, the actuarial risks primarily apply to the planholders, but may have an indirect effect on the management company in terms of management fees. Furthermore, P&C insurance risks are mainly due to uncertainty in pricing, reserve estimation models and exposure to catastrophe events.

Financial risks

Financial risks arise from the Company's exposure to the financial markets, liquidity and credit. Market volatility, changes in interest rates and currency rates, or the insolvency of related parties may affect the value of assets, investment returns, and the Company's ability to meet its obligations.

- Market risks - Market risk is the risk that the reported value, the fair value or future cash flows of financial assets, financial liabilities or insurance liabilities will change as a result of changes in market prices. Market risks include, among other things, risks arising from changes in interest rates, share prices, the Consumer Price Index and foreign exchange rates.

- Liquidity risks – Liquidity risks refer to the possibility of loss as a result of the need to dispose of assets at below-market prices, or from raising resources unexpectedly and within a short time, as well as difficulty in meeting obligations. These risks may result from uncertainty regarding the date of payment of the Group's obligations. For additional information about the liquidity risk, see Section E.2.

- Credit risks – Credit risks refer to the possibility of loss as a result of the non-compliance of a borrower, reinsurer or other party in its obligations towards the Company, as well as due to changes in the credit spreads in the capital market. These risks may affect the value of financial assets and the Company's ability to raise financing sources under reasonable conditions.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

Operational risks

Operational risks result from failures in internal processes, information systems or human errors. Such events can result in financial losses, data breaches or process delays. The Group is materially reliant on complex information systems, which are in the midst of an ongoing process of adapting them to changing regulatory provisions and ensuring compatibility with the products marketed. The malfunctioning of information systems, failure to comply with regulatory requirements or the incompatibility between the computer systems and the terms of the products and processes may expose the Group to operational errors, disruption of information interfaces and non-compliance with the provisions of the law.

Business risks

Business risks relate to possible harm to the Group's profitability as a result of changes in the business environment, including an increase in the intensity of competition in those segments in which it operates. Competition may be intensified by the introduction of new competitors, additional distribution channels or intensified competition among existing players. In addition, the Life Insurance and Provident and Pension Subsegments are exposed to policy cancellations and redemptions, and the Company's ability to preserve the customer portfolio also depends on its ability to offer attractive returns and terms and conditions relative to competitors. Changes in public preferences, including switching to alternative products or decreased demand for insurance, may affect demand for the Company's products and profitability.

Information security and cyber risk

The Group is exposed to cyber and information security risks that may cause financial loss, reputational damage, damage to the privacy of policyholders and planholders, as well as additional risks arising from cyber events or information security failures. These events may include unauthorized use of identity, disruption of activity through network compromise or shutdown of services, damage to information systems, theft of digital assets, code injection or malware distribution, system penetration or disclosure of sensitive information, and leaks of information due to internal or external security failures.

AI risks

AI risks result from the use of automated decision-making models, which may include biases, failures or improper use of data. In addition, AI technologies may create additional risks such as compromising privacy, creating deep fake content and increasing cyber risk exposure. Implementation of AI-based systems in the Company's processes could expose it to these risks.

Macroeconomic risks

Macroeconomic risks relate to broad economic effects such as a slowdown in growth, inflation, geopolitical tensions and the state of the local economy. Furthermore, a decrease in the level of employment and the existence of a recession may affect the Company's activity through a decrease in long-term savings deposits, withdrawal of pension savings and advanced education funds, an increase in bad debts and a reduction in insurance coverage. These changes may also lead to an increase in the number of insurance cases and claims, as well as increased competition in the operating segments.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

Sustainability risks (ESG), including climate change risks

Sustainability risks, including climate change risks, are becoming more significant both in the fields of investment and insurance. These risks may affect the Company's investment portfolios and insurance liabilities. Climate risks include physical risks arising from the intensification of extreme weather events (such as floods, fires) and from gradual changes in climate phenomena (such as sea level rise), as well as transitional risks arising from adaptation to low-carbon business models, regulatory changes and carbon taxation. Furthermore, there are broad environmental risks that may affect the Company's operations directly (damage to assets) or indirectly (impact on borrowers, reinsurers or reputation). These risks are characterized by insufficient quantitative information and a high variability potential, demonstrating the importance of continuous adjustment and follow-up.

Legal risks

Legal risks result from exposure to claims, contractual disputes or legislative changes, which may result in legal expenses or reputational damage. Furthermore, the Group is exposed to judicial decisions that may constitute a binding precedent in the field of insurance, change the scope of its liabilities and lead to costs that were not anticipated when entering into policies or in previous assessments. There is also exposure to lawsuits that have the potential to become class actions involving large amounts. In addition, the legal risk includes concern of non-compliance with statutory provisions, regulatory requirements or case law, as well as risks arising from ongoing legal proceedings or breach of contractual obligations. This risk may increase due to flawed legal advice or failure to update agreements pursuant to regulatory changes.

Regulatory and compliance risks

Regulatory and compliance risks stem from the Group's exposure to many legal provisions and to the supervision of various regulatory bodies. The Company's activity is contingent on holding licenses and permits and complying with regulatory capital requirements. Frequent regulatory changes, including circulars and directives issued by the Commissioner, may affect operating costs, activity content and product marketing viability. Failure to comply with regulatory requirements may result in sanctions such as fines, restitution orders and even revocation of licenses. Furthermore, there is exposure to regulatory decisions pertaining to policyholder complaints, which may constitute an extensive precedent.

Reputational risk

Reputational risk refers to possible harm to the Group's reputation and public image, which may affect its ability to retain existing customers, recruit new customers and communicate with business partners. Reputational damage may result from negative publicity, or public criticism of the Company's practices, including claim handling. This risk is present in all operating segments, in products and processes, and may be the outcome of the materialization of other risks, such as the downgrade of a credit rating or operational events. Reputational damage may lead to a decrease in revenues, high legal costs and even affect the Group's financial profitability and strength.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods

The Company's management is engaged in an ongoing effort to ensure a controlled exposure to risks while complying with regulatory requirements and maintaining financial strength and adherence to business goals. Risk management is perceived as a strategic process directed by the Board of Directors and the Company's management, aimed at identifying and mapping events that might affect the Company's financial strength, assessing the exposures using quantitative and qualitative tools, and implementing strategies and controls that will ensure that the risks are managed in accordance with predetermined policy and within the limits set.
The risk management policy is based on Enterprise Risk Management (ERM) principles, which are implemented in all operating segments. Policy principles include:

- Defining a clear risk management policy in all material risk categories – insurance, financial and operational.
- Determining risk limits and exposure ceilings for each type of risk, in accordance with the risk appetite approved by the Board of Directors.
- A capital management plan, which includes setting a target capital and a buffer beyond the regulatory capital requirements, for the purpose of maintaining financial stability.
- Distribution of responsibilities is defined among the risk takers, the control and supervision functions, such that each party is responsible for identifying, monitoring and reporting risks in its specific field.
- Having an adequate internal control environment, which includes structured procedures and processes for identifying, measuring, assessing, monitoring and periodically reporting the risk profile.
- Ongoing reporting to the Board of Directors and dedicated committees, including risk surveys, exposure analyses, scenarios and sensitivity analyses, as well as recommendations for improving controls.

The risk management framework in the Group is based on the Three Lines of Defense model:

1) The business parties in the insurance and investment activity which assume the risks are charged with identifying, assessing, monitoring, and reporting the risks inherent in their activity and of the systems they use, including defining controls in internal processes and procedures. The control activity is carried out, among other things, through internal control departments and functions in each department. In addition, the business parties are supported by support units, which include: actuarial sciences, reinsurance, finance, IT systems and risk management.

2) Risk management function - this function is in charge of the formulation of a risk management framework, development of tools and methods for assessing the risks relating to existing and potential exposures, and in particular assessing the overall risk to which the Company is exposed. The risk management function is a unit which is independent of the business parties that take the risk. The function collaborates with the other functions of actuarial sciences, finance (including SOX compliance processes) and compliance, which are part of this line of defense. Furthermore, a separate risk assessment is conducted for material transactions and new products launched by the Company, which is relevant to the risks associated with those products/transactions.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

3) The internal audit department that conducts independent audits with regard to internal processes, and monitors the rectification of deficiencies identified.

The risk management function is fully in charge of the implementation of the risk management process, and it operates in collaboration with supporting units such as the actuarial, investment, reinsurance and accounting units. The unit is responsible for implementing the policy, implementing risk assessment methodologies and controlling the Group's risk management processes, while cooperating with the business entities and supporting functions.

The Board of Directors oversees the risk management processes through dedicated risk management committees, which approve the policy, work procedures and risk appetite. Professional forums are held on a periodic basis, headed by the management, which discuss exposure analysis, profitability at the operating segment level, risk aspects of the various operating segments and the overall risk level. Furthermore, at least once a year, an Own Risk and Solvency Assessment (ORSA) is performed, which includes an examination of capital adequacy against its overall risk profile, using internal scenarios and Solvency-II based models. The assessment results are reported to the management and the Board of Directors and serve as a basis for determining the risk appetite and strategic decision making.

1. Insurance risk management

The management of the insurance risks in the Group is carried out in accordance with the policy approved by the Board of Directors, and implemented by the business managers in cooperation with the Actuarial Division, the risk management function and the Reinsurance Department. The management process includes identification, quantification, control and risk reporting, using a variety of tools to mitigate exposure, such as underwriting guidelines, authorization hierarchies, insurance contract dispersion, and risk cession to reinsurers in accordance with the retention policy. In addition, there is a dedicated reinsurance policy, among other things, for the management of catastrophe risks, which includes setting maximum exposure limits and acquiring appropriate coverage, in order to limit the maximum estimated loss based on models and extreme scenarios. The Company conducts actuarial research, profitability analyses and sensitivity tests for key risk factors, and the exposure assessments are presented periodically to the management and the Board of Directors.

For life insurance and the long-term health insurance subsegments - risk management focuses on assessing mortality risks, life expectancy, morbidity, cancellations and redemptions, and their impact on insurance reserves and solvency. The Company conducts periodic studies and sensitivity tests, including extreme scenarios such as war events, and implements adjustments according to the findings. The process of developing new products includes a comprehensive examination of the risks involved in the product, their effect on capital and profitability evaluation, and they are approved by the Chief Risk Officer and the Supervisor Actuary. In addition, for P&C insurance and the Short-Term Health Insurance Subsegments - risk management is carried out through a broad distribution of insurance contracts, setting exposure limits (retention) at the policy and event level, and ceding risks to reinsurers in accordance with the approved policy.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

1. Insurance risk management (cont.)

The use of reinsurance is a key component of the Company's risk management policy. It aims to reduce exposure to significant losses, maintain financial stability and meet the regulatory capital requirements. The Company enters into various agreements with reinsurers in accordance with the nature of the risks and the defined risk appetite. Reinsurance allows the Company to spread risks, protect against catastrophe events and ensure a continuous ability to receive new business while adhering to risk limits.

The Company uses two principal types of arrangements: proportional reinsurance, under which a fixed percentage of the risk and the premium is ceded to the reinsurer, and non-proportional reinsurance, under which risk in excess of a specified retention is ceded to the reinsurer. Within proportional reinsurance, Quota Share agreements and Surplus agreements are included, which are designed to diversify risks on a proportional basis. Within non-proportional reinsurance, Excess of Loss agreements and Stop Loss agreements are included, which are designed to protect the Company against exceptional losses arising from a single claim or from aggregate claims exceeding a specified threshold. In addition, the Company uses facultative reinsurance for unique or particularly large policies, as well as dedicated catastrophe reinsurance coverage.

Through prudent use of reinsurance, the Company reduces volatility in its results, enhances its financial stability, and ensures compliance with capital and regulatory requirements. The reinsurance strategy is reviewed and updated continuously in accordance with changes in market conditions, risk appetite, and regulatory requirements.

The Company performs exposure assessments for catastrophe events such as earthquakes, using international models and extreme scenarios, and purchases appropriate reinsurance coverage to limit the estimated maximum loss. In addition, ongoing monitoring is conducted of claims trends, their severity and prevalence, and their effect on product profitability and insurance reserves. The development process for new products includes risk assessment, pricing alignment, and the implementation of underwriting controls, and they are approved by the authorized parties.

Following are the guiding principles in insurance risk management:

Exposure limits (retention): In each subsegment, a maximum exposure limit (retention) is set at the portfolio, policy and event level. The limit reflects the exposure to the insurance risk that the Company is willing to undertake. The risk above that level are transferred to foreign reinsurers, in accordance with the reinsurance policy of the Company. The Company has also purchased protection against the accumulation of multiple losses arising from a single event, in both P&C insurance and life and health insurance.

Setting a tariff: The insurance tariff is set such that it will address all the future insurance liabilities that will arise from the materialization of the insurance risks inherent in each policy, including expenses and desired profit rates. The duration and type of the insurance coverage sets the type of future liabilities (”short tail” versus “long tail”).

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

1. Insurance risk management (cont.)

The process of launching new products and entering into a significant transaction: The procedure includes the identification and comprehensive assessment of the risks associated with the product or the transaction, setting the ways to manage and control those risks, and the wording of a policy that accurately reflects the risks that the Company is willing to undertake in its dealings with policyholders. When there is a concern that underwriting results have deteriorated other than due to random fluctuations, in-depth checks are conducted, among other things, to assess the inherent risk, and where necessary, the reserves assessments are adjusted. Similar checks are carried out upon renewal of transactions.

Underwriting: The system of underwriting rules includes restrictions, with dual purpose: a) creating a hierarchy in the risk taking decision making process (from the level of the agent, through the head of the region, all the way up to the head of the department); b) restricting the exposure to insurance risks. The enforcement of the underwriting rules is automated (for example, an automated underwriter in life and health insurance or capping the coverage level in property and casualty insurance), or manual - by a professional.

Catastrophe: The Company implements a policy whereby the exposure to catastrophes is limited by setting maximum coverage amounts in certain contracts, and by purchasing appropriate reinsurance coverage as far as possible. The purpose of the underwriting and reinsurance policy is to match the maximum loss derived from exposure to catastrophes to the risk which was priced in the tariff.

Quantification of the risk: The quantification of the risk is carried out, among other things, as part of the calculation of the regulatory capital, which is based on risk-weighted capital calculated according to the standard model of the Solvency II Directive, and through sensitivity tests regarding key risk factors that affect the company's solvency ratio.

Following are the key points of the model in the insurance activity:

For the property and casualty insurance and health insurance (short-term) subsegments - the model is based on exposure (retention), amount of premiums, amount of reserves (calculated based on best assumptions - non-conservative), the loss ratios, standard deviations of classes of products with similar characteristics. In addition, the model assumes the effect of a stress event (an earthquake or a man-made event) on the Company's capital, which is based on predetermined parameters.

For life insurance and health insurance (long-term) subsegments - the model is based on carrying value changes in the risk factors that affect the fair value of the insurance liabilities (on a best estimate basis). For example, an extreme change in the mortality rates which were assumed, or in the cancellation rates which were assumed for the purpose of calculating the insurance liabilities. In addition, the model assumes the effect of a stress event (a catastrophe) on the amount of the liabilities based on predetermined parameters (increase in mortality and morbidity). Finally, the measurement of the overall risk according to he model takes into consideration the fact that not all risks materialize at the same time in all subsegments, and therefore, there are correlations between the different insurance subsegments, which mitigate the overall risk.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

1. Insurance risk management (cont.)

Furthermore, the actuarial sciences function conducts studies and comprehensive periodic checks to assess the Company's exposure to different risks, and specifically in relation to risks such as mortality, morbidity, cancellations, etc., in the Life & Long-Term Savings Segment.

2. Financial risk management (market, liquidity and credit)

Financial risk management in the Group is conducted in accordance with a policy approved by the Board of Directors, and is implemented through the Investment Committees, the credit committee, the investment division, the risk management function, and the control units. The policy includes principles and restrictions designed to maintain a reasonable risk appetite and prevent deviations, while maintaining broad diversification across investment channels, subsegments, issuers, and geographic zones. The management processes include the identification, quantification, control, and reporting of risks, using risk indicators, sensitivity tests, and stress scenarios, alongside ongoing controls to ensure compliance with the established restrictions. Information regarding exposures and metrics is presented periodically to the Investment Committees and the Board of Directors, and serves as a basis for strategic decision-making.

Market risks

Market risk management is based on asset and liability management (ALM) in the nostro portfolios, while limiting exposure to duration gaps and interest rate risks. The Company performs sensitivity tests and stress scenarios for changes in interest rates, foreign exchange rates, price indices, and equity markets, and applies exposure limits to investment channels in accordance with the approved policy. In addition, the strategic and tactical asset allocation in the managed portfolios is reviewed, and comparisons are made to benchmark portfolios for the purpose of risk-adjusted performance analysis. The measurement of market risks includes assessing the effect of extreme events on regulatory capital, in accordance with the requirements of the Solvency II regime. The control processes include daily monitoring of exposure limits, reporting of breaches, and presentation of sensitivity analyses to the Investment Committees.

Separate Investment Committees operate within the Company for the nostro funds and for planholders' funds, whose role, among other things, is to oversee exposure limits and risk management in the Company as approved by the Board of Directors.

The reporting and control unit in the Finance Department (Menora Invest Operation) monitors the exposure limits on a regular basis, alerts any deviations, and reports, as applicable, to the investment committees. The risk management function quantifies exposure to market risks, among other things, using risk indicators and scenarios in a dedicated system, and reports to the Investment Committee and the Company's Board of Directors in accordance with statutory provisions.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

2. Financial risk management (market, liquidity and credit) (cont.)

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. The Company performs sensitivity tests and stress scenarios to assess the potential loss in the event of immediate asset liquidation, and defines exposure limits for risk factors in accordance with the liquidity profile of the portfolios. In addition, a liquidity contingency plan is in place, which includes alternative financing sources and credit arrangements. The control processes include daily monitoring of the liquidity position, periodic reporting to the Investment Committees, and presentation of scenarios to management.

The principles of the liquidity risk management policy are mainly based on maintaining a minimum level of illiquid assets and cash in the asset portfolio

Credit risks

Credit risk management in the investment portfolios is conducted in accordance with a detailed policy approved by the Board of Directors, which includes exposure limits by credit ratings, asset classes, subsegments, borrower groups, and individual borrowers. Each customized Company loan is brought for approval of the relevant organ, according to an internal credit powers procedure, which is based on the risk level (translated into rating) and the transaction amount. The approval powers range from an internal credit committee to a credit subcommittee, the Investment Committee, the audit committee, and up to the Board of Directors.

An internal credit committee and a credit subcommittee operate within the Company, which were appointed and approved as required by law. The roles of those committees include, among other things, discussing and approving, according to an authorization hierarchy, transactions involving illiquid credit, subject to the policy papers and the Commissioner's circulars. At the individual transaction level, the risk assessment is based, among other things, on analyses and ratings, accompanied by an opinion of the Risk Management function (above a defined threshold). Where an external rating is not available, the Company uses, to the extent possible, an internal rating model, which was approved by the board of directors (for information about the approval of the model, see Section E.3(1) below.)

The execution of non-rated transactions or transactions with a rating lower than investment grade is allowed under certain conditions as defined in the Commissioner's Directives and subject to the Company's procedures. In transactions carried out in cooperation with a bank, under certain conditions (according to the Commissioner's directive), it is permitted to rely on the bank's rating model for the purpose of excluding the transaction from the limit on unrated transactions.

The control unit, Menora Invest Operation, performs regular controls to monitor compliance with the different restrictions (under policies, Articles of Association, the Commissioner's restrictions and more), and reports to the investment committee that ensures an appropriate diversification in the portfolio of debt assets, including exposure limits, which are derived from investment regulations and/or the policy.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

2. Financial risk management (market, liquidity and credit) (cont.)

In addition, the Company conducts a process for the early identification of problematic debts, accompanied by a dedicated forum for handling sensitive debts, and has appointed a Head of Troubled Debt in accordance with the Commissioner's requirements. A periodic report about troubled debts is delivered to the different committees.

Beyond the management of credit risk in investments, there is material exposure to the credit risk of reinsurers, arising from their liabilities under reinsurance contracts. The Board of Directors determines, on an annual basis, maximum exposure limits to individual reinsurers and to rating groups, taking into account the types of contracts and the characteristics of the industries (long tail/short tail).

Exposure management includes diversification across multiple reinsurers, setting limits based on global ratings, and ongoing monitoring of their financial position and liabilities. The Risk Management Division performs quarterly controls over exposures, reviews changes in credit ratings, and analyzes indicators of changes in the level of risk, based on information from international sources. In addition, credit control reviews are conducted on analyses performed with respect to specific reinsurers, and the reports are submitted to the Investment Committees and the Board of Directors.

The Company acts to reduce concentration exposure by diversifying among highly rated reinsurers; however, in catastrophe events, increased exposure to a single reinsurer may arise. To this end, stringent exposure limits are established and stress scenarios are conducted to assess the potential loss. The objective of the policy is to ensure compliance with the established restrictions and to mitigate the risk of default by reinsurers, particularly in large-scale events.

For the credit companies in the Group, for which credit risk is the most material risk in their operations, risk management is carried out through underwriting and risk management functions within the various companies, which include, among other things:

- Examination of the borrower's credit quality: an overview of its financial situation, past experience and use of external databases.
- Obtaining collateral: requiring collateral such as personal guarantees, liens on real estate properties, liens on equipment and vehicles, as well as post-dated checks.
- Current Expected Credit Losses Model (ECL): recognition of the credit loss provision based on statistical models that examine past data, current conditions and macroeconomic forecasts.

The credit policy is managed separately in each of the Group's individual member companies engaged in this operating segment. As part of the Group's credit policy, and in order to reduce the risks posed by extending credit, the Company and the Group companies operating in this field manage underwriting and credit risk examination systems that carry out preliminary checks before extending credit to the customers and the collateral provided to the Company, as well as ongoing monitoring of the credit subsequent to extending it.

The Board and management of the Group's companies are involved in determining each company's risk framework and risk appetite, approving its credit policy, and overseeing its implementation.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

2. Financial risk management (market, liquidity and credit) (cont.)

In some of the companies, credit decisions are made by the management and in some of them by credit committees appointed by the Board of Directors, or by the Board of Directors, according to the established authorization hierarchy.

In addition, the various companies have control and credit risk management functions responsible for implementing controls, monitoring anomalies, early identification of warning signs and alerting the relevant management functions to them, as well as monitoring compliance with conditions and collateral throughout the transaction lifespan.

As part of its credit risk management, the Company has a debt classification policy and the provision made for them in accordance with the provisions of IFRS 9, in which the Company distinguishes among three stages for the purpose of classification of debt instruments.

The Company writes off financial assets when, in the Company's opinion, there remains no chance of collecting the debt.

3. Operational risk management, including information security and cybersecurity risk

Operational risk management within the Group is carried out as part of routine organizational activities, under the responsibility of business managers and with the professional support of the Risk Management function, in collaboration with dedicated functions such as compliance and enforcement, SOX, information security, business continuity, and embezzlement and fraud prevention. The policy on operational risk is approved by the Board of Directors and defines principles, areas of responsibility, and work processes, including internal control mechanisms, procedures, and regulatory guidelines.

The Company has a number of control units and dedicated control functions, which report to the business units, and whose goal is, among other things, to mitigate the operational risk. Their activity includes compliance with restrictions and procedures, and implementing controls regarding various issues, such as fraud and embezzlement, controls which were implemented following a SOX audit and/or an internal audit, dealing with customers' queries, and more. In addition, their role is to identify, monitor and report to the operational risks management unit about risks which were identified or may materialize in their unit.

Furthermore, some of the operational risks are managed by other control organs, with professional collaboration with the risk management department:

Information security and cybersecurity

The business activity of the Company relies - to a great extent - on IT systems that support the business processes. The availability of the systems, the reliability of the data, and maintaining the confidentiality of the data are essential for an orderly business activity. As technology advances, the frequency of threats changes and consequently, the level of risk to the Company and its customers increases. The incorporation of new technologies into the Company's business core, its end systems and among its customers increases the risk that cyber attacks will occur.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

3. Operational risk management, including information security and cybersecurity risk (cont.)

As part of its activities, the Company is exposed to a cyber risk, which may arise from 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.

The Company's defense framework for managing cybersecurity and information security risks is structured across three layers: a technological protection layer, a process control layer, and a governance, organization, and methods layer. In addition, the Company maintains a cybersecurity incident monitoring function and response preparedness capabilities.

In addition to operational preparations, the Company purchased an insurance coverage against computer crimes, including cyber incidents.

The Company makes regular preparations for dealing with cyber threats and invests multiple resources in this issue. The Company's monitoring and control mechanisms include management and board of directors committees, which discuss cyber risks and monitor the annual work plan in this area. Furthermore, the Company has a policy for the management of cyber risks, which is validated and approved by the Board of Directors on an annual basis, as well as a wide range of work procedures and instructions derived therefrom.

The Company has an orderly but flexible work plan that is revised from time to time in accordance with the development of the ever-changing threats. The plan is based, among other things, on an analysis of the threats and risks which are relevant to the Company, and includes actions, whose goal is to reduce the probability that those risks and threats will materialize. In order to assess the risk level, the Company conducts - on a regular basis - risk surveys and penetration tests to systems, and also holds drills to assess its preparedness for cyber attacks, both in technological terms and in business terms.

In recent years there has been a significant increase in global cyber threats. There have been multiple attacks - globally and in Israel - against national infrastructures, government entities and a wide range of corporations.

Furthermore, as a result of the Iron Swords War, there has been a substantial increase in the scope and number of cyber attacks against Israel's infrastructure, including financial entities and insurance companies. As part of the Company's overall preparations, significant steps were taken to protect the Company, both in terms of infrastructure, and in terms of cyber threats.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

3. Operational risk management, including information security and cybersecurity risk (cont.)

Embezzlement and fraud prevention, compliance, and SOX

Embezzlement and fraud risk management is carried out in accordance with regulatory circulars and an approved policy, through a designated officer, risk surveys, payment and identification controls (including digital verifications at sensitive payment points), and monitoring of findings and corrective actions. In the area of financial reporting, SOX 302/404 requirements are implemented within the COSO internal control framework, including risk assessment, control design and testing, and gap analysis. The Compliance and Enforcement function operates mechanisms for monitoring, enforcement, and compliance with applicable laws and regulations, including an internal compliance policy, designation of officers, compliance surveys, and training, and ensures alignment with the Risk Management function and Internal Audit to mitigate overall operational risk exposure.

Outsourcing

The Group manages outsourcing risk in accordance with a policy approved by the Board of Directors and subject to regulatory requirements. The policy includes supplier evaluation and approval processes, due diligence, the incorporation of contractual risk management requirements, and ongoing controls over compliance with undertakings. In addition, periodic risk assessments are conducted for critical suppliers, including information security, business continuity, and compliance risks, alongside monitoring and control mechanisms over service quality and adherence to SLAs. In cases of critical services, backup mechanisms and recovery plans are established to ensure operational continuity even in the event of supplier failure.

Business continuity and disaster recovery (BCP/DRP)

A business continuity and emergency preparedness officer has been appointed in the Company, who leads a comprehensive business continuity program approved by the Board of Directors on an annual basis, including strategies, reference scenarios, service level objectives, and an emergency response plan. The program defines critical processes, required resources, and recovery timelines, including backup sites, remote working capabilities, and RTO/RPO targets to support service continuity. Periodic drills are conducted (including cyber scenarios), along with post-incident reviews and lessons learned processes, alongside ongoing reporting to management and supervisory bodies in accordance with requirements. DRP operations are coordinated with technology infrastructure, information security, and business units to ensure a controlled return to normal operations and to minimize the effect on customers and operations.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

A. General description of risk management procedures and methods (cont.)

4. ESG risks, including climate change risks

The Company manages sustainability (ESG) risks, including climate change risks, as part of its overall risk management policy. These risks may affect both the investment portfolios and the Company's insurance liabilities; accordingly, risk management in this area is carried out in a structured, multi-year manner.

The management process includes the integration of ESG considerations into underwriting and investment processes, monitoring of regulatory and technological developments, and the incorporation of responsible investment principles into the investment policy approved by the Investment Committee.

Legal requirements

The Company operates within a binding regulatory framework governed by the Commissioner of the Capital Market, Insurance and Savings, and implements the statutory provisions and regulatory circulars governing its activities. The requirements include, among other things, the establishment of a Risk Management Committee at the Board of Directors level, the appointment of a Chief Risk Officer, and the establishment of a dedicated risk management function, the definition of risk exposure policies, the setting of exposure limits, and the implementation of processes and tools for the identification, measurement, control, and reporting of risks.

Furthermore, specific provisions have been established for the management of particular types of risks:

- Investment and credit management – the Investment Regulations and the Commissioner's circulars require the maintenance of asset diversification, investment limits, minimum liquidity, the establishment of a credit committee, and the determination of a credit extension policy, alongside monitoring and reporting mechanisms.
- Exposure to reinsurers – exposure limits have been established based on credit ratings, along with diversification requirements and concentration limits, and ongoing monitoring of the financial strength of reinsurers.
- Operational risks – requirements for the management of cybersecurity and information security risks, information technology management, embezzlement and fraud prevention, business continuity management (BCP/DRP), compliance risks, money laundering, and outsourcing.
- Control over financial reporting – implementation of SOX requirements to ensure the effectiveness of internal control over financial reporting and proper disclosure.

The Company is also subject to an economic solvency regime (Solvency II), which requires the assessment of capital required to support risks, the performance of stress scenarios, and periodic reporting on capital position and financial strength. In addition, the Company's activities in the Financial Services Subsegments are governed by the Financial Services Law and specific circulars, which require licensing, compliance with capital and liquidity requirements, and the implementation of risk management mechanisms in accordance with the Commissioner's Directives.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

B. Key risks arising from issued insurance contracts

The following table presents the 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 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.

In the following table: VV = key risk; V = non-key risk; No marking = no risk or negligible risk.

		Underwriting risks								Financial risks						
Main portfolio groups	Characteristics of the products creating the risks	Lapse rates (redemptions, settlements, and reductions)	Morbidity rate	Mortality rate	Annuity takeup rate	Medical inflation	Expenses	Unpaid claims	Catastrophe	Interest	Linkage to CPI	Foreign currency	Share prices	Price of other assets	Credit	Risk mitigation means
Life insurance and long-term savings:																
Policies with a non-yield-dependent savings component	Guaranteed annuity factor	V		VV	V		V			VV	V					Acquisition of designated bonds; ALM management and matching of the cash flows of the backing assets to the insurance liabilities.
Policies with a yield-dependent savings component	Guaranteed annuity factor (for yield-dependent savings policies with variable management fees)	VV		VV	V		V			VV	V	V	VV	VV	V	
Immediate annuity policies, and policies which include a savings component and do not include a guaranteed annuity conversion factor on the policy issuance date, in the period subsequent to the annuity takeup date	Guaranteed annuity factor during the annuity period or at early retirement age, whichever is earlier			V						V	V					
Policies without a savings component - life insurance coverage	Death coverage as a lump sum or as a monthly annuity, including mortgage coverage	VV		VV			V		VV	VV	V					Reinsurance contracts with high-rated reinsurers, including catastrophe agreements. High-quality, highly accurate underwriting;

Notes to the Consolidated Financial Statements

Main portfolio groups	Characteristics of the products creating the risks	Underwriting risks								Financial risks						Risk mitigation means
		Lapse rates (redemptions, settlements, and reductions)	Morbidity rate	Mortality rate	Annuity takeup rate	Medical inflation	Expenses	Unpaid claims	Catastrophe	Interest	Linkage to CPI	Foreign currency	Share prices	Price of other assets	Credit	
																operation of a customer retention program.
Policies without a savings component - permanent health insurance coverage	Indemnity or benefit payments as a monthly payment and/or waiver of premium in the event of disability resulting in loss of earning capacity, in whole or in part, due to illness or accident	V	VV				V			V	V					
Health Insurance:																
Individual long-term care	A monthly benefit payable for the benefit period and paid for as long as the policyholder remains in a long-term care condition, but not exceeding the period specified in the policy.		VV	VV			V			VV	V					Reinsurance agreements with highly rated reinsurers and ALM management. The Company has not marketed the product since 2019.
Collective long-term care*	A monthly benefit payable for the benefit period and paid for as long as the policyholder remains in a long-term care condition, but not exceeding the period specified in the policy.		V						V							
Medical expenses and disabilities - individual	Insurance coverages that are substitutes for, supplementary to, or enhancements of the basic Healthcare Services Basket and/or the SHABAN of the HMOs in Israel (including surgeries, transplants,	VV	VV			VV	V			VV	V					Reinsurance agreements with highly rated reinsurers; high-quality, highly accurate underwriting and tariff updates as needed for policies from 2026 onward; operation

Notes to the Consolidated Financial Statements

Main portfolio groups	Characteristics of the products creating the risks	Underwriting risks								Financial risks						Risk mitigation means
		Lapse rates (redemptions, settlements, and reductions)	Morbidity rate	Mortality rate	Annuity takeup rate	Medical inflation	Expenses	Unpaid claims	Catastrophe	Interest	Linkage to CPI	Foreign currency	Share prices	Price of other assets	Credit	
	medications, and additional ambulatory services)															of a customer retention program.
Medical expenses and disabilities - collective, including dental.	Insurance coverages that are substitutes for, supplementary to, or enhancements of the basic Healthcare Services Basket and/or the SHABAN of the HMOs in Israel (including surgeries, transplants, medications, and additional ambulatory services)		VV				V									Limited insurance period pursuant to the agreement. Terms of collective agreements are determined through negotiation and typically include a premium adjustment mechanism during the term of the agreement.
Health – other (critical illness, personal accidents)	Indemnity or compensation in cases where the policyholder's health is adversely affected due to an illness or accident	VV	VV				V			VV	V					Reinsurance agreements with highly rated reinsurers; high-quality, highly accurate underwriting. Activation of customer retention function.
P&C Insurance:																
Compulsory Motor Insurance	Claims which are characterized by a long period between the occurrence of the damage event until the claim payment date (long-tail claims).						V	VV		VV	V					High-quality, highly accurate underwriting. Differential pricing based on relevant variables.
Motor Property	Insurance coverage for loss or damage of insured vehicles and for the policyholders' liability in respect of property damage caused to the third						V	V								Reinsurance agreements with highly rated reinsurers; high-quality, highly accurate underwriting. Arrangements

Notes to the Consolidated Financial Statements

Main portfolio groups	Characteristics of the products creating the risks	Underwriting risks								Financial risks						Risk mitigation means
		Lapse rates (redemptions, settlements, and reductions)	Morbidity rate	Mortality rate	Annuity takeup rate	Medical inflation	Expenses	Unpaid claims	Catastrophe	Interest	Linkage to CPI	Foreign currency	Share prices	Price of other assets	Credit	
	party by the insured vehicles															with suppliers and auto repair shops.
Other (including mainly home, business, and liability insurance)	Various types of liability insurance and property insurance. Liability insurance includes coverage for financial liability toward third parties. Property insurance include coverage for loss or damage caused to the insured property and related damages.						V	VV	VV	V	V					Reinsurance contracts with high-rated reinsurers, including catastrophe agreements. In Liability Subsegments – definition of policy limits.

*) According to the Government and the Commissioner's policy, regulation was put in place regarding the collective long-term care insurance, whereby - as from December 31, 2017 - collective long-term care insurance policies will no longer be marketed and/or extended, other than long-term care insurance policies to members of the health maintenance organizations.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

C. Sensitivity analyses of underwriting risks and market risks:

The table below details 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. Regarding market risks – presentation of the effect on issued insurance contracts and reinsurance contracts that are subject to IFRS 17, financial instruments (in Israel and abroad) in a manner that explains the link between sensitivities to changes in risk exposures arising from insurance contracts and changes arising from financial and other instruments the entity holds.

The sensitivity analysis pertains to insurance contracts, financial instruments, and other assets and liabilities (as applicable) for the relevant risk variable as of each reporting date, and assuming that all other variables remain constant. For example, the change in mortality is taken into account assuming that all other parameters remain constant. The correlation between the variables has a substantial effect on determining the final effects, but, in order to demonstrate the effect stemming from changes in each variable separately, sensitivity to changes must be examined individually for each variable.

The sensitivity analysis, which reflects only direct effects and no secondary effects.

Regarding interest rate risk, direct interest rate risk is the risk that a change in the market interest rate will cause a change in the fair value or cash flow resulting from the asset or liability. This risk relates to assets which are settled in cash. The addition of the word "direct" highlights the fact that the change in interest rates can also affect other types of assets, but not directly, such as the effect of the change in interest rates on stock prices. In light of the above, the Company is exposed to the interest rate risk only in respect of insurance contracts and reinsurance contracts, and in respect of financial instruments. Other assets and liabilities, that have no direct interest rate risk (such as stock investments, fixed assets, and investment properties, costs of obtaining investment management service contracts, intangible assets and goodwill, as well as on-balance-sheet financial asset classes, such as receivables and debit balances) are not included in the sensitivity analysis below.

