Harel Insurance Investments and Financial Services Ltd.

Interim Report as at

June 30, 2026

HAREL
Insurance & Finance

Table of Contents

Board of Directors Report

Harel Insurance Investments and Financial Services Ltd.

Board of Directors Report

For the six months ended June 30, 2026

The Board of Directors Report for the six months ended June 30, 2026 ("the Reporting Period"), reflects the main changes in the business position of Harel Insurance Investments and Financial Services Ltd. ("Harel Investments" or "the Company") during this period, and it was prepared taking into account that the reader is also in possession of the Company's full Periodic Report for 2025, which was published on March 26, 2026 ("the Periodic Report").

The Board of Directors Report also includes forward-looking information, as defined in the Securities Law, 1968. Forward-looking information is uncertain information about the future, based on information in the Company's possession at the date of the report and includes the Company's assessments or intentions, as of the date of the report. Actual results may differ materially from the estimated results or those implied by this information. In certain cases, sections containing forward-looking information can be identified by the appearance of words such as: "the Company/Group estimates", "the Company/Group believes", "anticipated" and so forth, and such forward-looking information may also be worded differently.

1 Description of the Company

1.1 General

Harel Insurance Investments and Financial Services Ltd. ("Harel Investments" or "the Company") is a public company whose shares have been traded on the Tel Aviv Stock Exchange since 1982. The Company, together with its subsidiaries ("the Group"), operates mainly in the following segments:

A. Insurance segment - the Company operates in the various insurance segments through its subsidiaries: Harel Insurance Company Ltd. (fully controlled) ("Harel Insurance"); Interasco Societe Anonyme General Insurance Company S.A.G.I (in which the Company holds 94%) operating in non-life insurance in Greece; Turk Nippon Sigorta A.S (fully controlled) ("Turk Nippon"), operating in Turkey; and ICIC – Israel Credit Insurance Company Ltd. (with a 50% holding) ("ICIC").

B. Pension insurance segment - the Company operates through subsidiaries that are management companies of provident funds and pension funds, as follows: Harel Pension and Provident Ltd. (fully controlled) ("Harel Pension and Provident"), which manages pension and provident funds; Tzva Hakeva Savings Fund – Provident Funds Management Company Ltd. (fully controlled) ("Tzva Hakeva"), which manages an education fund for career soldiers and IDF retirees; Le'Atid Pension Fund Management Company Ltd. (in which the Company holds 89.5%), managing an old pension fund ("Le'Atid").

C. Financial services segment - the Company operates through its subsidiary Harel Finance Holdings Ltd. ("Harel Finance") (fully controlled) and its principal subsidiaries: Harel

Mutual Funds Ltd. ("Harel Mutual Funds") – a company managing mutual funds under a permit from the Israel Securities Authority; Harel Finance Investment Management Ltd. ("Harel Finance Investments") – an investment portfolio management company under a license from the Israel Securities Authority; Harel Finance Alternative Ltd., a company engaged in managing alternative investment funds and in this context serves as a general partner and investor in the investment partnerships; Harel Exchange Traded Deposit Ltd. and Harel Interest and Deposits Ltd., which are bond issuing companies that issue deposit-backed bonds.

Starting from December 31, 2025, this segment also includes the Group's activity in managing investment contract policies carried out by Harel Insurance. This activity was previously presented within the life insurance segment.

D. Credit segment - the Company operates through the second-tier subsidiary, Hamazpen Shutaphim Laderech Ltd. (70% held) ("Hamazpen"), which creates innovative financing solutions for high-quality entrepreneurs providing business management and credit to medium-sized businesses, including the granting of mezzanine loans; through the second-tier subsidiary, Gamla Harel Residential Real Estate Ltd. ("Gamla") (fully controlled) which provides financing for residential real-estate developers; through a subsidiary of Harel Insurance, Harel 60+ Ltd. ("Harel 60+") that provides ordinary mortgage loans, as well as "reverse mortgage" loans to borrowers aged 60 and above, secured by a lien on their homes; within the framework of real estate development financing activity carried out by Harel Insurance; through the subsidiary E.M.I – Ezer Mortgage Insurance Company Ltd. (fully controlled) ("EMI") as well as through the provision of financial guarantees and entrepreneurial and operating services for mortgage portfolios guaranteed by third parties through Harel Insurance and EMI.

The Company's separate activity consists of the management, supervision and control of its subsidiaries, ongoing planning of the Group's operations, and the initiation of activities and investments, both directly and through the Group companies.

1.2 Shareholders in the Company

Yair Hamburger, Gideon Hamburger and Nurit Manor are the principal shareholders in the Company (in this section: "the Shareholders"), holding 42.56% of the voting rights and issued share capital of the Company.

The Shareholders' holding in the Company is principally through G.Y.N. Economic Consulting and Investment Management 2017 Limited Partnership, which is controlled and wholly owned by the Shareholders, in which they hold interests as limited partners through private companies wholly owned by them ("G.Y.N. Partnership"), and they also hold the general partner of the G.Y.N. Partnership.

2 Developments in the Group and Business Environment

2.1 Material Changes in the Group's Business and Events During the Reporting Period

2.1.1 Midroog rating of Harel Insurance

On February 5, 2026, Midroog announced the upgrade of Harel Insurance's financial strength rating from Aa1.il to Aaa.il, as well as an upgrade of the rating of the subordinated notes/deferred liability notes (complex Tier 2 capital and Tier 2 capital) issued through Harel Insurance Finance and Issues from Aa3.il (hyb) to Aa2.il (hyb). The rating outlook is stable.

2.1.2 Affirmation of the Company's rating by Midroog

On March 24, 2026, Midroog announced the affirmation of the Company's Aa2.il rating outlook stable, and affirmation of the Aa2.il rating for Series 1 bonds issued by the Company.

2.1.3 Midroog rating for Harel Pension & Provident

On March 31, 2026, Midroog announced the assignment of an Aa3.il rating – outlook stable, for Harel Pension & Provident, as well as a rating P-1.il for commercial papers issued by Harel Pension & Provident. For additional information, see Note 7 to the financial statements.

2.1.4 Update of dividend policy and dividend distributions

Regarding the update of the dividend distribution policy of the Company and Harel Insurance, and for details concerning cash dividend distributions, see Note 12 to the financial statements.

2.1.5 Plan to repurchase shares

For details regarding the plan to repurchase shares, approved by the Company's Board of Directors on March 25, 2026 and June 21, 2026, see Note 12 to the financial statements.

2.1.6 Annual and Special General Meeting

On May 4, 2026, an annual and special general meeting of the Company was held with the following items on the agenda: (1) discussion of the Periodic Report for 2025; (2) reappointment of the independent auditors and authorization of the Company's Board of Directors to determine their fee; (3) reappointment of the Company's serving directors, who are not external directors, for a further term of office as directors in the Company; (4) appointment of Naim Najjar for an additional term as an external director in the Company. The general meeting approved the items on its agenda.

2.1.7 Bonds of the second-tier subsidiary – Harel Finance & Issues

On the sale of Series 21 bonds of Harel Finance & Issues that were purchased by the Company, see Note 7 to the financial statements.

On a decision concerning the full early redemption of Series 16 bonds of Harel Finance & Issues, see Note 7 to the financial statements.

2.1.8 Issuance of Series 24 bonds by the second-tier subsidiary – Harel Finance & Issues

On the issuance of a new series of bonds, Series 24 bonds of Harel Finance & Issues, which were recognized as a Tier 1 capital instrument of Harel Insurance, see Note 7 to the financial statements.

2.1.9 Partial redemption of the Company's Series 1 bonds

On the partial redemption of the Company's Series 1 bonds, see Note 7 to the financial statements.

2.2 Material Changes in the Group's Business and Events After the Reporting Period

2.2.1 International A Excellent rating for Harel Insurance by AM Best

On July 15, 2026, the international credit rating agency AM Best assigned Harel Insurance an International A Excellent rating with a stable outlook.

2.2.2 The Company’s Shelf Prospectus

On July 28, 2026, the Company published a shelf prospectus dated July 29, 2026. Under this Shelf Prospectus, the Company will be able to issue various types of securities, in accordance with the provisions of the law.

2.2.3 Dividend distribution

Regarding the decision of August 25, 2026 concerning the distribution of a cash dividend of NIS 400 million, see Note 12 to the financial statements.

2.3 Developments in the Group's Macroeconomic Environment

The Group's operating results are materially affected by capital market returns and economic, political and security developments, both in Israel and internationally. Below is a review of the main factors in the macroeconomic environment affecting the Group's activity:

2.3.1 General

In the second quarter of 2026, global indicators continued to point to an expansion of economic activity and world trade, but the picture was less uniform than that reflected at the beginning of the year. While activity was still supported by investments in technology and by trade in products related to digital infrastructures and artificial intelligence, tensions in the Middle East became a key factor affecting commodity prices, inflation expectations and market sentiment. The memorandum of understandings between the US and Iran during this quarter contributed to a decline in energy prices and to some moderation of geopolitical tension, but the environment of uncertainty remained high.

In the US, economic activity continued to expand. According to the preliminary estimates, GDP grew at an annual rate of 1.5% and headline inflation rose significantly. After almost zero growth in the previous quarter in Europe, an improvement was recorded in the rate of growth, at an annual rate of 1.8% according to the preliminary estimate. In view of the increase in inflation, the central bank raised the interest rate for the first time since 2023. In China, a mixed picture emerged: growth in the first quarter was lower than earlier expectations, whereas exports and the technology sectors continued to grow, while domestic demand and private consumption remained relatively weak.

2.3.2 Developments in the Israeli economy

According to the preliminary estimates published, GDP in Israel grew in the second quarter of the year at an annual rate of more than 15%. This figure reflects a correction following the contraction in the first quarter and attests to the resilience of the economy and its ability to recover rapidly from crises. At the same time, the labor market remained tight and tax receipts continued to be higher than the long-term trend line.

2.3.3 Stock market

In summary of the second quarter of 2026, the global MSCI Index rose by 14%, while the emerging markets index jumped by 24% (in dollar terms). Likewise, the S&P 500 index recorded an increase of 15% and the Euro Stoxx 600 index rose by 10%. In contrast, performance in Israel was more moderate. The TA-125 index remained almost unchanged in the second quarter of 2026.

2.3.4 Bond market

In the local bond market, the general bond index rose by 2.8%, the corporate bond index rose by 2.5%, and the government bond index rose by 2.9%.

2.3.5 Mutual funds and exchange-traded funds

During the second quarter of 2026, mutual funds and ETFs recorded net inflows of approximately NIS 23 billion (excess issuances over redemptions, net of cash dividends). The main inflows during the quarter were approximately NIS 11.5 billion in money market funds and NIS 3.6 billion in general bond funds, as against net redemptions of approximately NIS 4.7 billion in funds specializing in Israeli shares.

2.3.6 Foreign exchange market

In the second quarter of 2026, the NIS strengthened by 6% against the Bank of Israel's basket of currencies to a new high, with an appreciation of 6% against the US dollar and 7% against the euro. This strengthening was also affected by the increases in the global markets and by the continued decline in Israel's risk premium in the financial markets.

2.3.7 Inflation

As of the end of the second quarter of 2026, inflation over the last 12 months was 1.9%, according to the latest figure published as of the end of the quarter, in May.

2.3.8 Bank of Israel interest rate

Against the backdrop of the appreciation of the NIS, the decline in the risk premium and the decrease in inflation expectations, in the second quarter of 2026 the Bank of Israel reduced the interest rate by 0.25 percentage points to 3.75%.

2.3.9 Events after the Reporting Date

At the beginning of July 2026, the Bank of Israel reduced the interest rate again, to 3.5%. Additionally, in its updated forecasts the Bank projects growth of 4.0% this year.

Despite the memorandum of understandings reached between the US and Iran, the exchanges of fire that resumed between the parties contributed to renewed volatility in energy prices. These developments demonstrate that geopolitical uncertainty remains high and may continue to affect inflation, market expectations and sentiment in the financial markets.

2.4 Summary of Legal Arrangements and Legal Provisions in the Group's Areas of Activity

Following is a summary of the principal legislative arrangements and provisions of law published in the Reporting Period – up to the date of publication of this report:

2.4.1 General

2.4.1.1 Provisions of law

2.4.1.1.1 On July 26, 2026, the Credit Data Law (Amendment No. 6), 2026, was published, expanding the credit data register so that it will also include information on corporations, in accordance with rules to be determined by the Governor of the Bank of Israel. Additionally, the Bank of Israel's powers to use the information in the register were expanded, information security requirements and a duty of confidentiality were prescribed, and controlling shareholders and affiliated parties were defined, together with the conditions for transferring information about such parties to the register.

2.4.1.1.2 On June 16, 2026, the Israel Securities Authority published a draft regulatory framework for amending the disclosure obligations in periodic and immediate reports, which proposes amendments to the securities regulations in the area of reporting and public disclosure, including the Securities Regulations (Periodic and Immediate Reports), 1970. The draft proposes comprehensive amendments to the format and content of reporting applicable to reporting corporations, based on the recommendations in the final report of the committee established to examine the disclosure requirements in periodic and immediate reports. The main proposed amendments include updating the Board of Directors Report and converting it into a management report focusing on the business and financial position of the corporation's activity from management's perspective, while expanding the disclosure requirements on performance, trends, liquidity, financing and risks. Additionally, it is proposed to update the materiality tests for pro forma reporting, and to consolidate and reorganize the disclosure requirements in dedicated chapters, including corporate governance and finance.

2.4.1.1.3 On March 31, 2026, the following laws were published:

The Economic Plan Law (Legislative Amendments for Implementation of Economic Policy for Fiscal Year 2026), 2026, Chapter 11: Promoting competition in the banking market, within which several legislative amendments were made to banking and banking services laws, based mainly on the recommendations of the inter-ministerial team established to examine the issue. Among other things, a graduated banking licensing framework for small banks was established, including regulatory reliefs and conditions designed to lift entry barriers and enable new entities to enter the market.

The Economic Efficiency Law (Legislative Amendments to Achieve Budget Targets for Fiscal Year 2026), 2026, Chapter 2: Taxation of provident funds, in which Section 9(2) of the Income Tax Ordinance, dealing with tax exemption on income of entities such as provident funds, was amended. Among other things, the framework of permitted investments for provident funds was expanded and the terms "control" and "material holding" were redefined, with the purpose of limiting those instances in which provident funds refrain from investments they are permitted to make under the Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Financial Institutions), 2012, because such investments are not tax-exempt under the Income Tax Ordinance.

2.4.1.2 Circulars, drafts and position papers regarding the manner of adopting International Financial Reporting Standard 17 in Israel ("IFRS 17" or "the Standard")

On January 28, 2026, the Capital Market, Insurance and Savings Authority published Draft Insurance Circular 2025-24 – "Update of the provisions of the Consolidated Circular regarding 'Reporting to the Public' and 'Reporting to the Commissioner of the Capital Market' – Annual Report Prepared by the Appointed Actuary in Insurance Companies". The Draft Circular proposes adjusting the reporting instructions applicable to the appointed actuary for the implementation of the Standard, including an update to the content of the actuarial statement in the financial statements and the structure of the appointed actuary's annual report. At the same time, it is proposed to cancel several reports in order to reduce the regulatory burden.

2.4.2 Long-term savings sector

The Capital Market, Insurance and Savings Authority published the following provisions, which are aimed at preventing a growing trend in the pension savings market, in which various parties induce members to withdraw their savings even when such withdrawal does not comply with legal provisions, and without the member being aware of the expected damage to their pension savings:

2.4.2.1 On July 12, 2026, Financial Institutions Circular 2026-9-5 concerning "Customer Service in Financial Institutions – Amendment" was published, which prescribes that the withdrawal of funds contrary to Section 23 of the Supervision of Financial Services Law (Provident Funds), 2005, which is performed directly following a proactive request by the customer to the financial institution, will be possible only after conducting a service call with the customer or sending a digital notice about the implications of withdrawal of the funds on the pension savings, and after explicit confirmation to execute the withdrawal has been received.

2.4.2.2 On April 19, 2026, a letter to directors of financial institutions (CM. 2026-573) regarding "Clarification regarding the procedure for withdrawing funds from a provident fund" was published, which refines the legal provisions and obligations applicable to financial institutions regarding the execution of fund withdrawals, including the obligation to use means at their disposal to examine the reliability of the request, and to ensure that the request was submitted properly, completely and in accordance with the law. It is further clarified that the countdown for executing fund withdrawal will begin only after all the information and details required for clarifying eligibility have been received, and that any delay resulting from the supplementing of data or documents will not be treated as a failure to meet the withdrawal deadlines and will not incur interest on arrears.

2.4.3 Life insurance sector

2.4.3.1 Draft

On August 12, 2026, the Capital Market, Insurance and Savings Authority published Draft Insurance Circular 2025-77 concerning "Discounts in life insurance", which proposes to prescribe that a discount in life insurance (risk insurance) will be permitted provided that the discount rate is not reduced throughout the entire insurance period. It is proposed that this provision should also apply to policies marketed before the Circular comes into effect.

2.4.4 Non-life insurance sector

2.4.4.1 Draft

On July 1, 2026, the Capital Market, Insurance and Savings Authority published Draft Insurance Circular 2025-55 concerning the "Occasional driver circular", which proposes provisions regulating the marketing of insurance products for occasional drivers in the motor property line, with an emphasis on young drivers. Among other things, an insurance company is required to check whether the insurance applicant has appropriate compulsory motor insurance, and, in the absence of such insurance, it will not be able to add the applicant to the cover. It is likewise required to provide the insurance applicant with simple and clear disclosure of the scope of the cover, its limitations, its validity and cost, and to obtain the applicant's confirmation before completing the enrollment process.

3 Financial Position and Results of Operations, Shareholders' Equity and Cash Flows

3.1 Implementation of the Strategic Plan

3.1.1 In August 2022, the Company entered into an agreement with a leading international strategic consulting firm. Based on a review and collaboration between the Company and the aforementioned consulting firm, the Company's Board of Directors, in February 2023, decided to adopt the Harel 2030 multi-year strategic plan. On April 2, 2024, the Company presented the main points of the strategic plan.

3.1.2 The Harel 2030 strategy focuses on three main pillars in the Group's operations: (1) improving the performance of core operating segments (operational excellence); (2) relationship with the customer – strengthening and improving the distribution engines; and (3) diversification of the Group's sources of income.

The Company continues to implement the Harel 2030 strategy, placing particular emphasis on improvements and changes that may arise from the application of technologies and capabilities based on AI, thereby accelerating improvements in core operating segments and in the relationship with the customer. Additionally, as part of diversifying the Group's sources of income, the Company will continue to focus on expanding credit activities and financial services.

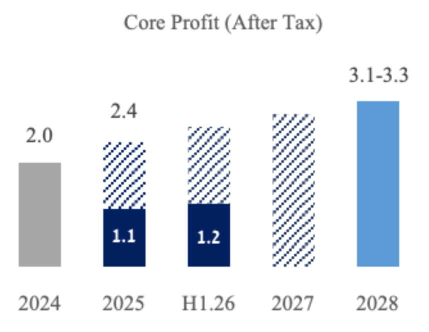
In order to reflect the results of the Company's activity with low volatility and enable implementation of the strategic plan to be monitored, "core profit" is calculated based on the following calculation principles: (a) the adjusted profit from investments and financing, net, is calculated based on a nominal risk-free interest rate at the beginning of the period plus an annual margin of 2% (this margin is above the risk-free interest curve ("the interest curve") plus an illiquidity premium, as applicable); and (b) special effects that are not part of the Company's normal course of business, including extraordinary effects resulting from amortization of excess costs created in the process of business combinations, and extraordinary expenses resulting from implementation of the strategic plan ("special effects"), were not included.

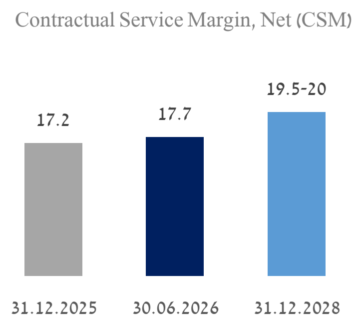
The purpose of calculating core profit in accordance with the principles described above is to reflect the results of the Company's activity with low volatility and to allow the implementation of the strategic plan to be monitored.

The Company has set targets for the strategic plan for 2028. The key targets are as follows:

- Target for core profit after tax of approximately NIS 3.1-3.3 billion. Of this, approximately NIS 2.3-2.4 billion is core profit from insurance activity and approximately NIS 0.8-0.9 billion is from asset management activities (pension insurance, financial services), credit and capital;
- Target for AUM (across all activities) of approximately NIS 750-780 billion;
- Target for premiums, benefit contributions and investment contracts of approximately NIS 56-58 billion.

The following diagrams present the aforementioned strategic plan targets in relation to data on comprehensive income (in NIS billion), return on equity and Contractual Service Margin (CSM) balances, net (in NIS billion) as calculated in accordance with the principles of the strategic plan ("core profit" and "adjusted return on equity", respectively):





Adjusted ROE * 20% 22% 21% 22%-23%

* Adjusted ROE is calculated based on total core profit for the period attributable to the Company's shareholders, after adjustment for profit not derived from activities, for a period of one year, divided by average adjusted equity for the period.

3.1.3 The core profit data presented in this section are in accordance with the principles of the strategic plan, as detailed below:

- Core profit from insurance business:

  Includes profit from the life, health and general insurance segments (including companies overseas) and is presented in accordance with the principles detailed above.

- Additional profit sources:

  - Asset management –

    - Pension insurance – profit is based on the actual reported results of the provident and pension activities, excluding special effects, namely extraordinary expenses that are not part of the normal course of business and amortization of retained cost arising on business combinations;

    - Financial services – profit is based on the actual reported results of financial services activities (finance and investment contracts);

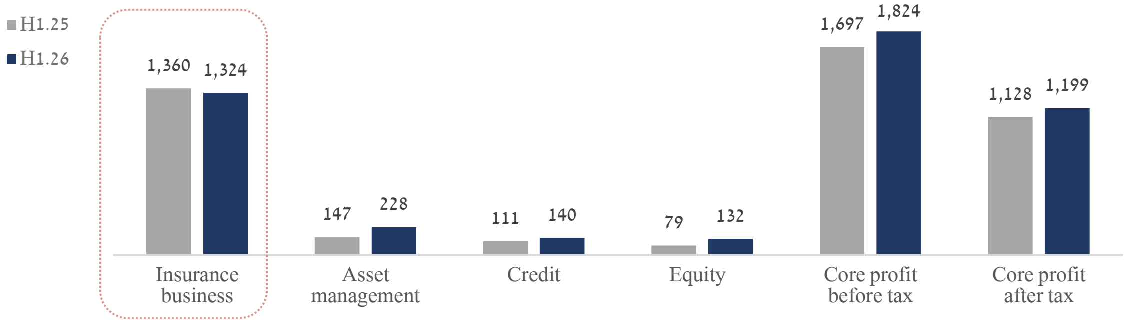
  - Credit – profit is based on the actual reported results of the activities included in the credit segment, excluding the effect of changes in retained fair value and extraordinary effects resulting from the amortization of excess costs;

  - Equity – profit includes income from capital activity investments calculated based on a nominal risk-free interest rate at the beginning of the period plus a margin of 2% (the margin is above the interest rate curve plus illiquidity premium, as applicable). This profit does not include special effects (amortization of retained costs created in the process of business combinations, and extraordinary expenses resulting from implementation of the strategic plan).

3.1.4 Core profits by operating segments:

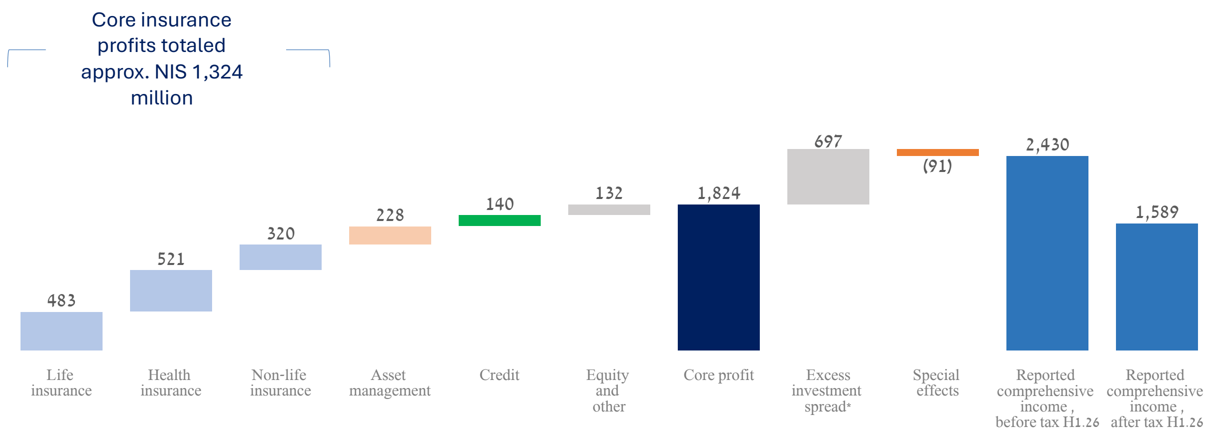
3.1.4.1 Core profits in the Reporting Period and the corresponding period last year (NIS million):

	H1.26	H1.25	Difference
Underwriting profit (insurance service result) (*)	1,075	1,124	(49)
Adjusted **profit** from investments and financing, net	331	328	3
Operating expenses	(82)	(92)	10
Total core profit from insurance businesses	**1,324**	**1,360**	**(36)**



(*) The underwriting profit detailed above was calculated after adjustment for the effects of Operation Roaring Lion in the travel insurance sector

Information about core profits and whether they correspond with the Company's reported comprehensive income in the Reporting Period and the corresponding period last year (NIS million):

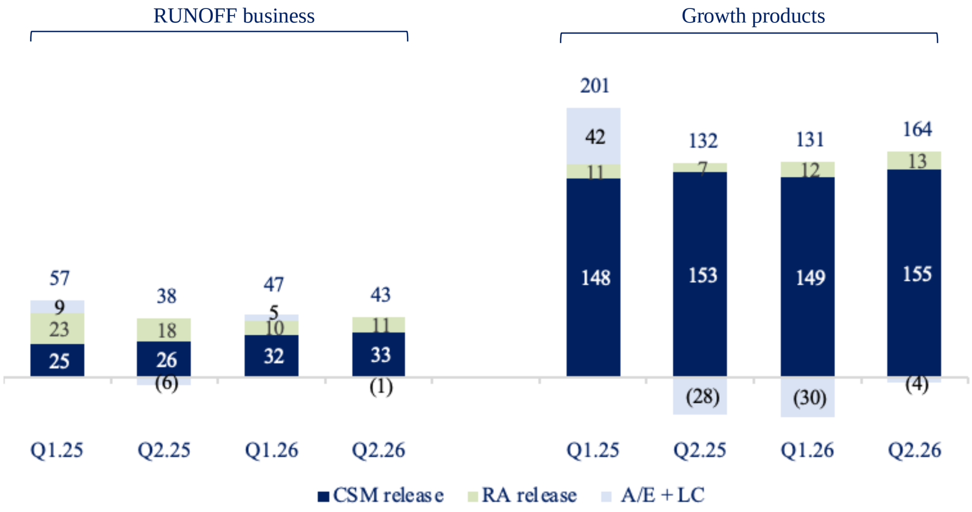


H1.26	483	521	320	228	140	132	1,824	697	(91)	2,430	1,589
H1.25	493	562	305	147	111	79	1,697	335	(31)	2,001	1,334
Change	(10)	(41)	15	81	29	53	127	362	(60)	429	255

* Excess investment spread – the difference between reported investment and financing income, net, and adjusted investment and financing income, net (adjusted investment and financing income, net, is calculated based on a nominal risk-free interest rate plus an annual margin of 2%).

Core profits from insurance business

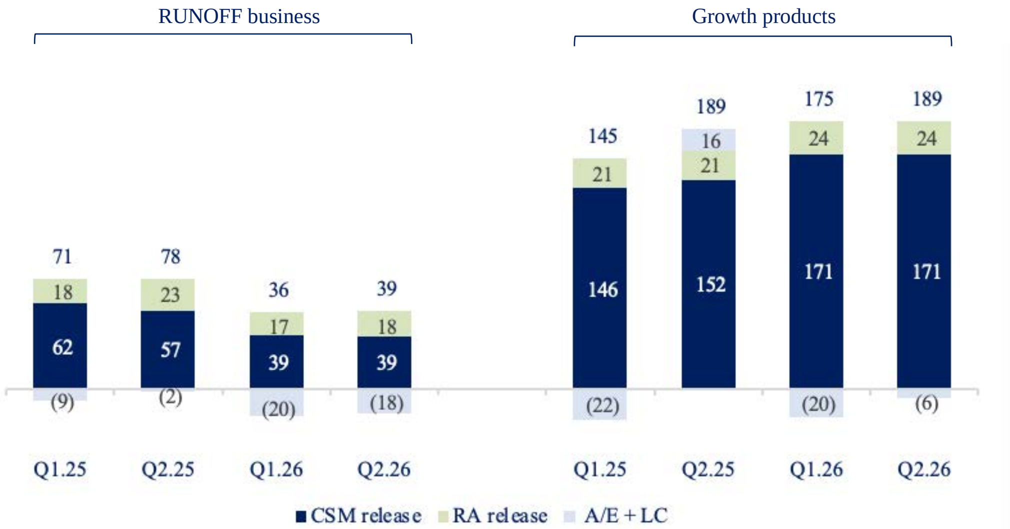
- Life insurance segment – below is the breakdown of underwriting profit (insurance service result in retention):



Results in the Reporting Period and in the second quarter were positively affected by the continuing growth of activity in growth products (life risks) which led to an increase in the release of the Contractual Service Margin (CSM).

In addition, the results include adverse profitability relative to experience in the death risk coverage actual versus expected (A/E), due to a statistical increase in death risk claims resulting from a number of exceptional claims in the first quarter. For additional information, see Section 3.3.5.1 (a) below.

- Health segment – below is a breakdown of underwriting profit (insurance service result in retention):



<u>Health insurance segment</u> –

Medical expenses and disability, individual and group – Results in the Reporting Period and in the second quarter were positively affected by the continuing growth of activity in growth products (medical expenses and critical illness), which led to an increased release of the Contractual Service Margin (CSM).

Additionally, the results in the Reporting Period were affected by a decrease in underwriting profit, in view of an increase in the number and amounts of claims opened under pharmaceutical coverage. This effect was partially offset by a positive development in surgery and ambulatory coverage.

Short-term health – Results in the Reporting Period (in the first quarter) were affected mainly by a decrease in activity in the travel insurance segment following Operation Roaring Lion. The core profits detailed above were calculated after adjustment for this effect, which was included as part of the special effects.

<u>Long-term care segment</u> –

Group long-term care – The underwriting results in the Reporting Period were affected by a decrease in the release of the Contractual Service Margin (CSM) and a decrease in the release of the Risk Adjustment (RA) component in respect of a group long-term care transaction with members of the Clalit Health Services, which ended on December 31, 2023. This transaction has been in RUNOFF since January 1, 2024 and is expected to run off by the end of 2028.

Individual and group long-term care – The underwriting results in the Reporting Period were affected by a decrease in underwriting profit, in view of a decrease in the number of deaths in the second quarter. For additional information, see Section 3.3.5.1 (b) below.

- Non-life insurance segment –

  Results in the Reporting Period and in the second quarter were affected by improved underwriting results. For additional information, see Section 3.3.5.1 (c) below.

Asset management

Pension insurance – increased profit in the current period and in the second quarter compared with the corresponding period last year and the corresponding quarter last year, which is mainly attributable to an increase in management fees resulting from the growth of the managed assets portfolio, that was partially offset by an increase in marketing and other acquisition costs. For additional information, see Section 3.3.5.2 below.

Financial services – profit increased in the current period and in the second quarter compared with the corresponding period last year and the corresponding quarter last year, mainly due to increased profitability of mutual funds as a result of growth in total assets under management. For additional information, see Section 3.3.5.3 below.

Credit

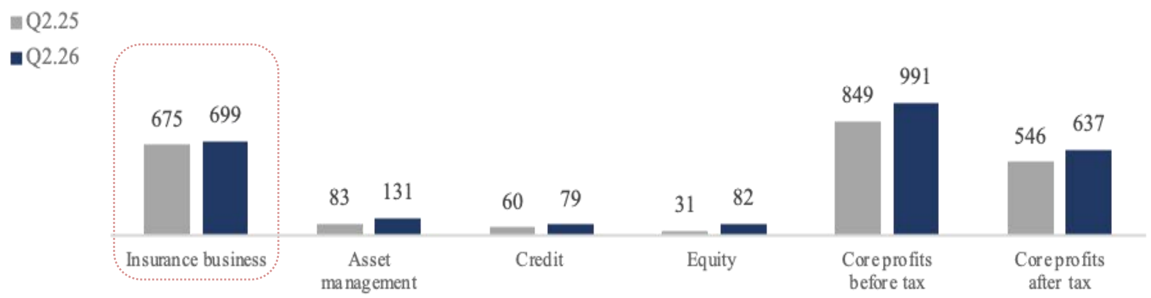
Increased profit in the current period and in the second quarter compared with the corresponding period last year and the corresponding quarter last year, which is mainly attributable to the continuing growth of the credit portfolio. For additional information, see Section 3.3.5.4 below.

Excess investment spread

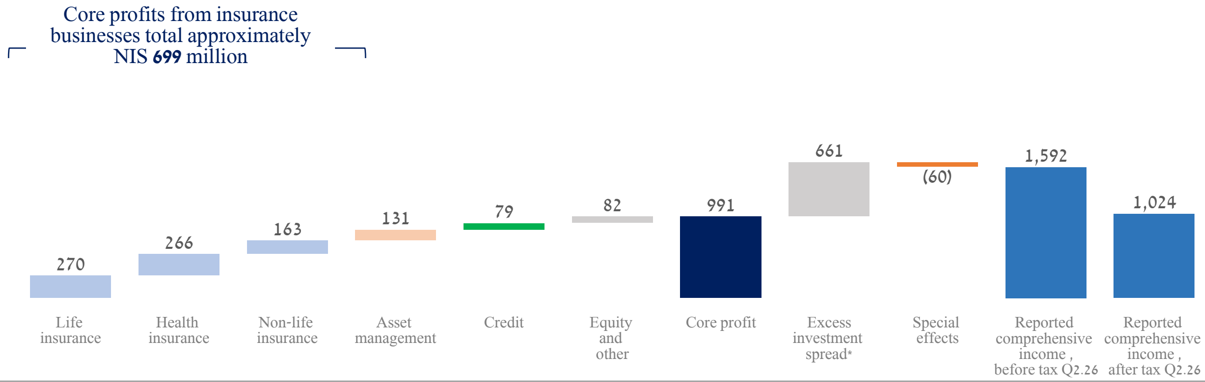
The excess investment spread, which reflects the gap between reported investment and financing income, net, and adjusted investment and financing income, net, amounted to approximately NIS 697 million. This resulted from positive nostro returns in the capital market, and from an increase in the interest curve applied in calculating the insurance liabilities ("the interest curve"), which had a net **negative** effect on the results. The total investment spread attained in the Reporting Period is **higher** than the adjusted investment spread.

3.1.4.2 Core profits in the second quarter and in the corresponding quarter last year (NIS million):

	Q2.26	Q2.25	Difference
Underwriting profit (insurance service result)	561	559	2
Adjusted **profit** from investments and financing, net	176	164	12
Operating expenses	(38)	(48)	10
Total core profit from insurance businesses	**699**	**675**	**24**



Following is a breakdown of the core profits and the reconciliation between them and the Company's reported comprehensive income in the second quarter and in the corresponding quarter last year (NIS million)



Q2.26	270	266	163	131	79	82	991	661	(60)	1,592	1,024
Q2.25	202	306	167	83	60	31	849	384	(14)	1,219	789
Change	68	(40)	(4)	48	19	51	142	277	(46)	373	235

* Excess investment spread – the gap between reported investment and financing income, net, and adjusted investment and finance income, net (adjusted investment and finance income, net, is calculated based on a nominal risk-free interest rate plus an annual margin of 2%)

Excess investment spread

The excess investment spread which reflects the gap between reported investment and financing income, net, and adjusted investment and financing income, net, amounted to approximately NIS 661 million. This is attributable to positive nostro returns in the capital market, and to a decrease in the interest curve applied in calculating the insurance liabilities ("the interest curve"), which had a net **negative** effect on the results. The total investment spread attained in the Reporting Period is **higher** than the adjusted investment spread.