It should also be noted that in certain cases, the sensitivities are not linear, such that greater or more minor changes relative to the changes described below are not necessarily a straightforward extrapolation of the effect of these changes.

Sensitivity data will vary according to the current economic assumptions as well, mainly due to the effect of changes in the internal yield and the time value of options. When options exist, they are the main driver of asymmetrical sensitivities.

Notes to the Consolidated Financial Statements

NOTE 29 - 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 (b)	Profit (loss) (after tax)		Contractual service margin	
			Gross	Retention	Gross	Retention
Underwriting risks:	In NIS thousand		In NIS thousand			
Life and Health Segments:						
Morbidity rate	33,124,657	5% increase	3,505	10,019	(703,309)	(506,963)
Morbidity rate	33,124,657	Decrease of 5%	(3,409)	(10,013)	711,797	513,187
Mortality rate	33,124,657	5% increase	22,047	13,676	84,640	41,197
Mortality rate	33,124,657	Decrease of 5%	(22,798)	(13,747)	(100,797)	(53,209)
Market risks:						
Interest rate (c)						
Net exposure to higher interest rate	10,043,712	An increase of 0.5 percentage points		(278,805)	82,420	82,420
Net exposure to interest rate reductions	10,043,712	A decrease of 0.5 percentage points		285,151	(97,942)	(97,942)
Share price: (d)						
Net exposure to increase in share price	5,566,576	10% increase		381,860	209,139	209,139
Net exposure to decrease in share price	5,566,576	Decrease of 10%		(380,828)	(196,103)	(196,103)

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 for the contract recognized as insurance finance income or expenses in profit or loss; and does not include the routine amortization of changes in the CSM, due to immateriality considerations.

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.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

C. Sensitivity analyses of underwriting risks and market risks (cont.)

(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 remaining fulfilment cash flows exposed to underwriting risks consisting of the estimates of the present value of the future cash flows plus the risk adjustment for non-financial risk.
For P&C insurance contracts - the remaining fulfilment cash flows exposed to underwriting risks consisting of the estimates of the present value of the future cash flows plus the risk adjustment for non-financial risk. For insurance contracts measured in accordance with the Premium Allocation Approach (PAA), this balance will only include 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.

(b) For the purpose of the rate of change in percentages in the sensitivity analyses: an increase or decrease in the rate presented in the table is calculated as a change relative to the initial value of the relevant risk variable, and is calculated by multiplying that risk variable by plus or minus the rate of change. An increase or decrease of percentage points in the table means an increase or decrease in the relevant risk variable's base rate and is calculated by increasing or decreasing that risk variable by the plus or minus the change rate.

(c) The sensitivity analysis with regard to the changes in interest rates applies both to fixed-interest instruments and to variable-interest instruments. With regard to fixed-interest instruments measured at fair value, the exposure pertains to the fair value of the instrument and with regard to variable-interest instruments - the exposure pertains to the cash flow from the financial instrument. For the purpose of calculating the sensitivity analysis, the Company took into account the changes in the interest rate since the beginning including for assets acquired during the year.
The interest rate curves which were used in the sensitivity calculation are based on a risk-free interest rate curve as of the report date. This curve is based on returns to maturity of liquid government bonds, which are published by Fair Spread, that won the price quotation tender. The interest rate curves are identical to those published by the abovementioned company, until the last liquid point (LLP) in the 25th year. Beyond that point, the interest rate curves are extrapolated according to the Smith Wilson method, until the ultimate forward rate (UFR), which was set at 60 years. From that point onwards, the future interest rate is fixed.
It should be noted that the Company also has a sensitivity to interest, which is not included in the above table, due to the discounting of the National Insurance allowances that will be paid of those injured in workplace accidents and due to dedicated committees that discussed this matter. In addition, the sensitivity analysis does not include the effect on employee benefits; for details, see Note 19, "Assets and Liabilities for Employee Benefits," and it has not been applied to investment contracts due to their negligible effect.

(d) The scenario addresses investments in instruments with no fixed cash flows, or alternatively, where the Company has no information about this cash flow, and in accordance with the definitions in IFRS 7 - do not include investments in associates. In addition, ETNs tracking bond indices and bond funds were included. The scenarios were not applied to investment contracts due to their negligible effect.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

D. Underwriting risks

Insurance risk – the risk transferred from the policyholder to the Group, excluding financial risk. Insurance risk arises from the uncertainty inherent in the insurance contract regarding the occurrence, amount, or timing of claims.

In the **Life & Long-Term Savings Segment**, insurance risk includes, among other things, the following risks:

- Mortality risk – the risk of loss arising from actual mortality rates of policyholders differing from expected.
- Morbidity risk – the risk of loss arising from the health experience of policyholders differing from expected.
- Longevity risk – the risk of loss arising from a planholder living longer than expected.

Lapse risk – the risk that the policyholder will terminate the contract earlier or later than expected by the issuer at the time of pricing the contract.

Expense risk – the risk of unexpected increases in administrative expenses attributable to servicing the contract, and not to costs attributable to insured events.

Property and Casualty Insurance Segment

- Underwriting risks - The risk of using incorrect prices due to deficiencies in the underwriting process and the gap between the risk assessed when pricing and setting the premium, and the actual materialization, such that the premiums collected are insufficient to cover future claims and expenses. The discrepancies may be due to accidental changes in business results and changes in average claim costs and/or the prevalence of claims as a result of various factors.
- Reserve risks - The risk of inadequate assessment of insurance liabilities which may result in actuarial reserves being insufficient to cover the liabilities and claims. The actuarial models according to which, among other things, the Company estimates its insurance liabilities, are based on the fact that the pattern of behavior in the past represents that which is to happen in the future. The Company's exposure to under-estimation risk consists of the following risks:

  a) Model risk - the risk of selecting the wrong model for assessing the insurance liabilities.

  b) Parameter risk - the risk of using incorrect parameters, including the risk that the amount to be paid for the extinguishment of the Company's insurance liabilities or the date of the insurance liabilities' extinguishment will be different than expected.

For additional information regarding the insurance risks to which the Company is exposed and the Company's risk management policy in this context, see Section A above regarding the general description of risk management processes and methods.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

D. Underwriting risks

Catastrophe risk:

Exposure to the risk that a single high-impact event (catastrophe), such as a natural disaster, war, natural damage, or an earthquake, will result in an accumulation of losses on a large scale. The material catastrophe event to which the Company is exposed is an earthquake occurring in Israel.

This risk is particularly relevant in property and homeowners subsegments, where naturally occurring damage may affect a large number of policyholders simultaneously, but also in life and health insurance subsegments, where catastrophe events may lead to a sharp increase in mortality or morbidity claims. Due to the high loss potential, catastrophe risk management constitutes a critical component of the Company's risk management policy, and is carried out through exposure limits, geographic diversification, and the purchase of dedicated catastrophe reinsurance coverages.

For P&C insurance, the Company performs an assessment of the Probable Maximum Loss (PML) for catastrophe events. The assessment is carried out using dedicated models and scenario analyses that incorporate exposure data, geographic location, and assumptions regarding event severity. For earthquake risk, the Company performs stress scenarios and presents the maximum loss on a gross and net basis (after reinsurance), in accordance with the Commissioner's Directives.

The amount of the gross maximum exposure to the earthquake risk, which is covered under reinsurance contracts for the property and home insurance subsegments, is approx. NIS 335 billion. The weighted average of the event limit in these contracts is approx. 2%.

The Company acquires protection against the remaining cumulative risk after mitigating the risk through specific reinsurance contracts for a catastrophe event, including the amounts arising from the Company's right to increase the scope of coverage, for approx. NIS 1,064 million, reflecting an MPL equal to approx. 2% of the Company's cumulative retention from all other reinsurance agreements.

For life and health insurance, the Company reinsures the retained exposure through a Cat Cover arrangement for death benefit, total disability, and permanent health insurance coverages. The reinsurance treaty for the reporting year is approx. NIS 635 million (in 2024, approx. NIS 573 million), of which own retention is NIS 30 million (in 2024, approx. NIS 32 million). It is noted that the contract excludes pandemics and war.

Product types:

Regarding the concentrated risk of liabilities for insurance contracts in retention by main product type, see Note 4 – Additional Information Regarding the Company's Activities by Main Portfolio Groups.

For information regarding underwriting risks sensitivity analyses see Section C above regarding sensitivity analyses in respect of underwriting and market risks.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks

E.1 Market risks

Market risk is the risk that the reported value, the fair value or future cash flows of financial assets, financial liabilities or insurance liabilities will change as a result of changes in market prices. Market risks include, among other things, risks arising from changes in interest rates, equity prices, the Consumer Price Index, foreign exchange rates, credit spreads, and real estate and other asset prices.

For additional information regarding the financial risks to which the Company is exposed and the Company's risk management policy in this context, see Section A above regarding the general description of risk management processes and methods.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract, or reinsurance contract will change as a result of changes in market interest rates. Instruments bearing variable interest rates expose the Company to cash flow interest rate risk, whereas instruments bearing fixed interest rates expose the Company to fair value risk.

In most insurance activities, and particularly in life and long-term care insurance liabilities, the duration of the liabilities is significantly longer than the duration of the assets, and therefore there is no full asset-liability matching. This situation exposes the Company to a decline in interest rates, which may reduce future yields upon refinancing of assets against the liabilities.

Conversely, insurance products that include future income cash flows (hereinafter - "**Assets in Respect of Insurance Contracts on a Net Retention Basis**") offset the effect of declines in interest rates on insurance liabilities, and alongside the effects of financial assets, the Company is exposed to increases in interest rates.

The Group's interest rate risk policy requires management of the net exposure to interest rate risk by maintaining an appropriate mix of fixed-rate and floating-rate instruments, as well as managing the maturities of interest-bearing financial assets, in order to support the liabilities arising from insurance contracts.

Share price risk

The Company's exposure to share price risk arises from its investments in equity securities and in collective investment funds that invest in equities. The Group is exposed to changes in the prices of liquid shares, which are characterized with potentially high volatility, both in the nostro portfolio, an in the Portfolios Managed for Others. In view of the scope of the Participating Portfolio's exposure to shares, the volatility in share prices may have a material effect on the amount of variable management fees that will be collected by the Company.

In insurance contracts that include profit-sharing savings, the policyholders bear the equity price risk, except for the Company's share in the performance of the underlying assets (management fees).

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.1 Market risks (cont.)

Risks associated with the Consumer Price Index

The Company is exposed to a real loss due to erosion in the value of shekel-denominated assets in the event that inflation exceeds market-implied expectations, against assets and insurance liabilities linked to the index. 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.

The Company is exposed to a decline in the inflation rate due to an excess of financial and insurance assets over insurance liabilities, as detailed in the table "Breakdown of the Company's financial and insurance assets and liabilities by linkage bases" below. Furthermore, since the collection of variable management fees in the Participating Portfolio depends on the real return achieved, an increase in the inflation rate may have an adverse effect on the Company's revenues from management fees. In addition, an immaterial part of the Company's financial debt is linked to the index, and an increase in the inflation rate will result in higher finance expenses.

Foreign currency risk

The risk that the fair value or future cash flows of an asset, liability, or financial instrument will change as a result of changes in foreign exchange rates. The Company is exposed to changes in foreign exchange rates, primarily in respect of its foreign investment portfolio, which is not fully hedged against exchange rate fluctuations.

The Company mitigates part of the foreign currency risk associated with insurance contracts by holding reinsurance contracts denominated in the same currencies as the liabilities arising from the insurance contracts. as well as through hedging the exposure in respect of the financial assets under its management.

Real estate and other asset price risk

The Company is exposed to the risk of impairment of alternative investments, including direct real estate investments, real estate funds, investment funds, non-marketable equity securities, 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.

Risk management is carried out through periodic valuations, diversification across asset classes and geographic regions, the establishment of exposure limits in accordance with the investment policy, assessment of extreme scenario effects, and ongoing review of market conditions and their effect on asset values.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.1 Market risks (cont.)

Credit spread risk

The Company is exposed to the risk of loss resulting from changes in credit spreads (spread risk) between corporate bonds and risk-free government bonds. These changes reflect both changes in the probability of default (PD) of borrowers and fluctuations arising from market conditions. This exposure arises from the Company's investments in corporate debt denominated in shekels, index-linked, and foreign currency, whereby a widening of credit spreads may affect the value of marketable debt assets, the valuation of certain non-marketable debt assets, as well as the illiquidity premium used in discounting insurance liabilities and assets.

Risk management is carried out through ongoing monitoring of market credit spreads, the establishment of exposure limits in accordance with the investment policy, diversification across issuers and segments, periodic review of credit quality and ratings, and analysis of the effect of stress scenarios.

Basis risk

Basis risk arises from an imperfect correlation between changes in interest rates in different financial markets or between financial instruments with similar repricing characteristics. In addition, there is risk arising from changes in the linkage bases of assets and liabilities, such that a mismatch between them may result in changes in the level of the Consumer Price Index or in interest rates having a different impact on the value of assets compared to liabilities. This exposure arises, among other things, from the Company's investments in interest-bearing assets and from raising financing through financial instruments such as bonds. Discrepancies in linkage bases or in repricing may affect the Company's results and its ability to meet its risk management objectives.

Risk management includes aligning the structure of assets and liabilities to the extent possible, monitoring correlations between linkage bases, performing sensitivity analyses to changes in indices and interest rates, and using financial instruments for hedging as needed.

(1) Interest rate risk

A. Exposure to interest rates

In non-yield-dependent life insurance, the main part of the life insurance portfolio relates to guaranteed return policies, which are largely backed by designated bonds (Hetz) issued by the State of Israel over the entire policy period. Therefore, the Company has overlapping financial coverage in respect of most of its interest and linkage liabilities for the life of the policies. As of 31 December 2025, designated bonds covered approx. 60.6% (December 2024: approx. 56.7%) of total insurance liabilities in non-profit-sharing life insurance.

Some of the liabilities in respect of insurance contracts include liabilities in respect of guaranteed return provident fund tracks, which are mostly backed by Accountant General deposits, which are issued by the Accountant General; therefore, the Company has overlapping financial coverage in respect of most of its interest and linkage liabilities. As of December 31, 2025, the Accountant General deposits covered approx. 88.15% of the total liabilities in these provident fund tracks (in 2024 - approx. 87.7%).

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.1 Market risks (cont.)

(1) Interest rate risk

A. Exposure to interest 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.**

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.1 Market risks (cont.)

(2) CPI risks and foreign currency risks

A. Breakdown of the Company's financial and insurance assets and liabilities by linkage bases

	As of December 31, 2025				
	In NIS - non-linked	In NIS - CPI-linked	In foreign currency or linked thereto	Other non-monetary items	Total
	NIS thousand				
Financial and insurance assets:					
Other cash and cash equivalents	2,181,177	-	472,975	-	2,654,152
Other financial investments measured at fair value	6,589,065	7,964,890	4,251,350	-	18,805,305
Other financial investments measured at amortized cost	5,082,830	5,403,373	82,036	-	10,568,239
Cash and other cash equivalents and financial investments for yield-dependent contracts	-	-	-	38,501,306	38,501,306
Insurance contract assets	-	3,829,739	-	(2,158,548)	1,671,191
Reinsurance contract assets	25,613	2,009,444	429,736	1,156,968	3,621,761
Total financial and insurance assets	13,878,685	19,207,446	5,236,097	37,499,726	75,821,954
Financial and insurance liabilities:					
Loans and credit	5,546,191	1,157,097	-	-	6,703,288
Liabilities for derivative instruments	5,097	-	27,796	45,684	78,577
Liabilities for yield-dependent investment contracts	-	-	-	6,964,698	6,964,698
Liabilities for non-yield-dependent investment contracts	-	5,190,266	-	-	5,190,266
Liabilities for insurance contracts (*)	558,510	10,764,696	423,513	37,995,543	49,742,262
Labilities for reinsurance contracts	-	73,429	-	24,203	97,632
Total financial and insurance liabilities	6,109,798	17,185,488	451,309	45,030,128	68,776,723
Total on-balance sheet exposure, net	7,768,887	2,021,958	4,784,788	(7,530,402)	-
Exposure to underlying assets through derivatives in delta terms	3,023,826	798,215	(3,822,041)	-	-
Total exposure, net, in delta terms	10,792,713	2,820,173	962,747	(7,530,402)	-

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.1 Market risks (cont.)

(2) CPI risks and foreign currency risks (cont.)

A. Breakdown of the Company's financial and insurance assets and liabilities by linkage bases (cont.)

	As of December 31, 2024				
	In NIS - non-linked	In NIS - CPI-linked	In foreign currency or linked thereto	Other non-monetary items	Total
	NIS thousand				
Financial and insurance assets:					
Other cash and cash equivalents	1,079,032	-	377,937	-	1,456,969
Other financial investments measured at fair value	4,885,775	7,096,476	3,913,296	-	15,895,547
Other financial investments measured at amortized cost	2,912,851	6,274,417	68,757	-	9,256,025
Cash and other cash equivalents and financial investments for yield-dependent contracts	-	-	-	35,627,579	35,627,579
Insurance contract assets	-	3,840,786	-	(2,567,819)	1,272,967
Reinsurance contract assets	23,688	2,216,391	188,488	944,646	3,373,213
Total financial and insurance assets	8,901,346	19,428,070	4,548,478	34,004,406	66,882,300
Financial and insurance liabilities:					
Loans and credit	3,603,593	898,959	-	-	4,502,552
Liabilities for derivative instruments	2,619	-	49,649	242,449	294,717
Liabilities for yield-dependent investment contracts	-	-	-	5,602,407	5,602,407
Liabilities for non-yield-dependent investment contracts	-	5,176,010	-	-	5,176,010
Liabilities for insurance contracts (*)	571,334	11,320,169	179,294	35,272,013	47,342,810
Labilities for reinsurance contracts	-	62,079	-	36,988	99,067
Total financial and insurance liabilities	4,177,546	17,457,217	228,943	41,153,857	63,017,563
Total on-balance sheet exposure, net	4,723,800	1,970,853	4,319,535	(7,149,451)	-
Exposure to underlying assets through derivatives in delta terms	2,415,159	1,177,831	(3,592,990)	-	-
Total exposure, net, in delta terms	7,138,959	3,148,684	726,545	(7,149,451)	-

*) For the purpose of this disclosure, the remaining fulfillment cash flows of insurance contracts, comprising the estimates of the present value of future cash flows together with the risk adjustment for non-financial risk (RA), is defined as monetary items, while the contractual service margin (CSM) component is defined as a non-monetary item.

Liabilities and assets in respect of yield-dependent insurance contracts and yield-dependent investment contracts were classified under the column “Other non-monetary items,” while excess assets for participating insurance contracts were classified under the column “Non-linked NIS.”

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.1 Market risks (cont.)

(2) Share price risk

A. Breakdown of exposure to economic sectors for investments in equity instruments (excluding investments held against yield-dependent contracts)

	As of December 31, 2025						
	In Israel			Overseas			
	Traded on the TA 125 Index	Included in the Yeter - Rest of Shares In dex	Illiquid	Traded on stock exchanges around the world	Illiquid	Total	% of total
	NIS thousand						
Economic sector							
Manufacturing	47,375	40,023	8,945	27,751	120,343	244,437	18.38
Real estate and construction	89,732	18,156	16,163	1,431	42,416	167,898	12.62
Trade and products	60,025	65,735	51,958	10,553	-	188,271	14.16
Investments and holdings	4,362	5,549	1,873	-	-	11,784	0.89
Technology	165,370	37,450	34,812	89,858	18,963	346,453	26.05
Banks	201,109	-	-	16,323	1,971	219,403	16.50
Insurance	56,311	-	9,480	-	-	65,791	4.95
Biomed	59,467	-	-	11,889	-	71,356	5.37
Oil and gas exploration	14,517	-	-	-	-	14,517	1.08
Total	698,268	166,913	123,231	157,805	183,693	1,329,910	100.00

(3) Share price risk

	As of December 31, 2024						
	In Israel			Overseas			
	Traded on the TA 125 Index	Included in the Yeter - Rest of Shares In dex	Illiquid	Traded on stock exchanges around the world	Illiquid	Total	% of total
	NIS thousand						
Economic sector							
Manufacturing	46,787	9,150	7,201	18,433	108,937	190,508	16.44
Real estate and construction	116,237	11,430	15,095	1,153	39,801	183,716	15.85
Trade and products	54,489	40,891	62,772	1,186	-	159,338	13.75
Investments and holdings	11,296	-	-	-	-	11,296	0.97
Technology	163,910	1,744	44,944	48,118	30,216	288,932	24.93
Banks	209,320	-	-	10,374	2,070	221,764	19.13
Insurance	29,936	-	6,000	-	-	35,936	3.10
Biomed	40,146	-	-	3,303	-	43,449	3.75
Oil and gas exploration	24,111	-	-	-	-	24,111	2.08
Total	696,232	63,215	136,012	82,567	181,024	1,159,050	100.00

B. For further information regarding share price risk sensitivity analyses see Section C above regarding sensitivity analyses in respect of underwriting and market risks.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.1 Market risks (cont.)

(3) 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:

- Regarding policies issued until 2004 - fixed management fees and variable management fees at a rate of 15% of the real return after deduction of the fixed management fees.
- In policies issued in 2004 and thereafter - fixed management fees.

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.

E.2 Liquidity risks

Liquidity risk is the risk that the Group will encounter difficulty in meeting its liabilities related to its insurance and reinsurance contracts and its financial liabilities, which are settled by cash payment or by the delivery of another financial asset. In catastrophe events, there is also a liquidity risk arising from timing differences between the gross cash outflows and the expected reinsurance proceeds. Although the relatively less liquid nature of insurance contracts allows the Group to invest in less liquid assets with higher yields, liquidity risk arises from holding funds composed of illiquid assets and from discrepancies in the liquidity profile of assets and liabilities.

Asset and Liability Management (ALM)

The Company manages its assets and liabilities in accordance with the requirements of the Supervision Law and the regulations promulgated thereunder.

The following tables summarize the estimated repayment dates of the Company's undiscounted insurance and financial liabilities and assets. Since these amounts are not capitalized, there is no adjustment between them and the balance as per the statement of financial position.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.2 Liquidity risks (cont.)

Asset and Liability Management (ALM) (cont.)

The Company did not include in the analysis of the repayment dates below liabilities/assets for remaining coverage in respect of insurance contracts and reinsurance contracts measured using the premium allocation approach (PAA).

The repayment dates were determined 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.
- 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 Company may be required to pay the liability.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.2 Liquidity risk (cont.)

A. Insurance contracts

A.1. Maturity analysis of (undiscounted) amounts for insurance contracts

	Estimates of 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										
Total labilities for insurance contracts	35,657,408	3,310,988	4,323,376	2,587,143	2,355,660	2,125,612	8,837,065	7,223,331	14,275,983	45,039,157
Insurance contract assets	1,515,650	(281,326)	112,368	108,100	102,430	121,354	589,214	494,973	1,366,108	2,613,221
Liabilities, net for insurance contracts	34,141,759	3,592,314	4,211,008	2,479,043	2,253,230	2,004,258	8,247,851	6,728,357	12,909,874	42,425,935
Reinsurance contract assets	106,413	41,721	15,762	20,485	12,474	6,042	29,197	22,478	17,409	165,568
Labilities for reinsurance contracts	70,765	(11,268)	13,891	12,329	11,078	10,094	41,724	30,454	51,201	159,502
Assets, net for reinsurance contracts	35,648	52,989	1,871	8,156	1,396	(4,051)	(12,527)	(7,976)	(33,791)	6,066
As of December 31, 2024										
Total labilities for insurance contracts	33,878,204	3,573,623	3,957,643	2,420,931	2,260,173	2,041,524	8,083,151	6,797,913	14,592,095	43,727,052
Insurance contract assets	1,498,839	(245,013)	88,216	81,545	89,785	113,172	523,778	410,577	1,077,999	2,140,060
Liabilities, net for insurance contracts	32,379,365	3,818,635	3,869,427	2,339,386	2,170,387	1,928,352	7,559,374	6,387,335	13,514,096	41,586,992
Reinsurance contract assets	120,393	47,019	12,425	14,611	11,255	7,460	34,076	27,537	25,396	179,779
Labilities for reinsurance contracts	85,866	(14,532)	14,824	12,898	11,547	10,366	43,107	30,287	51,701	160,198
Assets, net for reinsurance contracts	34,526	61,551	(2,399)	1,713	(292)	(2,906)	(9,031)	(2,750)	(26,305)	19,581

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.2 Liquidity risk (cont.)

A. Insurance contracts (cont.)

A.1. Maturity analysis of (undiscounted) amounts for insurance contracts (cont.)

	Estimates of 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)								
Health Insurance Segment:										
As of December 31, 2025										
Total labilities for insurance contracts	344,308	294,575	(94,589)	(105,283)	(113,695)	(83,122)	(177,331)	(7,798)	1,110,335	823,093
Insurance contract assets	2,306,763	(32,045)	151,914	147,531	139,442	133,192	633,735	635,968	1,909,874	3,719,611
Liabilities, net for insurance contracts	(1,962,455)	326,621	(246,503)	(252,814)	(253,137)	(216,313)	(811,066)	(643,767)	(799,539)	(2,896,519)
Reinsurance contract assets	1,184,847	114,885	68,362	55,891	39,909	36,589	195,467	221,380	1,077,922	1,810,404
Labilities for reinsurance contracts	-	-	-	-	-	-	-	-	-	-
Assets, net for reinsurance contracts	1,184,847	114,885	68,362	55,891	39,909	36,589	195,467	221,380	1,077,922	1,810,404
As of December 31, 2024										
Total labilities for insurance contracts	966,007	454,325	(50,142)	(52,956)	(65,102)	(58,494)	(79,795)	129,866	2,065,123	2,342,827
Insurance contract assets	2,250,877	(38,269)	125,867	124,481	121,603	118,401	553,550	520,531	1,769,303	3,295,465
Liabilities, net for insurance contracts	(1,284,870)	492,595	(176,008)	(177,437)	(186,705)	(176,894)	(633,344)	(390,664)	295,820	(952,639)
Reinsurance contract assets	1,382,905	218,156	82,516	73,037	52,569	43,961	217,258	237,052	1,164,349	2,088,897
Labilities for reinsurance contracts	-	-	-	-	-	-	-	-	-	-
Assets, net for reinsurance contracts	1,382,905	218,156	82,516	73,037	52,569	43,961	217,258	237,052	1,164,349	2,088,897

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.2 Liquidity risk (cont.)

A. Insurance contracts (cont.)

A.1. Maturity analysis of (undiscounted) amounts for insurance contracts (cont.)

	Estimates of 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	NIS thousand (in undiscounted amounts)						
P&C Segment:								
As of December 31, 2025								
Liabilities, net for insurance contracts	5,872,097	2,071,731	1,214,847	873,764	651,389	479,370	888,687	6,179,788
Assets, net for reinsurance contracts	1,938,786	702,553	384,259	276,761	203,217	148,971	330,287	2,046,047
As of December 31, 2024								
Liabilities, net for insurance contracts	5,436,248	1,817,231	1,136,576	842,492	611,674	446,832	888,676	5,743,481
Assets, net for reinsurance contracts	1,727,184	555,846	360,019	267,400	191,483	142,592	316,459	1,833,799

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.2 Liquidity risk (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			
Policies with a non-yield-dependent savings component	6,389	2,993	6,949	3,324
Policies with a yield-dependent savings component	30,503	25,018	28,050	23,466
	36,892	28,011	34,999	26,790

(*) 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).

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.2 Liquidity risk (cont.)

B. Financial instruments

B.1. Maturity analysis of (undiscounted) amounts for financial liabilities (including interest payments)

	Carrying value	Up to one year (*)	1-5 years	5-10 years	10-15 years	Total
	NIS thousand	NIS thousand (in undiscounted amounts)				
As of December 31, 2025						
Loans and credit, excluding bonds and lease liabilities	2,798,809	3,097,238	573,173	13,268	-	3,683,680
Bonds	2,760,630	472,361	1,288,692	1,712,203	-	3,473,256
Lease liabilities	70,807	30,511	37,450	3,316	-	71,277
Liabilities for derivative instruments (gross cash flows)	266,747	183,675	(14,529)	(43,683)	(1,391)	124,072
Liabilities for yield-dependent investment contracts	6,964,688	6,964,688	-	-	-	6,964,688
Liabilities for non-yield-dependent investment contracts	5,190,276	5,183,816	721	1,220	4,519	5,190,276
Total financial liabilities	18,051,957	15,932,290	1,885,508	1,686,324	3,127	19,507,250
As of December 31, 2024						
Loans and credit, excluding bonds and lease liabilities	1,651,884	1,761,366	569,412	9,083	-	2,339,861
Bonds	1,911,513	113,560	1,084,244	1,065,985	-	2,263,788
Lease liabilities	65,320	30,734	35,804	738	-	67,275
Liabilities for derivative instruments (gross cash flows)	480,554	(2,510)	170,444	(20,858)	(491)	146,584
Liabilities for yield-dependent investment contracts	5,602,407	5,602,407	-	-	-	5,602,407
Liabilities for non-yield-dependent investment contracts	5,176,010	5,169,880	850	693	4,588	5,176,010
Total financial liabilities	14,887,688	12,675,436	1,860,753	1,055,640	4,097	15,595,925

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.2 Liquidity risk (cont.)

B. Financial instruments (cont.)

B.1. Maturity analysis of (undiscounted) amounts for financial liabilities (including interest payments) (cont.)

(*) On-demand amounts of liabilities for financial liabilities

The table below lists the liabilities repayable upon request. These liabilities were classified as repayable within up to one year in the above repayment dates analysis table, which represents the earliest time band presented, although their actual repayment dates may be in later years.

	As of December 31	
	2025	2024
	On-demand amounts	
	NIS thousand	
Loans and credit, excluding bonds and lease liabilities	2,222,539	1,243,237
Liabilities in respect of yield-dependent investment contracts	6,964,688	5,602,407
Liabilities for non-yield-dependent investment contracts	5,190,276	5,176,010
Total	14,377,503	12,021,654

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk

(1) Exposure to credit risk

A. Maximum exposure to credit risk

	As of December 31	
	2025	2024
	NIS thousand	
Insurance contracts (1)	369,998	360,103
Reinsurance contracts (2)	3,595,733	3,323,058
Financial assets (3)	10,568,239	9,256,025
Other (4)	2,174,624	2,368,334

The values in the table above include the following:

(1) Insurance contracts – receivable balances in respect of insurance contracts, as well as balances of guarantees actually issued, such as Sale Law guarantees and others, without offsetting any collateral.

(2) Reinsurance contracts – the balances in the statement of financial position of reinsurance contract assets.

(3) Financial assets – the amounts presented in the table include the carrying amount in the statement of financial position of investments in debt instruments measured at amortized cost in the nostro portfolio.

(4) Other – the amounts presented under “Other” include unused credit facilities and guarantees made available by the nostro portfolio.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by rating:

B.1 Reinsurance

The Company reinsures part of its business - mostly through foreign reinsurers. However, reinsurance does not release the direct insurers from their obligation to their policyholders under the insurance policies.

The Company 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 fulfillment of its financial obligations.

The Company 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, the Company's Board of Directors determines, once a year, maximum exposure limits for reinsurers, which the Company will and/or has contracted, based on their international rating. These exposures are managed by the Company by individually assessing each of the reinsurers.The exposure limits are managed at the reinsurance contract type level. I.e., for each contract type a maximum exposure limit is set per a single reinsurer, and in addition - a maximum exposure is set for rating groups.

In addition, the Company's exposures are diversified among various reinsurers; the main exposures are in respect of reinsurers who have high international ratings.

The Company monitors on an ongoing basis the reinsurer's position in the global market, any changes in its credit rating, as well as the fulfillment of its financial commitments.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk (cont.)

(1) Exposure to credit risk (cont.)

A. Breakdown of assets by ratings: (cont.)

Estimates of the present value of the future cash flows of reinsurance contracts by ratings

		The future cash flows of reinsurance contracts					Amount in arrears	
	Rating	Total premiums paid to reinsurers for 2025	In life insurance	In health insurance	In P&C insurance	Net of: Amount of letters of credit received from reinsurers	Total net exposure (b)	Between six months and one year	Over one year
		NIS thousand							
Rating group: (*) AA and above [Specify the names and rating of reinsurers, as follows]									
Lloyd's	AA-	194,058	-	-	378,728	-	378,728	-	-
Swiss Re	AA-	234,700	(82,253)	380,770	114,408	12,338	400,587	-	-
Other		147,415	(53,003)	375,025	(8,632)	-	313,390	1,875	2,973
Total		576,173	(135,256)	755,795	484,504	12,338	1,092,705	1,875	2,973
A		997,002	(10,506)	129,046	1,737,977	-	1,856,516	4,039	9,813
BBB		29,183	-	-	24,289	-	24,289	54	199
Less than BBB - or non-rated		1,418	-	-	17,049	-	17,049	-	-
Total		1,603,776	(145,762)	884,841	2,263,819	12,338	2,990,559	5,968	12,985

(*) Each rating includes all ranges, for example: A rating includes A- up to A+.

Comments

(a) 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.

(b) 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.

(c) The total exposure of reinsurers to an earthquake event at a maximum potential loss of approx. 2% is NIS 9,136 million as of December 31, 2025 (NIS 9,231 million as of December 31, 2024), of which the share of the most significant reinsurer in this exposure is NIS 626 million (NIS 813 million as of December 31, 2024).

(d) 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.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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

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 value of financial assets represents the maximum exposure to credit risk, regardless of the value of any collateral or other credit enhancement means.

	As of December 31, 2025							
	For yield-dependent contracts		Other					
				Amortized cost (b)				
	Fair value through profit or loss (a)	Of which: Internally rated financial assets	Fair value through profit or loss (a)	Assets for which credit losses are expected for 12 months	Assets for which credit losses are expected over the life of the instrument	Credit-impaired financial assets created or acquired	Total	Of which: Internally rated financial assets
	NIS thousand							
Locally rated group (*)								
Government bonds: (c)								
AA and above	4,289,271	-	7,731,862	4,573,956	-	-	12,305,818	-
Provision for loss	-	-	-	-	-	-	-	-
Amortized cost	-	-	-	4,573,956	-	-	4,573,956	-
Carrying value (fair value or amortized cost)	4,289,271	-	7,731,862	4,573,956	-	-	12,305,818	-
Corporate bonds: (d)								
AA and above	3,946,018	-	1,934,731	173,966	-	-	2,108,697	-
BBB to A	772,094	-	146,075	58,523	-	-	204,598	-
Non-rated	52,952	-	123,250	-	-	3,551	126,801	-
Total corporate bonds	4,771,064	-	2,204,056	232,489	-	3,551	2,440,096	-
Provision for loss	-	-	-	446	-	3,551	3,997	-
Amortized cost	-	-	-	232,043	-	-	232,043	-
Carrying value (fair value or amortized cost)	4,771,064	-	2,204,056	232,043	-	-	2,436,099	-
Other debt instruments: (e)								
AA and above	487,109	46,439	642,330	181,144	-	-	823,474	49,742
BBB to A	1,538,067	387,468	1,380,378	712,191	51,699	-	2,144,268	845,274
Less than BBB	16,739	16,739	7,909	45,224	-	-	53,133	51,682
Non-rated	486,858	-	719,136	4,496,737	159,924	267,429	5,643,226	-
Total other debt instruments	2,528,773	450,646	2,749,753	5,435,296	211,623	267,429	8,664,101	946,698
Provision for loss	-	-	-	51,272	14,923	154,580	220,775	-
Amortized cost	-	-	-	5,384,024	196,700	112,849	5,693,573	-
Carrying value (fair value or amortized cost)	2,528,773	-	2,749,753	5,384,024	196,700	112,849	8,443,326	-
Other financial assets (f)								
AA and above	2,778,414	-	2,558,418	-	-	-	2,558,418	-
Non-rated	73,069	-	156,878	-	-	-	156,878	-
Total other financial assets	2,851,483	-	2,715,296	-	-	-	2,715,296	-
Carrying value (fair value or amortized cost)	2,851,483	-	2,715,296	-	-	-	2,715,296	-
Total carrying value of financial assets in Israel	14,440,591	-	15,400,967	10,190,023	196,700	112,849	25,900,539	-

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk (cont.)

(2) 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 (cont.)

Notes to the Consolidated Financial Statements

	As of December 31, 2024							
	For yield-dependent contracts		Other					
				Amortized cost (b)				
	Fair value through profit or loss (a)	Of which: Internally rated financial assets	Fair value through profit or loss (a)	Assets for which credit losses are expected for 12 months	Assets for which credit losses are expected over the life of the instrument	Credit-impaired financial assets created or acquired	Total	Of which: Internally rated financial assets
	NIS thousand							
Locally rated group (*)								
Government bonds: (c)								
AA and above	4,591,595	-	5,534,925	4,538,024	-	-	10,072,949	-
Provision for loss	-	-	-	-	-	-	-	-
Amortized cost	-	-	-	4,538,024	-	-	4,538,024	-
Carrying value (fair value or amortized cost)	4,591,595	-	5,534,925	4,538,024	-	-	10,072,949	-
Corporate bonds: (d)								
AA and above	3,300,212	-	1,927,079	213,251	-	-	2,140,330	-
BBB to A	865,992	-	263,727	40,323	-	-	304,050	-
Non-rated	25,550	-	81,696	-	-	3,572	85,268	-
Total corporate bonds	4,191,754	-	2,272,502	253,574	-	3,572	2,529,648	-
Provision for loss	-	-	-	65	-	3,566	3,631	-
Amortized cost	-	-	-	253,509	-	6	253,515	-
Carrying value (fair value or amortized cost)	4,191,754	-	2,272,502	253,509	-	6	2,526,017	-
Other debt instruments: (e)								
AA and above	676,725	114,663	712,273	275,581	-	-	987,854	124,873
BBB to A	1,622,154	518,398	1,399,127	704,607	73,428	-	2,177,162	1,051,793
Less than BBB	21,961	-	15,773	68,748	-	-	84,521	66,281
Non-rated	524,061	-	698,118	2,724,286	254,489	495,416	4,172,309	-
Total other debt instruments	2,844,901	633,061	2,825,291	3,773,222	327,917	495,416	7,421,846	1,242,947
Provision for loss	-	-	-	40,712	17,351	142,763	200,826	-
Amortized cost	-	-	-	3,732,510	310,566	352,653	4,395,729	-
Carrying value (fair value or amortized cost)	2,844,901	-	2,825,291	3,732,510	310,566	352,653	7,221,020	-
Other financial assets (f)								
AA and above	1,862,778	-	1,416,262	-	-	-	1,416,262	-
Non-rated	79,638	-	168,484	-	-	-	168,484	-
Total other financial assets	1,942,416	-	1,584,746	-	-	-	1,584,746	-
Carrying value (fair value or amortized cost)	1,942,416	-	1,584,746	-	-	-	1,584,746	-
Total carrying value of financial assets in Israel	13,570,666	-	12,217,464	8,524,043	310,566	352,659	21,404,732	-

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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 (cont.)

(*) Each rating includes all ranges, for example: A rating includes A- up to A+.

(a) Assets measured at fair value through profit or loss.
(b) Assets measured at amortized cost.
(c) Marketable and non-marketable government bonds, including designated bonds and treasury deposits.
(d) Liquid and illiquid corporate bonds.
(e) Deposits with banks and financial institutions, loans, including loans to associates and other illiquid and liquid debt instruments.
(f) Cash and cash equivalents and other financial investments for which the Company has a credit risk.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk (cont.)

(2) 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 collateral

A. Financial assets in Israel held against yield-dependent contracts:

	Local rating *) As of December 31, 2025				
	AA and above	BBB to A	Less than BBB	Non-rated	Total
	NIS thousand				
Other debt assets by collateral:					
Mortgages	-	-	-	139,582	139,582
Policy loans	-	-	-	203,429	203,429
Loans secured by real estate properties	144,599	1,283	-	8,810	154,692
Other collateral	307,792	1,536,784	16,739	135,037	1,996,352
Secured by shares conferring control	17,632	-	-	-	17,632
Total illiquid debt instruments in Israel, for which there is credit risk held against yield-dependent contracts	470,023	1,538,067	16,739	486,858	2,511,687

	Local rating *) As of December 31, 2024				
	AA and above	BBB to A	Less than BBB	Non-rated	Total
	NIS thousand				
Other debt assets by collateral:					
Mortgages	-	-	-	133,451	133,451
Policy loans	-	-	-	202,219	202,219
Loans secured by real estate properties	175,745	1,716	-	7,917	185,378
Other collateral	362,193	1,620,438	21,961	180,473	2,185,065
Secured by shares conferring control	20,434	-	-	-	20,434
Total illiquid debt instruments in Israel, for which there is credit risk held against yield-dependent contracts	558,372	1,622,154	21,961	524,060	2,726,547

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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 collateral (cont.)

B. Financial assets in Israel – other (not for yield-dependent contracts):

	Local rating *) As of December 31, 2025				
	AA and above	BBB to A	Less than BBB	Unrated	Total
	NIS thousand				
Other debt assets by collateral:					
Mortgages	-	-	-	473,832	473,832
Policy loans	-	-	-	340	340
Loans secured by real estate properties	179,399	329,002	43,772	400,251	952,424
Other collateral	450,713	1,748,759	7,909	4,446,986	6,654,367
Secured by shares conferring control	26,507	-	-	-	26,507
Unsecured	-	55,412	-	113,666	169,078
Total illiquid debt instruments in Israel for which there is credit risk - other	656,619	2,133,173	51,681	5,435,075	8,276,548

	Local rating *) As of December 31, 2024				
	AA and above	BBB to A	Less than BBB	Non-rated	Total
	NIS thousand				
Other debt assets by collateral:					
Mortgages	-	-	-	528,063	528,063
Loans against policies	-	-	-	1,931	1,931
Loans secured by real estate properties	188,050	394,842	66,281	358,009	1,007,182
Other collateral	462,451	1,715,424	15,773	3,051,738	5,245,386
Secured by shares conferring control	27,054	-	-	-	27,054
Unsecured	-	55,395	-	45,795	101,190
Total illiquid debt instruments in Israel for which there is credit risk - other	677,555	2,165,661	82,054	3,985,536	6,910,806

(*) Each rating includes all ranges, for example: rating A includes from A- to A+.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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:

	Local rating *) As of December 31, 2025				
	Maximum exposure				
	AA and above	BBB to A	Less than BBB	Non-rated	Total
	NIS thousand				
Unutilized credit facilities	5,346	366,939	2,364	135,270	509,919
Liabilities for investment in investment funds	-	-	-	312,132	312,132
Total credit exposure for off-balance sheet instruments in Israel held against yield-dependent contracts	5,346	366,939	2,364	447,402	822,051

	Local rating *) As of December 31, 2024				
	Maximum exposure				
	AA and above	BBB to A	Less than BBB	Unrated	Total
	NIS thousand				
Unutilized credit facilities	14,017	499,352	35,371	133,978	682,718
Liabilities for investment in investment funds	-	-	-	249,174	249,174
Total credit exposure for off-balance sheet instruments in Israel held against yield-dependent contracts	14,017	499,352	35,371	383,152	931,892

(*) Each rating includes all ranges, for example: rating A includes from A- to A+.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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):

	Local rating *) As of December 31, 2025 Maximum exposure				
	AA and above	BBB to A	Less than BBB	Non-rated	Total
	NIS thousand				
Unutilized credit facilities	4,317	515,925	1,108	279,284	800,634
Liabilities for investment in investment funds	-	-	-	298,479	298,479
Total credit exposure for off-balance sheet instruments in Israel - other	4,317	515,925	1,108	577,763	1,099,113

	Local rating *) As of December 31, 2024 Maximum exposure				
	AA and above	BBB to A	Less than BBB	Unrated	Total
	NIS thousand				
Unutilized credit facilities	10,296	749,158	25,404	103,498	888,356
Liabilities for investment in investment funds	-	-	-	180,333	180,333
Total credit exposure for off-balance sheet instruments in Israel - other	10,296	749,158	25,404	283,831	1,068,689

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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

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 value of financial assets represents the maximum exposure to credit risk, regardless of the value of any collateral or other credit enhancement means.

	As of December 31, 2025							
	For yield-dependent contracts		Other					
				Amortized cost (b)				
	Fair value through profit or loss (a)	Of which: Internally rated financial assets	Fair value through profit or loss (a)	Assets for which credit losses are expected for 12 months	Assets for which credit losses are expected over the life of the instrument	Credit-impaired financial assets created or acquired	Total	Of which: Internally rated financial assets
	NIS thousand							
Globally rated group (*)								
Government bonds: (c)								
A and above	81,466	-	-	-	-	-	-	-
BBB	252,768	-	31,192	-	-	-	31,192	-
Carrying value (fair value or amortized cost)	334,234	-	31,192	-	-	-	31,192	-
Corporate bonds: (d)								
A and above	20,359	-	-	-	-	-	-	-
BBB	236,505	-	85,246	-	-	-	85,246	-
Less than BBB	396,871	-	58,797	-	-	-	58,797	-
Non-rated	73,803	-	114,770	-	-	-	114,770	-
Total corporate bonds	727,538	-	258,813	-	-	-	258,813	-
Carrying value (fair value or amortized cost)	727,538	-	258,813	-	-	-	258,813	-

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk (cont.)

(2) Exposure to credit risk (cont.)

C. 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 (cont.)

	As of December 31, 2025							
	For yield-dependent contracts		Other					
				Amortized cost (b)				
	Fair value through profit or loss (a)	Of which: Internally rated financial assets	Fair value through profit or loss (a)	Assets for which credit losses are expected for 12 months	Assets for which credit losses are expected over the life of the instrument	Credit-impaired financial assets created or acquired	Total	Of which: Internally rated financial assets
	NIS thousand							
Other debt instruments: (e)								
A and above	39,470	6,607	34,607	34,040	4,520	-	73,167	5,172
BBB	33,058	7,587	36,681	-	-	-	36,681	6,188
Non-rated	200,373	-	75,150	-	33,831	-	108,981	-
Total other debt instruments	272,901	14,194	146,438	34,040	38,351	-	218,829	11,360
Provision for loss	-	-	-	-	3,724	-	3,724	-
Amortized cost	-	-	-	34,040	34,627	-	68,667	-
Carrying value (fair value or amortized cost)	272,901	-	146,438	34,040	34,627	-	215,105	-
Other financial assets (f)								
A and above	229,714	-	156,437	-	-	-	156,437	-
Non-rated	506,784	-	433,879	-	-	-	433,879	-
Total other financial assets	736,498	-	590,316	-	-	-	590,316	-
Provision for loss	-	-	-	-	-	-	-	-
Carrying value (fair value or amortized cost)	736,498	-	590,316	-	-	-	590,316	-
Total carrying value of financial assets abroad	2,071,171	-	1,026,759	34,040	34,627	-	1,095,426	-

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk (cont.)

(3) Exposure to credit risk (cont.)

D. 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 (cont.)

	As of December 31, 2024							
	For yield-dependent contracts		Other					
				Amortized cost (b)				
	Fair value through profit or loss (a)	Of which: Internally rated financial assets	Fair value through profit or loss (a)	Assets for which credit losses are expected for 12 months	Assets for which credit losses are expected over the life of the instrument	Credit-impaired financial assets created or acquired	Total	Of which: Internally rated financial assets
	NIS thousand							
Globally rated group (*)								
Government bonds: (c)								
A and above	164,135	-	-	-	-	-	-	-
BBB	25,703	-	-	-	-	-	-	-
Total government bonds	189,838	-	-	-	-	-	-	-
Carrying value (fair value or amortized cost)	189,838	-	-	-	-	-	-	-
Corporate bonds: (d)								
A and above	54,439	-	-	-	-	-	-	-
BBB	366,771	-	93,403	-	-	-	93,403	-
Less than BBB	329,264	-	28,088	-	-	-	28,088	-
Non-rated	11,503	-	14,256	-	-	-	14,256	-
Total corporate bonds	761,977	-	135,747	-	-	-	135,747	-
Carrying value (fair value or amortized cost)	761,977	-	135,747	-	-	-	135,747	-

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk (cont.)

(4) Exposure to credit risk (cont.)

E. 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 (cont.)

	As of December 31, 2024							
	For yield-dependent contracts		Other					
				Amortized cost (b)				
	Fair value through profit or loss (a)	Of which: Internally rated financial assets	Fair value through profit or loss (a)	Assets for which credit losses are expected for 12 months	Assets for which credit losses are expected over the life of the instrument	Credit-impaired financial assets created or acquired	Total	Of which: Internally rated financial assets
	NIS thousand							
Other debt instruments: (e)								
A and above	59,308	15,020	32,780	33,831	9,830	-	76,441	10,788
BBB	54,544	-	48,928	-	-	-	48,928	-
Less than BBB	31,930	-	29,147	-	-	-	29,147	-
Non-rated	236,427	-	99,613	-	28,221	10,125	137,959	-
Total other debt instruments	382,209	15,020	210,468	33,831	38,051	10,125	292,475	10,788
Provision for loss	-	-	0	-	3,125	10,125	13,250	-
Amortized cost	-	-	0	33,831	34,926	-	68,757	-
Carrying value (fair value or amortized cost)	382,209	-	210,468	33,831	34,926	-	279,225	-
Other financial assets (f)								
A and above	742,321	-	52,722	-	-	-	52,722	-
Non-rated	559,705	-	502,196	-	-	-	502,196	-
Total other financial assets	1,302,026	-	554,918	-	-	-	554,918	-
Carrying value (fair value or amortized cost)	1,302,026	-	554,918	-	-	-	554,918	-
Total carrying value of financial assets abroad	2,636,050	-	901,133	33,831	34,926	-	969,890	-

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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 (cont.)

(*) Each rating includes all ranges, for example: A rating includes A- up to A+.

(a) Assets measured at fair value through profit or loss.
(b) Assets measured at amortized cost.
(c) Liquid and non-liquid government bonds.
(d) Liquid and illiquid corporate bonds.
(e) Deposits with banks and financial institutions, loans, including loans to associates and other illiquid and liquid debt instruments.
(f) Cash and cash equivalents and other financial investments for which the Company has a credit risk.

5) Financial assets abroad – by type of collateral

A. Financial assets abroad held against yield-dependent contracts:

	Local rating *) As of December 31, 2025				
	A and above	BBB	Less than BBB	Unrated	Total
	NIS thousand				
Other debt assets by collateral:					
Loans secured by real estate properties	6,860	-	-	-	6,860
Other collateral	20,032	33,058	-	200,373	253,463
Total illiquid debt instruments abroad, for which there is credit risk held against yield-dependent contracts	26,892	33,058	-	200,373	260,323

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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 abroad – by type of collateral (cont.)

A. Financial assets abroad held against yield-dependent contracts: (cont.)

	Local rating *) As of December 31, 2024				
	A and above	BBB	Less than BBB	Unrated	Total
	NIS thousand				
Other debt assets by collateral:					
Loans secured by real estate properties	19,439	-	-	-	19,439
Other collateral	20,031	33,058	-	200,373	253,462
Total illiquid debt instruments abroad, for which there is credit risk held against yield-dependent contracts	39,470	33,058	-	200,373	272,901

B. Financial assets abroad – other (not in respect of yield-dependent contracts):

	Local rating *) As of December 31, 2025				
	A and above	BBB	Less than BBB	Unrated	Total
	NIS thousand				
Other debt assets by collateral:					
Loans secured by real estate properties	12,588	-	-	-	12,588
Other collateral	50,160	36,681	-	105,414	192,255
Total illiquid debt instruments abroad for which there is credit risk - other	62,748	36,681	-	105,414	204,843

	Local rating *) As of December 31, 2024				
	A and above	BBB	Less than BBB	Unrated	Total
	NIS thousand				
Loans secured by real estate properties	10,788	-	-	-	10,788
Other collateral	65,266	48,928	29,147	125,095	268,436
Total illiquid debt instruments abroad for which there is credit risk - other	76,054	48,928	29,147	125,095	279,224

(*) Each rating includes all ranges, for example: rating A includes from A- to A+.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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

(c) Off-balance sheet instruments held against yield-dependent contracts:

	Local rating *) As of December 31, 2025		
	BBB to A	Non-rated	Total
	NIS thousand		
Unutilized credit facilities	29,074	39,436	68,510
Liabilities for investment in investment funds	-	1,158,844	1,158,844
Total credit exposure for off-balance sheet instruments abroad held against yield-dependent contracts	29,074	1,198,280	1,227,354

	Local rating *) As of December 31, 2024		
	BBB to A	Non-rated	Total
	NIS thousand		
Unutilized credit facilities	25,063	173	25,236
Liabilities for investment in investment funds	-	1,366,872	1,366,872
Total credit exposure for off-balance sheet instruments abroad held against yield-dependent contracts	25,063	1,367,045	1,392,108

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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.)

(d) Other off-balance sheet instruments (not in respect of yield-dependent contracts):

	Local rating *) As of December 31, 2025		
	BBB to A	Non-rated	Total
	NIS thousand		
Unutilized credit facilities	53,139	29,536	82,675
Liabilities for investment in investment funds	-	1,034,895	1,034,895
Total credit exposure for off-balance sheet instruments in Israel - other	53,139	1,064,431	1,117,570

	Local rating *) As of December 31, 2024		
	BBB to A	Non-rated	Total
	NIS thousand		
Unutilized credit facilities	18,001	124	18,125
Liabilities for investment in investment funds	-	1,189,383	1,189,383
Total credit exposure for off-balance sheet instruments in Israel - other	18,001	1,189,507	1,207,508

(*) Each rating includes all ranges, for example: rating A includes from A- to A+.

- The Company calculates the credit rating of illiquid debt assets, which are not rated by external rating agencies, according to an internal model which was created and approved by a credit sub-committee which was authorized to deal with this issue by the Board of Directors. The said approval allows the Company to use the ratings when calculating the capital requirements under the solvency regime, and subject to the conditions detailed in the solvency regime directives. The approved model is not valid for the rating of illiquid credit for holding companies, projects that do not involve construction and infrastructure financing, financial institutions, banks and insurance companies and/or for structured products and derivatives.
- The rating scale used for debt assets in Israel varies from that used for debt assets abroad. It is noted that according to the capital market circular 1-2008-6, Publication of a Conversion Scale from the Israeli Rating Scale to the International Rating Scale, in 2009, the rating agencies published a conversion scale for converting the local rating scale to the international one.

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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.)

(e) 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		
	Amount NIS thousand	% of total	Off-balance sheet credit risk NIS thousand
Economic sector			
Manufacturing	564,571	2.38	16,487
Real estate and construction	2,650,740	11.19	315,355
Trade and products	1,389,971	5.87	442,369
Investments and holdings	117,010	0.49	-
Technology	340,057	1.44	79,562
Banks	1,321,250	5.58	-
Insurance	76,643	0.32	-
Biomed	5,291	0.02	-
Oil and gas exploration	87,883	0.37	29,536
Private individuals	4,410,623	18.62	-
Other	389,304	1.64	-
	11,353,343	47.92	883,309
Government bonds	12,337,010	52.08	-
Total	23,690,353	100.00	883,309

	As of December 31, 2024		
	On-balance-sheet credit risk		
	Amount NIS thousand	% of total	Off-balance sheet credit risk NIS thousand
Economic sector			
Manufacturing	718,101	3.55	40,831
Real estate and construction	2,787,236	13.77	297,128
Trade and products	1,660,135	8.20	373,918
Investments and holdings	127,244	0.63	75,000
Technology	204,613	1.01	119,480
Banks	1,313,749	6.49	124
Insurance	89,498	0.44	-
Oil and gas exploration	17,864	0.09	-
Private individuals	2,953,332	14.60	-
Other	290,237	1.44	-
	10,162,009	50.22	906,481
Government bonds	10,072,949	49.78	-
Total	20,234,958	100.00	906,481

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.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:

(2) Estimation of current expected credit losses (cont.)

1. Following is the movement in the provision for impairment of investments in illiquid and liquid corporate bonds

	Expected credit losses for 12 months	Expected credit losses over the life of the instrument	Expected credit losses over the life of the instrument - credit-impaired financial assets	Total
	NIS thousand			
Balance as of January 1, 2025	65	-	3,566	3,631
Remeasurement of the expected credit losses provision	363	-	(15)	348
Financial assets acquired or created	23	-	-	23
Derecognized financial assets	(5)	-	-	(5)
Balance as of December 31, 2025	446	-	3,551	3,997

	Expected credit losses for 12 months	Expected credit losses over the life of the instrument	Expected credit losses over the life of the instrument - credit-impaired financial assets	Total
	NIS thousand			
Balance as of January 1, 2024	67	-	3,874	3,941
Remeasurement of the expected credit losses provision	(2)	-	(308)	(310)
Balance as of December 31, 2024	65	-	3,566	3,631

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk (cont.)

(2) Estimation of current expected credit losses (cont.)

2. Following is the movement in provision for impairment for loans, including loans to associates and other illiquid and liquid debt instruments.

	Expected credit losses for 12 months	Expected credit losses over the life of the instrument	Expected credit losses over the life of the instrument - credit-impaired financial assets	Total
	NIS thousand			
Balance as of January 1, 2025	40,679	20,476	152,887	214,042
Remeasurement of the expected credit losses provision	422	4,631	49,876	54,929
Carried to measurement of expected credit losses for 12 months	18,651	(93,878)	-	(75,227)
Carried to measurement of expected credit losses over the life of the instrument	(20,839)	106,161	-	85,322
Carried to measurement of expected credit losses over the life of the instrument for credit-impaired financial assets	-	(8,422)	25,692	17,270
Financial assets acquired or created	37,386	2,369	21,304	61,059
Derecognized financial assets	(31,639)	(12,690)	(7,711)	(52,040)
Written off financial assets	-	-	(87,469)	(87,469)
Changes arising from business combinations	6,588	-	-	6,588
Balance as of December 31, 2025	51,248	18,647	154,579	224,474

	Expected credit losses for 12 months	Expected credit losses over the life of the instrument	Expected credit losses over the life of the instrument - credit-impaired financial assets	Total
	NIS thousand			
Balance as of January 1, 2024	27,779	16,203	147,927	191,909
Remeasurement of the expected credit losses provision	9,523	104	21,343	30,970
Carried to measurement of expected credit losses for 12 months	22,154	(50,962)	-	(28,808)
Carried to measurement of expected credit losses over the life of the instrument	(24,214)	61,068	-	36,854
Carried to measurement of expected credit losses over the life of the instrument for credit-impaired financial assets	-	(5,625)	46,005	40,380
Financial assets acquired or created	34,033	5,822	29,638	69,493
Derecognized financial assets	(28,596)	(6,134)	-	(34,730)
Written off financial assets	-	-	(92,026)	(92,026)
Balance as of December 31, 2024	40,679	20,476	152,887	214,042

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

E. Financial risks (cont.)

E.3 Credit risk (cont.)

(2) Estimation of current expected credit losses (cont.)

3. Below is the movement in the provision for impairment in respect of cash and cash equivalents, deposits with banks and financial institutions, receivables and debit balances, and other financial investments:

	Expected credit losses for 12 months	Expected credit losses over the life of the instrument	Expected credit losses over the life of the instrument - credit-impaired financial assets	Total
	NIS thousand			
Balance as of January 1, 2025	33	-	1	34
Remeasurement of the expected credit losses provision	7	-	-	7
Derecognized financial assets	(16)	-	-	(16)
Balance as of December 31, 2025	24	-	1	25

	Expected credit losses for 12 months	Expected credit losses over the life of the instrument	Expected credit losses over the life of the instrument - credit-impaired financial assets	Total
	NIS thousand			
Balance as of January 1, 2024	73	-	1	74
Remeasurement of the expected credit losses provision	(3)	-	-	(3)
Derecognized financial assets	(37)	-	-	(37)
Balance as of December 31, 2024	33	-	1	34

The outstanding contractual amount of financial assets which were written off during the period and are still subject to compliance activity totals approx. NIS 67 million (2024 - approx. NIS 163 million).

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

F. Geographic 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	12,337,010	2,507,041	980,544	868,776	180,298	-	683,811	23,436	11,640,469	29,221,385	-	29,221,385
USA	-	74,895	173,169	1,519,753	294,758	5,270	-	198,675	417,022	2,683,542	77,017	2,760,559
UK	-	16,840	44,683	111,022	7,018	2,363	-	713,749	55,659	951,334	-	951,334
Germany	-	11,549	-	-	3,227	1,032	-	722,116	348	738,272	-	738,272
France	-	25,803	3,512	7,254	-	-	-	335,097	-	371,666	-	371,666
Switzerland	-	-	-	-	2,011	-	-	858,467	-	860,478	-	860,478
Other	-	58,784	128,002	877,931	164,962	18,632	-	770,221	165,316	2,183,848	35,301	2,219,149
Total	12,337,010	2,694,912	1,329,910	3,384,736	652,274	27,297	683,811	3,621,761	12,278,814	37,010,525	112,318	37,122,843

Notes to the Consolidated Financial Statements

NOTE 29 - RISK MANAGEMENT (cont.)

F. Geographic 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	Other investments (*)	Total balance sheet exposure	Derivatives in delta terms	Total
	NIS thousand										
Israel	10,072,949	2,619,453	876,651	708,258	124,035	-	685,729	8,934,189	24,021,264	-	24,021,264
USA	-	24,776	109,582	1,561,130	176,837	3,289	-	468,987	2,344,601	25,618	2,370,219
UK	-	1,593	46,952	110,217	3,696	-	-	39,760	202,218	-	202,218
Canada	-	-	-	97,554	866	-	-	4,364	102,784	5,271	108,055
Sweden	-	-	91,897	20,164	-	-	-	-	112,061	-	112,061
Other	-	15,942	33,968	809,126	63,943	18,820	-	149,004	1,090,803	7,221	1,098,024
Total	10,072,949	2,661,764	1,159,050	3,306,449	369,377	22,109	685,729	9,596,304	27,873,731	38,110	27,911,841

(*) Other investments include investments in associates, cash and other financial investments which were not included in the other columns, net of derivatives included in the financial liabilities line item.

In accordance with the relief granted, comparative figures for 2024 have not been presented in respect of reinsurers.

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES

A. Balances with interested parties and related parties

Composition:

As of December 31, 2025	Associates	Interested party and other related parties
	NIS thousand	
Assets		
Other financial investments measured at amortized cost	194,952	
Receivables and debit balances	124	1,957
Liabilities		
Payables and credit balances	534	9,520

As of December 31, 2024	Associates	Interested party and other related parties
	NIS thousand	
Assets		
Other financial investments measured at amortized cost	222,207	-
Receivables and debit balances	281	-
Liabilities		
Payables and credit balances	491	18,832

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

A. Balances with interested parties and related parties (cont.)

(*) Following is the composition of loans granted to associates:

The Company	Currency of the loan	% of nominal annual interest rate	Repayment date	As of December 31	
				2025	2024
				NIS thousand	
Ampa Capital Ltd	NIS	7.08%	2027	542	822
Ampa Capital Ltd	NIS	7.08%	2028	2,247	2,962
Ampa Capital Ltd	NIS	5.25%	2028	70,906	70,924
Ampa Capital Ltd	NIS	6.76%	2025	-	30,128
Israel Land Development Urban Regeneration	NIS	5.00%	2027	16,512	-
Resources Pension Insurance Agencies (2018) Ltd.	NIS	Zero-interest	2030	22,153	24,084
HSO Group Ltd.	NIS	Zero-interest	2027	648	1,246
Bestie Price Ltd.	NIS	5.18%	2026	9,418	9,628
Bestie Price Ltd.	NIS	12.50%	2026	1,010	1,010
Meteor AA Ltd.	NIS	5.18%	2026	522	1,526
Office Y.R.A. Ltd.	NIS	8.50%	2028	401	402
Yatelsis Development Ltd.	USD	3%	3-5 years	32,000	31,336
Surrey Street Limited Partnership	GBP	3%	December 2029	8,441	11,658
Surrey Street Limited Partnership	GBP	4%	December 2029	10,896	15,238
MMZ Properties B.V.	EUR	10%	March 2026	-	2,169
MMZ Properties Haarlem B.V.	EUR	10%	March 2026	11,133	11,203
City Center Mengot sp. Z o.o	EUR	4.13%	December 2026	8,123	7,871
				194,952	222,207

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Transactions with interested parties and related parties

For the year ended December 31, 2025	Associates	Interested party and other related parties
	NIS thousand	
Other investment income, net	10,449	-
Revenues from management fees	1,429	1,072,258
Finance expenses	11,177	5,298
	701	1,066,960

For the year ended December 31, 2024	Associates	Interested party and other related parties
	NIS thousand	
Other investment income, net	10,674	-
Revenues from management fees	1,429	954,566
Finance expenses	1,617	2,278
	10,486	952,288

Interested parties and officers in the Group may from time to time acquire insurance contracts, investment contracts or other financial products issued by the Group, under fair market value and during the ordinary course of business. If those transactions are “negligible transactions”, details about them are not presented in the financial statements.

In 2025, a proportional reinsurance policy of the Quota Share type was purchased for the insurance tracks of Menora Mivtachim Supplementary from Menora Insurance, under which Menora Insurance bears 70% of the costs of disability pensions and surviving relatives annuity payments to be paid by Menora Mivtachim Supplementary in respect of disability and death events occurring during the term of the reinsurance coverage. Prior to this, from 2022 to 2024, the reinsurance policy purchased from Menora Insurance for the insurance tracks of the supplementary fund was of the Surplus type, under which Menora Insurance bears all costs of disability pensions and surviving relatives annuity payments to be paid by Menora Mivtachim Supplementary in excess of a threshold set in the policy (economically equivalent to Quota Share coverage, such that it is expected to bear approx. 70% of disability and surviving relatives’ costs).

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Benefits to key management personnel

	For the year ended December 31			
	2025		2024	
	No. of people	Amount	No. of people	Amount
	NIS thousand		NIS thousand	
Short-term benefits	8	22,893	8	21,256
Share-based payments (see Note 33)	5	1,092	5	712
		23,985		21,968

1) The service and employment terms of Mr. Eran Griffel, who serves as the Company's Chairman of the Board (transaction with the controlling shareholder according to Section 270(4) to the Companies Law

On October 17, 2023, the Company's General Meeting approved - according to the provisions of Section 275(a1)(1) to the Companies Law (and after obtaining the approval of the Compensation Committee and the Board of Directors of September 10 and 11, 2023, respectively), the extension of the validity of the terms of service and employment of Mr. Eran Griffel, one of the Company's controlling shareholders, as a full-time Executive Chairman of the Board, in effect as from December 1, 2023, for a 3-year period. In respect of his service as the Company's full-time Executive Chairman of the Board, Mr. Griffel is entitled to 13 monthly salaries of NIS 125 thousand (gross), linked to the Consumer Price Index published on August 15, 2020. Mr. Griffel is also entitled to pension contributions and social benefits as is generally accepted (including advanced education fund and permanent health insurance), and to per diem and hospitality expenses, use and maintenance of landlines at his home, a car and car maintenance expenses, mobile phone, 24 days of annual leave, 30 days of sick leave and convalescence pay. The tax payable for hospitality, per diem and landlines expenses shall be grossed-up by the Company. In addition, Mr. Griffel is entitled to other related benefits, as is generally accepted in the Group, including subscription to newspapers, professional literature, parking, medical screening test, etc. Furthermore, Mr. Griffel was awarded exemption letters and indemnity undertaking in the Company and in the subsidiaries in which he serves, as part of the granting of exemption and indemnity letters to the Company's officers, and he was also included in directors and officers insurance policies as is generally accepted in the Company. The terms of employment of Mr. Griffel are in accordance with Company's Compensation Policy. It is noted that Mr. Griffel does not receive an additional compensation in respect of his service as a director in other Group companies, and will continue to serve in the said roles concurrently with his service as the Company's Chairman of the Board.

The salary of the Chairman of the Board was NIS 2,503 thousand and NIS 2,538 thousand in 2025 and 2024, respectively.

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Benefits to key management personnel (cont.)

2) Terms of office and employment of Mr. Ari Kalman, the Company's CEO

On August 27, 2003, the board of directors and general meeting of the Company approved the terms of office and employment of the Company's CEO, Mr. Ari Kalman, for a period of 15 years beginning in August 2003. After that period, the agreement is renewed automatically for one year each time, unless either party gives notice of non-renewal. The terms of employment of the Company's CEO are consistent with the compensation policy of the Company, subject to immaterial deviations, all as detailed below: pursuant to the employment agreement in effect, the CEO is entitled to a monthly salary in the amount of NIS 163 thousand, a guaranteed annual bonus in the amount of NIS 591 thousand (linked to the CPI for June 2003), without contributions to benefits, and to related benefits according to the common practice for executives of his rank. The salary is linked to the CPI, with a real addition of 1% per annum, and includes no variable compensation of any kind. In the event of termination of employment, the CEO is entitled to 12 months' advance notice. In addition, in the event of termination of the employee-employer relationship (except in the case of exempting circumstances), the serving CEO shall be entitled to a 50% addition to the severance-pay component owed to him by law, plus the severance-pay component accrued to his benefit in his executive insurance policy. Further, in the event of the termination of the employee-employer relationship due to dismissal, the serving CEO shall be entitled to continued payment of the salary and the related benefits for an additional period of 12 months (beyond the aforesaid specified notice period), in return for his commitment to non-compete for a period of two years, for as long as there is no employee-employer relationship between the employee and any third party. The terms of employment of the CEO are in accordance with the compensation policy of the Company, except with regard to the fixed bonus (instead of a variable bonus), the real increase in salary (instead of CPI linkage only), and payment for advance notice and in the event of dismissal (due to a non-compete commitment) for a cumulative period of 24 months (instead of a cumulative advance notice and adjustment period of 16 months).

Concurrently, and in addition to the employment agreement, an equity plan was approved for the CEO, primarily the allocation of 4% of the shares of Menora Insurance, which were converted, over the years, into shares of the Company. It is noted that the shares in accordance with the aforesaid plan vested in full in August 2013. At this time, Mr. Kalman holds 1,719,034 shares of the Company, through a trustee, which constitute 2.77%1 of the Company's issued and paid-up share capital.

In August 2016, the general meeting of the Company approved an update of its compensation policy (hereinafter - the "**Compensation Policy**"). As stated in the summons to the Company's meeting, the Company's CEO shall be entitled to the terms of office established in his employment agreement, as detailed above, which shall apply subject to the cogent restrictions set in the Financial Corporations Officer Compensation Law (Special Approval and Non-Deduction of Expenses for Tax Purposes due to Exceptional Compensation), 2016 (hereinafter - the "**Compensation Law**"). In this context, "**cogent restrictions**" – compensation limits and caps that cannot be lawfully approved pursuant to the provisions of the Compensation Law. It was also clarified within the Compensation Policy that if and inasmuch as the overall total compensation (according to the Compensation Policy and the bonus plan, as it shall be from time to time), including under existing agreements, exceeds the cogent restrictions, a "capping" mechanism will first be applied to surplus and/or variable compensation components, if and as any. Further to the foregoing, a notice was sent to the Company's CEO stating that in light of the fact that the existing employment agreement with him may deviate, under certain circumstances, from the cogent restrictions, under such circumstances a "capping" mechanism would be applied, such that the compensation paid to him, after the inception of the Compensation Law on October 12, 2016 (hereinafter - the "**Effective Date**"), does not exceed the aforesaid cap. It is noted that the Company conducted an examination with regard to its obligations in respect of its employment agreements, prior to the inception of the Compensation Law, and made provisions accordingly to the extent necessary.

[1]After deduction of the dormant shares acquired within the share buyback plan (as described in Note 15C below).

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Benefits to key management personnel (cont.)

2) (cont.)

In July 2019, the general meeting of the Company approved an update of the Compensation Policy, including with regard to caps on the annual cost of employment of officers, as detailed in Section C(4) below. In accordance with the foregoing, and given the increase in the cost of employment of the employee with the lowest salary, the annual employment cost cap for officers, including the CEO, will rise, with the reduction, in this context, of the "capping mechanism" applied to the CEO, as noted, respectively, provided that the cost of employment does not exceed, in any event, NIS 3.5 million, including contributions to benefits.

In May 2024, further to the approval of the Company's Compensation Committee and Board of Directors, the general meeting approved an amendment to the Compensation Policy such that the (voluntary) officer compensation cap - according to which the compensation will not exceed NIS 3.5 million including social benefits - was cancelled.

The cost of the salary to Mr. Kalman, who serves as the Company's CEO, was NIS 3,800 thousand and NIS 3,700 thousand in 2025 and 2024, respectively.

3) Terms of office of a relative of key management personnel

In April 2023, Mr. Michael Kalman took up office as CEO of the subsidiary, Menora Insurance. In March 2023, the Audit Committee and Board of Directors of Menora approved his terms of office, addressing continuity of rights in respect of his service as Deputy CEO of Menora Insurance for the above appointment, and as follows: According to his employment agreement, the CEO is entitled to a monthly salary of NIS 210.6 thousand, CPI-linked, fringe benefits as is customary for directors of his rank, and variable performance-based compensation of 4 to 6 monthly salaries (hereinafter - "**Target Bonus**") for 100% compliance with targets, in accordance with the annual compensation plan and subject to approval by the competent organs, and options as detailed below.

Each party has the right to terminate the agreement at any time by six-months written notice (hereinafter - the "**specified notice period**"), while the Company has the right to notify that it waives actual work during the Notice Period. Furthermore, in the event of termination of employment for any reason (other than exempt circumstances), the CEO will be entitled to an adjustment period of another six months as from the end of the Notice Period (hereinafter - the "**Adjustment Period**"). The CEO will not be entitled to work in another company during the Notice Period, even if the Company waives his actual work. During the Adjustment Period, the CEO will be entitled, subject to non-competition provisions, to engage in other occupations, on condition that he notifies the Company in writing in advance, in which case, he will not be entitled to any further payment in respect of the Adjustment Period, from commencement of the said occupation. The Company will be entitled to terminate the CEO's employment and dismiss him without notice under special circumstances (such as breach of trust and/or a court ruling for a flagrant offence against the Company). It is noted that in the event of termination of employment under such circumstances, the CEO will not be entitled to the Company's contributions and/or share, as defined in the agreement.