3.2 Sensitivity analyses for changes in the interest curve

The Company measures a group of insurance contracts as the total amount of fulfillment cash flows (FCF) plus the Contractual Service Margin (CSM), if applicable. Fulfillment cash flows are measured at each Reporting Period using current estimates, including current discount rates, so that for insurance portfolios measured under the GMM model, the effect of interest curve changes is recognized in profit and loss, while in insurance portfolios measured under the VFA model, the effect of interest curve changes is recognized in the CSM.

Additionally, most of the Company's non-tradable debt assets, including Hetz bonds, are measured at fair value through profit and loss, so that any increase or decrease in the interest curve will affect their carrying amount.

Set out below is a summary of the directional effects of changes in the interest curve on the Company’s profit or loss:

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

Below is an estimate of sensitivity tests presenting the change in comprehensive income (loss), for the financial assets, financial liabilities and insurance liabilities/assets, resulting from a parallel change of 1% in the risk-free interest curve, assuming that all other variables remain constant. It should be noted that the sensitivities are not linear, so that changes that are larger or smaller than those described below are not necessarily a simple extrapolation of the effect of those changes.

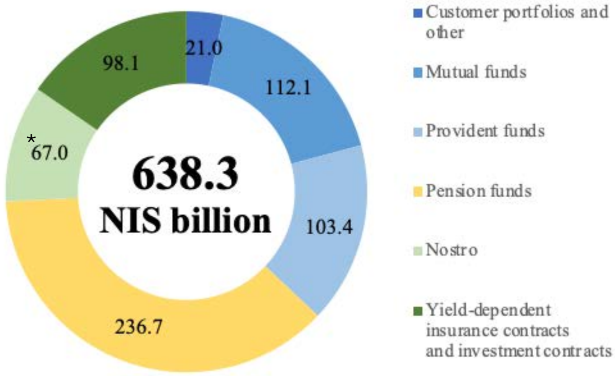
	As of June 30, 2026	As of December 31, 2025
	(NIS millions)	(NIS millions)
Effect of a 1% increase		
Comprehensive income (loss) after tax	(667)	(628)
Effect of a 1% decrease		
Comprehensive income (loss) after tax	624	653

The above information contains forward-looking information, as defined in Section 32A of the Securities Law, 1968. The Company's assessments regarding the materialization of the activity referred to in these sections may not be realized, in whole or in part, or may be realized in a manner that is materially different from that anticipated, among other things, as a result of changes in market conditions.

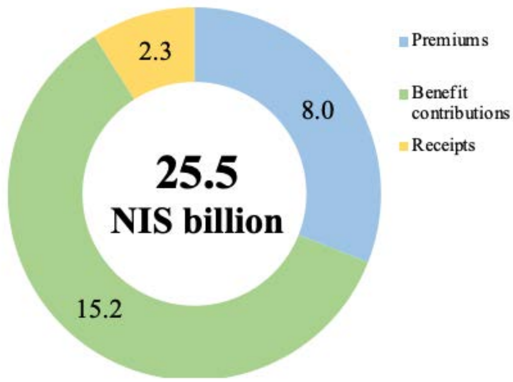
For information about additional sensitivity analyses performed by the Company - see Note 28D to the 2025 annual financial statements.

3.3 Summary of Data from the Company's Consolidated Financial Statements

The Group's AUM:



Data on gross earned premiums, benefit contributions and amounts received for investment contracts/contributions:



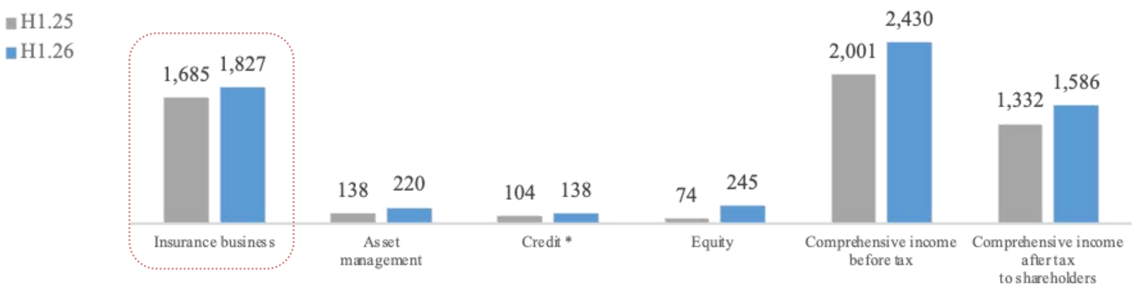
The total assets managed in the provident funds, pension funds, mutual funds and customer portfolios are not included in the Company's consolidated financial statements

* Includes deposit certificates issued by Harel Finance of approximately NIS 20.4 billion, approximately NIS 19 billion and approximately NIS 16 billion as at June 30, 2026, June 30, 2025 and December 31, 2025, respectively

3.3.1 Reported profit by operating segment:

Comprehensive income (loss) in the Reporting Period and the corresponding period last year (NIS million):

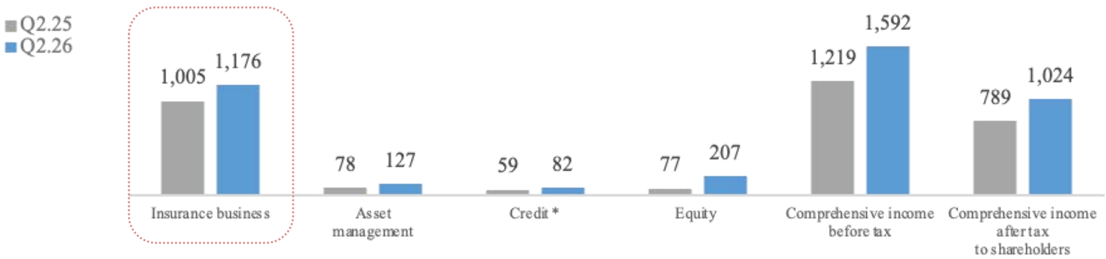
	H1.26	H1.25	Change
Life insurance	527	548	(21)
Health insurance	716	553	163
Non-life insurance	584	584	0
Total insurance business	**1,827**	**1,685**	**142**



* Profit after adjustment for the effect of the change in the fair value of financial assets and special effects resulting from the amortization of excess costs was approximately NIS 140 million in the Reporting Period (profit after adjustment for the effect of the change in the fair value of financial assets and special effects resulting from the amortization of excess costs was approximately NIS 111 million in the corresponding period last year). See Section 3.3.5.4 below

Comprehensive income (loss) by operating segment in the second quarter and the corresponding quarter last year (NIS million):

	Q2.26	Q2.25	Change
Life insurance	503	364	139
Health insurance	389	246	143
Non-life insurance	284	395	(111)
Total insurance business	**1,176**	**1,005**	**171**



* Profit after adjustment for the effect of the change in the fair value of financial assets and special effects resulting from the amortization of excess costs was approximately NIS 79 million in the second quarter (profit after adjustment for the effect of the change in the fair value of financial assets and special effects resulting from the amortization of excess costs was approximately NIS 60 million in the corresponding quarter last year). See Section 3.3.5.4 below.

Profit from the insurance business includes:

1) Insurance service result in retention (underwriting profit):

Includes total underwriting profit from insurance services in life insurance, health insurance and non-life insurance (including overseas segment results). This profit consists mainly of the release of the Contractual Service Margin (CSM) and the release of the risk adjustment for non-financial risk (RA).

As of June 30, 2026, the CSM balance, net of reinsurance, amounted to approximately NIS 17.7 billion before tax (approximately NIS 11.6 billion after tax).

As of June 30, 2026, the risk adjustment for non-financial risk (RA), net of reinsurance, amounted to approximately NIS 3.7 billion before tax (approximately NIS 2.4 billion after tax).

2) Investment and finance income, net, in retention includes:

a. Profits (losses) from the nostro portfolio including interest income and a share in the profits of equity accounted associates;

b. Profits (losses) from investments in respect of savings policies and investment contracts, net of changes in liabilities for insurance contracts attributable to changes in the fair value of the underlying items and net of changes in liabilities for investment contracts on account of the yield component;

c. Operating expenses (income) based on the discount rate in respect of the time value of money arising from insurance contracts, net of finance income (expenses) arising from reinsurance contracts;

d. Effects of changes in the risk-free interest curve and the illiquidity premium, and changes between the forecast and actual index.

3) Operating income (expenses) – mainly operating expenses not included within the insurance contract fulfilment cash flows.

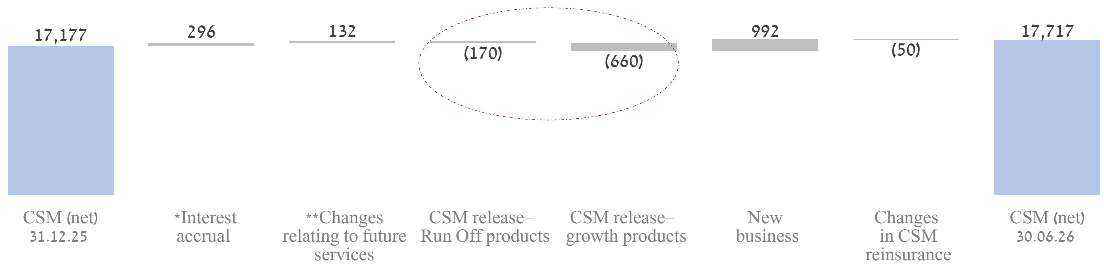
3.3.2 Information about the Company's Contractual Service Margin (CSM):

3.3.2.1 The Contractual Service Margin (CSM) of a group of insurance contracts represents the unrealized future expected profit that the Company will recognize as insurance service revenue when it provides insurance contract services as part of these contracts.

As of June 30, 2026, the CSM balance (net of reinsurance) amounted to approximately NIS 17.7 billion before tax. The results in the Reporting Period include the release of a gross CSM balance in the amount of approximately NIS 830 million. The ratio between the additional CSM in respect of new business (in the Reporting Period) and the released CSM amount is approximately 120%. The ratio between the additional CSM for new business (in the Reporting Period) for **growth products** and the amount released for these products is approximately 150%.

As of June 30, 2025, the CSM balance (net of reinsurance) amounted to approximately NIS 16.5 billion before tax. The results in the corresponding period last year included the release of a gross CSM balance in the amount of approximately NIS 805 million. The ratio between the additional CSM for new business (in the corresponding period last year) and the released CSM amount was approximately 100%. The ratio between the additional CSM for new business (in the corresponding period last year) for **growth products** and the amount released for these products was approximately 133%.

The following graph presents the changes in the CSM in the Reporting Period (NIS million):

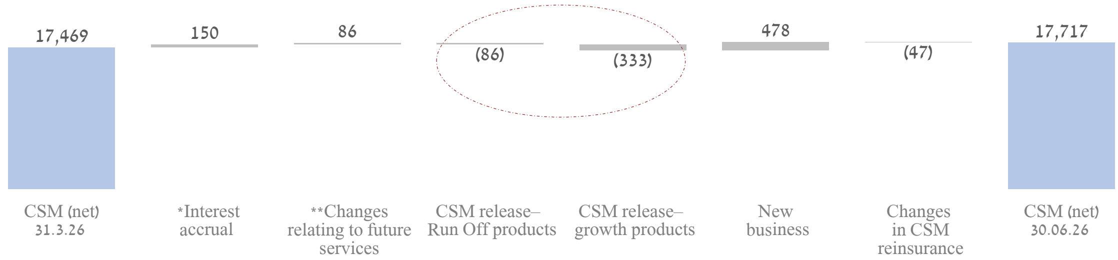


H1.25	17,177	296	132	(170)	(660)	992	(50)	17,717
H1.26	16,358	267	(179)	(199)	(606)	809	70	16,520
Change	819	29	311	29	(54)	183	(120)	1,197

* Interest accrued according to the original curve in portfolios measured under the General Model (GMM)

** Changes relating to future services also include adjustments in accordance with experience (A/E), as well as financial changes in contracts measured under the VFA model

The following graph presents changes in the CSM in the second quarter (NIS million):



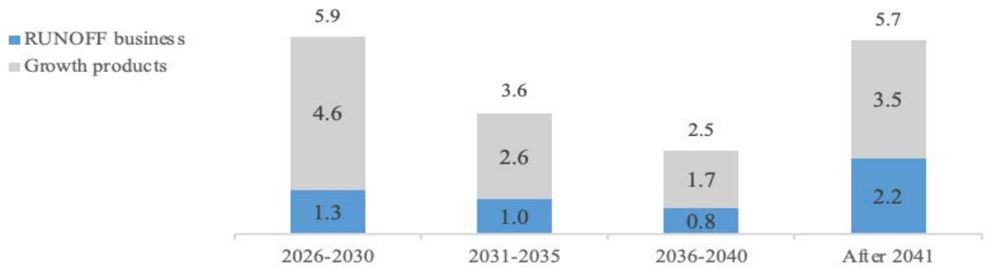
Q2.25	17,469	150	86	(86)	(333)	478	(47)	17,717
Q2.26	16,333	134	4	(97)	(308)	400	54	16,520
Change	1,136	16	82	11	(25)	78	(101)	1,197

* Interest accrued according to the original curve in portfolios measured under the General Model (GMM)
** Changes relating to future services also include adjustments in accordance with experience (A/E), as well as financial changes in contracts measured under the VFA model

Below is a breakdown of the Company's CSM balances at June 30, 2026, by the Company's various operating segments:

	Life insurance	**Health insurance**	**Total**
	NIS millions	**NIS millions**	**NIS millions**
Contractual Service Margin (CSM), gross	6,159	12,947	19,106
Contractual Service Margin (CSM), reinsurance	207	1,182	1,389
Contractual Service Margin (CSM), net (*)	**5,952**	**11,765**	**17,717**
(*) Of which:			
Growth products in life insurance and health insurance (products that the Group continues to market)	3,968	8,448	12,416

According to Harel Insurance's assessment, approximately 33% of the CSM balance is expected to be released to profit over the next five years. Below is an estimate of the release rate of the CSM balance, segmented by RUNOFF business (business that the Group no longer markets) and growth products that the Group continues to market (existing portfolio as of the transition date and new portfolio since the transition date) (NIS billion):



3.3.2.2 Update regarding the stochastic model

As of the reporting date, Harel Insurance completed the calculation of the economic solvency ratio based on the use of Economic Scenario Generators, including the completion of tests and control processes for accuracy, robustness and market consistency.

The stochastic model is used to prepare a best estimate actuarial valuation of the cash flows of non-symmetric insurance liabilities (including future variable management fees), whose value is not fully included in the present model for calculating the economic solvency ratio. In both the existing model and the stochastic model, the return used as basis for the calculation is a risk-free return. However, unlike the existing model, the cash flow calculation in the stochastic model takes into account the fluctuations in the relevant asset returns based on their composition and characteristics, including investment channels, average duration and exposure to the CPI and foreign-exchange rates. For the purpose of constructing the stochastic model, Harel Insurance selected economic models that correspond with the types of assets. These models were calibrated using relevant historic market information. Harel Insurance was assisted by international consulting firms in selecting, calibrating and testing these economic models. Additionally, the external auditors examined the calculation process and internal control.

In Harel Insurance's assessment, implementation of the stochastic model may have an effect that will lead to an increase of hundreds of millions of NIS in the Contractual Service Margin (CSM) in the life insurance segment with respect to participating policies issued up to 2003. The effects of the stochastic model were not included in the reported financial results of Harel Insurance and the Company in the Reporting Period. For additional information, see Section 6C below.

It is emphasized that Harel Insurance's assessment regarding the potential effect of the stochastic model on the Contractual Service Margin (CSM) in the life insurance segment should not be regarded as final data, and accordingly the information constitutes forward-looking information, as defined in Section 32A of the Securities Law, 1968.

3.3.3 Breakdown of comprehensive income (loss) by operating segment:

	For the six-month period ended June 30			For the three-month period ended June 30		For the year ended December 31
	2026	2025	Change in %	2026	2025	2025
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	(Audited)
Insurance business						
Life insurance	527	548	(4)	503	364	1,218
Health insurance	716	553	29	389	246	1,406
Non-life insurance	599	580	3	294	392	1,141
Insurance companies overseas	(15)	4	-	(10)	3	(9)
Total insurance business	1,827	1,685	8	1,176	1,005	3,756
Asset management (pension insurance and financial services)						
Provident	43	25	72	26	14	66
Pension	69	45	53	44	27	105
Financial services	108	68	59	57	37	180
Total asset management	220	138	59	127	78	351
Credit **	138	104	33	82	59	231
Equity	245	74	-	207	77	98
Total before tax	2,430	2,001	21	1,592	1,219	4,436
Taxes on income	841	667	26	568	430	1,478
Total comprehensive income after tax	1,589	1,334	19	1,024	789	2,958
Attributed to:						
Shareholders of the Company	1,586	1,332	19	1,024	789	2,954
Non-controlling interests	3	2	50	-	-	4
Total comprehensive income after tax	1,589	1,334	19	1,024	789	2,958
Return on equity in annual terms *	27%	*27%		37%	*33%	27%

* Return on equity is calculated based on the total comprehensive income for the period attributable to the Company's shareholders, adjusted to a one-year period, and divided by average equity for the period – excluding special effects that are not part of ordinary activity.

** Includes the effect of the fair value changes of financial assets; see Section 3.3.5.4 below.

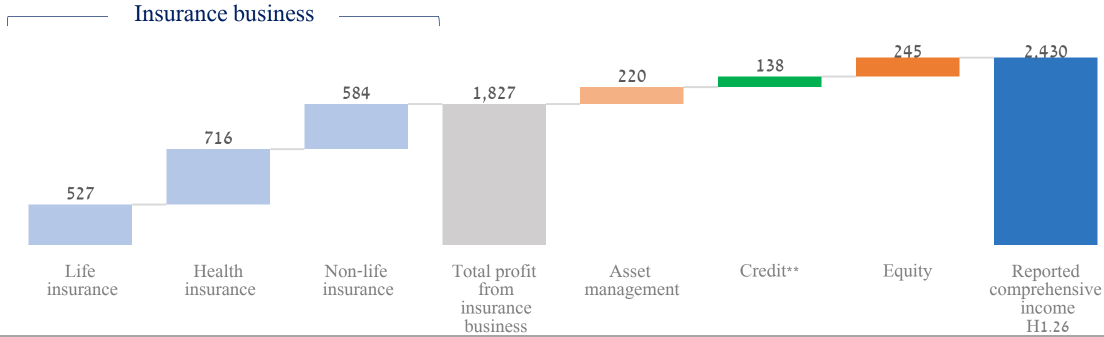
The results in the Reporting Period were affected by **positive** nostro yields in the capital market, which were higher than the nostro yields in the corresponding period last year.