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Benefits to key management personnel (cont.)

3) (cont.)

It is noted that the CEO's employment terms and conditions shall apply subject to the cogent restrictions set out in the Financial Corporations Officer Compensation Law (Special Approval and Non-Deduction of Expenses for Tax Purposes due to Exceptional Compensation), 2016 (hereinafter - the "**Compensation Law**"). In this context, "cogent restrictions" – compensation limits and caps that cannot be lawfully approved pursuant to the provisions of the Compensation Law. Accordingly, if and inasmuch as the overall total compensation (according to the Compensation Policy and the bonus plan, as it shall be from time to time), including under existing agreements, exceeds the cogent restrictions, a "capping" mechanism will first be applied to surplus and/or variable compensation components, if and as any. Further to the foregoing, a notice was sent to the CEO stating that in light of the fact that the existing employment agreement with him may deviate, under certain circumstances, from the cogent restrictions, under such circumstances a "capping" mechanism would be applied, such that the compensation paid to him, after the inception of the Compensation Law on October 12, 2016 (hereinafter - the "**Effective Date**"), does not exceed the aforesaid cap.

In January 2022 and August 2025, the Audit Committee and the Board of Directors of Menora Insurance approved the allocation of options as part of the Group's overall option plan, which as of the end of 2025 included a total of 47,316 unexercised options with an aggregate value of NIS 1,450 thousand (at the allocation date). It is noted that the options are in lieu of 2-months' variable bonus for achieving 100% of targets.

The terms of employment of Mr. Kalman are in accordance with Menora Insurance's Compensation Policy.

The cost of Mr. Kalman's salary was NIS 3,800 thousand and NIS 3,700 thousand in 2025 and 2024, respectively.

4) Compensation policies for senior officers in the Company, Menora Insurance, Shomera Insurance and Mivtachim Pension and Provident

The Company's officers, including those serving in the Company and the subsidiary (hereinafter - the "**Joint Officers**"), are subject to the Company's compensation policy and regarding Joint Officers, also according to the terms of the compensation policy adopted by the subsidiary, which were approved in accordance with the provision of the law and regulations relevant to those companies, including the provisions of the Compensation Law and circulars of the Capital Market Authority regarding compensation policy of institutional entities, as revised from time to time.

In July 2019, the general meeting of the Company approved an update of its compensation policy. The Company's compensation policy includes a provision whereby the total compensation cap for officers per calendar year shall be in accordance with Section 2(b) of the Compensation Law, as calculated each year in accordance with the provisions of the Compensation Law (hereinafter - the "**Compensation Cap**"), with the implementation of a "capping mechanism" according to the aforesaid limits; in this context, it is noted that the compensation for the purpose of calculating the Compensation Cap Limit does not include payroll tax, employer contributions to pensions, and severance pay according to the law (hereinafter - "**Contributions**"), and that the Company is permitted to bear the cost of the excess tax expense arising from the Compensation Law as a result of such compensation cost. For further details regarding approval of the Company's compensation policy, see the meeting summons report dated May 27, 2019 (Ref. No. 2019-01-044832).

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Benefits to key management personnel (cont.)

4) Compensation policies for senior officers in the Company, Menora Insurance, Shomera Insurance and Mivtachim Pension and Provident (cont.)

In May 2023, the general meeting of the Company approved an update of the compensation policy, the main changes of which are as follows: Considering the return to savers under the targets for calculation of the variable compensation (amendment of Section 4.4.1.1) - It was decided that the Company's performance tier as part of the annual metrics for calculating the annual bonuses to executives will include a component that will take into consideration the return to savers, such that if such a return will be negative, a portion of the bonus will be deducted, at a rate that will be set for that purpose in the annual bonus plan, and this in lieu of the threshold conditions that were set in this regard.

For further details regarding approval of the Company's compensation policy, see the meeting summons report dated March 29, 2023 (Ref. No. 2023-01-034605).

In May 2024, further to the approval of the Company's Compensation Committee and Board of Directors, the general meeting approved an amendment to the Compensation Policy such that the abovementioned (voluntary) officer compensation cap - according to which the compensation will not exceed NIS 3.5 million including social benefits - was cancelled. For further details regarding approval of the Company's compensation policy, see the meeting summons report dated March 31, 2024 (Ref. No. 2024-01-029551).

Officers at the institutional entities within the Group, including officers who serve both at the Company and at subsidiaries that are institutional entities, are subject to the Compensation Policy adopted at such companies, in accordance with the provisions of the relevant law and regulation, and specifically in accordance with Circular 2014-9-2, which concerns compensation policy at institutional entities, as formalized in Part 1 of Section 5, Chapter 5, entitled "Compensation," in the Consolidated Circular (hereinafter - the "**Compensation Circular**"). It is noted that the subsidiaries that are institutional entities work to update the Compensation Policy in accordance with the circulars issued on this subject from time to time.

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Benefits to key management personnel (cont.)

4) Compensation policies for senior officers in the Company, Menora Insurance, Shomera Insurance and Mivtachim Pension and Provident (cont.)

The Compensation Policy of the institutional entities establishes, among other matters, the key goals and considerations used in its determination, primarily the prevention of incentives that encourage risk-taking inconsistent with the long-term objectives of the institutional entity, its risk management policy, and the need to prudently manage the monies of those with savings through it; establishes principles for the adjustment of compensation for officers and key position holders (as defined in the circular) and employees in control functions; establishes the desired ratio between the fixed compensation component and the variable component for officers; establishes desired salary ranges for officers; establishes principles for the adjustment of the variable component, among other matters, to material risks at the institutional entities; establishes principles for the specification of an annual bonus program, threshold conditions for distribution, principles to be used to calculate the annual bonus, taking into account, among other matters, the objectives regarding returns for policyholders and planholders, and a deferral mechanism for payment of the variable component; as well as establishes mechanisms for awarding a long-term performance-based bonus and special bonus; establishes mechanisms for awarding equity compensation using a variety of equity instruments and quasi-equity compensation while defining various quantitative and qualitative parameters, such as the minimum plan term, benefit cap and vesting periods, updating of the ratio between the total compensation package components for the CEO or senior officer, as well as updating by way of incorporating the considerations into the executive's performance review component as part of the variable compensation portion, through an annual bonus for officers and key employees; establishes principles and caps for terms of termination of employment of a key position holder (including payment with respect to a non-compete obligation), and rules for clawback and/or reduction of the variable component in certain cases.

The aforesaid Compensation Policy shall apply to compensation to be approved as of the date of adoption of the policy, and shall not prejudice existing contractual engagements.

The full Compensation Policy of the institutional entities is posted on their websites.

D. Benefits to related parties and other interested parties

	For the year ended December 31			
	2025		2024	
	No. of people	Amount	No. of people	Amount
	NIS thousand		NIS thousand	
Management fees for those not employed by or on behalf of the Company	28	9,694	31	9,427

The compensation given to directors at the Company, excluding the compensation for Mr. Eran Griffel, is the maximum compensation according to the Companies Regulations (Rules Regarding Compensation and Expenses for External Directors), 2000, and according to the Company's rank.

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

E. Revenue and expenses involving interested parties and related parties

Some of the Group's financial and insurance activities are conducted with related parties and interested parties in the ordinary course of business and at market prices. During the course of 2025, various transactions were carried out for officers, including for the controlling shareholder and relatives thereof. All of the aforesaid transactions were performed in the ordinary course of business and at fair market value, and also constitute "negligible transactions" according to the criteria established by the board of directors on this matter. It is noted that in accordance with the provisions of Sections 117(1a) and 117(2a) of the Companies Law, 1999 (hereinafter - the "**Companies Law**"), and in accordance with the articles of the Company, the Audit Committee of Menora Insurance and of the Company affirmed, in December, in effect for 2025, that such transactions, as they are transactions in the ordinary course of business and under "direct" terms (the terms generally granted to employees), are in the category of non-extraordinary transactions, which are to be treated according to the procedures for interested party transactions, without the need for individual approval.

It is noted that transactions of various types exist from time to time between the Company and its affiliates, or among affiliates of the Company, including guarantees, agreements for management and the provision of services, loans, and agreements regarding the bearing of expenses. Unsettled year-end balances are unsecured and are settled in cash.

Negligible transactions

Pursuant to the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - the "**Reporting Regulations**"), public companies are subject to a reporting requirement 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 with respect to transactions that are not extraordinary transactions, as defined in the Companies Law, except transactions determined in the most recent financial statements to be negligible under Regulation 41 of the Securities Regulations (Annual Financial Statements), 2010. It is noted that, with regard to the disclosure duty in financial statements of the insurance companies in the Group, that the Supervision of Insurance Business Regulations (Details of Reports), 1998, apply, regarding which there is no corresponding provision of the law concerning disclosure of negligible transactions.
In January, the Audit Committee ratified (in effect for the year 2025) the rules and tests for setting the negligibility threshold in the context of Controlling Shareholder Transactions, which is common to both the reporting requirement under the relevant provisions of the law and the disclosure requirement in the Financial Statements, as follows -
A transaction of the Company and its consolidated companies and affiliates (hereinafter - "**Investee**") with the controlling shareholder, or a transaction with another person in which the controlling shareholder has a vested interest (hereinafter - "**Transaction**"), shall be considered a negligible transaction if it meets all of the following conditions:

The Transaction is in the ordinary course of business and is not an extraordinary transaction, as defined in the Companies Law.
The effect of the Transaction on the relevant ratio, as detailed below, is at the rate noted beside it, to be calculated based on the Consolidated Financial Statements of the Company released prior to the Transaction, provided that the effect or value of the Transaction does not exceed a total of NIS 5 million:

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

E. Revenue and expenses involving interested parties and related parties (cont.)

Negligible transactions (cont.)

Ratio of assets - the total transaction-related assets (acquired or sold assets) divided by total assets - 1 promil;
Ratio of liabilities - the liabilities referenced in the event divided by the total liabilities, including insurance liabilities - 1 promil;
Equity ratio - the increase or decrease in equity divided by the equity capital - 1 promil;
Premium ratio - the total transaction-related premiums divided by the annual premiums in the relevant operating segment (life insurance and long-term savings, health, property and casualty insurance, financial services etc.) calculated based on the latest 12 quarters for which reviewed or audited financial statements were published - 1%;
Ratio of revenue from various services - the total transaction-related revenue divided by the average annual revenue in the last three years, calculated based on the latest 12 quarters for which reviewed or audited financial statements were published - 1 promil;

Ratio of expenses in respect of various services - the level of expenses referenced in the event divided by the annual general and administrative expenses (before attribution to purchase expenses and indirect expenses to settle claims), calculated based on the last 12 quarters for which reviewed or audited financial statements were published - 1 promil;
Income ratio - the total transaction-related profit or losses attributed to the event divided by the average annual comprehensive income or loss 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 - 1%.
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:
Asset purchase - assets ratio;
Asset sale - income ratio, asset ratio;
Purchase or sale of insurance of reinsurance - premium ratio;
Transaction to provide or receive services - revenue ratio, expense ratio, profit ratio (according to the expected profit from the transaction), as relevant.
In cases in which, at the discretion of the relevant officer at the Company, all of the aforesaid standards are irrelevant or unfeasible for the examination of the negligibility of a transaction, as stated, the transaction shall be examined according to a relevant standard to be determined by the Company's chief financial officer, provided that the ratio does not exceed a rate of 1%.
If the transaction in question involves an Investee Company, the negligibility shall be examined in reference to parameters relevant to the Investee Company; however, a transaction of an Investee Company that should be classified as a non-negligible transaction at the Investee Company may be classified as a negligible transaction according to the relevant standards at the level of the Company.

The transaction is also negligible in qualitative terms, in relation to the activity of the Group. Such examination of the qualitative considerations in a transaction may lead to the classification of a transaction as non-negligible, despite its being found to be a negligible transaction based on a quantitative examination, as described above; for example (and only as an example), if the transaction involves significant risks, prospects, and/or exposures, or if the transaction is perceived to be a significant event by the Company's management.

For the purposes of immediate reporting, the negligibility of a transaction shall be examined on the basis of the specific individual transaction. For the purposes of reporting within financial statements and prospectuses, the negligibility of a transaction shall be examined on an annual basis, with the summation of all transactions of the same type with the relevant party or with corporations under its control.

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

E. Revenue and expenses involving interested parties and related parties (cont.)

Negligible transactions (cont.)

Separate transactions that are dependent on one another, such that they are effectively part of the same engagement, shall be examined as a single transaction.

The Audit Committee and the board of directors of the Company shall examine the need to update the aforesaid negligibility tests from time to time, with due attention to transactions of this type in which the Company and/or the Investees engage, and due to changes in relevant provisions of the law.

F. Liability insurance for board members and officers

In October 2024, with the approval of the Compensation Committee and the board of directors of the Company, under the Exemption Regulations, the engagement in a directors' and officers' insurance policy was approved, including for the controlling shareholder of the Company, and at the subsidiaries in the Group, from September 1, 2024 to December 14, 2025, with a cumulative liability limit for the Menora Mivtachim Group as a whole at a level of NIS 340 million, for all Group Companies, in accordance with the policy. It should be emphasized that the insurance terms and conditions to the controlling shareholder are identical to those of the other officers in the Group. For further details, see the Company's immediate report dated October 9, 2024 (Ref. No. 2024-01-609613).

In January 2026, following the approval of the Compensation Committee and the Company's Board of Directors, the Company entered into a D&O liability insurance policy, including coverage for the controlling shareholder of the Company and for subsidiaries of the parent company, for the period from January 31, 2026 to March 30, 2027, with an aggregate liability limit for the entire Menora Mivtachim Group of NIS 340 million for all Group companies, all in accordance with the terms of the policy. It should be emphasized that the insurance terms and conditions to the controlling shareholder are identical to those of the other officers in the Group.For further details, see the Company's immediate report dated January 23, 2026 (Ref. No. 2026-01-009218).

G. Granting release of liability and indemnity undertaking towards officers, directors and the controlling shareholder

A. On January 5, 2012, the general meeting of the Company (after receiving the approval of the Audit Committee on November 21, 2011, and the approval of the board of directors on November 24, 2011, and December 29, 2011, and after receiving the approval of the competent organs of Menora Insurance and of Menora Pension and Provident Funds, as relevant) approved the amendment of the Company's articles, on various matters, including with regard to expansion of the liabilities and/or expenses in respect of which the Company is permitted to grant indemnity and/or insurance to directors and officers in connection with various administrative proceedings, in accordance with the Law for Increased Efficiency of Enforcement Procedures at the Israel Securities Authority (Legislative Amendments), 2011, and the Law for Increased Enforcement in the Capital Market (Legislative Amendments), 2011, and accordingly approved:

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Granting release of liability and indemnity undertaking towards officers, directors and the controlling shareholder (cont.)

A. (cont.)

1) Granting a new letter of indemnity by Menora Insurance to Mr. Eran Griffel, a relative of the controlling shareholder of the Company at the time, in respect of his service as a director at Menora Insurance (hereinafter, in this section: the "**New Indemnity Letter**"). The commitment according to the New Indemnity Letter is limited to a total of USD 25 million per officer and USD 30 million for all indemnity recipients in a single event (hereinafter - the "**Indemnity Amounts Cap**"). In any event, the amount of the indemnity (net) after deductions of insurance benefits paid in respect of the same event based on executive insurance policies acquired by the Company, at its discretion, if acquired, or due to an indemnity amount paid by the Company in respect of the same event under previous indemnity letters granted to Mr. Griffel, shall not in any case exceed 25% of the shareholders' equity of the Company according to its Financial Report immediately prior to the granting of the indemnity. The New Indemnity Letter is intended to add to, not detract from, any previous indemnity letter granted (if granted) to Mr. Eran Griffel, all as permitted by law; however, the total indemnity commitment of Menora Insurance shall not exceed the amount stated in the New Indemnity Letter;

2) Granting a letter of indemnity to Mr. Eran Griffel, a relative of the controlling shareholder at the time, in respect of his service as chairperson of the board of Mivtachim Pension and Provident Funds. Pursuant to the indemnity letter, the level of indemnity to be given to all officers of Mivtachim Pension and Provident Funds shall not exceed USD 20 million, and in any event shall not exceed 25% of the shareholders' equity of Mivtachim Pension and Provident Funds immediately prior to the granting of the indemnity. The indemnity letter is intended to add to, not detract from, any previous indemnity letter granted (if granted) to Mr. Eran Griffel, all as permitted by law; however, the total indemnity commitment of Mivtachim Pension and Provident Funds shall not exceed the amount stated in the New Indemnity Letter.

B. On January 4, 2015, as part of the approval of the terms of employment of Mr. Eran Griffel, one of the controlling shareholders of the Company, as the Company's chairperson of the board, the general meeting of the Company (after receiving the approval of the Compensation Committee and the approval of the board of directors, of November 23, 2014, and November 26, 2014, respectively) approved the granting of indemnity commitment letters from the Company and its subsidiaries at which he serves as a director (Menora Insurance, Mivtachim Pension and Provident Funds, Menora Real Estate, and Menora Tech) in the prevalent format for other officers of the companies, as detailed above.

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Granting release of liability and indemnity undertaking towards officers, directors and the controlling shareholder (cont.)

C. On August 4, 2015, the general meeting of the Company (after receiving the approval of the Compensation Committee and the approval of the board of directors, of June 21, 2015, and June 29, 2015, respectively), approved -

1) Granting a letter of exemption to Mr. Eran Griffel, one of the controlling shareholders of the Company, who serves as the Company's chairperson of the board. The letter of exemption is identical to the one granted to other members of the board of directors and officers at the Company. Pursuant to the exemption letter and subject to the provisions of Sections 259 and 263 of the Companies Law, and any provision of the law that may replace them, the Company made a commitment to exempt Mr. Griffel from any responsibility towards it, in full or in part, due to damage as a result of a breach of the duty of care towards it, to the maximum permitted degree, except in respect of a breach of the duty of care in distribution, as defined in the Companies Law. The exemption letter also does not include exemption for Mr. Griffel from his responsibility towards the Company for a decision or transaction in which the controlling shareholder or an officer of the Company has a vested interest;

2) Granting a letter of indemnity to Mr. Eran Griffel, one of the controlling shareholders of the Company, who serves as the Company's chairperson of the board. The letter of indemnity is identical to the one granted to the other members of the board of directors and officers of the Company. Pursuant to the indemnity letter and subject to the provisions of the law, the Company made a commitment to indemnify Mr. Griffel for any liability or expense imposed upon him and/or that he expends as a result of acts he commits (including acts committed before the date on which the indemnity letter was given), as stated above, and/or that he commits in his capacity as an officer of the Company, that are directly or indirectly related to one or more of the types of events specified in the indemnity letter, or any part thereof, or anything related thereto. It is noted that the total (net) indemnity amount to be paid by the Company to all officers of the Company, cumulatively, in accordance with all indemnity letters issued and to be issued to them by the Company, shall not in any event exceed 25% of the shareholders' equity of the Company under its financial statements immediately prior to the granting of the indemnity;

3) Granting letters of exemption and indemnity to Mr. Eran Griffel, one of the controlling shareholders of the Company, at the subsidiaries of the Company where Mr. Griffel serves and/or will serve, subject to the approval of the granting of such letters of exemption and indemnity by the competent organs at these subsidiaries.

4) Granting release of liability letter and letter of indemnity to directors serving at the Company;

Notes to the Consolidated Financial Statements

NOTE 30 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Granting release of liability and indemnity undertaking towards officers, directors and the controlling shareholder (cont.)

5) Granting a letter of exemption to Mr. Ari Kalman, who serves as the Company's CEO. The letter of exemption granted is identical to the one granted to other members of the board of directors and officers at the Company. Pursuant to the exemption letter and subject to the provisions of Sections 259 and 263 of the Companies Law, and any provision of the law that may replace them, the Company made a commitment to exempt Mr. Kalman from any responsibility towards it, in full or in part, due to damage as a result of a breach of the duty of care towards it, to the maximum permitted degree, except in respect of a breach of the duty of care in distribution, as defined in the Companies Law. The exemption letter also does not include exemption for Mr. Kalman from his responsibility towards the Company for a decision or transaction in which the controlling shareholder or an officer of the Company has a vested interest;

6) Granting a letter of indemnity to Mr. Ari Kalman, who serves as the Company's CEO. The letter of indemnity granted is identical to the one granted to the members of the board of directors and to the other officers at the Company. According to the letter of indemnity and subject to the provisions of the law, the Company undertook to indemnify Mr. Kalman for any liability or expense imposed on him and/or incurred due to actions performed (including actions performed before the date of issue of the indemnity letter) as aforesaid and/or to be performed, by virtue of being an officer in the Company, directly or indirectly related to one or more of the types of events listed in the letter of indemnity or any part thereof or anything connected to them. It is noted that the total (net) indemnity amount to be paid by the Company to all officers of the Company, cumulatively, in accordance with all indemnity letters issued and to be issued to them by the Company, shall not in any event exceed 25% of the shareholders' equity of the Company according to its financial statements immediately prior to the granting of the indemnity;

7) Approving the granting of letters of exemption and indemnity to Mr. Ari Kalman at the subsidiaries of the Company where Mr. Kalman serves and/or will serve, subject to the approval of the granting of such letters of exemption and indemnity by the competent organs at these subsidiaries.

D. On October 17, 2023, as part of the approval of the terms of office and employment of Mr. Eran Griffel, one of the controlling shareholders of the Company, as the Company's chairperson of the board, the general meeting of the Company (after receiving the approval of the Compensation Committee and the approval of the board of directors, of September 10 and 11, 2023, respectively) approved the extension of the validity of exemption letters and indemnity commitment letters from the Company and its subsidiaries at which he serves as a director (chairperson at Menora Pension and Provident Funds and director at Menora Insurance and Menora Real Estate), in the prevalent formats for other officers of the companies, as detailed above.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES

A. Class actions and motions to certify lawsuits as class actions

In recent years, there has been a significant increase in the number of motions to certify claims as 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 claims as 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 the lawsuit being certified as a class action against it.

A motion to certify a class action lawsuit may be filed in a lawsuit of a type as detailed in the above-mentioned law, or in a matter with respect to which another statutory provision explicitly stipulates that a class action lawsuit may be filed. It is noted that, since 2006, the definition of a claim in which a class action certification motion may be filed against group companies has become an extremely broad definition, including any issue arising between a company and a customer, regardless of whether or not the parties have engaged in a transaction. In order for a motion to certify a class action lawsuit to be granted, the lead plaintiff must prove, among other things: (1) the existence of a personal cause of action; (2) that the cause of action is sufficiently well established to give the plaintiff a prima facie chance to win the lawsuit; (3) that the cause of action raises a substantive question of fact or law that is common to all members of the represented class, and there is a reasonable possibility that the common questions would be decided in favor of the class; (4) that the dispute can be fairly and efficiently adjudicated as a class action lawsuit; (5) that the plaintiff and its counsel are suitable representatives of the represented class.

Motions to certify claims as class actions are filed through the hearing procedure mechanism set forth in the Class Actions Law. The hearings procedure for motions to certify claims as class actions is divided into two main stages: The first stage is the motion to certify (hereinafter - the "**motion to certify**" and the "**certification stage**", respectively). If the motion to certify is rejected by the court - the hearing stage at the class action level ends. A ruling at the approval stage may be subject to a motion for leave to appeal to 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 also, 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 class action lawsuit.

For motions to certify claims as class actions in which the Company's and/or the consolidated companies' defense claims are "more likely than not" to be denied and the proceeding is "more likely than not" to be dismissed (on its merits, or – for a class action lawsuit – to not be certified as a class action lawsuit by the court), according to the management's assessment, based (among other things) on legal opinions it has received – no provision was included in the Financial Statements. For proceedings where it is more likely than not that the defense claims of the Company and/or consolidated companies will be dismissed, in whole or in part, the Financial Statements include provisions to cover the exposure estimated by the Company and/or consolidated companies. For proceedings in preliminary stages whose odds cannot be estimated, no provision was included in the financial statements see Section A1, Subsections 5 and 7-15, Section A2, Subsections 2-7 and 9-29, and Section A3, Subsections 1-2. For cases in which the company and/or any of the consolidated companies are willing to settle, a provision has been made according to the willingness to settle, even if it is "more likely than not" that the Company's and/or the consolidated companies' defense claims would be granted, or the proceeding is at a preliminary stage and it is impossible to estimate the proceeding's odds.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES

A. Class actions and motions to certify lawsuits as class actions (cont.)

With respect to the motions to certify claims as class actions described in Section A1, Subsections 1-4 and 6 and Section A2, Subsections 1 and 8 below, that the District Court has certified as class action lawsuits – the financial statements include provisions to cover the exposure, as estimated by the Company and/or the consolidated companies, unless, according to the management's assessment, that is based, among other things, on legal opinions it has received, it is "more likely than not" that the Company's and/or the consolidated companies' defense claims on the substantive lawsuit would be accepted, and the lawsuit would be denied, even if it is adjudicated as a class action lawsuit.

It is noted that, for the purposes of this note, lawsuits and motions to certify them as class action lawsuits are deemed material if the claimed amount therein exceed NIS 15 million.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A1. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions:

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
1.	01/2008 District Court - Tel Aviv	Life insurance policyholders v. Menora Insurance and additional insurance companies.	The claim is of alleged unlawful overcharging with a payment component in the policies, known as the "sub-annuals" component. Causes of action: breach of the relevant statutory provisions, bad faith, and unjust enrichment. The main remedies being sought: refund of the total sub-annuals that were collected unlawfully, as well as a mandatory injunction ordering the defendants to change their modus operandi.	Any policyholder who has been charged due to the payment component of the policies known as the "sub-annuals," in circumstances and at an amount that deviate from the provisions of the law.	On July 19, 2016, the District Court ruled in favor of certifying the lawsuit as a class action lawsuit. The main cause of action that has been approved is unjust enrichment, and other asserted causes of action were denied. The sought remedy is a refund of the sums that were collected unlawfully in the seven years preceding the day the lawsuit was filed, and a mandatory injunction ordering the defendant to rectify its conduct. On September 26, 2016, the plaintiff appealed the rejection of the individual claim against some of the respondents (including Menora Insurance) before the Supreme Court, concerning the collection of "sub-annuals" at a rate that is claimed to exceed the lawfully permitted rate. On December 15, 2016, Menora Insurance filed a motion for leave to appeal the decision to certify the lawsuit as a class action lawsuit. On May 31, 2018, a judgment was rendered that granted the motion for leave to appeal and denied the appeal; however, on June 26, 2018, the plaintiff filed a motion for a further hearing on the judgment. On July 2, 2019, the Supreme Court granted the motion for a further hearing. On July 4, 2021, a judgment was rendered in the petition for a further hearing, stating that the ruling that certified the lawsuit as a class action would be reinstated, such that the motion to certify would be granted and the case would be returned to the District Court to hear the class action lawsuit on its merits. The lawsuit is under a mediation procedure.	Approx. NIS 2.3 billion, for the last 7 years. Of which, approx. NIS 229 million are attributed to Menora Insurance.

(1) The date the lawsuits and the motions were filed is the original date on which they were filed. The indicated court is the court before which the proceeding had initially been brought.
(2) Based on the class the plaintiff sought to represent in accordance with the statement of claim, which is the basis for the estimated amount claimed.
(3) The claimed amount stated above is the amount the plaintiff had estimated when the lawsuit was filed. The amounts specified in the lawsuits are the plaintiff's estimates, according to the estimated class the plaintiff seeks to represent. In some lawsuits, the plaintiff did not name the claimed amount, and therefore, it was not specified. To the extent that the plaintiff specified an amount attributed to the company, this is noted expressly.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A1. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
2.	07/2014 District Court - Central	NGOs and organizations that serve the pensioner population v. Mivtachim Pension and Provident and additional management companies.	Raising the management fees pensioners pay to the maximum management fees permitted by law (0.5% of the accrued balance), while taking advantage of the pensioners' status as a "captive audience" that is barred from moving its accrual to other pension funds, while active colleagues pay significantly lower management fees on average (approx. 0.3% of their accrued balance and approx. 2% of their current contributions). It was further claimed that the respondents do not disclose to their planholders that when they become pensioners, the management fees they pay the defendants would immediately be raised to the maximum management fees. Causes of action: bad faith misuse of a contractual right, the respondents' cartelistic conduct, breach of the fiduciary duties and the duties of care towards the respondents' planholders, breach of the duty of disclosure towards the planholders, an unduly disadvantageous condition in a standard contract, unjust enrichment, breach of statutory duty, and an unlawful failure to notify the planholders of the increased management fees on the eve of their retirement. Main remedies requested: (a) to return the excess management fees unlawfully charged from the class members with interest and linkage; (b) to require the respondents to lower the management fees charged to the pensioners, such that they do not exceed the management fees it charged before each one of them retired; (c) to prohibit the respondents from raising each planholder's management fees immediately before their retirement.	Anyone who is a planholder of a comprehensive new pension fund and is entitled to be paid an old-age pension and/or will be entitled to be paid an old-age pension in the future.	Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. Further to the parties' announcement that the mediation process had failed, the lawsuit was returned to the court for further adjudication. On March 18, 2022, the District Court (Central District) certified the lawsuit as a class action lawsuit. Pursuant to the court's recommendation, the parties entered a mediation proceeding. On January 19, 2026, the parties filed a motion to approve a settlement agreement.	Approx. NIS 48 million for all defendants

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A1. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
3.	09/2015 District Court - Tel Aviv	An insurance policyholder v. Menora Insurance	The defendant's (alleged) conscious and deliberate policy of disregard for its duty, as required by law and by decided case law, by paying insurance benefits without the lawful interest. Causes of action: unjust enrichment, breach of contract, deprivation, breach of the Commissioner's Directives, and breach of statutory duty. The main sought remedies: to declare and find that the defendant is in breach of its duty to add the lawful interest and linkage to the insurance benefits it pays, and ordering it to rectify its policy immediately and hereafter; to compel the defendant to pay the class members linked interest in accordance with the law, as defined in Section 1 of the Adjudication of Interest and Linkage Law, 1961, or in accordance with the contractual interest rate stipulated in the policy (whichever is higher), for the period commencing on the date of the occurrence of the insured event and ending on the actual insurance benefits payment date, and alternatively, for the period commencing 30 days from the date of delivery of the insurance claim to the defendant and until the actual insurance benefits payment date; to compel the defendant to pay the class members linkage differences and interest due to its underpayment, from the date of underpaying the insurance benefits and until the day the defendant pays the class members the linked interest; in addition and/or alternatively, should the court find that paying the class members damages is impractical – to order the defendant to compensate the general public.	Anyone who was paid insurance benefits from the defendants in the 7 years preceding the day the lawsuit had been filed and/or who will be paid insurance benefits by the respondent before a judgment is rendered in the lawsuit, without lawfully adding interest to the insurance benefits.	The lawsuit, as detailed below, was certified as a class action lawsuit. It is noted that a judgment has recently been rendered in a similar matter (hereinafter – the "**Barr Affair**") against other insurance companies, which stated that "the claim filing date" (within the meaning of Section 28A to the Insurance Contract Law) on which the 30-day race shall commence, and after which linked interest must be added to the insurance benefits, is the date the insurance company or the insurance agent, whichever is earlier, first received a communication indicating that the policyholder (or a third party or beneficiary) wishes to receive insurance benefits, without needing to attach any document. On May 18, 2021, the defendants in the Barr Affair appealed the judgment before the Supreme Court. At the same time, the District Court certified the lawsuit against Menora Insurance and Shomera on May 26, 2021 (Section 9 below) as a class action lawsuit. Menora Insurance filed its statement of defense on December 14, 2021. On March 13, 2022, the District Court stayed the proceedings in the case, pending a decision on the appeal in the Barr Affair. On November 9, 2022, a ruling was rendered on the Barr Affair, pursuant to which the motion for leave to appeal was denied. Accordingly, the adjudication of the lawsuit in the District Court was resumed.	At least approx. NIS 50 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A1. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
4.	10/2015 District Court - Tel Aviv	Insurance policyholders v. Shomera Insurance	A lawsuit in which the subject matter, causes of action, and main sought remedies are similar to the lawsuit described above in Section 3.	Anyone who received insurance benefits from the defendant in the 7 years prior to filing the lawsuit and/or at least during the 3 years prior to filing the lawsuit, and/or who will have received insurance benefits from the defendant by the time a judgment is rendered in the lawsuit, without the lawful interest being added to the insurance benefits.	The lawsuit was certified as a class action. See details in Section 3 above.	At least approx. NIS 20 million
5.	07/2018 District Court - Central	Motor insurance policyholders v. Menora Insurance	Failure to compensate policyholders who purchased "motor insurance policies for non-private vehicles and commercial vehicles weighing up to 3.5 tons" for impairment damage caused to their vehicles due to an insured accident. The main causes of action are: breach of contract, unjust enrichment, misleading, bad faith and exploitation of distress and an unduly disadvantageous condition in a standard contract. The main remedies being sought: to issue a mandatory injunction/declaratory remedy and order the defendant to recognize the impairment damage due to an accident as covered damage under the policy; to compensate its policyholders for impairment damage due to an accident, and to award any other remedy that the Honorable Court deems equitable under the circumstances.	All of the respondent's policyholders who were insured under a 'motor insurance policy for non-private vehicles and commercial vehicles weighing up to 3.5 tons,' and whose vehicles had a traffic accident that resulted in their vehicles suffering impairment damage for which the respondent did not compensate them.	The lawsuit is at the stage of motion to certify as a class action. Menora Insurance has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court. The lawsuit is at the summation stage.	NIS 63 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A1. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
6.	12/2018 District Court - Tel Aviv	A private dwelling insurance policyholder v. Menora Insurance et al.	The action concerns allegations of unlawful overcharging of insurance premiums in respect of redundant insurance policies issued to property owners who had taken out mortgage loans and were required to insure the property in favor of the lending bank, notwithstanding that, at the time of issuance, an existing policy—either with the same insurer or another insurer—already provided coverage for the same property for the same period. According to the claim, this was carried out in violation of statutory provisions and while misleading the policyholders. The principal causes of action asserted in the motion include, among others: misrepresentation, breach of the duty of good faith, negligence, unjust enrichment, and breach of statutory duty. The main remedies the plaintiffs are petitioning for are: a refund of the excessive premium amounts they were unlawfully charged, allegedly, as well as a mandatory injunction compelling the respondents to change their modus operandi.	Anyone who took out a mortgage loan from one or more of Respondents 4-7 and was insured by one or more of Respondents 1-3 under a private dwelling insurance policy that is one of two or more policies in connection with the same structure during the same period.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage. On November 24, 2023, the Court approved the motion to certify the lawsuit as a class action lawsuit.On April 1, 2025, a motion was filed to approve a settlement agreement that is subject to the court's approval.	Approx. NIS 280 million for all defendants
7.	11/2019 District Court - Tel Aviv	A health insurance policyholder v. Menora Insurance	The motion concerns the claim that the defendant allegedly raises the insurance premiums in contrast with the insurance premiums variation table in the list of terms attached to the policy, and, furthermore, that it changes the insurance premiums during the insurance period, such that fixed insurance premiums become variable insurance premiums, unilaterally and – allegedly – against the law.	All the defendant's policyholders, including in health, long-term care, and life insurance policies of any kind, for whom the defendant raised the insurance premiums, at times and at rates that are not detailed in the policy, in the 7 years prior to filing the lawsuit, and/or policyholders for whom the defendant raised the insurance premiums even though their policies are claimed to have clarified that their insurance premiums are fixed.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure. On March 10, 2021, the movant announced that the mediation process had ended without reaching a consensus, and the case was returned to the court. On August 2, 2021, there was a pre-trial hearing, in which the parties agreed to hold another mediation process. Further to the unsuccessful mediation and conciliation proceeding, the lawsuit is in the summation stage. Pursuant to the court hearing, the parties entered an additional mediation proceeding. On December 30, 2025, the parties filed with the Court a motion to approve a settlement agreement.	At least NIS 25 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A1. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
8.	04/2020 District Court - Haifa	A policyholder v. Menora Insurance et al.	The motion concerns the claim that the defendants have been collecting excessive insurance premiums on compulsory motor and property insurance policies, despite the significantly lower risk in light of the dramatic reduction in mileage volumes following the spread of Covid-19.	All compulsory motor insurance or comprehensive or third party insurance policyholders during the "effective period" or part thereof, i.e., from March 8, 2020, and until the full and absolute revocation of the movement restrictions imposed on the residents of Israel due to Covid-19.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage. On August 25, 2025, the District Court handed down a judgment dismissing the certification motions. On November 12, 2025, the movants appealed the District Court's judgment to the Supreme Court.	NIS 132 million
9.	04/2020 District Court - Haifa	A policyholder v. Shomera Insurance et al.	The motion concerns the claim that the defendants have been collecting excessive insurance premiums on compulsory motor and property insurance policies, despite the significantly lower risk in light of the dramatic reduction in mileage volumes following the spread of Covid-19.	All compulsory motor insurance or comprehensive or third party motor insurance policyholders during the "effective period" or part thereof, i.e., from March 8, 2020, and until the full and absolute revocation of the movement restrictions imposed on the residents of Israel due to Covid-19.	The lawsuit is at the stage of certification as a class action. Shomera Insurance has yet to submit its response to the motion. The lawsuit is at the summation stage.On August 25, 2025, the District Court handed down a judgment dismissing the certification motions. On November 12, 2025, the movants appealed the District Court's judgment to the Supreme Court.	NIS 74 million
10.	04/2020 District Court - Central	A policyholder v. Menora Insurance et al.	The motion concerns the claim that the defendants do not reduce and do not refund their compulsory motor insurance and comprehensive and third party motor property insurance policyholders for the allegedly excessive insurance premiums they had paid, in light of the extremely reduced risk level to which the defendants are exposed following the dramatic reduction in economic activity due to Covid-19 outbreak and the reduced volumes of road traffic.	All the defendants' policyholders who held compulsory motor insurance or comprehensive property and third party motor insurance policies on March 12, 2020, and until the date the lawsuit was filed (hereinafter - the "**Relevant Period**") and who did not receive a refund or reduced insurance premiums with respect to this period, at a rate and at an amount that correspond to the reduction in the insurance risk.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage. On August 25, 2025, the District Court handed down a judgment dismissing the certification motions. On November 12, 2025, the movants appealed the District Court's judgment to the Supreme Court.	NIS 107 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A1. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
11.	08/2020 District Court - Central	A planholder v. Menora Insurance et al.	The lawsuit concerns the claim that when stipulating an exclusion in the policy due to the policyholder's medical condition, the defendants allegedly charge an excess premium, because the exclusion is claimed to reduce the insurer's insurance risk, compared with policies with no exclusions.	Anyone who was a policyholder in the period beginning 7 years before the day of filing the claim and ending on the day of its certification as a class action, under an insurance policy for disability, long-term care, life, PHI, personal accidents, health (including critical illness, surgeries and transplants in Israel or abroad, medications, ambulatory procedures or any other medical coverage) that contains an exclusion.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure.	Approx. NIS 1.9 billion for all defendants, of which, an estimated 6% are against Menora Insurance.
12.	12/2020 District Court - Central	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant markets health insurance policies that include riders that are intended to provide the policyholders with medical services, but in practice, allegedly, the medical service is not provided, or it is provided only partially by the defendant or anyone on its behalf. The main causes of action according to the motion are, inter alia: breach of contract, breach of the duty of good faith in fulfilling a contract, unjust enrichment. The main remedies the plaintiffs are petitioning for are: reimbursement of the insurance premiums that were allegedly charged unlawfully, reimbursement of any amount the class members paid for treatment privately, and alternatively, the difference between any amount thus paid and the amount received from the defendant, and reimbursement of deductible amounts; the above – plus linkage differences and interest.	All the defendant's policyholders that have health insurance policies that include riders, to whom the service was not provided by the defendant or anyone on its behalf in practice, in the 3 years prior to filing the lawsuit (regarding payment of insurance benefits), and 7 years prior to filing the lawsuit (regarding the reimbursement of insurance premiums), as applicable.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure. The mediation process had failed, the lawsuit was returned to the court for further adjudication. The lawsuit is at the summation stage.	NIS 46.4 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A1. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
13.	07/2021 District Court - Tel Aviv	A policyholder v. Menora Insurance et al.	The lawsuit concerns the claim that when paying pensions, the defendant reduces the accrued monthly return for the "cash surrender value" balance, at a rate of 2.5% (or any other rate), allegedly without a contractual basis in the policy's terms and in contravention of the law. The main causes of action are, inter alia: breach of contract, breach of statutory duty, breach of duty of disclosure, breach of fiduciary duty and the duty of good faith, and unjust enrichment. The main remedies are, inter alia: to issue a declaratory order stating that deducting the interest from the monthly return is a breach in accordance with the aforementioned causes of action, and to order the recovery of all amounts that were unlawfully withheld, plus linkage differences and interest, as well as to order the defendants to cease deducting interest from the monthly return.	All of the defendant's policyholders who purchased life insurance policies that include savings accrual from the defendant, issued between the years 1991 and 2004, from whom interest was and/or will be deducted at a rate that is not specified in the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure.	Much higher than NIS 2.5 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A1. Following is a breakdown of the motions with respect to material lawsuits and motions to certify them as class actions: (cont.)