Additionally, results in the Reporting Period and in the corresponding period last year were affected by changes in the interest curve applied in calculating the insurance liabilities ("the interest curve") (in the Reporting Period – the interest curve applied in calculating the insurance liabilities decreased in the medium term and increased in the long term. In the corresponding period last year – the interest curve applied in calculating the insurance liabilities increased in the short term and decreased in the medium and long term) and by other financial changes.

The changes in the interest curve in the Reporting Period and in the corresponding period last year had a net **negative** effect on the results. The effect of the changes in the interest curve on the financial results in the Reporting Period was **lower** compared with the effect on the results in the corresponding period last year. For additional information, see the table in Section 3.3.4 (2) below.

3.3.4 Below is a breakdown of comprehensive income (loss) according to the different operating segments in the Reporting Period and the corresponding period last year (NIS million):

	H1.26	H1.25	Difference
Underwriting profit (insurance service result) (1)	1,056	1,124	(68)
*Adjusted investment and financing income, net **	*331*	*328*	*3*
Excess investment profit (loss)	*526*	*330*	*196*
Total investment and financing income, net (2)	857	658	199
Operating expenses	(86)	(97)	11
Total profit from insurance business	**1,827**	**1,685**	**142**

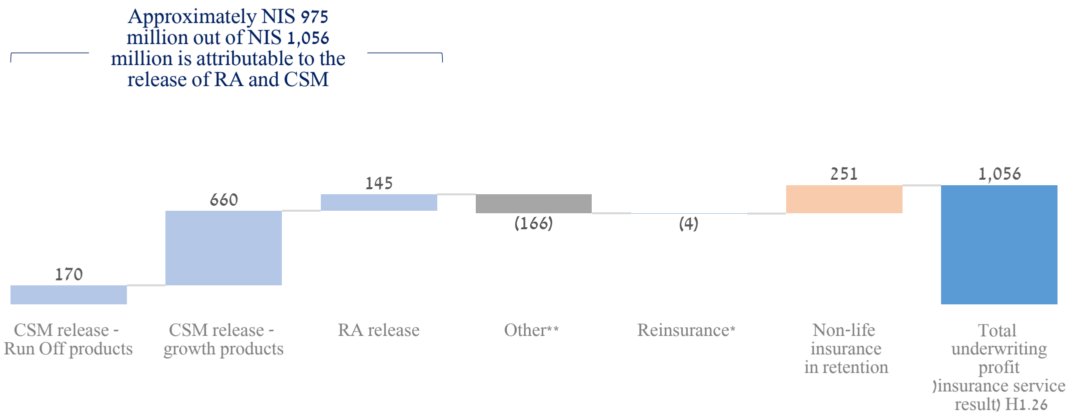


H1.26	527	716	584	1,827	220	138	245	2,430
H1.25	548	553	584	1,685	138	104	74	2,001
Change	(21)	163	0	142	82	34	171	429

* The adjusted investment and finance income, net, is calculated based on a nominal risk-free interest rate at the beginning of the period plus an annual margin of 2% (this margin is above the risk-free interest curve ("the interest curve") plus an illiquidity premium, as applicable)

** The results in the Reporting Period include a **negative** effect in respect of the change in the fair value of financial assets and special effects resulting from the amortization of excess costs of approximately NIS 2 million (in the corresponding period last year, a **negative** effect of approximately NIS 7 million). See Section 3.3.5.4 below.

1) **Underwriting profit** (insurance service result) in the Reporting Period and the corresponding period last year (NIS million):



H1.26	170	660	145	(166)	(4)	251	1,056
H1.25	199	606	159	(28)	(25)	213	1,124
Change	(29)	54	(14)	(138)	21	38	(68)

* Reinsurance in the life and health segments
** Includes adjustments in accordance with experience Actual Vs Expected (A/E) and changes in the Loss Component

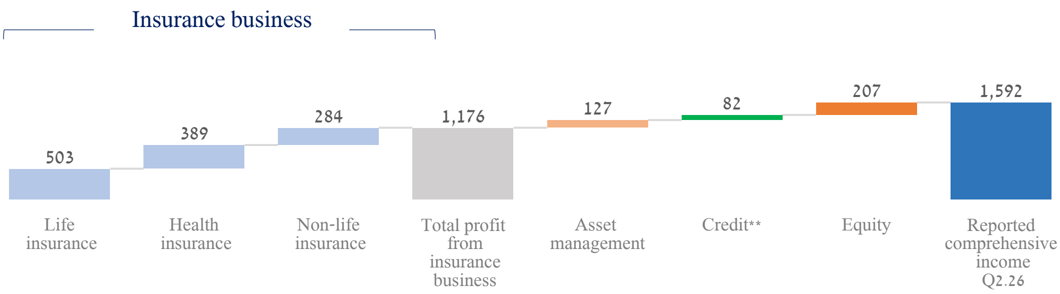
2) Below is a detailed table **of income from investments and financing, net in retention** (NIS million):

	For the six-month period ended June 30		
	2026	2025	Change
Income from investments *	1,501	1,469	32
Effect of interest curve changes	(145)	(270)	125
Interest accrued	(366)	(355)	(11)
Inflation and other financial changes	(133)	(186)	53
Total investment and financing income, net	857	658	199

*Investment income net of changes in liabilities for insurance contracts arising from changes in fair value of underlying items

Below is a breakdown of comprehensive income (loss) according to the different operating segments in the second quarter and the corresponding quarter last year (NIS million):

	Q2.26	Q2.25	Difference
Underwriting profit (insurance service result) (1)	561	559	2
*Adjusted investment and finance income, net **	*176*	*164*	*12*
Excess investment profit (loss)	*479*	*332*	*147*
Total investment and finance income, net (2)	655	496	159
Operating expenses	(40)	(50)	10
Total profit from insurance business	**1,176**	**1,005**	**171**

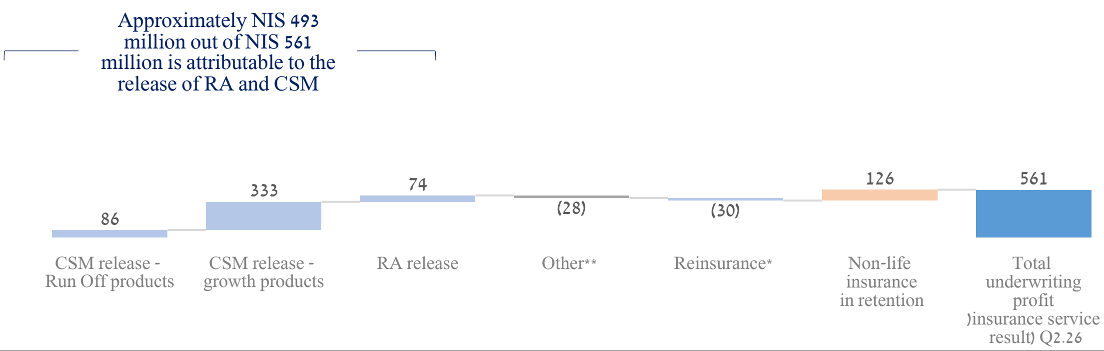


Q2.26	503	389	284	1,176	127	82	207	1,592
Q2.25	364	246	395	1,005	78	59	77	1,219
Change	139	143	(111)	171	49	23	130	373

* The adjusted investment and finance income, net, is calculated based on a nominal risk-free interest rate at the beginning of the period plus an annual margin of 2% (this margin is above the risk-free interest curve ("the interest curve") plus an illiquidity premium, as applicable)

** The results in the second quarter include a **positive** effect in respect of the change in the fair value of financial assets and special effects resulting from the amortization of excess costs of approximately NIS 3 million (in the corresponding quarter last year, a **negative** effect of approximately NIS 1 million). See Section 3.3.5.4 below 3.3.5.4

1) **Underwriting profit** (insurance service result) in the second quarter and the corresponding quarter last year (NIS million):



Q2.26	86	333	74	(28)	(30)	126	561
Q2.25	97	308	77	(62)	17	122	559
Change	(11)	25	(3)	34	(47)	4	2

* Reinsurance in the life and health segments

** Includes adjustments in accordance with experience Actual Vs Expected (A/E) and changes in the Loss Component (LC)

2) Results in the second quarter were affected by **positive** nostro returns in the capital market, which were higher than nostro returns in the corresponding quarter last year. Additionally, results in the second quarter and in the corresponding quarter last year were affected by a decrease in the interest curve and by other financial changes.

The decrease in the interest curve in the second quarter and in the corresponding quarter last year had a net **negative** effect on the results. The effect of the decrease in the interest curve on the financial results in the second quarter was **lower** compared with the effect on the results in the corresponding quarter last year.

Below is a detailed table of **income from investments and financing, net in retention** (NIS million):

	For the three-month period ended June 30		
	2026	2025	Change
Income from investments *	1,362	1,265	97
Effect of interest curve changes	(378)	(448)	70
Interest accrued	(179)	(182)	3
Inflation and other financial changes	(150)	(139)	(11)
Total investment and financing income, net	655	496	159

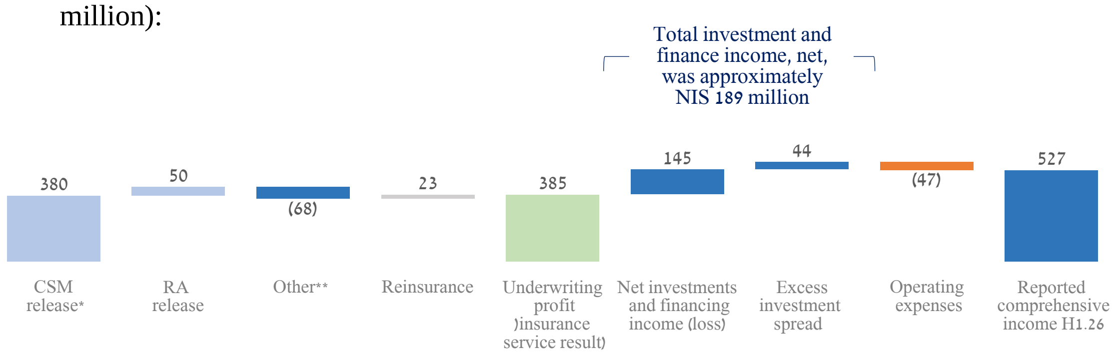
*Investment income net of changes in liabilities for insurance contracts arising from changes in fair value of underlying items

3.3.5 Breakdown of sources of income (loss) by operating segment (NIS million):

3.3.5.1 Insurance business:

A. Life insurance:

1) Below is a breakdown of the sources of income (loss) from the Company's life insurance business in the Reporting Period and the corresponding period last year (NIS million):



H1.26	380	50	(68)	23	385	145	44	(47)	527
H1.25	358	63	(19)	26	428	125	55	(60)	548
Change	(13)	(13)	(49)	(3)	(43)	20	(11)	13	(21)

* Of this amount, approximately NIS 312 million is in respect of the release of CSM from growth products (corresponding period last year – approximately NIS 305 million)
** Includes adjustments in accordance with experience (A/E) and changes in the Loss Component (LC)

Results in the Reporting Period and in the corresponding period last year were affected by positive nostro returns in the capital market (the returns include the effect of the change in the fair value of Hetz bonds. As a result of the changes in the interest curve, a decrease in fair value of approximately NIS 4 million and an increase in fair value of approximately NIS 44 million were recorded in the Reporting Period and in the corresponding period last year, respectively); by changes in the interest curve and by other financial changes.

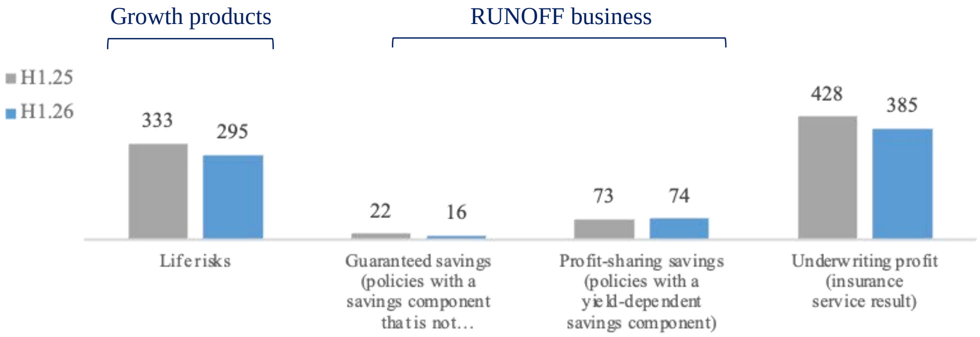
The changes in the interest curve in the Reporting Period and in the corresponding period last year had a net **negative** effect on the results.

The table below details **investment and financing income, net in retention** (NIS million):

	For the six-month period ended June 30		
	2026	2025	Change
Income from investments *	573	564	9
Effect of interest curve changes	(116)	(96)	(20)
Interest accrued	(147)	(149)	2
Inflation and other financial changes	(121)	(139)	18
Total investment and financing income, net	189	180	9

* Income from investments net of the change in liabilities for insurance contracts attributable to changes in the fair value of the base items

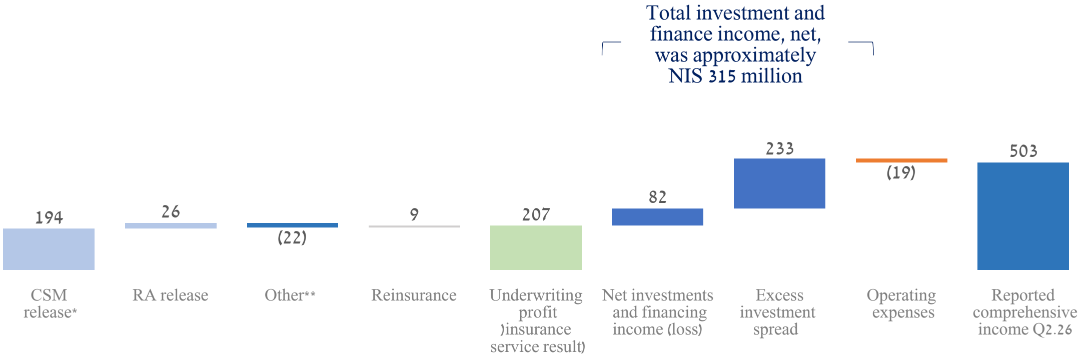
Below is the composition of the underwriting profit (insurance service result) in life insurance in the Reporting Period and the corresponding period last year, by key portfolio groups (NIS million):



The underwriting results in the Reporting Period and in the corresponding period last year were positively affected by the continuing growth of activity in risk products which led to an increase in the release of the Contractual Service Margin (CSM).

Additionally, the underwriting results in the Reporting Period were affected by a profit shortfall relative to experience (A/E) (gap against the estimate) in death risk coverage, in view of a statistical increase in death risk claims in respect of a number of extraordinary claims in the first quarter.

2) Below is a breakdown of the sources of income (loss) from the Company's life insurance business in the second quarter and the corresponding quarter last year (NIS million):



Q2.26	194	26	(22)	9	207	82	233	(19)	503
Q2.25	182	27	(81)	42	170	62	162	(30)	364
Change	12	(1)	59	(33)	37	20	71	11	139

* Of this amount, approximately NIS 160 million is in respect of the release of CSM from growth products (corresponding period last year – approximately NIS 154 million)
** Includes adjustments in accordance with experience (A/E) and changes in the Loss Component (LC)

Results in the second quarter were affected by positive nostro returns in the capital market (the returns in the second quarter include the effect of the change in the fair value of Hetz bonds. As a result of the decrease in the interest curve, an increase in fair value of approximately NIS 174 million and of approximately NIS 170 million was recorded in the second quarter and in the corresponding quarter last year, respectively); by changes in the interest curve and by other financial changes.

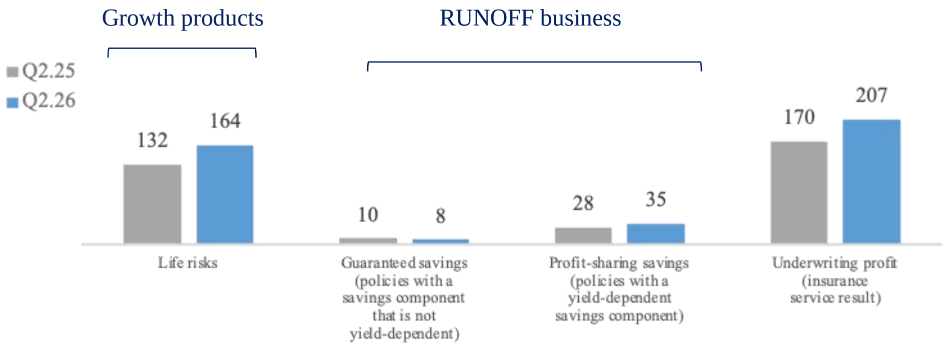
The decrease in the interest curve in the second quarter and in the corresponding quarter last year had a net **negative** effect on the results.

The table below details **investment and finance income, net in retention** (NIS million):

	For the three-month period ended June 30		
	2026	2025	Change
Income from investments *	647	561	86
Effect of interest curve changes	(155)	(145)	(10)
Interest accrued	(71)	(77)	6
Inflation and other financial changes	(106)	(115)	9
Total investment and financing income, net	315	224	91

* Income from investments net of the change in liabilities for insurance contracts attributable to changes in the fair value of the base items

Below is the composition of the underwriting profit (insurance service result) in life insurance in the second quarter and the corresponding quarter last year, by key portfolio groups (NIS million):

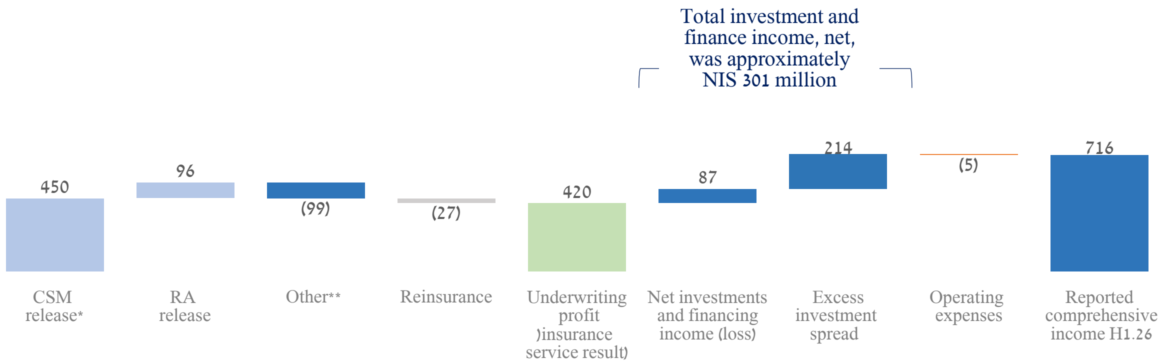


The underwriting results in the second quarter and in the corresponding quarter last year were positively affected by the continuing growth of activity in risk products which led to an increase in the release of the Contractual Service Margin (CSM).

The results in the corresponding quarter last year include a profit shortfall relative to experience (A/E) (gap against the estimate) in disability coverage, in view of an increase in the value of the claim.

B. Health insurance:

1) Below is a breakdown of the sources of income from the Company's health insurance business in the Reporting Period and the corresponding period last year (NIS million):



H1.26	450	96	(99)	(27)	420	87	214	(5)	716
H1.25	447	97	(10)	(51)	483	87	(9)	(8)	553
Change	3	(1)	(89)	24	(63)	0	223	3	163

* Of this amount, approximately NIS 349 million is in respect of the release of CSM from growth products (corresponding period last year – approximately NIS 301 million)
** Includes adjustments in accordance with experience (A/E) and changes in the Loss Component (LC)

Results in the Reporting Period were affected by positive nostro returns in the capital market, by changes in the interest curve in the Reporting Period and in the corresponding period last year which had a net **negative** effect, and by other financial changes.

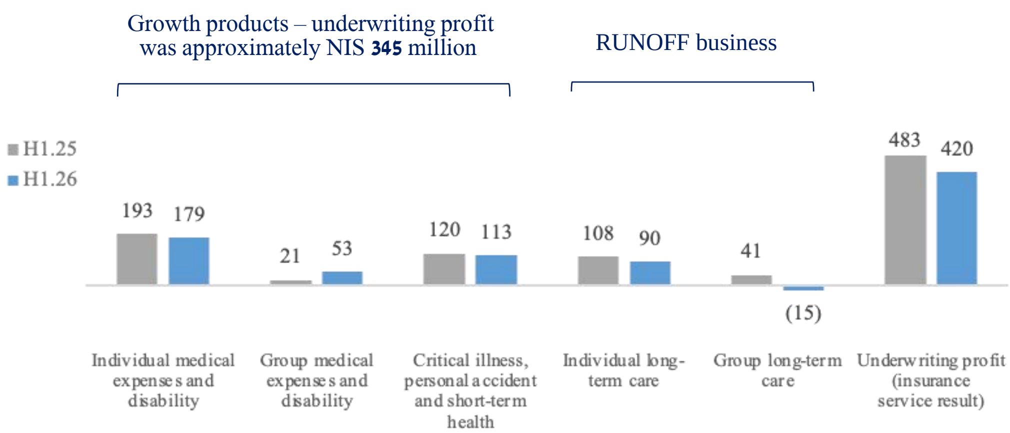
The effect of the changes in the interest curve on the financial results in the Reporting Period was **lower** compared with the effect on the results in the corresponding period last year.

The table below details **investment and financing income, net, in retention** (NIS million):

	For the six-month period ended June 30		
	2026	2025	Change
Income from investments *	432	396	36
Effect of interest curve changes	(7)	(185)	178
Interest accrued	(150)	(140)	(10)
Inflation and other financial changes	26	7	19
Total investment and financing income, net	301	78	223

* Income from investments net of the change in liabilities for insurance contracts attributable to changes in the fair value of the base items

Below is the composition of the underwriting profit (insurance service result) in health insurance in the Reporting Period and the corresponding period last year, by key portfolio groups (NIS million):



Health segments -

The underwriting results in the Reporting Period and in the corresponding period last year were positively affected by the continuing growth of activity which led to an increase in the release of the Contractual Service Margin (CSM).

- Individual medical expenses and disability – The results in the Reporting Period (in the second quarter) were affected by a profit shortfall relative to experience (A/E) (gap against the estimate), in view of an increase in the number and amounts of claims opened under drugs coverage. This effect was partially offset by a positive development in surgery and ambulatory coverages.

  The underwriting results in the corresponding period last year were affected by an underwriting improvement in surgery coverage in view of a decrease in the number of claims, which was offset by an increase in the number and amounts of claims opened under drugs coverage.

- Group medical expenses and disability – The results in the Reporting Period were affected by an underwriting improvement in view of adjustments and renewals of agreements, as well as by a positive development in surgery and ambulatory coverages. This effect was partially offset by an increase in the number and amounts of claims under drugs coverage.

  The results in the corresponding period last year were affected by an underwriting improvement in surgery coverage in view of a decrease in the number of claims, which was offset by an increase in the number and amounts of claims opened under drugs coverage.

- Short-term health – The results in the Reporting Period (in the first quarter) were affected mainly by a decrease of activity in the travel insurance segment following Operation Roaring Lion.

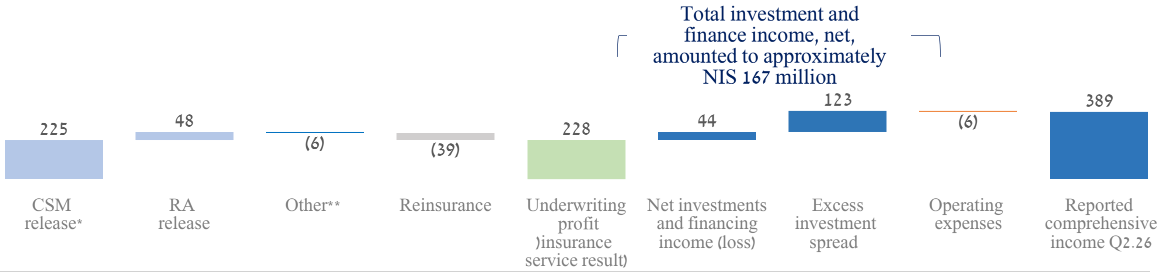
Long-term care segments –

- Group long-term care – In accordance with the new agreements with members of the Clalit health fund, from 2024 until the end of 2026 the reserve fund bears the entire insurance risk. The operating income (loss) in the Reporting Period and in the corresponding period last year reflects, among other things, the Company's operating income, net, in accordance with the new agreements that were signed.

  The underwriting results in the Reporting Period were affected by a decrease in the release of the Contractual Service Margin (CSM) and a decrease in the release of the risk adjustment component (RA), in respect of a group long-term care transaction with members of the Clalit health fund, which ended on December 31, 2023. This transaction is a RUNOFF transaction from January 1, 2024 and it is expected to be settled by the end of 2028. For additional information, see Section 3.4.2.

- Individual and group long-term care – The underwriting results in the Reporting Period were affected by a decrease in underwriting profit, in view of a decrease in the number of deaths in the second quarter.

2) Below is a breakdown of the sources of income from the Company's health insurance business in the second quarter and the corresponding quarter last year (NIS million):



Q2.26	225	48	(6)	(39)	228	44	123	(6)	389
Q2.25	223	52	17	(25)	267	44	(60)	(5)	246
Change	2	(4)	(23)	(14)	(39)	0	183	(1)	143

* Of this amount, approximately NIS 175 million is in respect of the release of CSM from growth products (corresponding quarter last year – approximately NIS 154 million)

** Includes adjustments in accordance with experience (A/E) and changes in the Loss Component (LC)

Results in the second quarter were affected by positive nostro returns in the capital market, by a decrease in the interest curve (which had a net **negative** effect on the results) and by other financial changes.

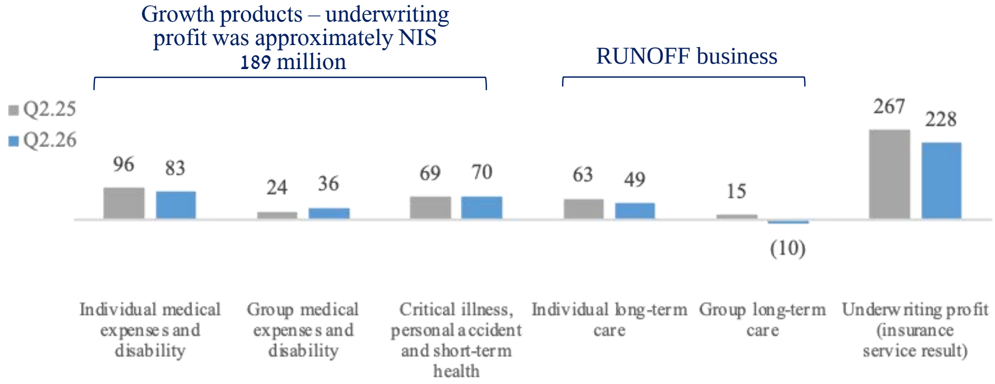
The effect of the decrease in the interest curve on the financial results in the second quarter was **lower** compared with the effect on the results in the corresponding quarter last year.

The table below details **investment and financing income, net in retention** (NIS million):

	For the three-month period ended June 30		
	2026	2025	Change
Income from investments *	409	339	70
Effect of interest curve changes	(166)	(280)	114
Interest accrued	(75)	(68)	(7)
Inflation and other financial changes	(1)	(7)	6
Total investment and financing income, net	167	(16)	183

* Income from investments net of the change in liabilities for insurance contracts attributable to changes in the fair value of the base items

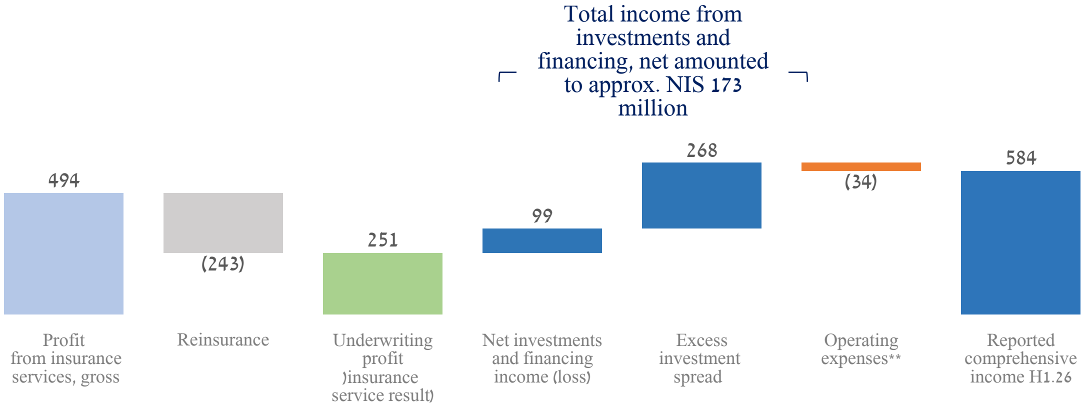
Below is the composition of the underwriting profit (insurance service result) in health insurance in the second quarter and the corresponding quarter last year, by key portfolio groups (NIS million):



C. Non-life insurance:

Below is a breakdown of the sources of income from the Company's non-life insurance business in the Reporting Period and the corresponding period last year (NIS million):

	H1.26	H1.25	Change
Compulsory motor insurance	114	125	(11)
Motor property insurance	131	134	(3)
Property and lability segments*	454	321	33
Insurance companies overseas	(15)	4	(19)
Total	**584**	**584**	**0**



H1.26	494	(243)	251	99	268	(34)	584
H1.25	510	(297)	213	116	284	(29)	584
Change	(16)	54	38	(17)	(16)	(5)	0

* Includes the other non-life insurance segments that are not compulsory motor and motor property, consisting mainly of business insurance, homeowner's insurance, professional liability, contractors' works insurance and sales law guarantees

** Includes special expenses in respect of the amortization of excess costs

Results in the Reporting Period were affected by positive nostro returns in the capital market, by changes in the interest curve and by other financial changes.

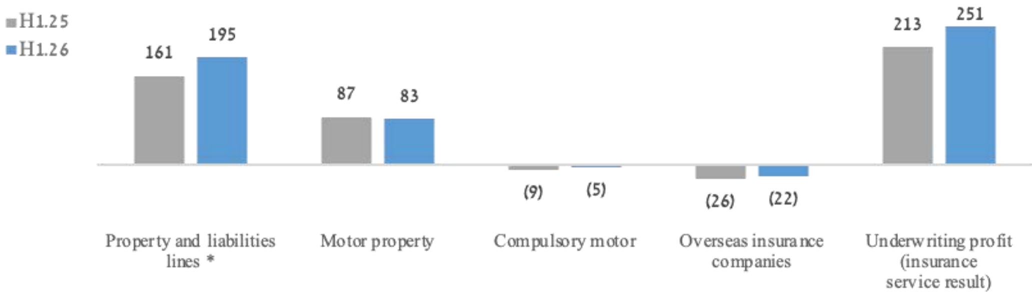
The decrease in the interest curve in the medium term had a net **negative** effect on the results in the Reporting Period. The increase in the interest curve in the short and medium term had a net **positive** effect on the results in the corresponding period last year.

The table below details **investment and financing income, net in retention** (NIS million):

million):

	For the six-month period ended June 30		
	2026	2025	Change
Income from investments	496	509	(13)
Effect of interest curve changes	(22)	11	(33)
Interest accrued	(69)	(66)	(3)
Inflation and other financial changes	(38)	(54)	16
Total investment and financing income, net	367	400	(33)

Below is the composition of the underwriting profit (insurance service result) in non-life insurance in the Reporting Period and the corresponding period last year, by key portfolio groups (NIS million):



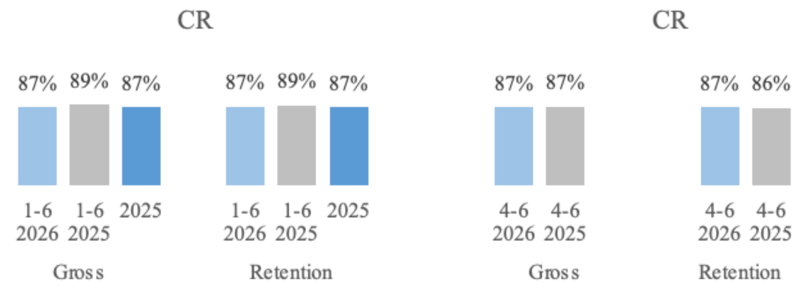
* Includes the other non-life insurance segments that are not compulsory motor and motor property, consisting mainly of business insurance, homeowner's insurance, professional liability, contractors' works insurance and Sales Law guarantees

- Compulsory motor – The results in the Reporting Period and in the second quarter were affected by a negative development in respect of prior years. This effect was partially offset by a positive development in reinsurance in respect of prior years.

- Motor property – The results in the Reporting Period were affected by a decrease in the average premium, a decrease in the number of claims and an increase in severity (in the first quarter) compared with the corresponding period last year. Additionally, the results in the Reporting Period were affected by a positive development in respect of prior years.

  The results in the second quarter were affected by a decrease in the average premium and an increase in the number of claims. Additionally, the results in the second quarter were affected by a positive development in respect of prior years.

Below is the gross and retention Combined Ratio* for motor property:



* Gross CR ratio – reflects the ratio of insurance service expenses to insurance service revenue

Retention CR ratio – reflects the ratio of insurance service expenses net of reinsurance expenses to insurance service revenue net of reinsurance income

- Property and liabilities segments – The results in the Reporting Period and in the second quarter were affected by growth of activity and by a positive development in respect of prior years.

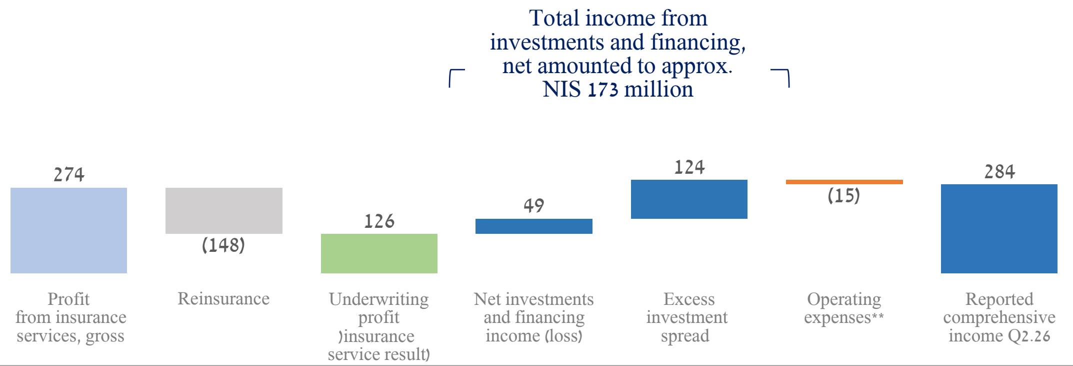
- Insurance companies overseas:

Interasco – The results in the Reporting Period were affected mainly by income from investments and financing income, following the revaluation of mutual funds and interest on bonds.

Turk Nippon – The results in the Reporting Period were affected by an underwriting deterioration which was partially offset by an increase in income from investments due to an increase in the interest rate on deposits in Turkey. Additionally, the results were materially affected by the continuing increase in inflation in Turkey, which reached an annual rate of approximately 32% in the Reporting Period, and by the further erosion of the exchange rate of the Turkish lira. These macroeconomic factors had a material effect on the results.

Below is a breakdown of the sources of income from the Company's non-life insurance business in the second quarter and the corresponding quarter last year (NIS million):

	Q2.26	Q2.25	Change
Compulsory motor insurance	27	83	(56)
Motor property insurance	73	93	(20)
Property and lability segments*	194	216	(22)
Insurance companies overseas	(10)	3	(13)
Total	**284**	**395**	**(111)**



Q2.26	274	(148)	126	49	124	(15)	284
Q2.25	278	(156)	122	58	230	(15)	395
Change	(4)	8	4	(9)	(106)	0	(111)

* Includes the other non-life insurance segments that are not compulsory motor and motor property, consisting mainly of business insurance, homeowners insurance, professional liability, contractors' works insurance and sales law guarantees

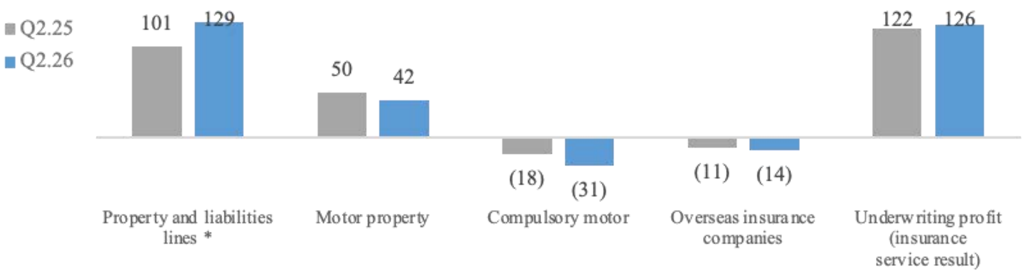
** Includes special expenses in respect of the amortization of excess costs

Results in the second quarter were affected by positive nostro returns in the capital market; by a decrease in the interest curve (which had a net **negative** effect on the results) and by other financial changes.