Serial No.	Date and court (1)	Parties	Main arguments, causes and remedies	Represented class (2)	Details	Claimed amount (3)
14.	09/2022 District Court - Tel Aviv	A policyholder v. Menora Insurance and additional insurance companies	The lawsuit concerns the claim that the defendants violate the terms of the insurance contract between the parties by refusing to cover medical cannabis purchase expenses.	All of the defendants' policyholders who had purchased coverage for pharmaceuticals that are excluded from the Healthcare Services Basket, who were not reimbursed for their medical cannabis expenses.	The lawsuit is at the certification stage as a class action. Menora Insurance has submitted its response to the motion.	NIS 30 million (at least)
15.	01/2026 District Court - Tel Aviv	Shareholder v. Menora Holdings et al.	The action concerns allegations that Menora Holdings breached its disclosure obligations applicable to it with respect to the occurrence or suspected occurrence of alleged criminal acts, and regarding the likelihood of prosecution of Menora Holdings and its officers. The principal causes of action are breach of disclosure obligations and misleading of public shareholders. The principal relief sought is damages to the class members for impairment of the share price resulting from the aforementioned breach of disclosure and reporting obligations.	All persons from among the public who held shares of Menora Holdings at the end of the trading day on December 29, 2025, prior to the report.	The lawsuit is at the stage of certification as a class action. Menora Holdings has yet to submit its response to the motion.	Between NIS 589 and NIS 836 million.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions:

In addition to the material lawsuits and motions to certify them as class action lawsuits, as described above, that were certified or that are pending certification, there are other such lawsuits and motions to certify them as class action lawsuits, for which the claim amount in each of them is immaterial, and therefore, no detailed description of them is included in the financial statements:

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
1.	08/2019 District Court - Central	Israel Consumers Council v. Menora Insurance et al.	The lawsuit concerns the claim that when there is a total loss event following an accident or theft (hereinafter - the "**insured event**"), the defendants do not return the rate of the insurance premiums attributed to the policy's various riders (e.g., roadside repairs, towing, and windshield repair) for the remaining insurance period after the date of the aforementioned insured event.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. On December 5, 2023, the Court certified the lawsuit as a class action. on February 1, 2024, Menora Insurance filed a motion to appeal the decision to the Supreme Court. The hearing on the motion for leave to appeal took place on May 22, 2024, and Menora Insurance withdrew the motion for leave to appeal in accordance with the court's recommendation.The lawsuit is at the summation stage.	Not quantified, in the absence of data (the lead plaintiffs estimate that the damage to all class members is measurable in tens of millions of shekels).
2.	08/2019 District Court - Central	Israel Consumers Council v. Shomera et al.	A lawsuit in which the subject matter, causes of action, and main sought remedies are similar to the lawsuit described above in Section 1.	The lawsuit is at the stage of certification as a class action. Shomera has submitted its response to the motion. See further details in Section 1 above.	Not quantified, in the absence of data (the lead plaintiffs estimate that the damage to all class members is measurable in tens of millions of shekels).
3.	05/2020 District Court - Tel Aviv	A planholder v. Menora Mivtachim Pension and Provident Funds and Menora Mivtachim, Israel Engineers Association et al.	The lawsuit concerns the claim that the defendants erroneously record some of the contributions into study funds as contributions that exceed the qualifying contribution ceiling, and therefore, the gains arising from these contributions are taxed with the capital gains tax.	The lawsuit is at the stage of certification as a class action. Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. The lawsuit is under a mediation procedure.	Not quantified.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions: (cont.)

In addition to the material lawsuits and motions to certify them as class action lawsuits, as described above, that were certified or that are pending certification, there are other such lawsuits and motions to certify them as class action lawsuits, for which the claim amount in each of them is immaterial, and therefore, no detailed description of them is included in the financial statements: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
4.	02/2021 Lod District Court	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant interprets the provisions of the Supervision of Insurance Business Regulations, according to which only claims submitted by the policyholder and whose amount exceeds 35% of the annual premium paid by the policyholder may be included in the policyholder's claims report, in an arbitrary manner and in bad faith, in that its report also includes cases in which, within the defendant's independent treatment of and investigation into the policyholder's claim, it paid funds to various entities other than the policyholders.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court.The lawsuit is at the summation stage.	Not quantified.
5.	04/2021 District Court - Tel Aviv	A planholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the claim that when the defendants' customers browsed their personal information section using the digital services on the defendants' website and/or mobile applications, the customers' personal and confidential information was transferred to third parties (without their consent), specifically to Google and its advertising service.	The lawsuit is at the stage of certification as a class action. Menora Mivtachim Pension and Provident Funds has submitted its response to the motion. The mediation proceeding between the parties was unsuccessful and the case was returned to the Court. The lawsuit is at the summation stage.	More than NIS 2.5 million
6.	04/2022 District Court - Jerusalem	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant does not recognize a surgery that must be performed as an insured event, arguing that it is a preventive surgery that does not fall under the definition of "surgery" according to the policy.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is at the summation stage.	NIS 3 million
7.	09/2022 District Court - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant allegedly discriminates against the insured men in its health insurance policies' ambulatory services appendix, by refusing to reimburse men for the cost they had incurred in pregnancy-related, childbirth-related and newborn care-related expenses.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.The lawsuit is under a mediation procedure.	More than NIS 2.5 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
8.	11/2022 District Court - Central	A policyholder v. Shomera	The lawsuit concerns the claim that the defendant markets certain motor property insurance plans to its policyholders that include riders as an inherent part, allegedly without presenting the price of the rider to the customers in the marketing process and after it is complete, and without allowing them to waive the rider and in return, be offered a lower price that would reflect the excluded service cost, such that purchasing the riders allegedly becomes a condition for the insurance plan.	The lawsuit is at the stage of certification as a class action. Shomera Insurance has yet to submit its response to the motion. On February 3, 2025, the court granted the motion to certify and, accordingly, the lawsuit is at the evidentiary stage.	More than NIS 2.5 million
9.	7/2023 District Court - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant does not make adequate representations regarding the professional liability policies for lawyers that it has been marketing since it has won the Israel Bar Association's tender in 2016, and that when a policyholder seeks to realize their coverage under the aforementioned policy and/or under any other policy marketed by Menora Insurance and that covers legal expenses and/or defense expenses – Menora Insurance violates its obligations under the policy and acts unlawfully by impairing the policyholder's ability to be defended by an attorney who is not on Menora Insurance's list of service providers, including by limiting the attorney's fees payable to them.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	More than NIS 2.5 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
10.	10/2023 District Court - Tel Aviv	A policyholder v. Shomera et al.	The lawsuit concerns the claim that the defendants provide, along with motor insurance policies, riders for the provision of towing services for vehicles that allegedly do not provide a lift towing service for vehicles requiring this (as distinct from flat towing) and charges the vehicle owners an additional separate payment for the said service.	The lawsuit is at the stage of certification as a class action. Shomera has yet to submit its response to the motion. On November 29, 2024, the court decided to strike the motion. On January 26, 2025, the movants appealed the judgment to the Supreme Court. On June 24, 2025, a judgment was handed down granting the Appeal, in the sense that the case will be remanded to the District Court in order for it to rule separately on the withdrawal arrangement that has not yet been formulated.	According to the plaintiff's estimate - NIS 80 million
11.	11/2023 District Court - Tel Aviv	A policyholder v. Menora Insurance et al.	The lawsuit concerns the claim that following an extreme event, such as the Iron Swords War, the risk declines dramatically, which is expected to result in a substantial and unplanned profit for insurance companies. That at the time of purchasing the policies of any of the respondents by the movants and class members, the risk and/or odds of a sudden attack, as had occurred in the Iron Swords War, was not taken into account when the premiums had been set, and that not providing the service and/or full or partial insurance coverage is egregious in light of the substantially reduced risk, especially to those who had been conscripted in an emergency call-up of reservists.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	NIS 10 million
12.	1/2024 Labor Court - Haifa	A policyholder v. Menora Mivtachim Pension and Provident Funds	The action involves the claim that the pension fund managed by the defendant unlawfully collects insurance coverage costs (insurance premiums), which are higher than those it was entitled to collect, while reducing the accumulation amount, for the following reasons: (a) The calculation of the determinative salary is too high in relation to the correct calculation and therefore the collection of insurance coverage costs are higher than the insurance coverage costs which should have been collected; (b) Collection of insurance coverage costs for a full month in relation to the month in which the planholder joined the pension fund (instead of only partial collection according to the part of the month in which the planholder was actually a planholder and received insurance coverage from the pension fund); (c) Collection of insurance coverage costs for a deposit received from the employer retroactively, even though according to the regulations, a retroactive deposit does not grant the planholder insurance coverage for the period preceding the date of its receipt.	The lawsuit is at the stage of certification as a class action. Menora Pension and Provident Funds has submitted its response to the motion.The lawsuit is under a mediation procedure.	More than NIS 2.5 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
13.	2/2024 District Court - Tel Aviv	A policyholder v. Shomera	The action involves the claim that the defendant reduces various amounts when paying insurance benefits as part of comprehensive motor insurance policies, based on “reducing variables" or "special variables," which were not specified to policyholders in the pre-contractual phase, contrary to the circular, “Motor (Property) Insurance - Insurance Benefits in Case of a Total Loss."	The lawsuit is at the stage of certification as a class action. Shomera has submitted its response to the motion.The lawsuit is under a mediation procedure.	More than NIS 2.5 million
14.	5/2024 District Court - Central	A policyholder v. Menora Insurance et al.	The claim alleges that the respondents violate the provision of the Supervision Law and Commissioner’s Circulars with respect to marketing and sale of riders for related services in motor comprehensive or third party insurance, such as: repair of windshields and headlights, towing and rescue, etc.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion. The lawsuit is under a mediation procedure.	More than NIS 2.5 million
15.	5/2024 District Court - Central	A policyholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the claim that the defendant raised the management fees that the plaintiff paid in the investment provident fund due to the cessation of contributions to the investment provident fund, and this (according to the claim) is contrary to the provisions of the fund regulations (based on the Standard Policy that the Commissioner of the Capital Market, Insurance and Savings Authority published in 2016) and allegedly contrary to the provisions of the accession form that the planholder signed.	The lawsuit is at the stage of certification as a class action. Menora Pension and Provident Funds has submitted its response to the motion.	More than NIS 2.5 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
16.	6/2024 District Court - Central	A policyholder v. Menora Insurance	The lawsuit concerns the allegation of the respondent's allegedly wrongful and unlawful practice of automatically renewing home insurance policies, while raising insurance premiums, on the pretext of revoking a "special discount" that does not apply to renewals, without notice and without consent, in contravention of the law.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. The lawsuit is under a mediation procedure.	More than NIS 2.5 million
17.	7/2024 District Court - Lod	A policyholder v. Menora Insurance	The lawsuit concerns the allegation that the defendant allegedly breaches the terms of the critical illness insurance policies and the Capital Market Commissioner's circular, in that, as alleged, the defendant allegedly denies cases that are medically diagnosed as severe heart attacks and does not define them as insured events under the policy, allegedly based on archaic laboratory-biochemical criteria.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.On March 9, 2026, a settlement agreement approval motion was filed with the Court.	More than NIS 2.5 million
18.	7/2024 District Court - Lod	A policyholder v. Menora Insurance	The lawsuit concerns the allegation that the defendant allegedly breaches the terms of its TOP Premium (Mushlemet TOP) health insurance policies, in that, according to the allegation, claims due to the medical procedure of ultrasound imaging-guided injections are allegedly denied by the defendant, unlawfully, due to an injection exception in the definition of "surgery" under the policy, and in that, according to the allegation, compensation claims for surgeries carried out overseas are allegedly denied unlawfully on the grounds that the coverage for private surgeries overseas does not include compensation for the surgery but indemnification for receipts and/or direct payment to the service providers, in accordance with the terms.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
19.	01/2025 District Court - Central	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant does not compensate and/or indemnify the members of the Group as defined below, taking into account the costs of the actual surgery, but allegedly according to much lower amounts, and that the prices of the surgeries listed in the calculator are not based, according to the claim, on the real prices that the defendant pays in connection with the surgeries, contrary to the provisions of the law. Including a judgment given in the defendant's case in Class Action 564-04-09 Kidishman v. Menora.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 3.6 million
20.	02/2025 District Court - Central	A policyholder v. ERN Israel Ltd.	The lawsuit concerns the allegation that the defendant collects fees - primarily a "collection fee" - from consumers who make payments to various businesses without having a contract in place and without sufficient disclosure of the amount of the fees (neither upon signing the letter of commitment signed by the movant nor afterwards). The causes of action asserted in the motion to certify include breach of the provisions of Section 13B2 of the Consumer Protection Law, breach of statutory duty (being the duty set forth in Section 13B2 of the Consumer Protection Law), breach of contract, breach of the duty of good faith, and unjust enrichment. The principal remedies sought are damages and restitution of amounts allegedly collected unlawfully, together with linkage differentials and interest, as well as a permanent injunction prohibiting the defendant from charging any additional payments, including collection fees.	The lawsuit is at the stage of certification as a class action. ERN has submitted its response to the motion. The lawsuit is under a mediation procedure.	More than NIS 2.5 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
21.	02/2025 Labor Court - Tel Aviv	A planholder v. Menora Mivtachim Pension and Provident Funds	The lawsuit concerns the allegation that the defendant collected management fees at a rate higher than 0.3% from holders of "dormant accounts" in a provident fund and from the accounts of deceased persons whose successors were not detected, without acting to renew contact with the planholders or to detect their successors as required under the regulations. The alleged causes of action include, among other things, breach of statutory duty, breach of the fiduciary duty, negligence, unjust enrichment, bad faith, breach of autonomy and equality, misrepresentation, and fraud.The main remedies claimed are: Compensation for the damage, including restitution of the management fees, which were allegedly collected at a rated higher than the rate set, mandatory injunction to the defendant requiring it to act to detect the account holders, contact with whom has been lost, and the successors/beneficiaries of deceased planholders.	The lawsuit is at the stage of certification as a class action.Menora Pension and Provident Funds has submitted its response to the motion.	More than NIS 2.5 million
22.	03/2025 District Court - Central	A policyholder v. Menora Insurance	The lawsuit concerns the allegation that the defendant pays funds arising from insurance premium refunds by means of checks instead of bank transfer or crediting a credit card.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion.	More than NIS 2.5 million
23.	05/2025 District Court - Central	A policyholder v. ERN Israel Ltd.	The lawsuit concerns an allegation that the defendant continues to charge the movant for services they purchased from a company, which encountered financial difficulties and an insolvency proceeding and ceased to provide the movant with the services they purchased. The main causes of action are breach of contract, breach of good-faith duty, breach of statutory duty and unjust enrichment.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion. The lawsuit is under a mediation procedure.	More than NIS 2.5 million
24.	05/2025 District Court - Central	A policyholder v. Menora Insurance	The Claim concerns the allegation that the Respondents condition the sale of Compulsory Motor insurance on the purchase of an additional product (comprehensive insurance, third-party insurance, or another product), and in doing so breach the provisions of Section 57 of the Financial Services Supervision Law (Insurance), 1981, and other statutory provisions. The alleged causes of action are, inter alia, breach of statutory duty, negligence, breach of duty of care, contractual causes, and unjust enrichment. The principal remedies are monetary remedy, compensation for non-pecuniary damage, and a declaratory remedy ordering cessation of the alleged breach.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 2.5 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
25.	05/2025 District Court - Central	A policyholder v. Shomera	A lawsuit in which the subject matter, causes of action, and main sought remedies are similar to the lawsuit described above in Section 26.	The lawsuit is at the stage of certification as a class action. Shomera has yet to submit its response to the motion. See further details in Section 26 above.	More than NIS 2.5 million
26.	06/2025 District Court - Central	A policyholder v. Menora Insurance	The lawsuit concerns the allegation that the plaintiff allegedly sets the insurance coverage rate such that their cumulative rate exceeds the limit of 35% by removing the permanent health insurance component from the calculation base where it is paid at the expense of the employer - allegedly in breach of statutory provisions.The principal alleged causes of action are, inter alia, breach of statutory duty, breach of the policy provisions, breach of the duty of good faith, and unjust enrichment. The principal remedies are a declaratory order stating that the Respondent acted unlawfully and compensation to the class members for their damages.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 3 million
27.	08/2025 Magistrate Court, Beit She'an	A policyholder v. Shomera	The Claim concerns the allegation that the Respondent adopted an improper practice in cases of a "Constructive Total Loss" (over 50% of the value of the vehicle but less than 60%), and even in cases that do not fall within the definition of "constructive total loss," to compensate its policyholders and/or any other damaged third party, as a matter of routine, as if the vehicle had been a total loss, all at its own discretion and without obtaining the consent of the policyholder and/or the damaged party as required by law and pursuant to the terms of the standard policy. The alleged causes of action are, inter alia, unjust enrichment, breach of statutory duty, fraud, negligence, and the duty of good faith. The principal remedies are the restitution of amounts deducted from the policyholders and the third parties, as well as legal fees and compensation to the Movant.	The lawsuit is at the stage of certification as a class action. Shomera has yet to submit its response to the motion.	More than NIS 2.5 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A2. Other class actions: (cont.)

Serial No.	Date and court	Parties	Main arguments	Details	Claimed amount
28.	12/2025 District Court - Central	A policyholder v. Menora Insurance	The action concerns allegations that, in cases of returned payments, including those where insurance premiums paid by credit card or direct debit are reversed, Menora Insurance charges additional amounts exceeding the original returned amount, without such charges being contractually stipulated, and that Menora Insurance collects these amounts from policyholders without divulging that an additional amount has been added to the outstanding balance. The principal causes of action include, among other things: unjust enrichment, breach of contract, lack of good faith, breach of disclosure obligations, and an unduly disadvantageous condition in a standard form contract. The principal remedies sought are monetary relief, declaratory relief, and injunctive relief. The principal remedies sought are monetary relief, declaratory relief, and mandatory injunctions.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	More than NIS 3 million
29.	03/2026 District Court - Tel Aviv	A policyholder v. Menora Insurance	The subject matter of the action concerns an allegation that the defendant is purportedly in breach of the terms of the long-term care insurance policies, in that, as claimed, it requires policyholders, or their heirs or estates, to reimburse long-term care insurance benefits that were paid to them for the portion of the month in which the policyholder passed away. The principal causes of action set forth in the motion include, inter alia: breach of contract; violation of the provisions of the Insurance Contract Law and the Financial Services Supervision Law (Insurance); unjust enrichment; breach of the duty of good faith; and breach of statutory duty. The principal remedies sought are: a mandatory injunction ordering the defendant to pay long-term care benefits in respect of the month of death in full and not to demand their reimbursement; an award of pecuniary and non-pecuniary damages; as well as legal fees and a reward to the applicant.	The lawsuit is at the stage of certification as a class action. Menora Insurance has yet to submit its response to the motion.	Estimated in NIS million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A3. Concluded claims

Serial No.	Date and court	Parties	Main arguments, causes and remedies	Details	Claimed amount
1.	6/2024 District Court - Haifa	A policyholder v. Shomera	The lawsuit concerns the allegation that the windshield installers working on behalf of the respondents under a "windshield insurance" rider (hereinafter - the "**rider**") do not carry out an inspection and/or calibration of the safety system installed on the vehicle's front windshield when dismantling the broken windshield and installing the new (spare) windshield, and are thus in breach of the provisions of the law and its undertakings under the policy and the riders.	The lawsuit is at the stage of certification as a class action. Shomera has submitted its response to the motion. On January 27, 2026, a motion for approval of voluntary dismissal and withdrawal of the motion to certify was filed. On February 19, 2026, the court granted a motion to withdraw, and thus the lawsuit was concluded.	More than NIS 2.5 million.
2.	12/2024 Regional - Tel Aviv	A policyholder v. Menora Insurance	The lawsuit concerns the claim that the defendant imposes on the policyholders in the PHI policies a professional supplement due to a change in occupation in a manner that reduces the insurance benefits that it must pay and this is allegedly unlawful.	The lawsuit is at the stage of certification as a class action. Menora Insurance has submitted its response to the motion. On March 10, 2026, the Court granted the motion to withdraw, thereby terminating the action.	NIS 10 million

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A. Class actions and motions to certify lawsuits as class actions (cont.)

A5. Summary table

The following table summarizes the amounts claimed in pending motions to certify claims as class actions, claims certified as 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 amount claimed 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 litigated 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 compromise agreement was approved in respect thereof.

	No. of lawsuits	Amount claimed
		NIS thousand
Certified class actions:		
Stated amount attributed to the Group	4	301,500
The lawsuit pertains to a number of companies and no specific amount was attributed to the Group	2	328,000
No claim amount was specified	1	-
Pending motions to certify claims as class actions:		
Stated amount attributed to the Group	34	1,328,000
The lawsuit pertains to a number of companies and no specific amount was attributed to the Group	-	-
No claim amount was specified	3	-

As of the reporting date, the cumulative provision for lawsuits filed against the Company, as described above, totals approx. NIS 266 million (as of December 31, 2024 – NIS 179 million).

A6. From time to time, the Commissioner issues position papers, principles for drafting insurance plans, papers on proper and improper practices and other documents or draft documents that are relevant to the Group's areas of operation and which may have an effect on the rights of the policyholder/s and/or planholder and may create an exposure for the Group in certain cases with respect to both its period of operation prior to those documents coming into effect and the future.

It is impossible to predict in advance whether and to what extent the Group is exposed to allegations connected to and/or resulting from directives that may arise in part through the procedural mechanism set forth in the Class Actions Law. Similar circulars issued by the Commissioner with a future effective date may have such an effect.

From time to time complaints are filed against the Group, including complaints to the Commissioner with respect to rights of policyholders and/or planholders according to insurance plans and/or funds and/or the law. These complaints are handled regularly by the Group's Ombudsman. At times, the Commissioner's decisions (or draft decisions) on these complaints are rendered across the board for a class of policyholders.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

A. Class actions and motions to certify lawsuits as class actions (cont.)

A6. (cont.)

Furthermore, from time to time, and also following policyholders' complaints, the Commissioner conducts audits on his behalf at the Group's institutional entities and/or sends requests to them to receive information on various issues of management of the institutional entities and management of the rights of the institutional entities' policyholders and planholders, as well as audits to verify the implementation of regulatory directives and/or lessons from previous audits, wherein, among others, demands are received to make changes in various products and instructions are given for implementing circulars and/or guidelines and/or for rectifying deficiencies or for the taking of actions by the institutional entities, including making refunds to policyholders and planholders. On the basis of the audit findings or the information provided, the Commissioner sometimes imposes financial sanctions pursuant to the Enforcement Authority Law.

A7. 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 arrangements 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 expressed mainly in connection with pension savings and long-term insurance products, including health insurance, in which the Group operates, due to them being characterized by a prolonged lifespan and extreme complexity, particularly in view of the legislative arrangements relating both to management of the products and to taxation, including on issues concerning the contributions made by employers and policyholders, separation and attribution of the contributions to the various policy components, investment management, the policyholder's employment status, his contribution payments, etc. These products are managed over years during which there are changes in policy, regulatory requirements and legal trends, including in court rulings. These changes are implemented by automated systems that undergo frequent changes and adjustments. The complexity of these changes and application of changes with respect to many years creates increased operating exposure. Receipt of a new interpretation to insurance policies and long-term pension products may, at times, affect the Group's future profitability with respect to the existing portfolio, in addition to the exposure involved in the demands to compensate customers for past activities. 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.

Furthermore, the insurance domain in which the Group companies operate is high in detail and circumstances, and has an inherent risk that cannot be quantified as to the occurrence of an error or series of mechanical or human errors, in both structured work processes and when handling a specific customer, and which may cause expansive consequences as to both the effect on a large number of customers or cases and the relevant monetary effect concerning an individual customer. The Group's institutional entities regularly cleanse the rights of policyholders, in all that concerns management of the products at institutional entities, according to gaps that are discovered from time to time.

The Group is exposed to claims and allegations on the level of contract laws and fulfillment of the insurance liabilities in the policy, deficient consultation, breach of fiduciary duty, conflict of interests, duty of care, negligence as part of the professional liability of the professional entities in the Group including the Group’s agencies as well as engagements with reinsurers etc., allegations relating to the services provided by the Group companies, and from time to time there are circumstances and events that raise concerns regarding allegations of that type. The Group acquires professional liability insurance policies, including as required by the legislative arrangement, and when necessary it reports to the policy’s insurer or insurers in order to cover an obligation deriving from professional liability that can be protected by acquiring insurance. The amounts of the possible exposure are higher than the amounts covered and there is no certainty that the insurance coverage will actually be received upon the occurrence of an insured event.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

B. Guarantees provided

1. Menora Insurance has provided guarantees in favor of the planholders of the provident funds Yeter and Amir (managed by Mivtachim Pension and Provident Funds), to secure the fund's commitment towards them to a guaranteed rate of return. The level of the guarantees refers, as of the date of the Financial Report, to accrual in a total amount of approx. NIS 5 billion (as of December 31, 2024 - identical). It is noted that the Accountant General of the Ministry of Finance has made a commitment to the funds to receive most of the contributions of the aforesaid planholders at a guaranteed return in excess of the rate of return guaranteed to the members. In addition to the foregoing, Menora Insurance has provided similar guarantees to secure the investment principal of the planholders in a non-guaranteed return track, in favor of members who joined the fund up to 1994, with regard to their nominal contributions up to January 2009. The level of the guarantees refers, as of the date of the Financial Report, to accrual in a total amount of approx. NIS 50 million.

2. Guarantees exist in a total amount of approx. NIS 1,985 thousand that were transferred to the Group as a result of the Industrial Development Corporation transaction.

3. Guarantees provided by a consolidated company - Menora Agencies
Menora Agencies provided guarantees in favor of banks for associate Bestie Price Ltd. totaling NIS 4 million.

4. Guarantees provided by a consolidated company - ERN
ERN provided guarantees for various parties in a total amount of 1.3 NIS million.

C. Commitments

1. The Group has future commitments, as part of the investment activities, as detailed below:

A. Commitments to invest in investment funds in a total amount, as of December 31, 2025, of NIS 2,846,357 thousand, of which a total of NIS 1,496,816 thousand in respect of yield-dependent contracts (as of December 31, 2024: NIS 3,011,626 thousand, of which a total of NIS 1,628,765 thousand in respect of yield-dependent contracts).

B. Commitments to grant loans to various companies in a total amount, as of December 31, 2025, of NIS 1,454,111 thousand, of which a total of NIS 574,278 thousand in respect of yield-dependent contracts (as of December 31, 2024: NIS 1,614,437 thousand, of which a total of NIS 707,955 thousand in respect of yield-dependent contracts).

2. In the course of its business, Menora Insurance signs agreements with employers for the execution of insurance arrangements and annuity payments in connection with early retirement of their employees. Pursuant to the agreements, the employers transfer a lump sum to Menora Insurance for each retiree, and Menora Insurance pays the retirees monthly amounts, within an insurance policy, as agreed by the parties. The expected profit from these transactions is immaterial.

3. In December 2014, the Company signed an agreement for sponsorship and branding of the sports arena in Yad Eliyahu, Tel Aviv, which was renamed Menora Mivtachim Arena following the agreement. The agreement was signed for a period of eight years, beginning January 1, 2015. The total consideration established is approx. NIS 23.6 million (including VAT), paid in 32 quarterly installments. In addition, the agreement includes an option to extend the term of the engagement by eight additional years.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

C. Commitments (cont.)

3. (cont.)

Due to the Covid-19 pandemic, the prohibition on congregating, and the cancellation of events and sports matches, adjustments were made to the aforesaid agreement; among these, the Company gained a reduction of NIS 1 million before VAT (hereinafter - the "**Discount**") of the consideration it was to pay to Sport Palaces Tel Aviv Jaffa Ltd. It was agreed that the Discount would be deducted over the course of five years, in twenty consecutive quarterly installments, beginning in the first quarter of 2021. In addition, it was determined that if the term of the engagement was extended by an additional engagement period, the increase in the franchise fee established in the agreement, at a rate of 5% of the up-to-date value of the last franchise fee paid by the Company, would be canceled, such that the consideration for the right to provide sponsorship for the entire additional engagement period would be NIS 20 million, plus VAT.

To ensure the fulfillment of the Company's obligations, a letter of guarantee was deposited in the amount of approx. 1.2 NIS million. In December 2021, the Company notified the sports center of the exercise of the option to extend the engagement period.

D. Leases

Disclosures regarding lease transactions in which the Group is the lessee

1) The Group has lease agreements including the lease of buildings, equipment for solar fields and vehicles, which serve to facilitate the implementation of the Group's ongoing activity. The lease agreements for the buildings are for periods ranging between 5 to 20 years, the lease agreements for the solar fields are for periods of up to 18 years, while the vehicle lease agreements are for a period of 3 years. Some of the lease agreements that the Group entered into include extension and termination options

The Group has lease agreements of vehicles and offices for periods less than 12 months. For these leases, the Group recognizes the lease costs as a straight-line expense spread over the lease term.

2) Extension and termination options

The Group has lease agreements that include both extension and termination options. These options provide the Group with flexibility in managing lease transactions and adapting them to the Group's business needs. The Group exercises significant judgment when assessing whether it is reasonably certain that the extension and termination options will be exercised.

In lease agreements including non-terminable lease terms, the Group also included the exercising of the existing extension options in the agreements as part of the lease term. In these lease agreements, the Group tends to exercise the extension options, as if an alternative asset is not immediately available on the date of conclusion of the non-terminable lease term, this would cause significant damage to the Group's routine operating activities.

In addition, the Group did not include extension options in its vehicle lease agreements, since normally the Group does not exercise these options, and does not lease the vehicles for periods longer than 3 years (excluding the extension option).

Furthermore, the lease terms that are under the lease termination option were included as part of the lease term when it is reasonably certain that these options will not be exercised.

Notes to the Consolidated Financial Statements

NOTE 31 - CONTINGENT LIABILITIES, COMMITMENTS AND LEASES (cont.)

D. Leases (cont.)

Disclosures regarding lease transactions in which the Group is the lessee (cont.)

3) Repayment dates of lease liabilities

	December 31	
	2025	2024
	NIS thousand	
First year	30,302	29,930
Second year	19,060	19,647
Third year	11,321	8,229
Fourth year	3,739	2,285
Fifth year onwards	6,385	5,229
Total	70,807	65,320

4) Details regarding lease transactions

	For the year ended December 31	
	2025	2024
	NIS thousand	
Interest expenses for lease liabilities	1,347	742
Expenses for short-term leases	357	495
Repayment of lease liabilities	56,167	56,396
Rental income from lease of a right-of-use asset by way of a sublease	(123)	(295)
Total cash outflow for leases	57,748	57,338

Disclosures for lease transactions in which the Group is the lessor

The Group leases several buildings (investment properties) via operating leases to external entities. The agreements regarding the leases to external entities are for periods of one year to 9 years, and cannot be canceled. In most of the lease agreements, the renter is provided with the option to extend the term of the contract.

Renewal of the lease contracts at the end of their term is subject to the consent of both parties.

Analysis of repayment dates of the lease payments to be received in non-discounted values for operating leases

	2025	2024
	NIS thousand	
First year *)	32,654	28,794
From two to five years **)	48,855	67,341
More than five years	2,567	3,834
	84,076	99,969

	For the year ended December 31	
	2025	2024
	NIS thousand	
For operating leases:		
Lease revenue, excluding variable lease proceeds	30,013	25,389

Notes to the Consolidated Financial Statements

NOTE 32 - EVENTS SUBSEQUENT TO THE REPORTING PERIOD AND THEREAFTER

A. Tender offer - Isracard

On October 31, 2024, the Company entered into an investment agreement with Isracard Ltd. (hereinafter - "**Isracard**") for the purchase of approx. 33% of Isracard's issued and paid up share capital by way of private placement at pre-money valuation of NIS 3.15 billion. On December 30, 2024, Isracard announced that it received another proposal, which constitutes a "preferrable proposal" and therefore it intends to terminate the investment agreement signed with the Company. On January 1, 2025, the Company notified Isracard that it does not intend to negotiate an amendment to the agreement's terms. On January 5, 2025, Isracard notified the Company that the investment agreement had been terminated. Accordingly, the Company received compensation totaling approx. NIS 62 million, which was recognized in the Company's results during the reporting period.

B. Rocket fall near Beit Menora

In June 2025, and under Iran's attack on Israel, a missile fell not far from the Company's building. As a result of the missile hit, only minor secondary damage was caused to property without any damage to critical infrastructures, and accordingly the Company's ability to function was not impaired, specifically its provision of services to policyholders and planholders. The total damage net of the expected government compensation is immaterial.