The table below details **investment and financing income, net, in retention** (NIS millions):

	For the three-month period ended June 30		
	2026	2025	Change
Income from investments	306	365	(59)
Effect of interest curve changes	(57)	(23)	(34)
Interest accrued	(33)	(37)	4
Inflation and other financial changes	(43)	(17)	(26)
Total investment and financing income, net	173	288	(115)

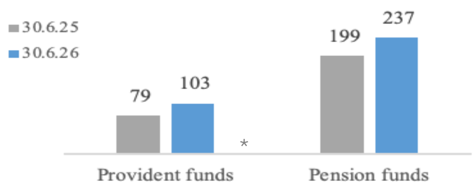
Below is the composition of the underwriting profit (insurance service result) in non-life insurance in the second quarter and the corresponding quarter last year, by key portfolio groups (NIS million):



* Includes the other non-life insurance segments that are not compulsory motor and motor property, consisting mainly of business insurance, homeowner’s insurance, professional liability, contractors' works insurance and Sales Law guarantees

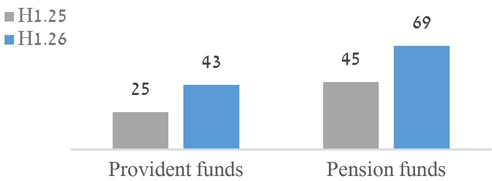
3.3.5.2 Pension insurance:

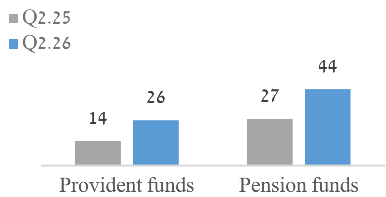
Below is a breakdown of the assets managed for members in the pension insurance segment in the Group (NIS billion):



* Provident funds, education funds, central and individual severance pay funds, provident fund for sick pay and a budgetary pension fund

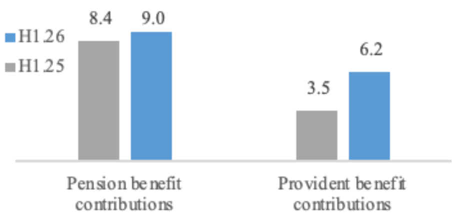
The graph below details the sources of comprehensive income before tax (NIS million):

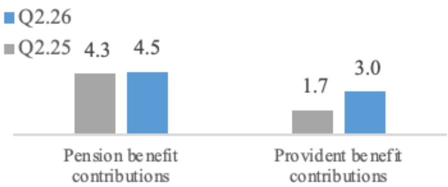




The results in the Reporting Period and in the second quarter were affected mainly by an increase in management fees resulting from the growth of the managed assets portfolio, that was partially offset by an increase in marketing and other acquisition costs.

Below is a breakdown of the benefit contributions data (NIS billion):





The benefit contributions of the provident funds and pension funds are not included in the Company's consolidated financial statements

<u>Income from management fees:</u>

Income from management fees collected from the pension funds managed in the Group amounted to approximately NIS 306 million in the Reporting Period, compared with approximately NIS 275 million in the corresponding period last year.

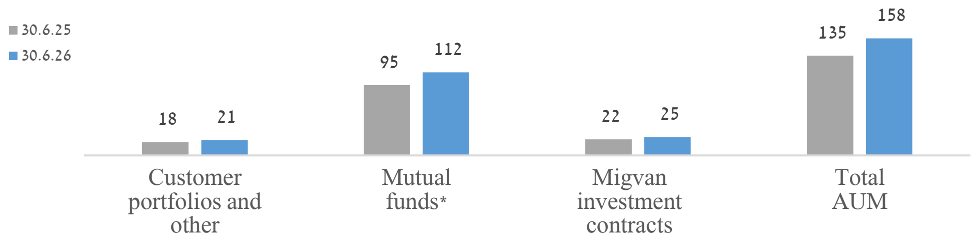
Income from management fees collected from the pension funds managed in the Group amounted to approximately NIS 156 million in the second quarter, compared with approximately NIS 140 million in the corresponding quarter last year.

Income from management fees collected from the provident funds managed in the Group amounted to approximately NIS 239 million in the Reporting Period, compared with approximately NIS 188 million in the corresponding period last year.

Income from management fees collected from the provident funds managed in the Group amounted to approximately NIS 125 million in the second quarter, compared with approximately NIS 95 million in the corresponding quarter last year.

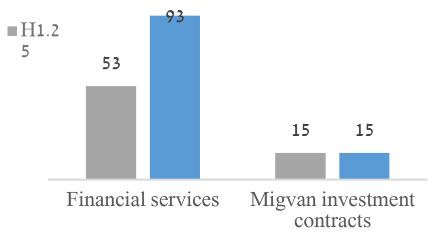
3.3.5.3 <u>Financial services:</u>

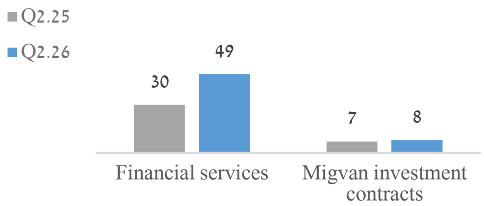
Below is a breakdown of the assets managed for policyholders and members in the Group (NIS billion):



* Mutual fund assets include mutual funds and certificates of deposit

The graph below details the sources of comprehensive income before tax (NIS million):





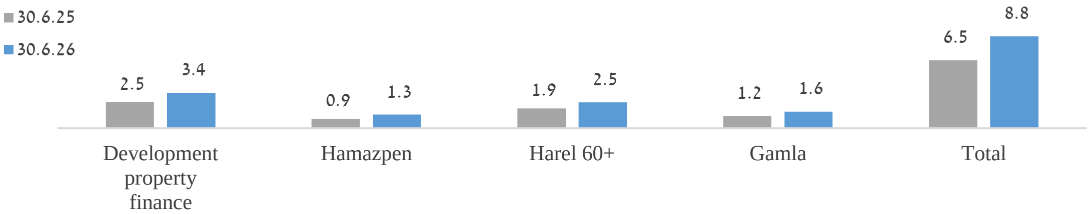
The results were affected by capital market returns as described in Section 3.3.3 above. Additionally, the results were affected by an increase in the profitability of the mutual funds as a result of the growth of the total assets under management.

3.3.5.4 <u>Credit:</u>

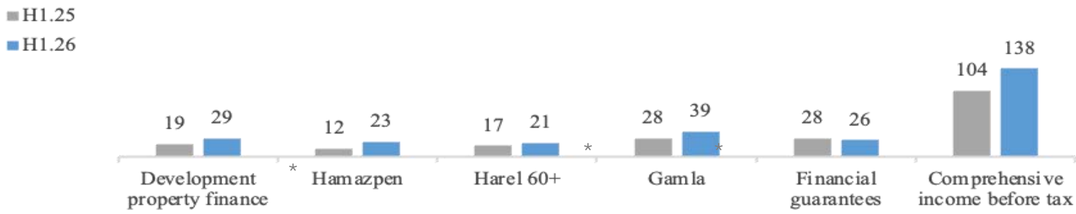
The results of the credit segment include the insurance activity in the line of residential credit insurance secured by a mortgage (as a single line - MONOLINE) carried out at EMI (the essence of which is the provision of a financial insurance guarantee to banking corporations in respect of mortgage loans they granted to customers at a high loan-to-value (LTV) ratio).

Profitability in the Reporting Period was affected by the continuing growth of the credit portfolio. Additionally, the profit in the Reporting Period and in the corresponding period last year in the Harel 60+ activity and the development property finance activity were affected by changes in the fair value of financial assets.

Size of the credit portfolio (NIS billion):

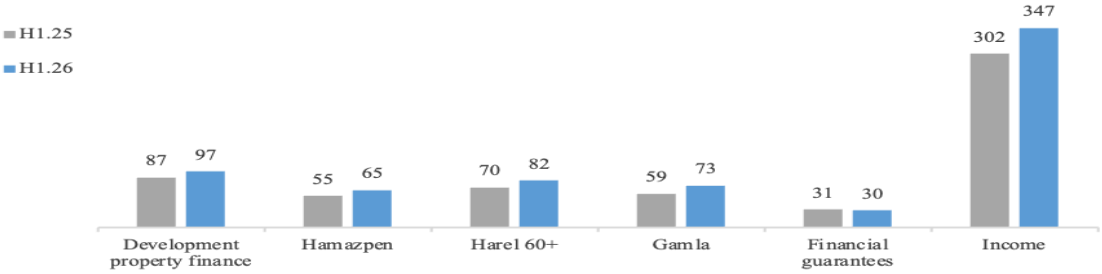


Comprehensive income before tax (NIS million):



* Profit after adjustment for the effect of the change in the fair value of financial assets, in development property finance and in Harel 60+, was approximately NIS 28 million and approximately NIS 21 million in the Reporting Period, respectively (profit after adjustment for the effect of the change in the fair value of financial assets, in development property finance and in Harel 60+, was approximately NIS 22 million and approximately NIS 18 million in the corresponding period last year, respectively)
Profit after adjustment for special effects (amortization of excess costs) at Gamla was approximately NIS 42 million in the Reporting Period and approximately NIS 31 million in the corresponding period last year

Income (NIS million):



* Income after adjustment for the effect of the change in the fair value of financial assets, in development property finance and in Harel 60+, was approximately NIS 96 million and approximately NIS 82 million in the Reporting Period, respectively (income after adjustment for the effect of the change in the fair value of financial assets, in development property finance and in Harel 60+, was approximately NIS 90 million and approximately NIS 71 million in the corresponding period last year, respectively)

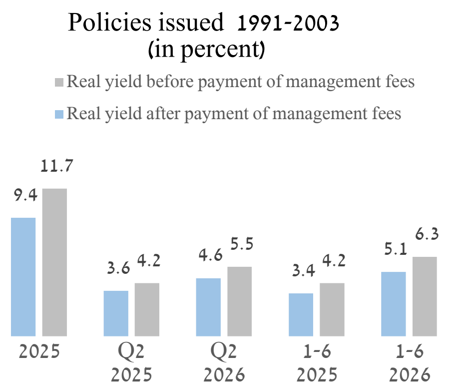
3.4 Additional key information and principal effects by segments

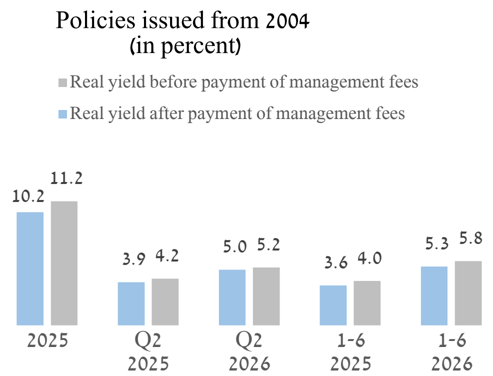
3.4.1 Life insurance:

The rate of redemptions from the average reserve in the Reporting Period was approximately 7.5%, compared with approximately 7% in the corresponding period last year and approximately 7.1% in 2025.

The rate of redemptions from the average reserve in the second quarter was approximately 7.1%, compared with approximately 6.5% in the corresponding quarter last year.

Yield-dependent policies:





Below are details of the estimated amount of investment profits credited to policyholders in life insurance and profit-sharing investment contracts, and management fees calculated in accordance with the directives prescribed by the Commissioner, on the basis of the quarterly return and balances of the insurance reserves in the Company's business reports (NIS million):

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
Profits after management fees	5,086	3,671	4,989	3,681	9,230
Total management fees	530	391	365	259	936

3.4.2 Health insurance:

The Commissioner's permit for the agreed framework concerning the group long-term care policy for members of the Clalit Health Fund:

On December 22, 2024, the Authority published an amendment to the Supervision of Financial Services (Insurance) Provisions (Group Long-Term Care Insurance for Health Fund Members) (Amendment), 2024. These provisions establish, among other things, that the definition of the insured event will be updated, so that eligibility will be granted only to policyholders who are unable to perform on their own a material part of at least 4 of the 6 Activities of Daily Living (ADL), or alternatively 3 activities, one of which is control of bowel and bladder functions; that the tests for the applicability of some of the ADL activities will not be met if the policyholder is able to perform them independently using an adapted device or clothing item; and that eligibility for insurance benefits for a policyholder residing at home is subject to the submission of confirmation proving that they actually receive assistance from personal long-term care services for most hours of the day. Additionally, the provisions establish that from 2027, if at the end of the insurance period the policy is not renewed for all policyholders with any insurer, the insurer will not be obligated to add policyholders to a group continuation policy or to any policy, and the balance of the policyholders' fund at that date will be used for the benefit of the policyholders in a manner to be approved by the Commissioner.

Subsequently, Harel and Clalit signed an agreement to extend the group insurance period for members of the Clalit health fund by 24 months (from January 1, 2025 to December 31, 2026). On December 26, 2024, the Commissioner's permit to activate this policy was received.

In addition to the group long-term care policies for members of the Clalit health fund, Harel Insurance provides long-term care insurance for several other groups.

The estimated amount of investment profits credited to policyholders in profit-sharing long-term care insurance policies is as follows (NIS million):

	For the six-month period ended June 30		**For the three-month period ended June 30**		**For the year ended December 31**
	2026	**2025**	**2026**	**2025**	**2025**
Investment profits credited to policyholders	88	79	70	42	187

3.4.3 Non-life insurance:

Compulsory motor

Since a vehicle owner is required to insure their vehicle in accordance with the Motor Vehicle Insurance Ordinance, vehicle owners (usually motorcycles) that have been rejected by the insurance companies are entitled to purchase insurance through the Pool (the Israeli Pool for Motor Vehicle Insurance), which operates as an insurance company in all respects. All the insurance companies operating in the compulsory motor insurance sector are partners in the Pool, and each bears the losses of the Pool according to its relative share in the compulsory motor insurance market in the past year. In a letter from the CEO of the Poo", Harel Insurance's temporary share in the net insurance premiums for 2026 was set at 11.00% (compared with 10.51%, which is the Company's final share for 2025).

3.5 Liquidity and financing sources

3.5.1 Cash flows

Total net cash flows used in operating activity in the Reporting Period were approximately NIS 562 million. Net cash flows used in investment activity were approximately NIS 224 million. Net cash flows derived from financing activities were approximately NIS 133 million. The effect of exchange rate fluctuations on the cash balance was a negative amount of approximately NIS 263 million. The result of all the aforementioned activity is reflected in a decrease in cash and cash equivalents of approximately NIS 916 million.

3.5.2 Liquidity and financing of activity

In general, the Company and its subsidiaries finance their ongoing activity from their own sources.

4 Specific disclosures for the Company's bondholders

A. Data on bonds

Series/date of issue	**Bond A**
Issue date	July 2021 (expanded in June 2023)
Par value at issue date (NIS)	250,000,000 (additional 953,516,000 were issued as part of an expansion in June 2023)
Carrying amount as of June 30, 2026 (NIS million)	763
Market value as of June 30, 2026 (NIS million)	797
Type of interest	Fixed
Nominal interest rate	1.95%
Listed for trade on the Stock Exchange	Yes
Principal payment dates	The principal will be repaid in 28 semi-annual payments, where the payments will be consecutive, and will be paid on June 30 and December 31 in each of the years 2022-2035 (where the first payment was made on June 30, 2022 and the last payment will be made on December 31, 2035), such that each of the first 27 payments will constitute 3.57% of the nominal value of the principal and the 28th and final payment will constitute 3.61% of the par nominal value of the principal
Interest payment dates	Interest on the unsettled balance of the bond principal will be paid in semi-annual payments, where the payments will be consecutive and will be paid on June 30 and December 31 in each of the years 2021-2035 (where the first payment was made on December 31, 2021 and the last payment will be made on December 31, 2035)
Interest payable as of June 30, 2026	-
Are the certificates of indebtedness convertible	No
Linkage base and conditions	The principal and interest are not linked
Pledged assets	None
The Company's right to perform early redemption or forced conversion	The Company has the right to early redemption, starting 60 days from the date on which the Series 1 bonds are listed for trade (i.e., July 27, 2021), either in full or in part, in accordance with the conditions detailed in Section 7.2 of the Deed of Trust

Materiality of the Series	The series is material according to the definition of this term in Regulation 10(b)(13)(a) of the Securities Regulations (Periodic and Immediate Reports), 1970
Is there a cross-default stipulation	Yes. Under the conditions listed in Section 8.1.14 of the Deed of Trust, including: calling for immediate repayment of another series listed for trade on the Stock Exchange or another financial debt taken from banks or financial institutions, other than non-recourse cases, the scope of which exceeds 10% of the Company's total gross financial debt, or more than NIS 125 million, whichever is higher. Except in the case of calling for immediate repayment of a traded series, the Company will have a 30-day grace period

B. Information about rating

	Series 1 bonds
Name of rating company	Midroog
Rating on issuance date	Aa2.il
Current rating	Aa2.il

C. Disclosure regarding the trustee

The trustee for the Series 1 bonds is Hermetic Trust (1975) Ltd., 30 Sheshet Hayamim Way, Bnei Brak.

D. Contractual limitations and financial covenants

For details about the contractual limitations and financial covenants, see Note 14 to the annual financial statements.

5 Exposure to market risks and their management methods

In the Reporting Period, there were no material changes in the Company's exposure to market risks and their management methods compared with the Periodic Report.

6 Disclosure regarding the economic solvency ratio

<u>Provisions concerning implementation of an economic solvency regime:</u>

Harel Insurance is subject to an economic solvency regime based on Solvency II in accordance with implementation provisions published in June 2017 and revised in October 2020 ("Economic Solvency Regime Provisions").

The Economic Solvency Regime Provisions include transitional measures that allow the reserves in respect of long-term insurance products that were sold in the past to be increased until 2032. According to the transitional measures, an insurance company may, after obtaining the Commissioner's approval, include in the calculation of the insurance reserves during the spreading period a deduction from the insurance reserve ("the Deduction"). The Deduction is calculated in accordance with the directives in the letter on the principles of the Deduction and it is reduced from 100% in the calculation of the insurance reserves as of December 31, 2019 to a rate of 0% in the calculation of the insurance reserves as of December 31, 2032.