C. Agreement for the acquisition of ERN shares held by SIB

On January 11, 2026, the Company's Board of Directors signed an agreement with S.A.B Ltd. (hereinafter - the "**Seller**") and ERN Israel Ltd. (hereinafter - "**ERN**") for the acquisition - by the Company - of ERN's remaining shares (30%), such that subsequent to the acquisition, the Company's holding stake in ERN is 100%. The abovementioned acquisition of shares was carried out in consideration for approx. NIS 234 million, at a Company value of approx. NIS 770 million.It should be noted that the agreement replaces the existing agreements between the Company, the seller, and ERN, and that the required regulatory approvals for completion of the transaction have been obtained, including, in particular, the approval of the Commissioner of the Capital Market, Insurance and Savings Authority.

D. Acquisition of control over Yesodot

On January 27, 2025, Menora Mivtachim Insurance (hereinafter - "**Menora Insurance**") and another Menora group subsidiary (hereinafter - the "**Investor**") entered into an agreement with Yesodot A. Financial Support Ltd. (hereinafter - "**Yesodot**") for the provision of subordinate credit facilities (hereinafter - the "**Agreement**"). Menora Insurance and the Investor undertook to advance to Yesodot credit facilities totaling NIS 200 million each, and the credit facility to be advanced by the Investor is convertible into 50.1% of Yesodot's shares; such conversion will result in assumption of control. Furthermore, the parties entered into a shareholder agreement, which will come into effect upon the execution of the conversion (if it is executed), comprising three mutual options (put and call), for a period of up to 4 years, at the end of which (if exercised) the Investor will hold 100% of Yesodot's shares. In April 2025, all the conditions precedent were met and accordingly the Agreement entered into force.

On January 5, 2026, an agreement was signed between the Investor and Yesodot for the conversion of a portion of the credit facility advanced by the Investor - totaling NIS 150 million - into 50.1% of Yesodot's shares, subject to the conditions precedent set in the Agreement. On February 25, 2026, the Company exercised the option into shares of Yesodot A. Financial Support Ltd.'s shares (hereinafter - **Yesodot**"), such that subsequent to the exercise, the Company held 60.1% of Yesodot's shares.

Notes to the Consolidated Financial Statements

NOTE 32 - EVENTS SUBSEQUENT TO THE REPORTING PERIOD AND THEREAFTER (cont.)

E. Dividend subsequent to the reporting date

Subsequent to the reporting date, the Company's Board of Directors declared a dividend distribution to the shareholders totaling NIS 500 million, representing NIS 8 per share of NIS 1 p.v.

F. Dividends from subsidiaries subsequent to the reporting date

1) Subsequent to the reporting date, Menora Insurance's Board declared a NIS 400 million dividend distribution to the Company.

2) Subsequent to the reporting date, the Board of Directors of Mivtachim Pension and Provident declared a dividend distribution to its shareholders in the amount of NIS 60 million, of which NIS 54 million is payable to the Company.

MENORA MIVTACHIM

Chapter D

Financial Data from the Consolidated Financial Statements Attributable to the Company

Menora Mivtachim Holdings Ltd.

Financial Data from the Consolidated Financial Statements Attributable to the Company As of December 31, 2025

Regulation 9C

Menora Mivtachim Holdings Ltd.

Menora Mivtachim Holdings Ltd.

Financial Data from the Consolidated Financial Statements Attributable to the Company As of December 31, 2025

Regulation 9C

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Shape the future with confidence

To:
the Shareholders of Menora Mivtachim Holdings Ltd.

Dear Sir/Madam,

Re: Special Report of the Independent Auditor on Separate Financial Information Regulation 9C - Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970

Opinion

We have reviewed the Separate Interim Financial Information provided in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 of Menora Mivtachim Holdings Ltd. (hereinafter – the "**Company**") as of December 31, 2025 and for the year then ended (hereinafter - the "**Separate Financial Information**").

We did not audit the financial information from the financial statements of investees accounted for under the equity method, the investment in which is approx. NIS 494,667 thousand as of December 31, 2025, and the Company's share in the profits of which amounted to NIS 79,221 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 section of our report. 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.

Board of Directors and management's responsibilities for the Separate Financial Information

The Board of Directors and management are responsible for the preparation and presentation of the Separate Financial Information in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970, and for the internal control necessary in accordance with the decision of the Board of Directors and management in order to enable the preparation of the Separate Financial Information without 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 in 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.

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The independent auditor's responsibilities for the audit of the Separate Financial Information section of our report

Our objectives are to obtain reasonable assurance about whether the Separate Financial Information is free from material misstatement, whether due to fraud or error, and to issue an independent auditor's special report, which includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of the Separate Financial Information.

In conducting our audit - 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 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 in the circumstances, but not in order to provide an opinion regarding 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 concluded that a material uncertainty exists, we are required to draw attention in our special report to the related disclosures in the Separate Financial Information or, if such disclosures are inadequate, to include a departure from the standard wording in the special report. 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.
- Assess the presentation as a whole, the 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 of 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 29, 2026

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Financial Data from the Consolidated Statements of Financial Position

	Additional Information	As of December 31 2025	As of December 31 2024	As of January 1 2024
		NIS thousand		
Current assets				
Cash and cash equivalents	B	305,673	14,394	15,780
Financial investments	C	735,717	351,819	339,730
Current tax assets		2,232	13,651	-
Receivables and debit balances		274	3,827	2,501
Current balances with investees	F(1)	8,532	8,100	12,704
Total current assets		1,052,428	391,791	370,715
Non-current assets				
Loans and receivables	C	31,423	33,879	31,213
Investment in marketable Restricted Tier 1 capital of an investee	C	302,169	-	-
Investments in investees		8,018,088	6,947,588	5,698,906
Loans to investees	F(1)	31,147	344,530	398,039
Assets for employee benefits	F(4)	14,431	12,517	11,565
Property, plant & equipment		1,036	1,169	1,694
Deferred taxes		-	8,367	18,022
Total non-current assets		8,398,294	7,348,050	6,159,439
		9,450,722	7,739,841	6,530,154
Current liabilities				
Current maturities of financial liabilities	D	54,435	53,253	53,322
Current tax liabilities		-	-	1,805
Futures		-	35	800
Payables and credit balances	D(1)	7,131	7,860	9,211
Current balances with investees	F(1)	21	2,025	1,886
Total current liabilities		61,587	63,173	67,024
Non-current liabilities				
Financial liabilities	D	174,979	222,762	269,968
Liabilities for employee benefits	F(4)	22,985	22,056	21,030
Deferred taxes	E	4,445	-	-
Total non-current liabilities		202,409	244,818	290,998
Equity attributable to the Company's shareholders				
Share capital		99,429	99,429	99,429
Share premium		316,522	326,460	332,985
Treasury shares		(64,641)	(84,019)	(100,200)
Capital reserves		340,217	347,253	320,734
Retained earnings		8,495,199	6,742,727	5,519,184
Total equity capital		9,186,726	7,431,850	6,172,132
		9,450,722	7,739,841	6,530,154

March 29, 2026			
Approval date of the financial statements	**Eran Griffel Chairman of the Board**	**Ari Kalman CEO**	**Ran Kalmi CFO**

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

Financial Data from the Consolidated Statements of Income

	Additional Information	For the year ended December 31	
		2025	2024
		NIS thousand	
Revenues			
Income from investees		2,265,261	1,640,204
Revenues from investments and financing		49,068	46,233
Finance income for loans to investees	F(3)	12,565	20,563
Other revenues	G(1)	61,946	-
Management fees from investees	F(2)	11,316	11,177
Total revenues		2,400,156	1,718,177
Expenses			
Finance expenses		2,495	4,058
General and administrative expenses		18,034	18,582
Total expenses		20,529	22,640
Profit before taxes on income		2,379,627	1,695,537
Taxes on income	E	28,646	11,530
Net income		2,350,981	1,684,007

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

Financial Data from the Consolidated Statements of Comprehensive Income

	For the year ended December 31	
	2025	2024
	NIS thousand	
Net income attributable to the Company	2,350,981	1,684,007
Other comprehensive income (loss) that, subsequent to initial recognition in comprehensive income, was or will be carried to profit and loss		
Other comprehensive income (loss) attributable to the investees, net	12,815	(3,526)
Other comprehensive income (loss) not transferred to profit and loss		
Gain (loss) due to remeasurement of defined benefit plans	109	(424)
Taxes on income (tax benefit)	25	(98)
	84	(326)
Other comprehensive income (loss) attributable to the investees, net	(21,737)	37,896
Total other comprehensive income (loss) not transferred to profit and loss	(21,653)	37,570
Total other comprehensive income (loss), net	(8,838)	34,044
Total comprehensive income attributable to the Company	2,342,143	1,718,051

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

Financial Data from the Consolidated Statements of Cash Flows

	For the year ended December 31	
	2025	2024
	NIS thousand	
Cash flows from operating activities		
Net income	2,350,981	1,684,007
Adjustments required to present cash flows from operating activities:		
Adjustments to profit and loss line items:		
Investment and finance income, net	(49,496)	(41,565)
Depreciation	430	444
Share-based payment	217	399
Income from investees	(2,265,261)	(1,640,204)
Taxes on income	28,646	11,530
	(2,285,464)	(1,669,396)
Changes in assets and liabilities line items:		
Change in liabilities for employee benefits	(875)	(350)
Decrease (increase) in receivables and debit balances	3,471	(786)
Decrease in payables and credit balances	(10,180)	(12,339)
	(7,584)	(13,475)
Cash paid and received during the year:		
Interest paid	(3,162)	(4,716)
Interest received	8,739	10,904
Taxes paid	(10,532)	(17,042)
Taxes received	5,918	-
Dividend received	1,378,734	539,317
	1,379,697	528,463
Net cash provided by operating activities attributable to the Company as a parent company	1,437,630	529,599
Net cash provided by (used for) operating activities for transactions with investees	2,784	(4,312)
Net cash provided by operating activities	1,440,414	525,287

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

Financial Data from the Consolidated Statements of Cash Flows (cont.)

	For the year ended December 31	
	2025	2024
	NIS thousand	
Cash flows from investing activities		
Purchase of property, plant and equipment	(8)	(33)
Proceeds from realization (purchase) of securities measured at fair value through profit and loss, net	(568,397)	63,757
Repayment of long-term loans	(644)	(1,116)
Net cash provided by (used for) investing activities attributable to the Company as a parent company	(569,049)	62,608
Net cash provided by (used for) investing activities for transactions with investees	73,634	(75,762)
Net cash used for investing activities	(495,415)	(13,154)
Cash flows from financing activities		
Repayment of financial liabilities	(53,279)	(53,422)
Dividend paid to the Company’s shareholders	(600,000)	(460,148)
Net cash used for financing activities	(653,279)	(513,570)
Exchange rate differences in respect of cash and cash equivalent balances	(441)	51
Increase (decrease) in cash and cash equivalents	291,279	(1,386)
Balance of cash and cash equivalents at beginning of year	14,394	15,780
Balance of cash and cash equivalents at end of year	305,673	14,394
Noncash activity		
Financial investments received as dividend	72,000	45,000

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

Additional Information

A. Preparation of the financial data from the Company's Consolidated Financial Statements for 2025

1. Definitions

The Company - Menora Mivtachim Holdings Ltd.

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

Regulation 9C - Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970.

2. Principles for preparation of the financial data

The separate financial information has been prepared in conformity with 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 in 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 - "**IFRS**") in general, and the provisions of IAS 27 - "Consolidated and Separate Financial Statements" in particular. Nevertheless, the accounting policies specified in Note 2 to the Consolidated Financial Statements was applied for the purpose of presenting the separate financial information, with the necessary changes as stated below.

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.

A. Presentation of the financial data

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 - classified according to types of assets and liabilities. The data were classified according to Regulation 9C. Furthermore, information is presented regarding assets less liabilities attributable to investees, including goodwill. Such presentation results with the equity attributable to shareholders of the Company in the consolidated financial statements being identical to the Company's equity as derived from the separate financial information.

Additional Information

A. Preparation of the financial data from the Company's Consolidated Financial Statements for 2025 (cont.)

2. Principles for preparation of the financial data (cont.)

A. Presentation of the financial data (cont.)

2) Revenues and expenses included in the consolidated statements of income and other comprehensive income 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. The data were classified according to Regulation 9C. In addition, the Company's share in income of investees is also presented. 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 in 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, as derived from the separate financial information.

3) Cash flows included in the consolidated statements of cash flows attributable to the Company

Separate financial information amounts which represent cash flows included in the consolidated financial statements attributable to the Company, derive 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 data were classified according to Regulation 9C.

B. Transactions between the Company and investees

1) Presentation

Intra-group balances and revenues and expenses arising from intra-group transactions, which were eliminated in the preparation of the Consolidated Financial Statements, were presented separately from the balance in respect of investees and the income in respect of investees, together with similar balances with third parties.

Unrealized gains and losses, arising from transactions between the Company and its investees, were presented as the balance with respect to investees and as the profit with respect to investees.

2) Measurement

Transactions between the Company and its investees were measured in accordance with the recognition and measurement principles set in the relevant IFRSs outlining the accounting treatment applicable to such transactions with third parties.

Additional Information

B. Cash and cash equivalents

As of December 31, 2025	In foreign currency or linked thereto		
	USD	Non-linked	Total
		NIS thousand	
Cash and cash equivalents	10,514	295,159	305,673

As of December 31, 2024	In foreign currency or linked thereto		
	USD	Non-linked	Total
		NIS thousand	
Cash and cash equivalents	1,041	13,353	14,394

C. Financial assets

1. Investments by financial asset groups, in accordance with IFRS 9:

	As of December 31	
	2025	2024
	NIS thousand	
Financial assets at fair value through profit and loss:		
Shares	27,848	25,042
Bonds	472,120	235,421
ETNs, mutual funds and other investments	235,749	91,356
	735,717	351,819
Loans and receivables - measured at amortized cost	31,423	33,879
Investment in marketable Restricted Tier 1 capital of an investee	302,169	-
	1,069,309	385,698

Additional Information

C. Financial assets (cont.)

2. Linkage terms of financial assets by financial instrument groups, in accordance with IFRS 9:

As of December 31, 2025	In foreign currency or linked thereto			CPI-linked	Non-linked	Total
	USD	EUR	Other			
	NIS thousand					
Financial assets at fair value through profit and loss	65,069	11,956	1,645	219,169	437,878	735,717
Loans and receivables - measured at amortized cost	-	-	-	14,613	16,810	31,423
Investment in marketable Restricted Tier 1 capital of an investee	-	-	-	-	302,169	302,169
	65,069	11,956	1,645	233,782	756,857	1,069,309

As of December 31, 2024	In foreign currency or linked thereto			CPI-linked	Non-linked	Total
	USD	EUR	Other			
	NIS thousand					
Financial assets at fair value through profit and loss	22,829	-	-	159,336	169,654	351,819
Loans and receivables - measured at amortized cost	-	-	-	13,628	20,251	33,879
	22,829	-	-	172,964	189,905	385,698

D. Financial liabilities

1. Payables and credit balances *)

	As of December 31	
	2025	2024
	NIS thousand	
Accrued expenses (including interest payable in respect of bonds)	2,099	2,413
Employees and other liabilities in respect of wages and salaries	3,084	3,061
Government institutions and authorities	1,576	2,245
Suppliers	367	139
Other	5	2
	7,131	7,860

*) Payables are unlinked, except for interest payable in respect of bonds.

Additional Information

D. Financial liabilities (cont.)

2. Liquidity risk

The following table presents the repayment dates of the Company's financial liabilities under the contractual terms in non-discounted amounts (including interest payments):

As of December 31, 2025	Up to one year	From one to two years	From two to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
	NIS thousand						
Payables and credit balances	7,131	-	-	-	-	-	7,131
Lease liabilities	132	148	72	-	-	-	352
Liability in respect of option granted to non-controlling interests	180,000	-	-	-	-	-	180,000
Bonds	55,686	-	-	-	-	-	55,686
	242,949	148	72	-	-	-	243,169

As of December 31, 2024	Up to one year	From one to two years	From two to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
	NIS thousand						
Payables and credit balances	7,271	-	-	-	-	-	7,271
Lease liabilities	89	19	-	-	-	-	108
Liability in respect of option granted to non-controlling interests	-	180,000	-	-			180,000
Futures	35	-	-	-	-	-	35
Bonds	56,317	55,686	-	-	-	-	112,003
	63,712	235,705	-	-	-	-	299,417

Additional Information

D. Financial liabilities (cont.)

3. Linkage terms of financial liabilities by financial instrument groups in accordance IFRS 9

As of December 31, 2025	CPI-linked	Non-linked	Total
Financial liabilities measured at amortized cost	281	236,264	236,545

As of December 31, 2024	CPI-linked	Non-linked	Total
Financial liabilities measured at amortized cost	108	283,767	283,875

4. Changes in liabilities stemming from financing activity

	Balance as of January 1, 2025	Cash Flow	Other changes	Balance as of December 31, 2025
	NIS thousand			
Lease liabilities	108	(116)	289	281
Bonds	107,739	(53,163)	(272)	54,304
	107,847	(53,279)	17	54,585

Additional Information

D. Financial liabilities (cont.)

4. Changes in liabilities arising from financing activity (cont.)

	Balance as of January 1, 2024	Cash Flow	Other changes	Balance as of December 31, 2024
	NIS thousand			
Lease liabilities	356	(259)	11	108
Bonds	161,174	(53,163)	(272)	107,739
	161,530	(53,422)	(261)	107,847

5. The Company declared that it intends to maintain liquid assets and lines of credit at a rate of 100% of debt repayments (principal and interest) one year in advance, in accordance with the bonds' amortization schedule.

E. Deferred tax assets and deferred tax liabilities, and taxes on income or tax expenses

Taxes on income

1. The tax rates applicable to the Company

The Company's revenues are subject to corporate income tax in accordance with the Income Tax Ordinance [New Version], 1961.

The rate of corporate tax in Israel as of 2018 is 23%.

2. Tax assessments

The Company has final tax assessments up to and including the 2018 tax year.

Assessments for tax years 2019-2020 are considered final.

Additional Information

E. Deferred tax assets and deferred tax liabilities, and taxes on income or tax expenses (cont.)

3. Deferred taxes attributable to the Company

Composition

	Financial Data from the Consolidated Statements of Financial Position		Financial data from the Consolidated Income Statements	
	As of December 31		For the year ended December 31	
	2025	2024	2025	2024
	NIS thousand			
Deferred tax assets (liabilities)				
Securities at fair value through profit and loss	(12,312)	(5,755)	(6,557)	(3,890)
Carryforward losses for tax purposes	-	6,193	(6,193)	(3,748)
Provision for doubtful debts	5,105	4,892	213	(1,333)
Share-based payment	292	292	-	-
Loss from call option of an associate	437	437	-	-
Right-of-use assets	(64)	(25)	(39)	57
Lease liabilities	64	25	39	(57)
Employee benefits	2,033	2,305	(272)	(619)
Loan to subsidiary measured at fair value	-	3	(3)	(65)
	(4,445)	8,367		
Change during the year			(12,812)	(9,655)
Deferred taxes on income (tax benefit) in respect of employee benefits recognized in other comprehensive income			25	(98)
Tax benefit (deferred tax expenses)			(12,787)	(9,753)

Additional Information

E. Deferred tax assets and deferred tax liabilities, and taxes on income or tax expenses (cont.)

3. Deferred taxes attributable to the Company (cont.)

Deferred taxes are presented in financial data from the Consolidated Statements of Financial Position as follows:

	December 31	
	2025	2024
	NIS thousand	
Non-current assets	-	8,367
Non-current liabilities	4,445	-

4. Income tax included in financial data from the Consolidated Income Statements

	For the year ended December 31	
	2025	2024
	NIS thousand	
Current taxes	15,404	1,547
Deferred taxes	12,787	9,753
Taxes for previous years (current and deferred)	455	230
	28,646	11,530

5. Income tax (tax benefit) relating to other comprehensive loss items

	For the year ended December 31	
	2025	2024
	NIS thousand	
Gain (loss) due to remeasurement of defined benefit plans	25	(98)

Additional Information

E. Deferred tax assets and deferred tax liabilities, and tax revenues or tax expenses (cont.)

6. Theoretical tax

Set forth below is a reconciliation between the tax amount that would have applied had all revenues 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 financial data from the Consolidated Income Statements:

	For the year ended December 31	
	2025	2024
	NIS thousand	
Profit before taxes on income	2,379,627	1,695,537
Less income from investees	2,265,261	1,640,204
Profit before income tax, net of results of investees	114,366	55,333
Statutory tax rate	23.0%	23.0%
Tax calculated according to total statutory tax rate	26,304	12,727
Increase (decrease) in taxes on income resulting from the following factors:		
Non-deductible expenses	44	84
Exempt revenues	-	(95)
Measurement basis differences	1,520	(1,751)
Temporary differences for which deferred taxes were not recognized	323	335
Taxes for previous years (current and deferred)	455	230
Taxes on income (tax benefit)	28,646	11,530
Average effective tax rate	25.05%	20.84%

Additional Information

F. Loans, balances and material commitments with investees

1. Balances with investees

	As of December 31	
	2025	2024
	NIS thousand	
Current assets		
Current balances with investee	8,532	8,100
Non-current assets		
Loans to investees - See Section 5 below.	31,147	344,530
Current liabilities		
Current balances with investee	21	2,025

2. Transactions with investees

	For the year ended December 31	
	2025	2024
	NIS thousand	
Management fees from consolidated companies - Section 4A. below	9,887	9,748
Management fees from associates - Section 4B. below	1,429	1,429
	11,316	11,177

3. Finance income for loans to investees

	For the year ended December 31	
	2025	2024
	NIS thousand	
Finance income	12,565	20,563

4. Commitments

A. The Company entered into agreements with consolidated companies - Menora Insurance and Mivtachim Pension and Provident, under which management services are provided to the consolidated companies by senior managers employed by the Company, in return for management fees according to the cost of the managers' salary (derived from their appointment percentage in the consolidated companies) plus a 20% spread and overhead expenses.

B. The Company entered into an agreement to provide services with an associate - Ampa Capital Ltd. for annual management fees totaling NIS 1,429 thousand, which are paid each quarter.

Additional Information

F. Loans, balances and material commitments with investees (cont.)

5. Loans and capital notes

A. Deferred capital notes issued by the consolidated company - Menora Mivtachim Holdings Ltd.

In July 2010, Menora Insurance issued a deferred capital note to the Company in the amount of NIS 170 million p.v. in return for its par value. The capital note was issued for a period of forty nine years, where Menora Insurance has an option for early repayment after ten years, and subsequently after five years. The terms of the note include interest cancellation mechanisms and under certain conditions, conversion of the principal to share capital. In September 2010, Menora Insurance issued another deferred capital note to the Company in the amount of NIS 80 million par value. The capital note was issued at a premium of approx. NIS 3 million, under identical terms to the capital note issued in July 2010. The deferred capital notes were approved by the Insurance Commissioner as Restricted Tier 1 capital (hybrid capital) in Menora Insurance. The capital notes are CPI-linked and bear annual interest at a rate of 5.3% until June 30, 2020. Since the early repayment option was not exercised, the annual interest rate was updated from July 1, 2020 to 2.42%. On June 30, 2025, Menora Insurance made an early repayment of capital notes issued to the Company in the amount of approx. NIS 320 million.

B. Loans to a consolidated company - Menora Mivtachim Real Estate Ltd. (hereinafter - "**Menora Real Estate**")

	Nominal interest rate in the agreement	As of December 31	
		2025	2024
		NIS thousand	
USD	The higher of: LIBOR + 2% or 3%	17,736	19,707
NIS, non-linked	5.02% (last year - 2.9%)	2,139	1,374
		19,875	21,081

Additional Information

F. Loans, balances and material commitments with investees (cont.)

5. Loans and capital notes (cont.)

C. Loans and capital notes to consolidated company - Menora Mivtachim Agencies Ltd.

	Nominal interest rate in the agreement	As of December 31	
		2025	2024
	%	NIS thousand	
Capital notes:			
Non-linked	-	-	1,330
		-	1,330

The capital notes are unlinked and were issued for a five-year term with automatic renewal for another year every year. In May and July 2025, the capital notes were repaid.

D. Loans to consolidated company - ERN Israel Ltd. (hereinafter - "**ERN**")

	Interest rate	Repayment date	As of December 31	
			2025	2024
			NIS thousand	
NIS	10.0%	July 2026	11,271	11,277

G. Significant events during and subsequent to the reporting period

1) For details regarding revenue from compensation by Isracard, see Note 32A to the Consolidated Financial Statements.

2) For details regarding the agreement to acquire SIB's shares in ERN, see Note 32C to the Consolidated Financial Statements.

3) For details regarding the dividend distributed by the Company to the shareholders in the reporting year, see Note 20D. For details regarding dividends distributed by consolidated companies to the Company in the reporting year, see Note 20G, Subsections 3-5.

4) For details regarding the dividends distributed by the Company and a consolidated company subsequent to the reporting date, see Note 32E.

MENORA MIVTACHIM

Chapter E

Additional Details about the Corporation Report

Menora Mivtachim Holdings Ltd.

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1. The Company's condensed statements of comprehensive income for each quarter in 2025 (Regulation 10A)

NIS thousand	January to March	April to June	July to September	October to December	2025
Revenues from insurance services	2,037,874	2,095,986	2,185,315	2,189,142	8,508,317
Expenses from insurance services	(1,697,743)	(1,554,164)	(1,509,739)	(1,686,508)	(6,448,154)
Income from insurance services before reinsurance policies held	340,131	541,822	675,576	502,634	2,060,163
Reinsurance expenses	(385,947)	(328,055)	(352,232)	(390,039)	(1,456,273)
Reinsurance revenues	382,934	204,057	99,844	296,657	983,492
Net expenses from reinsurance contracts held	(3,013)	(123,998)	(252,388)	(93,382)	(472,781)
Income from insurance services	337,118	417,824	423,188	409,252	1,587,382
Investment revenues, net from assets held against insurance contracts and yield-dependent investment contracts	1,301	2,170,379	1,617,918	1,413,259	5,202,857
Other investment revenues (losses), net:					
Interest revenues calculated using the effective interest method	185,287	248,259	283,423	184,777	901,746
Impairment losses for financial assets	(1,158)	(5,360)	(31,772)	(41,388)	(79,678)
Other investment revenues, net	115,499	781,441	442,666	477,266	1,816,872
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	609	(2,966)	(1,324)	39,922	36,241
Total income from other investments, net	300,237	1,021,374	692,993	660,577	2,675,181
Total investment income, net	301,538	3,191,753	2,310,911	2,073,836	7,878,038
Finance expenses, net arising from insurance contracts	(89,652)	(2,120,028)	(1,484,584)	(1,253,361)	(4,947,625)
Finance income (expenses), net arising from reinsurance contracts	(2,054)	92,102	46,072	12,706	148,826
Increase in liabilities for investment contracts due to the yield component	(65,379)	(463,168)	(405,560)	(261,281)	(1,195,388)
Net investment and finance income	144,453	700,659	466,839	571,900	1,883,851
Income, net from insurance and investment	481,571	1,118,483	890,027	981,152	3,471,233
Revenues from management fees	281,515	293,203	305,610	318,565	1,198,893
Revenue from fees and commissions	39,437	35,802	38,891	37,332	151,462
Other operating expenses	(256,307)	(277,894)	(263,700)	(310,103)	(1,108,004)
Other revenues (expenses), net	57,334	18,233	(8,889)	18,729	85,407
Other finance expenses	(38,726)	(68,634)	(78,075)	(67,845)	(253,280)
Share in profits of equity-accounted subsidiaries which are not closely related to the investing activity	10,053	14,522	13,650	14,525	52,750
Profit before taxes on income	574,877	1,133,715	897,514	992,355	3,598,461
Taxes on income	181,137	385,421	296,663	328,323	1,191,544
Net income	**393,740**	**748,294**	**600,851**	**664,032**	**2,406,917**
Attributable to:					
Company's shareholders	383,724	735,663	588,957	642,637	2,350,981
Non-controlling interests	10,016	12,631	11,894	21,395	55,936
Net income	**393,740**	**748,294**	**600,851**	**664,032**	**2,406,917**

NIS thousand	January to March	April to June	July to September	October to December	2025
Net income	393,740	748,294	600,851	664,032	2,406,917

Other comprehensive income (loss):					
Items of other comprehensive income (loss) not subsequently carried to profit or loss					
Revaluation of property, plant and equipment	-	(29,805)	-	(253)	(30,058)
Gains (losses) from remeasurement of defined benefit plan for employees	(201)	1,021	(292)	1,696	2,224
Total other comprehensive income (loss) not to be subsequently carried to profit or loss before income tax	(201)	(28,784)	(292)	1,443	(27,834)
Income tax (tax benefit) associated with items of other comprehensive income not to be subsequently carried to profit or loss	(64)	(6,476)	(79)	469	(6,150)
Total other comprehensive income (loss) not to be subsequently carried to profit or loss, net of tax	(137)	(22,308)	(213)	974	(21,684)
Items of other comprehensive income (loss) subsequently carried to profit or loss					
Foreign currency translation differences for a foreign operation	(185)	(1,363)	922	1,204	578
Share in other comprehensive income (loss), net of associates	8,508	1,164	(2,989)	1,907	8,590
Total other comprehensive income (loss) which has been or will be carried to profit or loss, before income tax	8,323	(199)	(2,067)	3,111	9,168
Income tax (tax benefit) applicable to the remaining items of other comprehensive income which were carried or will be carried to profit or loss:	788	(2,803)	(488)	(1,127)	(3,630)
Total other comprehensive income (loss) which has been or will be carried to profit or loss	7,535	2,604	(1,579)	4,238	12,798
Total other comprehensive income (loss) for the period, net of tax	7,398	(19,704)	(1,792)	5,212	(8,886)
Total comprehensive income	**401,138**	**728,590**	**599,059**	**669,244**	**2,398,031**
Attributable to:					
Company's shareholders	391,089	715,982	587,182	647,890	2,342,143
Non-controlling interests	10,049	12,608	11,877	21,354	55,888
Total comprehensive income	**401,138**	**728,590**	**599,059**	**669,244**	**2,398,031**

2. Investments in material subsidiaries and associates as of the balance sheet date (Regulation 11)

The Company's subsidiaries and associates

(The data in the table are correct as of the statement of financial position date):

The Company	Type of share	No. of shares	Total par value (NIS)	Value in the separate financial statements of the Corporation (NIS thousand)	Ownership stake	Loans balance in NIS thousand	Repayment date	Interest rate	Linkage basis	Comments
Menora Mivtachim Insurance Ltd.	Ordinary	230,869,539	230,869,539	4,164,494	100%	-				
Menora Mivtachim Pension and Provident Funds Ltd.	Ordinary	328,000	328,000	1,206,443	90.0%	-				
Menora Mivtachim Finance Ltd.	Ordinary	2,855	2,855	331,964	100%	-				
Shomera Insurance Company Ltd.	Ordinary	73,941,016	73,941,016	863,147	100%	-				
Nachalat Menora Housing and Development Company (1950) Ltd.	Ordinary	1,700	0.17	17,300	100%	-				
Menora Mivtachim Paying Ltd.	Ordinary	1,000	1,000	236	100%	-				
Menora Mivtachim Real Estate Ltd.	Ordinary	1,010	1,010	40,345	100%	17,736	With no repayment date	The higher of: LIBOR + 2% or 3%	Denominated in USD	Menora Mivtachim Real Estate Ltd.
						2,139	With no repayment date	5.02%	Non-linked	
Menora Mivtachim Agencies Ltd.	Ordinary	10,000	10,000	206,718	100%	-				
Estimates for You Ltd.	Ordinary	10,000	10,000	(245)	100%	-				
Ampa Capital Ltd.	Ordinary	15,233,075	1,523,308	320,939	48.14%					
ERN Israel Ltd.	Ordinary	55,047,608	-	654,103	70%	11,271	July 2026	10.00%	Non-linked	
Menora Fund Management	Ordinary	10,000	-	206,012	-					

3. Changes in investments in material subsidiaries and associates in the Reporting Period (Regulation 12)

Date of change	Nature of change	Company	In NIS thousand
March 2025	Dividend distributed	Menora Mivtachim Insurance Ltd.	250,000
August 2025	Dividend distributed	Menora Mivtachim Insurance Ltd.	450,000
November 2025	Dividend distributed	Menora Mivtachim Insurance Ltd.	500,000
June 2025	Repayment of capital notes	Menora Mivtachim Insurance Ltd.	320,000
November 2025	Dividend distributed	Shomera Insurance Company Ltd.	100,000
During 2025	Issuance of perpetual capital notes	Menora Mivtachim Finance Ltd.	38,850
August 2025	Issuance of a perpetual capital note	Nachalat Menora Housing and Development Company (1950) Ltd.	1,700
January 2025	Dividend distributed	Menora Mivtachim Agencies Ltd.	7,000
During 2025	Issuance of perpetual capital notes	Menora Mivtachim Agencies Ltd.	9,840
July 2025	Repayment of capital note	Menora Mivtachim Agencies Ltd.	1,344
May 2025	Dividend distributed	Menora Mivtachim Pension and Provident Funds Ltd.	45,000
November 2025	Dividend distributed	Menora Mivtachim Pension and Provident Funds Ltd.	72,000
During 2025	Provision of loans	Menora Mivtachim Real Estate Ltd.	681
April 2025	Issuance of a perpetual capital note	Menora Fund Management Ltd.	200,000
March 2025	Dividend distributed	Menora Mivtachim Paying Ltd.	350
During 2025	Dividend distributed	ERN Israel Ltd.	20,999
November 2025	Dividend distributed	Ampa Capital Ltd.	4,814
November 2025	Purchase of shares from a shareholder	Ampa Capital Ltd.	4,720
September 2025	Purchase of Bonds (Series J)	Menora Mivtachim Capital Raising	297,525

4. Revenues of material subsidiaries and associates and revenues therefrom (Regulation 13) (in NIS thousand)

Company	Net income (loss) for the period	Other comprehensive income (loss) for the period	Comprehensive income (loss) for the period	Dividend up to the Report date	Interest received (paid) for the reporting year	Management fees received through the statement of financial position date
Menora Mivtachim Insurance Ltd.	1,661,231	(29,831)	1,631,400	1,200,000	13,334	8,052
Shomera Insurance Company Ltd.	228,056	1,289	229,345	100,000	-	-
Menora Mivtachim Pension and Provident Funds Ltd.	242,904	(4)	242,900	117,000	-	1,835
Menora Mivtachim Finance Ltd.	48,640	(25)	48,615	-	-	-
Menora Mivtachim Real Estate Ltd.	(8,481)	19,719	11,238	-	(1,887)	-
Nachalat Menora Housing and Development Company (1950) Ltd.	1,167	-	1,167	-	6	-
Menora Mivtachim Paying Ltd.	225	-	225	350	-	-
Menora Mivtachim Agencies Ltd.	20,021	-	20,021	7,000	14	-
Estimates for You Ltd.	(393)	-	(393)	-	-	-
ERN Israel Ltd.	33,030	(72)	32,957	20,999	1,098	-
Ampa Capital Ltd.	32,434	-	32,434	4,814	-	1,429
Menora Fund Management	6,012	-	6,012	-	-	-

5. List of groups of balances of loans granted as of the statement of financial position date, if the granting of loans was one of the corporation's main lines of business (Regulation 14)

Amount in NIS			Amount in NIS	No. of borrowers
From	-	To	50,000	5
From	50,001	To	100,000	2
From	100,001	To	250,000	25
From	250,001	To	500,000	14
From	500,001	To	750,000	3
From	750,001	To	1,000,000	1
From	1,000,001	To	1,500,000	-
From	1,500,001	To	2,000,000	1
From	2,000,001	To	3,000,000	-
From	3,000,001	To	9,000,000	3
From	9,000,001	To	10,000,000	-
From	10,000,001	To	15,000,000	-
From	15,000,001	To	40,000,000	1
From	40,000,001	To	70,000,000	-
From	70,000,001	To	150,000,000	-
From	150,000,001	To	999,999,999	-
Total				**55**

6. Trading on the Stock Exchange (Regulation 20)

In the reporting year, no securities issued by the Company were listed on the TASE.

7. Compensation of interested parties and senior officers (Regulation 21(a))

For details regarding the Group's compensation policy (hereinafter - the "**Compensation Policy**"), and regarding the compensation policy for officers in the institutional entities controlled by the Company (hereinafter - the "**Compensation Plan**"), in accordance with the Commissioner's Directives, including regarding its applicability to Company officers, who serve at the same time also in the Group's institutional entities (hereinafter - "**Joint Officers**"), see Note 30 to the financial statements.

Following is a breakdown of the compensation paid to senior officers in the Company and corporations under its control in 2025, as recognized in the Financial Statements for 2025 (in NIS thousand):[1]

Recipient of compensation				Compensation for services*							Other compensation			
Name	Title	Appointment percentage	Ownership stake in the corporation's share capital	Salary**	Bonus***	Share-based compensation****	Management fees	Consulting fees	Fee or commission	Other	Interest	Rent	Other	Total
Shai Preminger (1)	CEO of subsidiary	Full-time	None	2,300	1,464	2,420	-	-	-	-	-	-	-	6,184
Gil Calderon (2)	CEO of subsidiary	Full-time	None	994	3,673	-	-	-	-	-	-	-	-	4,667
Dani Izhaki (3)	CEO of subsidiary	Full-time	None	3,909		203	-	-	-	-	-	-	-	4,112
Ari Kalman (4)	The Company's CEO	Full-time	2.74%	3,028	772	-	-	-	-	-	-	-	-	3,800
Michael Kalman (5)	CEO of subsidiary	Full-time	None	3,551	-	249	-	-	-	-	-	-	-	3,800
Eran Griffel (6)	Company CEO	Full-time	(6)	2,503	-	-	-	-	-	-	-	-	-	2,503
Ran Kalmi (7)	CFO	Full-time	None	1,602	429	272	-	-	-	181	-	-	-	2,484

[1] Unless specifically stated otherwise, the compensation components listed in the table below are consistent with the Company's compensation policy, which is described in Note 39 to the financial statements, or with the compensation policy approved by the institutional entity in which the senior officer listed in the table serves, as applicable. On October 12, 2016 (hereinafter - the "**Effective Date**") the Officer Compensation in Financial Corporations Law (Special Approval and Non-Deductibility of Expenses Due to Extraordinary Compensation), 2016 came into force (hereinafter - the "**Compensation Law**"), which prescribes, among other things, that an engagement of a financial entity, as defined in the Compensation Law, or a controlling corporation of a financial entity (hereinafter - "**Financial Corporation**") with a senior officer or an employee in such a corporation, whether directly or indirectly, regarding his/her service or employment terms, which includes the provision of a compensation, the amount expensed in respect of which is expected to exceed NIS 2.5 million per year, requires special approvals, and that such an engagement will be approved if the ratio between the expected expense in respect of the compensation and the expenses in respect of the lowest compensation paid by the Financial Corporation to one of its employees, including a contract worker, that the financial entity is, effectively, his employer, during the year prior to the calculation date, is lower than 35. Since the Company is a financial corporation, as defined in the Compensation Law, as are some of the subsidiaries, the companies and their employees, including their senior officers, are subject to the provisions of the Compensation Law. Accordingly, the Compensation Law applies concurrently and together with the Company's Compensation Policy. It was also clarified within the Compensation Policy that if and inasmuch as the overall total compensation (according to the Compensation Policy and the bonus plan, as it shall be from time to time), including under existing agreements, exceeds the cogent restrictions in the Compensation Law, a "capping" mechanism will first be applied to surplus and/or variable compensation components, if and as any (hereinafter - the "**Capping Mechanism**"). In this context, "**cogent restrictions**" – compensation limits and ceilings that cannot be lawfully approved pursuant to the provisions of the Compensation Law. It is noted that prior to the coming into effect of the Compensation Law, the Group conducted an examination with regard to its obligations in respect of its valid employment agreements, and made provisions accordingly to the extent necessary. It should be noted that the annual bonus of some of the Company's officers is based on comparisons to other market players, whose data, by nature, are not disclosed in full as of the Report approval date. Therefore, immediately prior to the Report approval date, the Company assesses and estimates the bonus amount, and this estimate, which is approved by the competent organs, is paid to the officers as an advance on account of the bonus in respect of the reporting year. Once the relevant comparative data is disclosed, the Company will calculate the final bonus amounts, and a netting will be conducted with those officers, to the extent necessary.

* Compensation amounts in terms of cost to the corporation. The above amounts do not include payroll tax and/or VAT, as applicable.

** The salary component described above includes the following components (according to the case and circumstances): CPI-linked gross monthly salary (including 13th salary), social benefits (including provisions for termination of employer-employee relations), advanced education fund and permanent health insurance as is generally accepted, reimbursement of various expenses, including per diem, landline and mobile phone, and paid leave, sick leave, and recreation pay.

*** The bonus amounts listed in the table are based, at this stage, on an estimate.

**** As of 2022, the Company's Board of Directors, in accordance with the applicable compensation policy, authorized an option allotment plan for the Company's and the subsidiaries' managers and employees (hereinafter - the "**Share-Based Compensation**"); for details, see Section 1.5 of the Description of the Corporation's Business chapter.

(1) Mr. Preminger has been serving - since July 2013 - as CEO of ERN Israel Ltd. (hereinafter - "**ERN**"), and as CEO of Mimun Click Ltd. - a subsidiary and a second-tier subsidiary of the Company, respectively. Mr. Preminger's salary is paid by ERN. According to the employment agreement, in addition to his salary as detailed in the above table, Mr. Preminger is entitled to an annual bonus based on the consolidated pre-tax income (with said subsidiaries) of ERN in accordance with its audited consolidated financial statements at a rate of: 1.5% of the pre-tax income in each calendar year, where if ERN's pre-tax income shall exceed by more than 10% it pre-tax income in the previous year, Mr. Preminger will be entitled to a further annual bonus of 2.5% of the surplus accounting profit. The payment of the annual bonus shall be conditional upon reaching a minimum profitability threshold of 75.1% of the profit in the previous year. According to the employment agreement, each party may terminate the employment period by giving a 90-day advance notice. After the end of the specified notice period, Mr. Preminger will be entitled to an adaptation period of 6 months, during which employer-employee relations will continue to exist; at the end of the said period, the employee-employer relations between him and ERN will end. Furthermore, Mr. Preminger is entitled to a "phantom option" share-based compensation at an amount simulating a notional allocation of a number of shares equal to 2% of the issued share capital of ERN multiplied by the increase in the value of ERN since September 30, 2022 through the actual exercise date, spread annually over five years, and subject to the existence of employee-employer relations. The value of the above phantom options is dividend adjusted and grossed up in the corporate tax rate.

(2) Mr. Calderon has been serving, since November 2005, as CEO of Menora Mivtachim Underwriters and Management Ltd. (a sub-subsidiary of the Company). Mr. Calderon's salary is paid by Menora Mivtachim Underwriters and Management. According to the employment agreement, in addition to the salary as detailed in the above table, Mr. Calderon is entitled to an annual bonus, which will be calculated by increments, as a rate of the Company's profits for a specific calendar year, at a growing rate, ranging from 21% and up to NIS 6 million in profit, and gradually going up to approx. 42% and up to NIS 10 million in profit and more. In this regard, the "Company's profits" - the Company's profit before tax, and before shareholder withdrawals and/or management fees in accordance with the audited financial statements, net of finance expenses for the provision of the Company's equity while distinguishing between the minimum capital requirement from an underwriter under the provisions of the law and equity to be provided to the Company by the shareholders therein (as specified in the agreement), and in the matter of equity provided by the shareholder - less dividends distributed, if any. In the event of termination of the agreement during the year, he will be entitled to a proportionate share of the bonus; however, if the agreement is terminated before half of a quarter has elapsed, he will not be entitled to a proportionate share of the quarterly profits, and a case where termination occurs after half of a quarter has elapsed, he will be entitled to such a proportionate share. In the event of dismissal (other than under exempting circumstances), Mr. Calderon is entitled to 3 months of advance notice, or to 2 months of advance notice in the event of a resignation.

(3) Mr. Izhaki has been serving since February 2010 as the CEO of Shomera Insurance Company Ltd., a Company subsidiary (hereinafter - "**Shomera**") in accordance with the employment agreement and for an indefinite period. Mr. Izhaki's salary is paid by Shomera. According to the employment agreement, beyond his salary as detailed in the above table, Mr. Izhaki is entitled to an annual target bonus of 8 monthly salaries for meeting targets (100%), in accordance with the annual bonus plan approved by Shomera, as well as options as part of the Company's approved option plan - which, as of 2025, included a total of 24,739 unexercised options at a total value of NIS 1,342 thousand (at allocation date). In the event of dismissal (other than under exempting circumstances), Mr. Izhaki is entitled to 6 months of advance notice, or to 3 months of advance notice in the event of a resignation. Mr. Izhaki

is entitled to the above terms of service subject to the restrictions set out in the Compensation Law. It should be noted that Mr. Izhaki's terms of compensation are consistent with Shomera's approved Compensation Policy.

(4) Mr. Arahron (Ari) Kalman serves as CEO of the Company and Chairman of the Board of other corporations in the Group. The employment agreement in effect with Mr. Kalman is for a period of 15 years starting August 2003. Subsequent to said date, the agreement is renewed automatically for one year each time, unless either party gives notice of non-renewal. Mr. Kalman's salary is paid by the Company. For further details regarding the employment agreement, including concerning deviations from the Compensation Policy, see Note 30 to the financial statements. It should be noted that the Company's CEO will be entitled to the above terms of service subject to the restrictions set out in the Compensation Law, as long as the update to the terms of the agreement is not brought to approval according to and subject to the provisions of the Compensation Law. Further to the foregoing, a notice was sent to the Company's CEO stating that in light of the fact that the existing employment agreement with him may deviate, under certain circumstances, from the effective ceiling of the total compensation set in the Compensation Law, under such circumstances a "capping" mechanism would be applied, such that the compensation paid to him as from the date on which the Compensation Law came into effect, will not exceed the aforesaid ceiling. At the same time and in addition to the employment agreement, a share plan was approved to Mr. Kalman, by virtue of which, as of the report date, Mr. Kalman holds 1,719,034 Company shares, through a trustee, which constitute 2.77%[2] of the Company's issued and paid-up share capital.

(5) Mr. Michael Kalman has been serving since April 2023 as the CEO of Menora Insurance Ltd., in accordance with the employment agreement and for an indefinite period. According to the employment agreement, beyond his salary as detailed in the above table, Mr. Kalman is entitled to a target bonus of 2.67 monthly salaries for meeting targets (100%), in accordance with the annual bonus plan approved by the subsidiary. In the event of dismissal (other than under exempting circumstances), Mr. Kalman g is entitled to 6 months of advance notice, and an adaptation period of further 6 months, except for the circumstances as defined in his employment agreement. Mr. Kalman is entitled to the above terms of service subject to the restrictions set out in the Compensation Law. Further to the foregoing, a notice was sent to the Company's CEO stating that in light of the fact that the existing employment agreement with him may deviate, under certain circumstances, from the effective ceiling of the total compensation set in the Compensation Law, under such circumstances a "capping" mechanism would be applied, such that the compensation paid to him as from the date on which the Compensation Law came into effect, will not exceed the aforesaid ceiling. It should be noted that Mr. Kalman's terms of compensation are consistent with the subsidiary's approved Compensation Policy. In addition, Mr. Kalman is entitled to options under the Company's approved option plan, which as of the end of 2025 included a total of 47,316 options that have not yet been exercised at a total value of NIS 1,450 thousand (at allocation date).

(6) Mr. Griffel serves as the Chairman of the Board of the Company since December 1, 2014. Mr. Griffel is the partner of Ms. Tali Griffel, one of the Company's controlling shareholders, who holds 31.33%[3] of the Company's shares. Furthermore, Mr. Griffel serves as the Chairman of the Board of Directors of Menora Mivtachim Pension and Provident Funds Ltd. and as a director in Menora Mivtachim Insurance Ltd. and other Group corporations. Mr. Griffel's

[2] After deduction of the dormant shares acquired within the share buyback plan, as of the report publication date - 2.74%.
[3] Fully diluted, after deduction of the dormant shares acquired within the share buyback plan, as of the report publication date - 31.33%.

salary is paid by the Company in accordance with an employment agreement of December 1, 2014, whose term was extended by the General Meeting on October 17, 2023, after obtaining the approval of the Compensation Committee and the Board of Directors of September 10 and 11, 2023, respectively, in effect for 3 years starting on December 1, 2023. For details regarding the employment terms of Mr. Griffel, see Note 30 to the Company's Financial Statements. The terms of employment of Mr. Griffel are in accordance with Company's Compensation Policy. As stated above, Mr. Griffel serves as a director in several Group companies, and he does not receive any additional compensation in respect of his work in these positions.

(7) Mr. Ran Kalmi serves as Deputy CEO and CFO of the Company and other Group companies. The employment agreement with him is in effect since February 2008 for an indefinite period. According to the employment agreement, beyond his salary as detailed in the above table, Mr. Kalmi is entitled to an annual target bonus of 4 monthly salaries for meeting targets (100%), in accordance with the approved annual compensation plan. In the event of dismissal (other than under exempting circumstances) or resignation, Mr. Kalmi is entitled to 4 months of advance notice. During 2024, the Company's Board of Directors approved a long-term target-based bonus of NIS 500,000 over 3 years, and under the Company's approved option plan, as of the end of 2025, a total of 49,459 options that have not yet been exercised at a total value of NIS 1,466 thousand (at allocation date).

Directors' compensation

In addition to the above, the total compensation and related expenses received by all Company directors (except for the Chairman, Mr. Eran Griffel) stood in 2025 at approx. NIS 1,374 thousand.

8. Controlling Shareholder of the Company (Regulation 21A)

The Company's principal shareholders are Palamas Establishment and Najaden Establishment (foreign corporations), which hold jointly in trust approx. 63%[4] of the Company's shares for Mss. Niva Gurevitch and Tali Griffel, respectively. The foreign corporations awarded Ms. Tali Griffel and Ms. Niva Gurevitch powers of attorney to vote on behalf of each of them (respectively) at general meetings of the Company, and accordingly Ms. Tali Griffel and Ms. Niva Gurevitch are considered as the Company's controlling shareholders (hereinafter - the "**Controlling Shareholders**").

9. Transactions with a controlling shareholder (Regulation 22)

For further details of transactions with the controlling shareholder or transactions in which the controlling shareholder has a vested interest, which are listed in Section 270(4) to the Companies Law, and other transactions with the controlling shareholder, see Note 30 to the Financial Statements.

10. Shares and securities held by interested parties and senior officers in the corporation (Regulation 24)

For a list of the interested parties and senior officers, which to the best of the Company's knowledge hold shares and other securities of the Company as of the Report date, see the latest immediate reports published by the Company on this subject, on September 30, 2025 (Ref. No.: 2025-01-076527).

[4] After deduction of the dormant shares acquired within the share buyback plan, as of the report publication date - 62.66%.

11. Registered Capital, Issued Capital and Convertible Securities of the Corporation (Regulation 24A)

For details about the Company's registered and issued capital as of December 31, 2025, see Note 20 to the Financial Report. The Company has convertible securities (under an option plan for managers and senior employees); see also Section 1.5 of the Report on the Corporation's Business.

The Company's shareholder register (Regulation 24B)

For the Company's shareholder register, see the immediate report the Company published on February 11, 2026 (Ref. No. 2026-01-014158).

12. Registered address (Regulation 25A)

The corporation's registered address: 23 Jabotinsky St., Ramat Gan

Email: shimoni@menora.co.il

Tel: +972-3-7107801

Fax: +972-3-7107633

13. Directors of the company (Regulation 26)

Name ID No. Date of birth and citizenship	Address for serving court documents	Membership in board of directors committees (yes/no): External or independent director (yes/no)	Employee of the corporation, subsidiary, affiliate or an interested party - his/her position/s	Date on which the director's term commenced	Education and principal occupation over the past 5 years	Relative of another interested party (Yes/No)	Has accounting and financial expertise or professional qualifications
Mr. Eran Griffel, Chairman of the Board ID No. 058447137 November 20, 1963 Israeli	23 Jabotinsky St., Ramat Gan	Is not an independent or external director	Yes, as detailed below	December 1, 2014	BA in Political Studies and Law from the Tel Aviv University. Serves as the Chairman of the Board of Menora Mivtachim Pension and Provident Funds Ltd. and as a director in Menora Mivtachim Insurance and Menora Mivtachim Real Estate Ltd., Menora Mivtachim Tech Ltd. He also serves as a director of TeraLight Ltd. and Shomron Investments and Insurance Ltd., and a member of the Cameri Theater's Board of Trustees.	He is also the partner of Ms. Tali Griffel (see Section 8 above)	Has accounting and financial expertise.
Mr. Yonel Cohen, ID No. 014963268 June 22, 1960 Israeli	Yair 10, Ramat Hasharon	Is not an independent or external director	Yes, the Chairman of the Board of TeraLight – a company owned by the controlling shareholders.	December 1, 2017	B.Sc. in Mathematics and Computer Science from Tel Aviv University. Serves as Chairman of Board of TeraLight's Ltd., a director of Beit Gil HaZahav, Ella Investments Ltd. Also chairman of private family investment companies. He is the controlling shareholder in Rimonim Agency Ltd. Previously served as Chairman of the Board and as a director at Dor Alon.	No	Has accounting and financial expertise.

Name ID No. Date of birth and citizenship	Address for serving court documents	Membership in board of directors committees (yes/no): External or independent director (yes/no)	Employee of the corporation, subsidiary, affiliate or an interested party - his/her position/s	Date on which the director's term commenced	Education and principal occupation over the past 5 years	Relative of another interested party (Yes/No)	Has accounting and financial expertise or professional qualifications
Yoav Shimon Kramer, Adv. ID No. 039862784 July 18, 1983 Israeli	23 Jabotinsky St., Ramat Gan	Not a member of committees. Is not an independent or external director	Manager in a company owned by one of the Company's controlling shareholders (indirectly)	December 1, 2017	Adv., LL.B. and BA in Accounting, both from the Tel Aviv University, LL.M in Commercial Law from the Tel Aviv University in collaboration with Berkley University, California, supplementary year in Accounting from the Faculty of Management of the Tel Aviv University. Certified to serve in a board of directors on behalf of Lahav - Directors Training Course. In addition, serves as a director in the following companies: TeraLight Ltd., American Consulting Group, Shoval Heichal HaMishpat Ltd., Hamitnadev Asia Holdings and Investments (2019), Maya Far East Holdings and Investments (2019), Aviva Properties Ltd., member of the Executive Board of the Society for the Protection of Nature in Israel, Hadtien Hills Company Ltd., Follicular Lymphoma Foundation (FLF) Israel (Public Benefit Company), Kalka PTC, Kremer Protector Inc., Shomron Investments and Insurance Ltd., Communion Treat Ltd., Whynam Holdings Ltd., Gretz Mazal Investments Ltd., and Yoav Kremer Legal Services Ltd. Independent attorney and manager in Menmon Ltd. Previously he served as a salaried attorney.	No	Has professional qualifications

Name ID No. Date of birth and citizenship	Address for serving court documents	Membership in board of directors committees (yes/no): External or independent director (yes/no)	Employee of the corporation, subsidiary, affiliate or an interested party - his/her position/s	Date on which the director's term commenced	Education and principal occupation over the past 5 years	Relative of another interested party (Yes/No)	Has accounting and financial expertise or professional qualifications
Shai Feldman ID No. 031872245 September 29, 1974 Israeli	17 Ha'Pninim St. Neve Monson	Member of the Audit Committee and Balance Shet Committee, not an independent or external director	No	January 1, 2021	BA in Economics and Management from The Academic College of Tel Aviv–Yaffo. MBA from Derby University. Has been serving as CEO of Samelet and as a director of Samelet General Insurance Agency (2021) Ltd. since October 2019. Director in Menora Mivtachim Insurance Ltd. Previously served as CEO of AIG Israel Insurance Company Ltd.	No	Has accounting and financial expertise.
Gabriel Perel, ID No. 058249707 July 2, 1963 Israeli -	23 Jabotinsky St., Ramat Gan	External Director, Member of the Audit Committee and Balance Sheet Committee	No	February 1, 2022	MBA from the New York Institute of Technology; BA in Political Studies - Tel Aviv University; Director in Menora Tech and partner and founder in private investment company SMP. He previously served as chairman of the Beresheit Fund and as senior advisor to CVC Capital Partners.	No	Has accounting and financial expertise.

Name ID No. Date of birth and citizenship	Address for serving court documents	Membership in board of directors committees (yes/no): External or independent director (yes/no)	Employee of the corporation, subsidiary, affiliate or an interested party - his/her position/s	Date on which the director's term commenced	Education and principal occupation over the past 5 years	Relative of another interested party (Yes/No)	Has accounting and financial expertise or professional qualifications
Orit Stav, ID No. 028483824 March 1, 1971 Israeli	Harimon 6, Udim 4290500	External Director, Chairperson of the Audit Committee, member of the Balance Sheet Committee.	No	May 3, 2023	Holds an MBA from the University of Hertfordshire in England. Certified as a director by Hamil (the Israeli Management Center) and completed director training courses offered by Reichman University; holds a directors' certificate from Harvard University. Serves as a director of Doral Group Renewable Energy Resources Ltd., Camtek Ltd., Innoviz Technologies, Effi Capital Real Estate Ltd., IBI Underwriting and Issuance Ltd. Formerly, served as a director of Home Biogas Ltd., HBL – Hadasit Bio Holdings Ltd., Altshuler Shaham Properties, DNA Group. (TR) Ltd., Ya'acobi Brothers Group (YSB) Ltd.;	No	Has accounting and financial expertise
Orly Yarkoni, ID No. 053664595 January 18, 1956 Israeli	Dov Hoz 2, Tel Aviv	Not a member of committees. Is not an independent or external director.	No	June 1, 2023	Holds a B.Sc. in Mathematics from the Hebrew University of Jerusalem; M.Sc. in Operations Research from Tel Aviv University; Diploma Studies and Actuarial Studies from Haifa University; Serves as a director of Menora Mivtachim Insurance Ltd., Holmes Place International Ltd. Previously, she has served as Chairman of the Board of Shomera Insurance Company Ltd.	No	Has accounting and financial expertise

Name ID No. Date of birth and citizenship	Address for serving court documents	Membership in board of directors committees (yes/no): External or independent director (yes/no)	Employee of the corporation, subsidiary, affiliate or an interested party - his/her position/s	Date on which the director's term commenced	Education and principal occupation over the past 5 years	Relative of another interested party (Yes/No)	Has accounting and financial expertise or professional qualifications
Regina Unger, ID No. 058099656 February 26, 1963 Israeli	82 HaMarganit St., Ramat Gan	An independent director. Not a member of committees.	No	January 1, 2025	CPA, BA in Accounting and Economics, MBA, Tel Aviv University. Serves as Chairman of Yehuda Welded Mesh Ltd. and Chairman of Hamat Group Ltd. as well as a director in Rav Bariach Industries (08) Ltd. She previously served as Chairman of the Board of Packer Steel and Industries Ltd., Vice President of the Israel Institute of Certified Public Accountants, Director of Zim Advanced Shipping Services Ltd., Mivne Real Estate Ltd. and Global Power Ltd.	No	Has accounting and financial expertise

14. Senior officers in the Company (Regulation 26A)

Name ID No. and date of birth	Position in the Company; in a subsidiary or an affiliate of the Company or an interested party therein	Date on which his/her term in office started	An interested party in the Company (yes/no); A family member of another senior officer or of an interested party in the Company (yes/no)	Education and principal occupation over the past 5 years
Mr. Ari Kalman, ID No. 50898501 October 21, 1951	Has been serving as the Company's CEO since September 19, 2010. Has been serving as the Chairman of the Board of Shomera Insurance Company, Menora Mivtachim Finance, Menora Mivtachim Capital Raising, and director in Menora Mivtachim Real Estate, Menora Mivtachim Pension and Provident Funds, ERN Israel Ltd. and other Group companies. He also serves as a director of TeraLight Ltd.	January 7, 2008	Yes (holds the Company's shares in trust, as detailed in Section 4(7) above)	Academic education. Previously Chairman of the Board of Menora Mivtachim Insurance Ltd.
Mr. Shai Kompel,[5] ID No. 059696443 July 28, 1965	Deputy CEO and Business Development & Strategy Manager in the Company and Executive VP in Menora Mivtachim Insurance. In addition, serves in Shomera Insurance Company and other companies in the Group.	December 1, 2006	No	CPA. BA in Accounting and Economics from the Hebrew University, MA in Economics from the Hebrew University.
Mr. Ran Kalmi, ID No. 033861758 March 22, 1977	EVP, Head of the Finance Department. In addition, he also serves as the Head of the Finance Division in Menora Mivtachim Pension and Provident Funds, and as the CFO	June 1, 2022	No	Certified Public Accountant. BA in Economics and Accounting from the Ben Gurion University.

[5] Mr. Shai Kompel ended his term on February 28, 2026.

Name ID No. and date of birth	Position in the Company; in a subsidiary or an affiliate of the Company or an interested party therein	Date on which his/her term in office started	An interested party in the Company (yes/no); A family member of another senior officer or of an interested party in the Company (yes/no)	Education and principal occupation over the past 5 years
	in Menora Mivtachim and The Association of Engineers Provident Funds Management, and a director in Shomera and other Group companies.			
Mr. Michael Kalman[6] ID No. 033991498 March 28, 1977	CEO of Menora Mivtachim Insurance Ltd. He also serves as Chairman of the Board of Directors at Orot Life Insurance Agency (2005) Ltd. and other companies in the Group.	April 1, 2023	Yes	Adv. LL.B. (with honors) from Tel Aviv University. MBA (with honors) from Tel Aviv University. Previously, served as Head of the Company's P&C Division.
Mr. Lior Yochpaz ID No. 040209959 August 22, 1980	Chief Investment Officer in the Company, Executive VP and Head of the Investments Division in Menora Mivtachim Insurance.	January 1, 2025	No	BA in Economics and Management from the College of Management (specialized in Finance and IT).
Mr. Shimon Ir-Shai[7] ID No. 055922918 June 24, 1959	Chief Legal Counsel and Secretary of the Company and subsidiary Menora Mivtachim Insurance.	July 1, 2002	No	Adv. LL.B. from the Hebrew University.
Ms. Eti Hirshman, ID No. 22904288 February 1, 1967	Chief Internal Auditor in the Company and in Menora Mivtachim Insurance, Menora Mivtachim Pension and Provident Funds and in subsidiaries and related companies.	March 1, 2013	No	CPA, BA in Economics and Accounting from Tel Aviv University.

[6] A senior officer of a controlled corporation with a material effect on the corporation.
[7] Defined as a senior officer in the corporation as from March 30, 2009.

Name ID No. and date of birth	Position in the Company; in a subsidiary or an affiliate of the Company or an interested party therein	Date on which his/her term in office started	An interested party in the Company (yes/no); A family member of another senior officer or of an interested party in the Company (yes/no)	Education and principal occupation over the past 5 years
Ms. Rona Lerer, ID No. 033727256 February 12, 1977	Chief Internal Enforcement and Compliance Officer in the Company. Holding other positions in the Group, as detailed below.	August 27, 2012	No	LL.B. from Tel Aviv University. MBA, College of Management Academic Studies. Chief Internal Enforcement and Compliance Officer in the Company and in other Group companies. In Menora Mivtachim Insurance - she serves as Chief Compliance Officer, Ombudsman and Data Protection Officer. She also serves as Chief Compliance Officer and Data Protection Officer at Menora Mivtachim Pension and Provident Funds.

15. The corporation's independent auditors (Regulation 27)

Kost Forer Gabbay & Kasierer - CPAs, 144 Menachem Begin Street, Tel Aviv.

16. Change in the Memorandum or Articles of Association of the Corporation (Regulation 28)

In the reporting year, no change was made in the Memorandum or Articles of Association of the Corporation.

17. Recommendations and resolutions of the board of directors (Regulation 29)

(a) In March and August 2025, and in accordance with the distribution policy, the Company's Board of Directors declared dividend distributions totaling approx. NIS 150 million and NIS 450 million, respectively. For further details, see the Company's immediate reports dated March 16, 2025 and August 31, 2025 (Ref. Nos.: 2025-01-017142 and 2025-01-065290).

(b) In September 30, 2025, Bonds (Series C) were redeemed for a total of approx. NIS 53 million; for further details, see the immediate report dated September 30, 2025 (Ref. No. 2025-01-073398).

Resolutions by extraordinary annual general meeting

In October 2025, an annual meeting of the Company was held, in which the Periodic Report for 2024 was approved; the independent auditor was reappointed and the Board of Directors was authorized to set its fees; the term in office of the following directors was renewed: Eran Griffel, Yonel Cohen, Yoav Kremer, Shai Feldman, Orly Yarkoni and Regina Unger; and the compensation payable to directors other than EDs or controlling shareholders of the Company was approved; for further details, see the immediate report dated October 5, 2025 (Ref. No.: 2025-01-074119).

18. Company Resolutions (Regulation 29A)

(a) For details regarding the Company's transactions with officers therein, see Note 30 to the Financial Statements.

(b) For details about letter of exemption and an indemnity undertaking to officers, in effect as of the Report date, including those given to the controlling shareholder, see Note 30 to the Financial Statements, and immediate reports of November 1, 2005, December 12, 2006 and January 22, 2007 (Ref. Nos: 2005-01-080008, 2006-01-161116 and 2007-01-016606, respectively), of December 29, 2011 (Ref. No.: 2011-01-381351), November 27, 2014 (2014-01-206973, 2014-01-207000), of June 29, 2015 (Ref. Nos 2015-01-059109), supplementary reports dated July 29, 2015 and July 30, 2015 (Ref. Nos: 2015-01-084717 and 2015-01-085494, respectively), of August 4, 2015 (Ref. No.: 2015-01-089265). of August 31, 2017 (Ref. No.: 2017-01-088668) and November 27, 2017 (Ref. No.: 2017-01-110274). It should be noted that the Company provides - at the approval of the competent organs, in accordance with the Company's Compensation Policy, and subject to the law - a letter of exemption and an indemnity undertaking to officers who serve in the Company from time to time.

(c) For details on the insurance granted to directors and officers, as applicable as of the report date, see Note 30 to the financial statements, as well as the immediate report dated January 23, 2026 (Ref. No. 2026-01-009218).

Eran Griffel
Chairman of the Board

Ari Kalman
CEO

Ramat Gan, March 29, 2026

MENORA MIVTACHIM

Corporate Governance Questionnaire

Menora Mivtachim Holdings Ltd.

Corporate Governance Questionnaire[1]

The Board of Directors' independence			
		Yes	No
1.	In each reporting year, there were at least two external directors in the corporation.[i] In this question, one may answer "yes" if the period in which there were no two external directors serving on the board did not exceed 90 days, as stated in Section 363A.(b)(10) to the Companies Law. However, any answer (yes or no) must include the length of the period (number of days) in which there were less than two external directors serving during the reporting period (including if the tenure was approved retroactively, for each of the different external directors): Director A: Gabriel Perel, has accounting and financial expertise. Director B: Orit Stav, has accounting and financial expertise. Number of External Directors serving at the corporation as of the publication date of this questionnaire: 2.	✓	_____
2.	Proportion[2] of independent directors[3] serving in the corporation as of the questionnaire's publication date: 3/8. The proportion of Independent Directors in the corporation's[4] Articles of Association:[5] _____. ☒ 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	✓	_____

[1] Published on March 16, 2014 as part of legislative proposals for approval of financial statements.
[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.
[4] Regarding this question - "Articles of Association" including according to a specific legal provision applicable to the corporation (for example, in case of a banking corporation - directives issued by the Banking Supervision Department).
[5] Bonds companies are exempt from answering this section.

The Board of Directors' independence			
		Yes	No
	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).		
4.	None of the directors who served in the corporation during the reporting year are not subordinate to the Chief Executive Officer,[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 Chief Executive Officer 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.	✓	_____

[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.

The Board of Directors' independence			
		Yes	**No**
	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). 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: ____ ❑ 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 put in place a training program for new directors; the program addresses issues relating to the corporation's business and the law governing the corporation and the directors; the corporation has also put in place a follow-up training program for serving directors; this program is adapted, among other things, to each director's function in the corporation. If your answer is "Yes" - please indicate if the program was active during the reporting year: ☒**Yes**[ii] ❑ (Please check the appropriate box)		✓	_____

[8] Bonds companies are exempt from answering this section.

The Directors' Competency and Qualifications				
			Yes	No
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:[9] 7. 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 met: _____. In this question you may answer "Yes" if the period during which the corporation did not have members of both genders serving as directors did not exceed 60 days; however, any answer (Yes/No) must specify the period (number of days) during which the corporation did not have members of both genders serving as directors: ____.	✓	_____
	B.	Number of directors of each gender serving on the Board of Directors as of the publication date of this questionnaire: Male: 5, female: 3.	_____	_____

[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.

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): 4 Second quarter: 2 Third quarter: 1 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.

Board of Directors Meetings (and Convening of the General Meeting)

								Yes	No
		Director's name	Proportion of the director's participation in **board** meetings	Proportion of the director's participation in meetings of the **Audit and Compensation Committee**[11]	Rate of participation in meetings of the **Financial Statements Review Committee**	Rate of participation in meetings of the **Compensation Committee**[12]	Rate of the director's participation in meetings of **additional board committees in which he/she is a member** (please indicate which committee)		
	1.	Eran Griffel, Chairman	12/12	_____	_____	_____		_____	_____
	2.	Yonel Cohen	12/12	_____	_____	_____			
	3.	Yoav Shimon Kramer	12/12	_____	_____	_____			
	4.	Shai Feldman	11/12	4/4	4/4	_____			
	5.	Gabi Perel	12/12	4/4	4/4	_____			
	6.	Orly Yarkoni	12/12	_____	_____	_____			
	7.	Orit Stav	12/12	4/4	4/4	_____			
	8.	Regina Unger	12/12	_____	_____				

[11] For a director who is a member of this committee.As of February 27, 2022, the Audit Committee serves as the Compensation Committee.

[12] For a director who is a member of this committee.As of February 27, 2022, the Audit Committee serves as the Compensation Committee.

Separation between the positions of chief executive officer and chairman of the board				
			Yes	No
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.	✓	
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 CFO in place. The question may be answered "Yes" if the period during which the corporation had no chief executive officer in place did not exceed 90 days, as prescribed by Section 363A.(6) to the Companies Law. However, any answer (Yes or No) must include the length of the period (number of days) in which the corporation did not have a CEO in place as aforesaid: ____.	✓	_____
15.		In a corporation in which the chairman of the board also serves as the corporation's chief executive officer and/or has assumed his/her powers, the dual position has been approved in accordance with the provisions of Section 121(c) to the Companies Law.[13] ☒ **N/A** (insofar as there is no dual position as aforesaid in the corporation).	_____	_____

[13] In a bonds company - approval in accordance with Section 121(d) to the Companies Law.

Separation between the positions of chief executive officer and chairman of the board				
			Yes	**No**
16.		The CFO <u>is not</u> a relative of the Chairman of the Board. If your answer is "No" (i.e., the CFO 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:[14] ❑ Yes ❑ No (Please check the appropriate box)	_____	_____
17.		A controlling shareholder or his/her relative <u>does not</u> serve as a CFO or senior officer in the corporation, excluding as a director. ❑ N/A (the Corporation has no controlling shareholder).	✓	_____

[14] In a bonds company - approval in accordance with Section 121(d) to the Companies Law.

Audit Committee				
			Yes	**No**
18.	During the reporting year, the following did not serve -		_____	_____
	A.	The controlling shareholder or his/her relative. ❑ N/A (the Corporation has no controlling shareholder).	✓	_____
	B.	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. ❑ 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: _____.	✓	_____

Audit Committee

		Yes	No
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: 2	_____	_____
	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 (2025): 2 Second quarter report: 3 Third quarter: 2 Annual Report: 5	_____	_____
	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 (2025): 6 Second quarter report: 7 Third quarter: 6 Annual Report: 9	_____	_____
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: _____	✓	_____

The purview of the Financial Statement Review Committee (hereinafter - the "Committee") in its work prior to approving the financial statements				
			Yes	**No**
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).	✓	_____
	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.	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: Third quarter financial statements.		_____	_____

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 on Compensation and Expenses for an External Director), 2000.		✓	_____
30.	During the reporting year, the following did not serve as a member of the Remuneration Committee -		_____	_____
	A.	The controlling shareholder or his/her relative. ❑ N/A (the Corporation has no controlling shareholder).	✓	_____
	B.	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. ❑ 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 organization's Chairman of the Board or CFO.	✓	_____
34.	The Chairman of the Board or Audit Committee have approved the work plan during the reporting year. In addition, specify the audit topics that the Chief Internal Auditor dealt with in the reporting year: The audit topics reviewed were derived from the annual and multi-year work plan. The audit examined, among other things, corporate governance aspects, including the activities of the board of directors and its committees, lawful reports, interested party transactions, as well as the adequacy of the monitoring and control processes over the Company's activities.	✓	_____
35.	The scope of the Chief Internal Auditor 's position in the corporation during the reporting year (in hours[15]): 21,664 hours	_____	_____
	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, 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.	✓	_____

[15] Including the no. of working hours dedicated to investees and audits held outside Israel, if any.