In addition, during the transitional period, there is a higher maximum recognition limit for Tier 2 capital.

In accordance with the Consolidated Circular, an economic solvency ratio report in respect of the data as of December 31 and June 30 of each year will be included in the periodic report following the calculation date.

Insurance Circular 2025-1-3 of July 2, 2025 concerning "Update of the provisions of the Consolidated Circular on 'Reporting to the Public' and 'Reporting to the Commissioner of the Capital Market' – Date of reporting the economic solvency ratio report and the solvency reporting file" ("the Circular") prescribes that the timetables for publication of the economic solvency ratio report and for reporting the solvency files to the Commissioner will be synchronized with the financial statements for the same date, starting from the economic solvency ratio report as of December 31, 2026.

Additionally, in view of the listing for trade on the main list of additional Tier 1 capital, and in accordance with Harel Insurance's undertakings under the Deed of Trust, from 2025 Harel Insurance will publish to the public an estimated quarterly solvency ratio, at March 31 and at September 30, within the periodic report following the calculation date. The calculation of the estimated quarterly solvency ratio is neither audited nor reviewed by the independent auditors and the scope of the controls performed by Harel Insurance for the purpose of publishing the estimate is lower than that performed for the purpose of publishing the solvency ratio report published in accordance with the Commissioner's directives. If the solvency ratio of Harel Insurance after application of the transitional measures falls to 120% or less, Harel Insurance will publish quarterly a full solvency ratio report in the semi-annual format, instead of the estimated ratio.

On May 26, 2026, Harel Insurance approved the economic solvency ratio report in respect of the data at December 31, 2025. This report is published on its website (website address: https://www.harel-group.co.il/about/harel-group/harel/investor-relations/Pages/repayment-ability.aspx).

The capital surplus of Harel Insurance at December 31, 2025, in accordance with the transitional measures, is approximately NIS 7,285 million, and without consideration of the transitional measures it is approximately NIS 5,647 million.

It should be noted that the model in its present format is highly sensitive to changes in market and other variables, such as changes in interest rates, changes in investment profits, updates of actuarial assumptions and changes related to the activity of Harel Insurance, as well as to the uncertainty inherent in the actuarial and financial assumptions and forecasts used in preparing the report.

The calculations of the existing economic capital and the required capital are based on forecasts and assumptions that rely mainly on past experience, which do not necessarily reflect future results.

The determination of the best estimate was based on forecasts, assessments and estimates of future events, the realization of which is uncertain and is not within the Company's control, and they should be viewed as forward-looking information, as defined in Section 32A of the Securities Law, 1968. These forecasts, assessments and estimates, in whole or in part, may not be realized or may be realized in a manner different from that assumed in the calculation of the solvency report, and consequently the actual results may differ from those anticipated.

<u>Economic solvency ratio and MCR:</u>

Following is information about the solvency ratio and minimum capital requirement (MCR) as of December 31, 2025, in accordance with the Economic Solvency Regime Provisions. The economic solvency ratio is calculated in accordance with the transitional measures, under which the trasitional period was determined.

A. Economic solvency ratio

	As at December 31, 2025	As at December 31, 2024
	(Audited)	(Audited)
	NIS million	
Shareholders' equity for the purpose of SCR	**18,497**	16,773
Solvency capital requirement (SCR)	**11,212**	9,754
Surplus	**7,285**	7,019
Economic solvency ratio	**165%**	172%
Effect of material capital transactions that occurred during the period between the calculation date and the publication date of the Economic Solvency Ratio Report:		
Capital raising (redemption) (*)	**-**	1,000
Shareholders' equity for the purpose of SCR	**18,497**	17,773
Capital surplus	**7,285**	8,019
Economic solvency ratio	**165%**	182%

* On April 24, 2025, the Company raised Series 21 bonds in the amount of approximately NIS 1 billion. Series 21 bonds are an additional Tier 1 capital instrument. This raising therefore increases the eligible capital and capital surplus by approximately NIS 1 billion

The capital position of Harel Insurance is affected by its ongoing business development, changes in market variables, updating demographic and operating assumptions, ongoing model updates, updating regulatory instructions and capital transactions. For information about the principal changes that occurred during 2025 compared with the comparative figures, see Section 2 of the Economic Solvency Ratio Report.

These data regarding the solvency ratio, considering the capital transactions as detailed above, do not include the effect of the business activity of Harel Insurance after December 31, 2025, changes in the mix and size of the investments and insurance liabilities, updating of actuarial assumptions, exogenous effects and regulatory changes affecting the business environment. For information about the principal changes that occurred after the calculation date, see Section 2 of the Economic Solvency Ratio Report.

On the results of tests of sensitivity of the economic solvency ratio to various risk factors, including interest rate sensitivity, see Section 9 in the Economic Solvency Ratio Report of Harel Insurance at December 31, 2025.

B. Minimum Capital Requirement (MCR)

	As at December 31, 2025	Aa at December 31, 2024
	(Audited)	(Audited)
	NIS million	
Minimum Capital Requirement (MCR)	**3,289**	3,149
Shareholders' equity for the purpose of MCR	**14,250**	12,526

C. Update regarding the assessment of the use of Economic Scenario Generators in calculating the solvency ratio of Harel Insurance

As of the reporting date, Harel Insurance completed the calculation of the economic solvency ratio based on the use of Economic Scenario Generators, including completion of tests and control processes for accuracy, robustness and market consistency.

The stochastic model is used in preparing a best actuarial estimate of asymmetric insurance liability cash flows (including future variable management fees), whose value is not fully included in the present model for calculating the economic solvency ratio. In both the existing model and the stochastic model, the return used as basis for the calculation is a risk-free return. However, unlike the existing model, the cash flow calculation in the stochastic model takes into account the fluctuations in the relevant yield assets based on their composition and characteristics, including investment channels, average duration and exposure to the CPI and foreign exchange rates. To build the stochastic model, Harel Insurance selected economic models that correspond with the types of assets. These models were calibrated using relevant historic market information. Harel Insurance was assisted by international consulting companies in selecting, calibrating and testing these economic models. Additionally, the external auditors assessed the calculation process and internal control.

Harel Insurance believes that integration of the stochastic model is expected to affect the economic solvency ratio by the addition of an estimated 5.7% and 7.1% to the economic solvency ratio at December 31, 2025 without and with consideration of the transitional measures, respectively. It should be noted that this figure is neither audited nor reviewed. Furthermore, this figure is sensitive to changes in the interest curve and in other financial and demographic assumptions, and therefore the effect of the stochastic model may differ, including materially, at the date of its actual implementation.

D. Restrictions on dividend distribution

According to the letter published by the Commissioner in October 2017 ("the Letter"), an insurance company may distribute dividends only if, after the distribution is made, the company has a solvency ratio under the economic solvency regime of at least 100%, calculated without consideration of the transitional measures and subject to the solvency ratio target set by the company's Board of Directors. This ratio will be calculated without the relief granted in respect of an original difference attributed to the acquisition of the activity of provident funds and management companies.

The policy of Harel Insurance is to maintain a robust capital base to ensure its solvency and its ability to meet its obligations to policyholders, to maintain its ability to continue its business activity and so that it is able to generate returns for its shareholders. Harel Insurance is subject to the capital requirements and the regulation prescribed with respect to dividend distribution.

On March 25, 2026, the Board of Directors of Harel Insurance approved the update of the capital management plan and at this stage, threshold rules for dividend distribution were established, including a minimum economic solvency ratio, considering the spreading measures, of 135% and a minimum solvency ratio, without consideration of the measures in the spreading period, of 118%.

On March 25, 2026, the Board of Directors of Harel Insurance approved a dividend distribution policy whereby Harel Insurance will distribute a dividend on a semi-annual basis, at a rate of at least 45% of comprehensive income, as long as Harel Insurance meets the minimum targets for the Solvency II-based solvency ratio.

On August 25, 2026, the Board of Directors of Harel Insurance approved an update of the dividend distribution policy, whereby the frequency of the dividend distribution, in accordance with the rate and thresholds detailed above, will be on a quarterly basis.

It is clarified that the foregoing does not derogate from the powers of the Board of Directors of Harel Insurance to decide not to distribute a dividend, or to distribute a dividend at rates that differ from the foregoing, all as it sees fit at any time, subject to the provisions of the law.

The threshold conditions are intended to enable Harel Insurance to cope with crises without significantly compromising its operations and its compliance with the applicable capital requirements. However, the above does not guarantee that Harel Insurance will meet the established threshold conditions at all times.

E. Solvency ratio without application of the transitional measures on the transitional period (TMTP)

Below is information about the economic solvency ratio of Harel Insurance, when calculated without the transitional measures and based on the solvency ratio target set by the Board of Directors of Harel Insurance with reference to the solvency ratio calculated without consideration of TMTP, as required in the Letter. This ratio is in compliance with the solvency ratio required according to the Letter.

	As at December 31, 2025	At December 31, 2024
	(Audited)	(Audited)
	NIS million	
Equity for the purpose of SCR	**17,351**	14,844
Solvency Capital Requirement (SCR)	**11,704**	9,957
Capital surplus	**5,647**	4,887
Solvency ratio (in percentages)	**148%**	149%
Effect of material capital transactions that took place in the period between the calculation date and the publication date of the Economic Solvency Ratio Report:		
Capital raising (redemption) (*)	**-**	1,000
Equity for the purpose of SCR	**17,351**	15,844
Capital surplus	**5,647**	5,887
Solvency ratio (in percent)	**148%**	159%
Capital status after capital transactions relative to the Board of Directors' target:		
The Board of Directors' economic solvency ratio target	**118%****	115%
Capital surplus relative to the target (NIS million)	**3,540****	4,394

* On April 24, 2025, the Company raised Series 21 bonds in the amount of approximately NIS 1 billion. Series 21 bonds are an additional Tier 1 capital instrument. This raising therefore increases the eligible capital and capital surplus by NIS 1 billion

** On March 25, 2026, the Board of Directors of Harel Insurance approved raising the threshold condition for dividend distribution, in the calculation without the transitional measures for the transitional period, from 115% to 118%. The capital surplus relative to the new target is NIS 3,540 million

F. Assessment of the solvency ratio at March 31, 2026

In accordance with the undertaking of Harel Finance & Issues Ltd. under the provisions of the deed of trust for additional Tier 1 Series 21 subordinated notes, which it published on April 27, 2025, Harel Insurance performed an assessment, which is neither audited nor reviewed by the independent auditors, of the economic solvency ratio as of March 31, 2026 ("the Assessment"). The calculation of the Assessment was performed in accordance with the directives of the Solvency II-based economic solvency regime, pursuant to the provisions of the Commissioner's Circular 2020-1-15 – "Amendment of the Consolidated Circular concerning provisions for implementation of a Solvency II-based economic solvency regime for an insurance company" ("the Economic Solvency Regime Provisions"), which was published on October 14, 2020. Harel Insurance performs the Assessment and publishes this quarterly disclosure in addition to the publication of the solvency ratio reports that are required by regulation under the Economic Solvency Regime Provisions. It should be noted that the scope of the controls performed by Harel Insurance for the purpose of publishing the Assessment is lower than that performed for the purpose of publishing the economic solvency ratio report published in accordance with the Commissioner's directives.

According to the Assessment, the economic solvency ratio of Harel Insurance as of March 31, 2026 is 170.5% (applying the transitional measures for the spreading period, and after the effect of dividends declared and approved on June 21 and August 25, 2026. The effect of these distributions is approximately 6% on the solvency ratio as of March 31, 2026). See Note 12 to the financial statements.

The aforementioned Assessment of the solvency ratio as of March 31, 2026 does not include changes and effects that occurred between March 31, 2026 and the date of publication of this report (other than the dividend distributions as stated above), including the effect of the issuance of Tier 1 Series 24 subordinated notes, the early redemption of Tier 2 Series 16 capital, Harel Insurance’s business activity, changes in the mix and size of investments and insurance liabilities, exogenous effects and, among other things, changes in the risk-free interest curve and regulatory changes affecting the business environment.

This Assessment is based, inter alia, on forecasts and estimates of future events, the realization of which is uncertain and is not within the control of Harel Insurance, and they should be regarded as forward-looking information, as defined in Section 32A of the Securities Law, 1968.

G. Own Risk and Solvency Assessment (ORSA) for insurance companies

On January 5, 2022, a letter of principles and an amendment to the Consolidated Circular were published on the subject of implementing an Own Risk and Solvency Assessment for insurance companies ("the ORSA Directives"). A key principle underlying the own risk and solvency assessment is the creation of a link between business strategy, risks and capital management.

According to Section 7.4.28 in Chapter 3, Part 4, Section 5 of the Consolidated Circular titled "Reporting to the Capital Market Commissioner", an insurance company shall submit to the Commissioner a report on its Own Risk and Solvency Assessment (ORSA) once a year, in January.

Harel Insurance submitted the required report to the Commissioner in January 2026.

7 Internal control over financial reporting

As part of the implementation of International Financial Reporting Standard 17, "Insurance Contracts", and International Financial Reporting Standard 9 "Financial Instruments" (the New Standards), as reported in the Board of Directors Report for 2025, the Group continues to develop, integrate and implement the required reports and statements, and continues to refine the activity involved in application of the new standards, including the map of controls and risks.

Further to the foregoing, in the quarter ended June 30, 2026, there was no change in the Group's internal control over financial reporting that had a material effect, or is reasonably expected to have a material effect, on the Group's internal control over financial reporting.

The Board of Directors expresses its gratitude to the Group's employees and agents for the Group's achievements

Yair Hamburger Chairman of the Board of Directors	Nir Cohen CEO

August 25, 2026

HAREL INSURANCE INVESTMENTS AND FINANCIAL SERVICES LTD.

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

June 30, 2026

Condensed Consolidated Interim Statements of Financial Position

	June 30		December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Assets			
Cash and cash equivalents for yield-dependent contracts	**8,913**	8,820	10,240
Other cash and cash equivalents	**3,147**	3,332	2,736
Financial investments for yield-dependent contracts measured at fair value	**81,709**	74,349	75,982
Other financial investments measured at fair value	**40,312**	*42,600	38,515
Other financial investments measured at amortized cost	**19,772**	*13,335	16,092
Trade and other receivables	**1,522**	1,941	2,024
Current tax assets	**20**	26	17
Insurance contract assets	**4,771**	*3,821	4,374
Reinsurance contract assets	**2,871**	2,639	2,673
Investments in equity accounted investees	**1,350**	1,489	1,415
Investment property for yield-dependent contracts	**1,815**	1,847	1,799
Other investment property	**2,456**	2,557	2,431
Fixed assets	**1,381**	1,395	1,371
Intangible assets	**2,984**	2,914	2,951
Costs of obtaining investment management service contracts	**1,117**	897	986
Deferred tax assets	**26**	34	25
Total assets	**174,166**	161,996	163,631
Total assets for yield-dependent contracts	**92,966**	85,994	89,128

* Reclassified

Condensed Consolidated Interim Statements of Financial Position (continued)

	June 30		December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Equity and liabilities			
Equity			
Share capital and premium	**437**	407	426
Treasury shares	**(787)**	(494)	(681)
Capital reserves	**140**	200	162
Retained earnings	**12,845**	11,000	12,261
Total equity attributable to shareholders of the Company	**12,635**	11,113	12,168
Non-controlling interests	**20**	22	24
Total equity	**12,655**	11,135	12,192
Liabilities			
Loans and borrowings	**26,416**	19,832	22,609
Liabilities in respect of derivative instruments and short sales	**5,436**	8,594	3,309
Trade and other payables	**3,158**	2,729	2,600
Current tax liabilities	**269**	51	247
Investment contract liabilities - yield-dependent	**24,814**	21,783	23,025
Investment contract liabilities - non-yield-dependent	**83**	113	89
Insurance contract liabilities	**99,161**	*95,498	97,348
Reinsurance contract liabilities	**608**	563	577
Employee benefit liabilities, net	**136**	143	145
Deferred tax liabilities	**1,430**	1,555	1,490
Total liabilities	**161,511**	150,861	151,439
Total equity and liabilities	**174,166**	161,996	163,631

* Reclassified

Yair Hamburger	Nir Cohen	Arik Peretz
Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

Date of approval of the financial statements: August 25, 2026

Condensed Consolidated Interim Statements of Income

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	**7,028**	7,092	**3,550**	3,532	14,409
Insurance service expenses	**5,725**	5,646	**2,811**	**2,834	11,339
Insurance service profit before reinsurance held	**1,303**	1,446	**739**	698	3,070
Reinsurance expenses	**973**	1,078	**484**	528	2,183
Reinsurance income	**726**	756	**306**	389	1,427
Expenses, net, from reinsurance contracts held	**(247)**	(322)	**(178)**	(139)	(756)
Insurance profit (loss)	**1,056**	1,124	**561**	559	2,314
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	**5,706**	4,143	**5,425**	3,982	10,361
Gains (losses) from other investments, net:					
Interest income calculated using the effective interest method	**499**	**360	**268**	**184	** 828
Net impairment losses on financial assets	**(17)**	**(7)	**(8)**	**(6)	(9)
Other investment gains, net	**1,790**	**1,683	**1,546**	**1,472	**3,216
Share in gains (losses) of equity accounted investees closely related to investment activities	**59**	(11)	**41**	(21)	(34)
Total gains from other investments, net	**2,331**	2,025	**1,847**	1,629	4,001
Total investment gains, net	**8,037**	6,168	**7,272**	5,611	14,362
Financing expenses, net arising from insurance contracts	**4,918**	3,976	**4,588**	3,780	9,057
Financing income (expenses), net arising from reinsurance contracts	**123**	37	**6**	(10)	177
Increase in investment contract liabilities on account of the yield component	**(1,350)**	(937)	**(1,356)**	(886)	(2,463)
Investment and financing income, net	**1,892**	1,292	**1,334**	935	3,019
Profit, net from insurance and investment	**2,948**	2,416	**1,895**	1,494	5,333
Management fee income	**899**	**758	**461**	**388	1,662
Commission income from insurance agencies	**91**	**76	**48**	**38	160
Other operating expenses	**987**	** 896	**499**	**451	1,833
Other income (expenses), net	**(35)**	**15	**(42)**	**8	21
Other financing expenses	**(491)**	**(397)	**(246)**	**(212)	(905)
Share in gains of equity accounted investees, not closely related to investment activities	**46**	22	**34**	14	46
Profit before income tax	**2,471**	1,994	**1,651**	1,279	4,484
Income tax	**850**	663	**583**	445	1,490
Profit for the period	**1,621**	1,331	**1,068**	834	2,994
Attributable to:					
Shareholders of the Company	**1,618**	1,329	**1,068**	834	2,990
Non-controlling interests	**3**	2	***-**	* -	4
Profit for the period	**1,621**	1,331	**1,068**	834	2,994
Basic earnings per share attributable to shareholders of the Company (NIS)	**7.88**	6.47	**5.20**	4.06	14.61
Diluted earnings per share attributable to shareholders of the Company (NIS)	**7.73**	6.40	**5.10**	4.01	13.98