Interested party transactions			
		Yes	**No**
37.	The controlling shareholder or his/her relative (including a company under his/her control) is not employed by the corporation or provides it with management services. 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): 1.[iii] - Were the employment agreements and/or management services as aforesaid approved by the organs prescribed by law: ☒ Yes ❑ No (Please check the appropriate box) ❑ N/A (the Corporation has no controlling shareholder) _____.	_____	✓
38.	To the best of the corporation's knowledge, the controlling shareholder has no additional businesses in the corporation's area of activity (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 ❑ (Please check the appropriate box) ❑ N/A (the Corporation has no controlling shareholder).	✓	_____

Chairman of the Board:	Chairman of the Financial Statements Review Committee:	Chairman of the Audit Committee:
_____	_____	_____
Eran Griffel	Gabriel Perel	Orit Stav

Signing date: March 29, 2026

[ii] **Re Question 8**: Initial training for a new director involves providing a kit that includes the legislative provisions, regulations and procedures relevant to the Company's activity, as well as a copy of the latest periodic report. It should be noted that the Company conducts, from time to time, various professional trainings related to the areas of activity of the Group's institutional entities, which occasionally include topics related to corporate governance and to which the Company's directors are also invited.

[iii] **Re Question 37:** Mr. Eran Griffel, one of the Company's controlling shareholders, (spouse of Ms. Tali Griffel), serves as the (paid) Executive Chairperson of the Board.

MENORA MIVTACHIM

Chapter F

Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure

Menora Mivtachim Holdings Ltd.

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 Menora Mivtachim Holdings Ltd. (hereinafter - the "**Corporation**") is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

For this matter, the members of management are as follows:

1. Ari Kalman, CEO;
2. The other members of management:
   Ran Kalmi, CFO.
   Lior Yochpaz, Chief Investment Officer.

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 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 the internal control over financial reporting and disclosure carried out by management, with the supervision of the board of directors, included the following control components: Entity-level controls; controls over the process of preparing and closing the financial statements; IT general control (ITGC), and controls over processes, which are very material for financial reporting and disclosure, which are carried out mainly by the Group's institutional entities, which coordinate the principal part of its business activity, as detailed below:

Menora Mivtachim Insurance Ltd., Menora Mivtachim Pension and Provident Funds Ltd. and Shomera Insurance Company and Provident Funds Ltd., subsidiaries of the Corporation, are institutional entities which are subject to the directives of the Commissioner of the Capital Market, Insurance and Savings Authority in the Finance Ministry regarding the assessment of the effectiveness of internal controls over financial reporting.

With regard to said subsidiaries, management examined and assessed, with the supervision of the board of directors, the internal control over financial reporting and its effectiveness, based on the following Commissioner's Directives: Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal Control over Financial Reporting" and Institutional Entities Circular 2010-9-7, "Internal Control over Financial Reporting - Certifications, Reports and Disclosures", including amendments to said circulars.

Based on this assessment, the corporations' boards of directors and managements have concluded that the institutional entities' 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 by Officers

Certification by the CEO

I, Ari Kalman, hereby certify as follows:

(1) I have reviewed periodic report of Menora Mivtachim Holdings Ltd. (hereinafter - the "**Corporation**") for 2025 (hereinafter – the "**Reports**");

(2) To my knowledge, the Reports do not contain any misrepresentation of a material fact, 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 represent 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 Corporation's audit and financial statements committees, 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 (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 evaluated the effectiveness of internal control over financial reporting and disclosure and have presented in this report the conclusions of the Board of Directors and management regarding the effectiveness of the said internal control as of the date of the reports.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Ramat Gan, March 29, 2026

Ari Kalman, CEO

Certification by Officers

Certification by the Most Senior Financial Officer

I, Ran Kalmi, hereby certify that as follows:

(1) I have reviewed the financial statements and other financial information included in the reports of Menora Mivtachim Holdings Ltd. (hereinafter - the "**Corporation**") for 2025 (hereinafter - the "**Reports**");

(2) To my knowledge, the financial statements and financial information 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 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 Corporation's audit and financial statements committees, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure insofar as it relates to the financial statements and other financial information included in the Reports, 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 designed such controls and procedures, or have ensured that such controls and procedures be designed under my supervision, to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, insofar as it is relevant to the financial statements and other financial information included in the Reports, is made known to me by others in the Corporation and the consolidated companies, particularly during the Reports' preparation period; and -

   (b) I designed such controls and procedures, or have ensured that such controls and procedures be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with 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.

Ramat Gan, March 29, 2026 **Ran Kalmi, CFO**

MENORA MIVTACHIM

Chapter G

Appendices

Supervisor Actuary's Statement - Life Insurance
December 2025

Menora Mivtachim Insurance Ltd.

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Chapter A - Supervisor Actuary's Statement

(1) Part A - the Supervisor Actuary's identity and relations with the Insurance Company

(a) I have been asked by Menora Mivtachim Insurance Ltd. (hereinafter - the "**Company**" or the "**Insurer**") 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 Menora Mivtachim Insurance 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 January 2022.

(c) I am a salaried employee of the insurer. To the best of my knowledge, I have no other business relationships with the insurer nor with a family member of an interested party in the insurer, or with an affiliate thereof or another entity, which provides services to the insurer.

(2) Part B - Scope of the Supervisor Actuary's Opinion

(a) **Scope of the Actuarial Opinion:**

(1) For the purpose of calculating the Insurance Company's BE and RA, I relied on data provided to me by the Insurance Company. My requests for information and data were adequately satisfied to enable me to calculate the BE and RA for the purpose of the financial statements. I examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting period and the data for previous periods.

(2) The BE and RA are discounted using risk-free interest rate curves plus an illiquidity premium, in accordance with the provisions of Chapter 1 to Part 2 of Section 5 to the Consolidated Circular - Measurement.

(3) Where necessary, my assessment also relied on data received from other reliable sources, including the discount vector I used to discount the BE and RA. In addition, I examined the consistency and adequacy of the data and their relevance.

(4) The actuarial assumptions I used in my work, as well as the methods for assessing the BE and RA values listed in Chapter B, 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) My opinion also took into account the following aspects: Liabilities for co-insurance in which the Company does not serve as the lead insurer was based on a calculation made by the lead insurers of the joint insurance.

(b) **Data included in the section on the scope of the actuarial opinion:**

Following are the values of assets (liabilities) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements as of December 31, 2025 and December 31, 2024:

	As of December 31, 2025					
	NIS thousand					
	P&C Insurance		Health Insurance		Life Insurance	
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Assets (liabilities) for incurred claims LIC/AIC						
BE			(48,245)	0	(1,572,883)	203,766
RA			(135)		(6,100)	525
Total BE+RA for LIC/AIC	0	0	(48,380)	0	(1,578,983)	204,292
Assets (liabilities) for remaining coverage - LRC/ARC (GMM/VFA)						
BE			(131,995)	0	(32,318,638)	(210,718)
RA			(3,602)		(321,378)	42,074
Total BE+RA for LRC/ARC	0	0	(135,597)	0	(32,640,016)	(168,644)
Loss component (LC) (loss recovery component - LREC) (PAA)	0	0	0	0	0	0
Assets (liabilities) for insurance contracts and reinsurance contracts calculated by myself	**0**	**0**	**(183,978)**	**0**	**(34,218,999)**	**35,648**

Total assets (liabilities) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - assets (liabilities) in respect of the remaining coverage, excluding the loss component (loss recovery component).

	As of December 31, 2024					
	NIS thousand					
	P&C Insurance		Health Insurance		Life Insurance	
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Assets (liabilities) for incurred claims LIC/AIC						
BE			(38,522)	0	(1,483,085)	203,534
RA			(179)		(8,093)	686
Total BE+RA for LIC/AIC	0	0	(38,701)	0	(1,491,178)	204,220
Assets (liabilities) for remaining coverage - LRC/ARC (GMM/VFA)						
BE			(122,607)	0	(30,654,773)	(212,771)
RA			(4,090)		(317,222)	43,079
Total BE+RA for LRC/ARC	0	0	(126,697)	0	(30,971,995)	(169,692)
Loss component (LC) (loss recovery component - LREC) (PAA)	0	0	0	0	0	0
Assets (liabilities) for insurance contracts and reinsurance contracts calculated by myself	**0**	**0**	**(165,399)**	**0**	**(32,463,174)**	**34,528**

Total assets (liabilities) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - assets (liabilities) in respect of the remaining coverage, excluding the loss component (loss recovery component).

(3) Part C - Opinion of the Supervisor Actuary

I hereby declare and confirm that in the following life insurance subsegments, long-term savings, guaranteed-return and participating and protection products such coverage for death for any reason, permanent health insurance and individual and collective disability 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 and/or accepted actuarial principles

(2) After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my assessment.

(3) I determined the assumptions and methods used to calculate the BE and RA values, to the best of my professional judgment, and in accordance with the directives and guidelines and principles specified above.

(4) To the best of my knowledge and assessment, the BE and RA components detailed in Chapter B have been calculated in an appropriate manner to cover the Insurance Company's liabilities in respect of its undertaking arising from insurance contracts in the abovementioned life insurance subsegments, in accordance with their value as of the financial statements date.

(4) Part D - Comments and clarifications

(1) **Comments, clarifications and explanations regarding their actuarial opinion, to the best of their professional judgment:**

The actuarial estimates were derived from historical data, which do not necessarily predict the future and also inherently involve statistical uncertainty. This is in addition to events such as the 2020-2022 Covid-19 pandemic, and/or the effects of war, which add to this uncertainty. Even when appropriate actuarial techniques and assumptions indicate that the stated reserve amount is reasonable, future cash flows may differ substantially from the stated reserve amount. Furthermore, there may be changes in risks, environmental factors, court rulings and precedents and regulation, which are impossible to predict. Therefore, the actual amount required to fulfill the undertakings may differ substantially from the stated reserve amount.

- **Material changes in actuarial assumptions and methods in the reporting year:**

In the reporting year, several revisions were made to the morbidity assumptions. Under the revisions, a morbidity study was implemented in the permanent health insurance subsegment, which indicated a decrease in the prevalence of claims alongside minor changes over the claim period. Furthermore, the disability product's KPI was assessed, which indicated higher-than-expected morbidity levels.

The effects are apparent in Note 16F to Menora Insurance's financial statements as of December 31, 2025.

(2) Material changes in BE and RA, which were detailed in Chapter B above compared to the balances listed in the previous year's report and the reasons which led to these changes:

Except for the changes listed above, there are financial changes such as discount interest rate curve including expected return (as applicable), CPI, actual return. Most of the effect is due to changes in the CPI and the actual return achieved during the period, which resulted in an increase in the balance of the LRC liability.

(3) A case where there are certain subsegments in which the Company operates but for which it is impossible to conduct an actuarial assessment, a detailed explanation will be given: N/A.

Description of the supervisor actuary's work

(a) Subjects requiring special attention, including irregular or new phenomena, and matters which have a material effect on the BE and RA, including: Methods, models, assumptions and studies: See Part D above.

(b) Quantification and explanation of material changes in BE and RA values, as detailed in Part B above, compared to the values detailed in the report for the previous quarter and in the latest annual report, for each subsegment: See Part D above.

March 29, 2026	Menora Mivtachim Insurance Ltd.	Supervisor Actuary - Life	Katy Resnick	
Date	**Company**	**Title**	**Actuary's name**	**Signature**

Statement of the Supervisor Actuary
P&C Insurance
December 2025

Menora Mivtachim Insurance Ltd.

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Statement of the Supervisor Actuary

(1) Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company

(a) I have been asked by Menora Mivtachim Insurance Ltd. (hereinafter - the "**Insurer**" or the "**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 P&C insurance subsegments for the 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 26, 2019.

(c) To the best of my knowledge, I have no other business relationships with the insurer nor with a family member of an interested party in the insurer, or with an affiliate thereof or another entity, which provides services to the insurer.

(2) Chapter B - Scope of the Supervisor Actuary's Opinion

(a) Scope of the Actuarial Opinion:

(1) For the purpose of calculating the Insurance Company's BE and RA, I relied on data provided to me by the Insurance Company. My requests for information and data were adequately satisfied to enable me to calculate the BE and RA for the purpose of the financial statements. I examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting period and the data for previous periods.

(2) The BE and RA are discounted using risk-free interest rate curves plus an illiquidity premium, in accordance with the provisions of Chapter 1 to Part 2 of Section 5 to the Consolidated Circular - Measurement.

(3) Where necessary, my assessment also relied on data received from other reliable sources, including the discount vector I used to discount the BE and RA. In addition, I examined the consistency and adequacy of the data and their relevance.

(4) The actuarial assumptions I used in my work, as well as the methods for assessing the BE and RA values listed in Chapter B, 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**") were based on a calculation carried out by the retention insurance (Pool's) actuary. The BE and RA in respect of the ceded business (LPT) was calculated by me.

(b) There are no co-insurance arrangements in which the company is not the lead insurer.

(b) Data included in the section on the scope of the actuarial opinion:

Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements:

	As of December 31, 2025	
	NIS thousand	
	P&C Insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims		
BE	4,149,316	1,580,643
RA	134,749	71,192
Total BE+RA for LIC/AIC	4,284,064	1,651,835
Liabilities (assets) for remaining coverage		
BE	0	0
RA	0	0
Total BE+RA for LRC/ARC	0	0
Loss component (LC) (loss recovery component - LREC)	0	0
Total liabilities (assets) for insurance contracts and reinsurance contracts	4,284,064	1,651,835

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - liabilities (assets) for the remaining coverage, excluding the loss component (loss recovery component).

The amounts in Chapter B above do not match the liability as stated in Note 13 to the Financial Statements – "Assets and liabilities for insurance contracts and reinsurance contracts". The difference is NIS 46,769 thousand, gross and NIS 129,257 thousand, in reinsurance with respect to other liability components that are not calculated by the actuary.

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:

	As of December 31, 2024	
	NIS thousand	
	P&C Insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims		
BE	3,824,748	1,347,532
RA	131,576	65,735
Total BE+RA for LIC/AIC	3,956,325	1,413,267
Liabilities (assets) for remaining coverage		
BE	0	0
RA	0	0
Total BE+RA for LRC/ARC	0	0
Loss component (LC) (loss recovery component - LREC)	0	0
Total liabilities (assets) for insurance contracts and reinsurance contracts	3,956,325	1,413,267

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - liabilities (assets) for remaining coverage, excluding the loss component (loss recovery component).

The amounts in Chapter B above do not match the liability as stated in Note 13 to the Financial Statements – "Assets and liabilities for insurance contracts and reinsurance contracts". The difference is NIS 80,545 thousand, gross and NIS 159,153 thousand, in reinsurance with respect to other liability components that are not calculated by the actuary.

(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:

- Employers' liability insurance – Section 1(a)(7)
- Insurance pursuant to the Motor Insurance Ordinance (New Version), 1970 - Section 1(a)(8)
- Motor insurance - property (self and third party) – Section 1(a)(9)
- Comprehensive home and business insurance – Section 1(a)(12)
- Third-party liability insurance – Section 1(a)(14)
- Loss of property insurance – Section 1(a)(15)
- Engineering insurance – Section 1(a)(18)
- Product liability insurance – Section 1(a)(22)
- Insurance against other risks – Section 1(a)(25)
- Personal accidents insurance;

(1) I examined the Insurance Company's BE and RA and coverage units 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 and coverage units, 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 detailed above, in accordance with their value as of the financial statements date;

(4) Chapter D - Comments and Clarifications

(1) Comments, clarifications and explanations regarding the actuary's opinion, to the best of their professional judgment:

(a) The stated BE and RA were derived from claims data and from an actuarial assessment in which statistical uncertainty is taken into account when calculating the total cost of claims. Even when appropriate actuarial techniques and assumptions indicate that the nominal reserve amount is reasonable, the actual amount required to settle the contingent claims may differ significantly from the nominal reserve amount. Furthermore, there may be changes in risks, environmental factors, court rulings and precedents, which are impossible to predict. Therefore, the actual cost of claims may be higher or lower.

(b) It should also be noted that the quality of the assessment of all risk sources is contingent on the volume and level of the data's reliability. In many cases, discretion has substantial weight in determining the BE and RA.

(c) It is also noted that the Company takes into account the diversification benefit at the Company level (including all of the Company's insurance segments - life, health and P&C) by using Solvency II's inter-segment correlation matrix, adjusted to the reliance level determined for the risk adjustment at the Company level. The Company allocates the risk adjustment set at the Company level (after taking into account the risk diversification between the segments) to the various insurance contract group according to proportionate allocation.

(d) The discount interest rate used in the calculation is according to the real risk-free interest rate curve plus half of the illiquidity premium for the property subsegments plus 80% of the illiquidity premium for the compulsory motor and liability subsegments.

(e) In several large claims of a non-statistical nature, the reserve was determined (gross and reinsurance) based on the opinion of the Company's experts and in accordance with the recommendations of their legal counsel. Accordingly, a development in the Company experts' assessment may have an impact on the cost of claims.

(f) We note that the current calculation is based on a new database, which is expected to provide greater flexibility in analyzing the results in the future. It should be clarified that this transition has no material effect on the level of the calculated BE and RA.

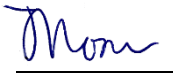
(2) Material changes in the actuarial assumptions and methods compared to the previous annual actuarial assessment: No material changes.

(3) Material changes in BE and RA, which were detailed in Chapter B above compared to the balances listed in the previous year's report and the reasons which led to these changes, for each segment separately.

(a) There is a positive development of approx. NIS 100 million in BE, gross resulting from a positive development in the results of the compulsory motor subsegment and liability subsegments.
(b) There is no material change in the reinsurance BE compared to the opening balance.

(4) If there are certain subsegments in which the Insurance Company operates but for which it is impossible to conduct any actuarial assessment, a detailed explanation will be provided.

There are no subsegments in which the Company operates which cannot be actuarially assessed.

March 29, 2026	Menora Mivtachim Insurance Ltd.	Supervisor Actuary for Property and Casualty Insurance	Jacob Mauser	
Date	Company	Title	Actuary's name	Signature

Supervisor Actuary's Statement - Health Insurance
December 2025

Menora Mivtachim Insurance Ltd.

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Statement of the Supervisor Actuary

(1) Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company

(a) I have been asked by Menora Mivtachim Insurance Ltd. (hereinafter - the "**Company**" or the "**Insurer**") 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 Menora Mivtachim Insurance Ltd.'s financial statements as of June 30, 2025, as detailed below.

(b) I have been serving as a supervisor actuary at the Insurance Company since 2023.

(c) I am a salaried employee of the insurer. To the best of my knowledge, I have no other business relationships with the insurer nor with a family member of an interested party in the insurer, or with an affiliate thereof or another entity, which provides services to the insurer.

(2) Chapter B - Scope of the Supervisor Actuary's Opinion

(a) **Scope of the Actuarial Opinion:**

(1) For the purpose of calculating the Insurance Company's BE and RA, I relied on data provided to me by the Insurance Company. My requests for information and data were adequately satisfied to enable me to calculate the BE and RA for the purpose of the financial statements. I examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting period and the data for previous periods.

(2) The BE and RA are discounted using risk-free interest rate curves plus an illiquidity premium, in accordance with the provisions of Chapter 1 to Part 2 of Section 5 to the Consolidated Circular - Measurement.

(3) Where necessary, my assessment also relied on data received from other reliable sources, including the discount vector I used to discount the BE and RA.In addition, I examined the consistency and adequacy of the data and their relevance.

(4) The actuarial assumptions I used in my work, as well as the methods for assessing the BE and RA values listed in Chapter B, Section B below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section 1 to Chapter C below.

(5) To calculate the BE and RA for retention, I asked the Insurance Company's functions charged with reinsurance for information concerning the Insurance Company's reinsurance arrangements, the ability to collect claims and issues

concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the BE and RA values.

(6) The following aspects were also taken into account in my opinion:

- The BE and RA in respect of ceded business from IDI Insurance Company Ltd. were estimated by the said company's actuary. Regarding this matter, "ceded business" as defined in Article C to Chapter 1 to Part 2 to Section 5 - Measurement of Liabilities.
- There are no co-insurance arrangements in which the company is not the lead insurer.

(b) **Data included in the section on the scope of the actuarial opinion:**

Following are the values of assets (liabilities) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements as of December 31, 2025 and December 31, 2024:

	As of December 31, 2025					
	NIS thousand					
	P&C Insurance		Health Insurance		Life Insurance	
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Assets (liabilities) for incurred claims LIC/AIC						
BE	(26,364)	20,529	(1,029,231)	417,208	(17,572)	
RA	(1,275)	1,037	(14,443)	9,294	(1)	
Total - BE+RA for LIC/AIC	(27,639)	21,566	(1,043,674)	426,502	(17,572)	0
Assets (liabilities) for remaining coverage - LRC/ARC (GMM/VFA)						
BE			3,485,770	404,314	95,594	
RA			(1,495,235)	354,033	(8,892)	
Total - BE+RA for LRC/ARC	0	0	1,990,535	758,347	86,702	
Loss component (LC) (loss recovery component - LREC) (PAA)	0	0	0	0	0	0
Assets (liabilities) for insurance contracts and reinsurance contracts calculated by myself	**(27,639)**	**21,566**	**946,861**	**1,184,849**	**69,129**	**0**

Total assets (liabilities) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - assets (liabilities) in respect of the remaining coverage, excluding the loss component (loss recovery component).

	As of December 31, 2024					
	NIS thousand					
	P&C Insurance		Health Insurance		Life Insurance	
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Assets (liabilities) for incurred claims LIC/AIC						
BE	(32,656)	26,104	(1,046,556)	464,597	(17,014)	
RA	(28)	9	(13,661)	9,012	(1)	
Total - BE+RA for LIC/AIC	(32,685)	26,113	(1,060,217)	473,609	(17,015)	0
Assets (liabilities) for remaining coverage - LRC/ARC (GMM/VFA)						
BE			2,248,767	519,036	109,940	
RA			(1,416,318)	390,260	(11,038)	
Total - BE+RA for LRC/ARC	0	0	832,449	909,296	98,902	0
Loss component (LC) (loss recovery component - LREC) (PAA)	0	0	0	0	0	0
Assets (liabilities) for insurance contracts and reinsurance contracts calculated by myself	**(32,685)**	**26,113**	**(227,768)**	**1,382,905**	**81,887**	**0**

Total assets (liabilities) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - assets (liabilities) in respect of the remaining coverage, excluding the loss component (loss recovery component).

(3) Chapter C - Opinion of the Supervisor Actuary

I hereby state and confirm that for the following health insurance subsegments: medical expenses, critical illness, personal accidents, long-term acre, dental, travel and foreign workers:

(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 and/or accepted actuarial principles

(2) After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my assessment.

(3) I determined the assumptions and methods used to calculate the BE and RA values, to the best of my professional judgment, and in accordance with the directives and guidelines and principles specified above.

(4) To the best of my knowledge and assessment, the BE and RA components detailed in Chapter B have been calculated in an appropriate manner to cover the Insurance Company's liabilities in respect of its undertaking arising from insurance contracts in the abovementioned health insurance subsegments, in accordance with their value as of the financial statements date.

(4) Chapter D - Comments and Clarifications

(1) Comments, clarifications and explanations regarding their actuarial opinion, to the best of their professional judgment:

- The actuarial estimates inherently involve statistical uncertainty and are also derived from historical data, which do not necessarily predict the future considering events such as the Covid-19 pandemic in 2020-2022, the health reform (2023-2024) and the Iron Swords War, which commenced in 2023 - all of which add to this uncertainty. Even when appropriate actuarial techniques and assumptions indicate that the stated reserve amount is reasonable, future cash flows may differ substantially from the stated reserve amount. Furthermore, there may be changes in risks, environmental factors, court rulings and precedents and regulation, which are impossible to predict. Therefore, the actual amount required to fulfill the undertakings may differ substantially from the stated reserve amount.
- In the foreign workers subsegment, a capitation arrangement is in place, such that most of the risk is transferred to the service provider.
- This report does not include the fund data pertaining to operational transactions involving the collective long-term care insurance product.

- In preparing this report, I rely on the professional work and expertise of the supervisor actuary of the property and casualty insurance segment in their estimation of the BE and RA for the short-term personal accidents subsegment.

(2) Material changes in the actuarial assumptions and methods compared to the previous year's actuarial assessment:

- During the reporting year, the Company revised the morbidity assumptions in the medical expenses product, which resulted in an increase in the balance of the LRC asset.
- Furthermore, a study regarding active mortality in long-term care insurance was revised, resulting in an increase in LRC liabilities.
- In the reporting year, the retention KPI was revised, which indicated a decrease in retention costs in health insurance products, and in particular in the medical expenses product. This revision has resulted in an increase in the balance of the LRC asset. Concurrently, the lapses assumption KPI was assessed, which led to the conclusion that lapse rates are higher than expected, mainly in the critical illness product. This finding resulted in a decrease in the balance of the LRC asset.

The effects are apparent in Note 16F to Menora Insurance's financial statements as of December 31, 2025.

Furthermore, the RA factors were revised based on the solvency results of December 2024. The effect of the change is reflected in an increase in gross RA totaling approx. NIS 90 million and a decrease in reinsurance RA totaling approx. NIS 48 million.

(3) Material changes in BE and RA, which were detailed in Chapter B above compared to the balances listed in the previous year's report and the reasons, which led to these changes, for each segment separately:

In addition to the revision of the actuarial assumptions detailed in Section (2) above, there are material effects as a result of economic changes such as changes in the discount interest rate curve and CPI. It is clarified that the main effect of these changes resulted in an increase in the balance of the LRC asset.

Several additional changes were made during the year, mainly population improvements and various data revisions, the cumulative effect of which was an increase of approx. NIS 62 million in the LRC balance (retention).

Furthermore, during the year the collective long-term care insurance transaction of the Meuhedet health maintenance fund was transferred from a format of an insurance transaction — in which Menora had an exposure to insurance risk — to the format of an operating transaction (100% of the risk to the policyholders' fund). The transition resulted in a decrease of approx. NIS 366 million in the liability for the policyholders' fund. This balance was

transferred to the fund underlying the operating transaction, which is not defined as an insurance contract under IFRS 17.

(4) A situation where there are certain subsegments in which the Company operates but for which it is impossible to conduct an actuarial assessment: N/A.

Description of the supervisor actuary's work

(a) Subjects requiring special attention, including irregular or new phenomena, and matters which have a material effect on the BE and RA, including: Methods, models, assumptions and studies: See Part D above.

(b) Quantification and explanation of material changes in BE and RA values, as detailed in Part B above, compared to the values detailed in the report for the previous quarter and in the latest annual report, for each subsegment separately: See Part D above.

March 29, 2026	Menora Mivtachim Insurance Ltd.	Supervisory Actuary - Health	Katy Resnick	
Date	**Company**	**Title**	**Actuary's name**	**Signature**

Supervisor Actuary's Statement - 2025

Property and casualty insurance subsegments

(excluding the compulsory motor subsegment)

March 2026

Shomera Insurance Company Ltd.
23 HaSivim Street, Petah Tikva 4959381 Tel.: +972-03-9258000 Fax: +972-3-9251616
WWW.SHOMERA.CO.IL

Statement of the Supervisor Actuary

Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company:

A. I have been asked by Shomera 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 P&C insurance subsegments for the Company's financial statements as of December 31, 2025, as detailed below.

B. I have served as a supervisor actuary (excluding for the compulsory motor insurance subsegment) for the Insurance Company since July 2007.

C. To the best of my knowledge, I am not an interested party in, nor do I hold any means of control, over Shomera. I do not have a business relationship with an interested party in Shomera or with a family member of an interested party in Shomera, including business relations with a subsidiary of Shomera or of a company affiliated with Shomera.

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 year 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 in respect of retention insurance arrangement (hereinafter - the "**Pool**") were based on a calculation carried out by the Pool's actuary - not applicable to this statement.
   B. There are no co-insurance arrangements in which the company is not the lead insurer.

C. Data included in the section on the scope of the actuarial opinion:

Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements:

	As of December 31, 2025	
	NIS thousand	
	Property and casualty insurance	
	Gross	**Reinsurance**
Liabilities (assets) for incurred claims LIC/AIC		
BE	395,082	41,628
RA	37,213	5,274
Total BE+RA for LIC/AIC	432,295	46,902
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC		
BE		
RA		
Total BE+RA for LIC/AIC	-	-
Loss component (LC) (loss recovery component - LREC) (PAA)	7,663	-
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**439,958**	**46,902**

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - liabilities (assets) in respect of the remaining coverage, excluding the loss component (loss recovery component).

Note: The amounts in Chapter B above do not match the liability as stated in Note 13 to the Financial Statements – "Assets and liabilities for insurance contracts and reinsurance contracts". The difference is NIS 4,582 thousand, gross and NIS 0 thousand, in reinsurance with respect to other liability components that are not calculated by the actuary.

	As of December 31, 2024	
	NIS thousand	
	Property and casualty insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC		
BE	335,446	33,144
RA	35,031	4,344
Total BE+RA for LIC/AIC	370,477	37,488
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC		
BE		
RA		
Total BE+RA for LIC/AIC	-	-
Loss component (LC) (loss recovery component - LREC) (PAA)	5,114	34
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**375,591**	**37,522**

It should be noted that:

A. The data presented include the effect of discounting on financial results.

B. The BE includes a reserve to cover indirect expenses related to the settlement of claims.

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - liabilities (assets) in respect of the remaining coverage, excluding the loss component (loss recovery component).

Note: The amounts in Chapter B above do not match the liability as stated in Note 13 to the Financial Statements – "Assets and liabilities for insurance contracts and reinsurance contracts". The difference is NIS 10,813 thousand, gross and NIS 0 thousand, in reinsurance with respect to other liability components that are not calculated by the actuary.

Chapter C - Opinion of the Supervisor Actuary:

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. Motor insurance - property (self and third party) – Section 1(a)(9)
C. Comprehensive home and business insurance – Section 1(a)(12)
D. Third-party liability insurance – Section 1(a)(14)
E. Loss of property insurance – Section 1(a)(15)
F. Engineering insurance – Section 1(a)(18)
G. Product liability insurance – Section1(a)(22)
H. Insurance against other risks – Section 1(a)(25)
I. 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 insurance contracts in the P&C insurance subsegments, in accordance with their value as of the financial statements date;

Chapter D - Comments and Clarifications:

1. Comments, clarifications and explanations regarding the actuarial opinion:

A. The stated BE and RA were derived from claims data and from an actuarial assessment in which statistical uncertainty is taken into account when calculating the total cost of claims. Even when appropriate actuarial techniques and assumptions indicate that the nominal reserve amount is reasonable, the actual amount required to settle the contingent claims may differ significantly from the nominal reserve amount. Furthermore, there may be changes in risks, environmental factors, court rulings and precedents, which are impossible to predict. Therefore, the actual cost of claims may be higher or lower.

B. In addition, it should be noted that the nature of the assessment of all risk sources depends on the volume and quality of the data. In many cases, judgment has a significant effect on determining the reserve's safety margin. The discount interest rate used in the calculation is according to the real risk-free interest rate curve plus half of the illiquidity premium for the property subsegments plus 80% of the illiquidity premium for the liability subsegments.

C. In several large claims of a non-statistical nature, the reserve was determined (gross and retention) based on the opinion of the Company's experts and in accordance with the recommendations of their legal counsel. Accordingly, a development in the Company experts' assessment may have an impact on the cost of claims.

D. For aggregated subsegments, as defined in the Commissioner's circular (Circular 2019-1-3), the actuarial opinion is given based on the total provisions for all the subsegments (aggregated and non-aggregated) as a whole, due to the high level of uncertainty.

2. **Material changes in the actuarial assumptions and methods compared to the previous annual actuarial assessment:**

   There were no material changes. in actuarial assumptions and methods.

3. **Material changes in BE and RA, which were detailed in Chapter B above compared to the balances listed in the previous year's report and the reasons which led to these changes:**

   There were no material changes.

4. **A case where there are certain subsegments in which the Insurance Company operates but for which it is impossible to conduct an actuarial assessment: N/A**

   N/A

March 19, 2026

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Date: Nir Haramati, A.IL.A.A.

Supervisory Actuary for Property and Casualty Insurance

Shomera Insurance Company Ltd.

Supervisor Actuary's Statement - 2025 Compulsory Motor

March 2026

Shomera Insurance Company Ltd.
23 HaSivim Street, Petah Tikva 4959381 Tel.: +972-03-9258000 Fax: +972-3-9251616
WWW.SHOMERA.CO.IL

Statement of the Supervisor Actuary

Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company:

A. I have been asked by Shomera 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 compulsory motor insurance subsegments for the Company's financial statements as of December 31, 2025, as detailed below.

B. I have been serving as a supervisor actuary at the Insurance Company since January 13, 2020.

C. To the best of my knowledge, I am not an interested party in, nor do I hold any means of control, over Shomera. I do not have a business relationship with an interested party in Shomera or with a family member of an interested party in Shomera, including business relations with a subsidiary of Shomera or of a company affiliated with Shomera.

Chapter B - Scope of the Supervisor Actuary's Opinion:

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 in respect of retention insurance arrangement (hereinafter - the "**Pool**") were based on a calculation carried out by the Pool's actuary.
   B. There is no insurance for ceded business except for the Pool.
   C. There are no co-insurance arrangements in which the company is not the lead insurer.

Data included in the section on the scope of the actuarial opinion:

Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements:

	As of December 31, 2025	
	NIS thousand	
	Compulsory Motor Subsegment	
	Gross	**Reinsurance**
Liabilities (assets) for incurred claims LIC/AIC		
BE	1,313,901	272,471
RA	105,587	22,213
Total BE+RA for LIC/AIC	**1,419,488**	**294,684**
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC		
BE		-832
RA		850
Total BE+RA for LRC/ARC		**18**
Loss component (LC) (loss recovery component - LREC) (PAA)	-	-
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**1,419,488**	**294,702**

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - liabilities (assets) in respect of the remaining coverage, excluding the loss component (loss recovery component).

Note: The amounts in Chapter B above do not match the liability as stated in Note 13 to the Financial Statements – "Assets and liabilities for insurance contracts and reinsurance contracts". The difference is NIS 8,723 thousand, gross and NIS 85,208 thousand, in reinsurance with respect to other liability components that are not calculated by the actuary.

	As of December 31, 2024	
	NIS thousand	
	Property and casualty insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC		
BE	1,212,097	301,321
RA	95,806	23,920
Total BE+RA for LIC/AIC	**1,307,903**	**325,240**
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC		
BE		-1,063
RA		1,063
Total BE+RA for LRC/ARC		**0**
Loss component (LC) (loss recovery component - LREC) (PAA)	-	
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**1,307,903**	**325,240**

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - liabilities (assets) in respect of the remaining coverage, excluding the loss component (loss recovery component).

Note: The amounts in Chapter B above do not match the liability as stated in Note 13 to the Financial Statements – "Assets and liabilities for insurance contracts and reinsurance contracts". The difference is NIS 6,505 thousand, gross and NIS 113,966 thousand, in reinsurance with respect to other liability components that are not calculated by the actuary.

Chapter C - Opinion of the Supervisor Actuary:

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. Insurance pursuant to the Motor Insurance Ordinance (New Version), 1970 - Section 1(a)(8)

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 following insurance subsegment: insurance under the requirements of the Motor Vehicle Insurance Ordinance (New Version), 1970, Section 1(a)(8), in accordance with their value as of the financial statements date;

Chapter D - Comments and Clarifications:

1. **Comments, clarifications and explanations regarding the actuarial opinion:**

   A. The stated BE and RA were derived from claims data and from an actuarial assessment in which statistical uncertainty is taken into account when calculating the total cost of claims. Even when appropriate actuarial techniques and assumptions indicate that the nominal reserve amount is reasonable, the actual amount required to settle the contingent claims may differ significantly from the nominal reserve amount. Furthermore, there may be changes in risks, environmental factors, court rulings and precedents, which are impossible to predict. Therefore, the actual cost of claims may be higher or lower.

   B. In addition, it should be noted that the nature of the assessment of all risk sources depends on the volume and quality of the data. In many cases, judgment has a significant effect on determining the reserve's safety margin. The discount rate used in the calculation is according to the real risk-free interest rate curve plus 80% of the illiquidity premium.

   C. In several large claims of a non-statistical nature, the reserve was determined (gross and retention) based on the opinion of the Company's experts and in accordance with the recommendations of their legal counsel. Accordingly, a development in the Company experts' assessment may have an impact on the cost of claims.

   D. On June 30, 2023, the Company entered into a transaction with a sister company (Menora Mivtachim Insurance Ltd.) in which the Company acquired reinsurance in respect of risks for contingent claims (retention) in the compulsory motor subsegment, for the underwriting years 2011 to 2021. As part of this transaction, the Company transferred to the sister company the full risks of the contingent claims (retention) up to a maximum of 127% of the transferred contingent claims amount.

2. **Material changes in the actuarial assumptions and methods compared to the previous annual actuarial assessment:**

During the reporting year, there were no material changes in actuarial assumptions and methods.

3. **Material changes in BE and RA, which were detailed in Chapter B above compared to the balances listed in the previous year's report and the reasons which led to these changes:**

   There is a negative development in BE, gross, of approx. NIS 23 million and in reinsurance - of approx. NIS 29 million, arising from a negative development in the underwriting results of old years.

4. **A case where there are certain subsegments in which the Insurance Company operates but for which it is impossible to conduct an actuarial assessment: N/A**

   N/A

March 19, 2026

_____ _____

Date: Jacob Mauser, F.IL.A.A.

Supervisory Actuary for Property and Casualty Insurance