* Less than NIS 1 million

** Reclassified

Condensed Consolidated Interim Statements of Comprehensive Income

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit for the period	**1,621**	1,331	**1,068**	834	2,994
Other comprehensive income (loss) items that will not be reclassified to profit or loss					
Revaluation reserve for revaluation of fixed assets, net	**35**	37	**-**	5	36
Gains (losses) from remeasurement of defined benefit plan for employees	**(4)**	2	**(4)**	2	2
Total other comprehensive income (loss) that will not be subsequently reclassified to profit or loss before income tax	**31**	39	**(4)**	7	38
Tax benefit (income tax) relating to other comprehensive income items that will not be reclassified to profit or loss	**(9)**	(11)	**1**	(2)	(8)
Other comprehensive income (loss) for the period that will not be reclassified to profit or loss, net of tax	**22**	28	**(3)**	5	30
Other comprehensive income (loss) items that after initial recognition in comprehensive income were reclassified or will be reclassified to profit or loss					
Foreign currency translation differences for foreign operations	**(72)**	(32)	**(55)**	(67)	(86)
Total other comprehensive loss that was reclassified or will be reclassified to profit or loss before income tax	**(72)**	(32)	**(55)**	(67)	(86)
Tax benefit relating to other comprehensive income items that after initial recognition in comprehensive income were reclassified or will be reclassified to profit or loss	**18**	7	**14**	17	20
Total other comprehensive loss for the period that after initial recognition in comprehensive income was reclassified or will be reclassified to profit or loss, net of tax	**(54)**	(25)	**(41)**	(50)	(66)
Total other comprehensive income (loss) for the period	**(32)**	3	**(44)**	(45)	(36)
Total comprehensive income for the period	**1,589**	1,334	**1,024**	789	2,958
Attributable to:					
Shareholders of the Company	**1,586**	1,332	**1,024**	789	2,954
Non-controlling interests	**3**	2	***-**	* -	4
Total comprehensive income for the period	**1,589**	1,334	**1,024**	789	2,958

* Less than NIS 1 million

Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to shareholders of the Company									
	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the six-month period ended June 30, 2026 (Unaudited)										
Balance as of January 1, 2026	426	(209)	36	(77)	412	(681)	12,261	12,168	24	12,192
Comprehensive income (loss) for the period										
Profit for the period	-	-	-	-	-	-	1,618	1,618	3	1,621
Other comprehensive income (loss) for the period	-	(54)	-	-	25	-	(3)	(32)	-	(32)
Total comprehensive income (loss) for the period	-	(54)	-	-	25	-	1,615	1,586	3	1,589
Transactions with shareholders recognized directly in equity										
Dividend distributed	-	-	-	-	-	-	(1,031)	(1,031)	-	(1,031)
Share-based payment	-	-	24	-	-	-	-	24	-	24
Purchase of treasury shares	-	-	-	-	-	(106)	-	(106)	-	(106)
Exercise of options	11	-	(11)	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	(1)	-	-	-	(1)	(2)	(3)
Dividend to non-controlling interests	-	-	-	(5)	-	-	-	(5)	(5)	(10)
Balance as of June 30, 2026	437	(263)	49	(83)	437	(787)	12,845	12,635	20	12,655

Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Attributable to shareholders of the Company									
	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the three-month period ended June 30, 2026 (Unaudited)										
Balance as of April 1, 2026	432	(222)	45	(83)	437	(699)	12,280	12,190	22	12,212
Comprehensive income (loss) for the period										
Profit for the period	-	-	-	-	-	-	1,068	1,068	*-	1,068
Other comprehensive loss for the period	-	(41)	-	-	-	-	(3)	(44)	-	(44)
Total comprehensive income (loss) for the period	-	(41)	-	-	-	-	1,065	1,024	-	1,024
Transactions with shareholders recognized directly in equity										
Dividend distributed	-	-	-	-	-	-	(500)	(500)	-	(500)
Share-based payment	-	-	9	-	-	-	-	9	-	9
Purchase of treasury shares	-	-	-	-	-	(88)	-	(88)	-	(88)
Exercise of options	5	-	(5)	-	-	-	-	-	-	-
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	-	(2)	(2)
Balance as of June 30, 2026	437	(263)	49	(83)	437	(787)	12,845	12,635	20	12,655

* Less than NIS 1 million

Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Attributable to shareholders of the Company									
	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the six-month period ended June 30, 2025 (Unaudited)										
Balance as of January 1, 2025	392	(143)	40	(49)	398	(430)	9,655	9,863	87	9,950
Comprehensive income (loss) for the period										
Profit for the period	-	-	-	-	-	-	1,329	1,329	2	1,331
Other comprehensive income (loss) for the period	-	(25)	-	-	26	-	2	3	-	3
Total comprehensive income (loss) for the period	-	(25)	-	-	26	-	1,331	1,332	2	1,334
Transactions with shareholders recognized directly in equity										
Issue of a put option	-	-	-	(25)	-	-	-	(25)	(64)	(89)
Share-based payment	-	-	10	-	-	-	-	10	-	10
Purchase of treasury shares	-	-	-	-	-	(64)	-	(64)	-	(64)
Transfer from capital reserve for revaluation of fixed assets to retained earnings	-	-	-	-	(14)	-	14	-	-	-
Exercise of options	15	-	(15)	-	-	-	-	-	-	-
Non-controlling interests in subsidiaries	-	-	-	(3)	-	-	-	(3)	1	(2)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(4)	(4)
Balance as of June 30, 2025	407	(168)	35	(77)	410	(494)	11,000	11,113	22	11,135

Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Attributable to shareholders of the Company									
	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the three-month period ended June 30, 2025 (Unaudited)										
Balance as of April 1, 2025	405	(118)	30	(77)	421	(441)	10,150	10,370	25	10,395
Comprehensive income (loss) for the period										
Profit for the period	-	-	-	-	-	-	834	834	*-	834
Other comprehensive income (loss) for the period	-	(50)	-	-	3	-	2	(45)	-	(45)
Total comprehensive income (loss) for the period	-	(50)	-	-	3	-	836	789	-	789
Transactions with shareholders recognized directly in equity										
Share-based payment	-	-	7	-	-	-	-	7	-	7
Purchase of treasury shares	-	-	-	-	-	(53)	-	(53)	-	(53)
Transfer from capital reserve for revaluation of fixed assets to retained earnings	-	-	-	-	(14)	-	14	-	-	-
Exercise of options	2	-	(2)	-	-	-	-	-	-	-
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	-	(3)	(3)
Balance as of June 30, 2025	407	(168)	35	(77)	410	(494)	11,000	11,113	22	11,135

* Less than NIS 1 million

Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Attributable to shareholders of the Company									
	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the year ended December 31, 2025 (Audited)										
Balance as of January 1, 2025	392	(143)	40	(49)	398	(430)	9,655	9,863	87	9,950
Comprehensive income (loss) for the year										
Profit for the year	-	-	-	-	-	-	2,990	2,990	4	2,994
Other comprehensive income (loss) for the year	-	(66)	-	-	28	-	2	(36)	-	(36)
Total comprehensive income (loss) for the year	-	(66)	-	-	28	-	2,992	2,954	4	2,958
Transactions with shareholders recognized directly in equity										
Dividend distributed	-	-	-	-	-	-	(400)	(400)	-	(400)
Issue of a put option	-	-	-	(25)	-	-	-	(25)	(64)	(89)
Share-based payment	-	-	30	-	-	-	-	30	-	30
Purchase of treasury shares	-	-	-	-	-	(251)	-	(251)	-	(251)
Transfer from capital reserve for revaluation of fixed assets to retained earnings	-	-	-	-	(14)	-	14	-	-	-
Exercise of options	34	-	(34)	-	-	-	-	-	-	-
Non-controlling interests in respect of subsidiaries	-	-	-	(3)	-	-	-	(3)	1	(2)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	-	(4)	(4)
Balance as of December 31, 2025	426	(209)	36	(77)	412	(681)	12,261	12,168	24	12,192

Condensed Consolidated Interim Statements of Cash Flows

	Appendix	For the six-month period ended June 30 2026 (Unaudited) NIS million	For the six-month period ended June 30 2025 (Unaudited) NIS million	For the three-month period ended June 30 2026 (Unaudited) NIS million	For the three-month period ended June 30 2025 (Unaudited) NIS million	For the year ended December 31 2025 (Audited) NIS million
Cash flows from operating activities						
Before income taxes	A	**339**	2,757	**2,709**	2,816	6,618
Taxes paid		**(901)**	(530)	**(449)**	(373)	(1,191)
Net cash from (used in) operating activities		**(562)**	2,227	**2,260**	2,443	5,427
Cash flows from investment activities						
Acquisition of a subsidiary consolidated for the first time	B	**-**	(9)	**-**	-	(9)
Investment in investees		**(16)**	(48)	**(17)**	(15)	(120)
Proceeds from disposal of an investment in an equity accounted investee		**54**	9	**54**	6	67
Investment in fixed assets		**(25)**	(27)	**(17)**	(10)	(41)
Investment in intangible assets		**(242)**	(208)	**(143)**	(109)	(432)
Dividend and interest from an investee		**5**	15	**3**	4	46
Proceeds from disposal of fixed assets and intangible assets		**-**	18	**(1)**	17	21
Net cash used in investment activities		**(224)**	(250)	**(121)**	(107)	(468)
Cash flows from financing activities						
Proceeds from issuance of debt securities, net		**582**	989	**582**	989	960
Repayment of debt securities		**(466)**	(46)	**(374)**	(46)	(628)
Purchase of treasury shares		**(106)**	(64)	**(88)**	(53)	(251)
Issuance of commercial paper		**250**	-	**150**	-	250
Short-term credit from banks, net		**107**	(31)	**159**	5	(1,526)
Receipt of loans from banks		**578**	-	**82**	-	673
Repayment of loans from banks and others		**(537)**	(13)	**(174)**	-	(270)
Receipt of cash, net, from repurchase agreements (REPO)		**285**	-	**117**	-	33
Repayment of lease liabilities		**(22)**	(21)	**(11)**	(10)	(37)
Dividend to non-controlling interests		**(7)**	(4)	**(2)**	(3)	(4)
Dividend to shareholders		**(531)**	(250)	**(531)**	-	(650)
Net cash from (used in) financing activities		**133**	560	**(90)**	882	(1,450)
Effect of exchange rate fluctuations on cash and cash equivalents		**(263)**	(243)	**(211)**	(298)	(391)
Net increase (decrease) in cash and cash equivalents		**(916)**	2,294	**1,838**	2,920	3,118
Cash and cash equivalents at the beginning of the period	C	**12,976**	9,858	**10,222**	9,232	9,858
Cash and cash equivalents at the end of the period	D	**12,060**	12,152	**12,060**	12,152	12,976

The Notes attached to the condensed consolidated interim financial statements constitute an integral part thereof.

Condensed Consolidated Interim Statements of Cash Flows (continued)

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Appendix A - Cash flows from operating activities (1), (2), (3)					
Profit for the period	**1,621**	1,331	**1,068**	834	2,994
Items not involving cash flows:					
Company's share in losses (profits) of equity accounted investees	**(42)**	(11)	**(37)**	7	(12)
Net gains from financial investments for insurance contracts and yield-dependent investment contracts	**(5,010)**	(3,307)	**(5,069)**	(3,598)	(8,642)
Net gains from other financial investments and derivatives measured at fair value	**(1,180)**	(2,447)	**(1,240)**	(2,554)	(1,910)
Net losses (gains) from other financial investments measured at amortized cost	**(318)**	1,450	**(405)**	1,461	(113)
Change in financial liabilities	**(146)**	457	**(1,517)**	(301)	(344)
Change in fair value of investment property for yield-dependent contracts	**(12)**	(6)	**(11)**	(5)	(89)
Change in fair value of other investment property	**(15)**	(37)	**(1)**	(24)	(38)
Depreciation and amortization					
Fixed assets	**57**	57	**28**	30	119
Intangible assets	**209**	201	**105**	105	390
Change in liabilities for non-yield-dependent investment contracts	**(6)**	5	**(4)**	10	(19)
Change in liabilities for yield-dependent investment contracts	**1,737**	430	**1,647**	561	1,650
Change in insurance contract liabilities	**1,802**	1,467	**4,000**	3,406	3,352
Change in reinsurance contract liabilities	**28**	126	**143**	106	113
Change in reinsurance contract assets	**(209)**	8	**(103)**	(80)	(18)
Change in insurance contract assets	**(397)**	(719)	**(794)**	(760)	(1,272)
Share-based payment	**24**	10	**9**	7	30
Income tax expenses	**850**	663	**583**	445	1,490
Changes in other balance sheet items:					
Financial investments, investment property and cash and cash equivalents for insurance contracts and yield-dependent investment contracts					
Purchase of investment property	**(4)**	(7)	**(3)**	(6)	(6)
Proceeds from sale of investment property	**-**	-	**-**	-	130
Proceeds from sales, net of financial investments	**196**	3,245	**1,598**	2,925	6,845
Other financial investments and investment property					
Purchase of investment property	**(10)**	(53)	**(6)**	(10)	(58)
Proceeds from sale of investment property	**-**	40	**-**	39	172
Purchases (sales), net of financial investments	**(183)**	(1,078)	**381**	(1,478)	1,109
Trade and other receivables	**549**	96	**902**	477	126
Trade and other payables	**941**	930	**1,503**	1,249	802
Costs of obtaining customer management service contracts	**(131)**	(99)	**(59)**	(32)	(190)
Employee benefit liabilities, net	**(12)**	5	**(9)**	2	7
Total adjustments required to present cash flows from operating activities	**(1,282)**	1,426	**1,641**	1,982	3,624
Total cash flows from operating activities	**339**	2,757	**2,709**	2,816	6,618

(1) Cash flows from operating activities include purchases and sales, net of financial investments and investment property, arising from activities relating to insurance contracts and investment contracts

(2) Operating activities include interest received in the amount of approximately NIS 915 million and approximately NIS 392 million for the six-month and three-month periods ended June 30, 2026, respectively (for the six-month and three-month periods ended June 30, 2025, an amount of approximately NIS 1,057 million and approximately NIS 629 million and for 2025 an amount of approximately NIS 1,918 million) and interest paid in the amount of approximately NIS 197 million and approximately NIS 177 million for the six-month and three-month periods ended June 30, 2026, respectively (for the six-month and three-month periods ended June 30, 2025, an amount of approximately NIS 157 million and approximately NIS 145 million and for 2025 an amount of approximately NIS 362 million)

(3) Operating activities include dividends received from other financial investments in the amount of approximately NIS 259 million and approximately NIS 182 million for the six-month and three-month periods ended June 30, 2026, respectively (for the six-month and three-month periods ended June 30, 2025, an amount of approximately NIS 231 million and approximately NIS 152 million and for 2025 an amount of approximately NIS 493 million)

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Appendix B - Acquisition of a subsidiary consolidated for the first time					
Assets and liabilities of the subsidiary at the acquisition date					
Intangible assets	-	(12)	-	-	(12)
Current tax assets	-	(1)	-	-	(1)
Fixed assets	-	(1)	-	-	(1)
Trade and other receivables	-	(1)	-	-	(1)
Financial liabilities	-	1	-	-	1
Trade and other payables	-	4	-	-	4
Non-controlling interests	-	1	-	-	1
Total cash derecognized on the acquisition of a subsidiary consolidated for the first time	-	(9)	-	-	(9)

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Appendix C - Cash and cash equivalents at the beginning of the period					
Cash and cash equivalents for yield-dependent contracts	**10,240**	7,388	**7,683**	6,840	7,388
Other cash and cash equivalents	**2,736**	2,470	**2,539**	2,392	2,470
Cash and cash equivalents at the beginning of the period	**12,976**	9,858	**10,222**	9,232	9,858

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Appendix D - Cash and cash equivalents at the end of the period					
Cash and cash equivalents for yield-dependent contracts	**8,913**	8,820	**8,913**	8,820	10,240
Other cash and cash equivalents	**3,147**	3,332	**3,147**	3,332	2,736
Cash and cash equivalents at the end of the period	**12,060**	12,152	**12,060**	12,152	12,976

Note 1 - General

A. Reporting Entity

Harel Insurance Investments and Financial Services Ltd. (hereinafter: "the Company") is a company resident of Israel which was incorporated in Israel and whose shares are traded on the Tel Aviv Stock Exchange. The Company's registered address is 3 Abba Hillel Silver Street, Ramat Gan.

The Company is a holding company whose main holdings are in the subsidiaries which are insurance and financial companies. The condensed consolidated interim financial statements as of June 30, 2026 and for the six-month and three-month periods then ended (hereinafter: "the Condensed Consolidated Interim Financial Statements") include those of the Company and its subsidiaries (hereinafter: "the Group"), as well as the Company's rights in associates and joint arrangements.

The Condensed Consolidated Interim Financial Statements reflect mainly the assets, liabilities and results of the consolidated insurance companies, and therefore were prepared in a format similar to the format in which interim financial statements of insurance companies are prepared.

B. Business Environment and its Effects

On February 28, 2026, Operation Roaring Lion began with a combined attack by the US and Israel against Iran. In response to this, significant rocket fire began toward the Israeli home front and toward American targets throughout the Persian Gulf and the Middle East, as well as hitting civilian targets in several Gulf countries, including the United Arab Emirates, Qatar and Saudi Arabia. Parallel to the fire from Iran, at the beginning of March 2026 rocket fire began from the north by Hezbollah in Lebanon toward communities in the Galilee and the center, which led to the expansion of the fighting to additional fronts.

With the beginning of the operation, it was decided to transition all areas of the country from a full activity level to an essential activity level, which includes prohibition on educational activities, gatherings, and attendance at workplaces, except for workplaces defined as essential to the economy. Additional reserve forces were also called up for the operation.

On April 8, 2026, it was announced that the US and Iran had reached understandings for a temporary ceasefire for a limited period, following mediation by international parties. The Government of Israel announced that it agreed to the ceasefire in coordination with the US. According to public reports, the ceasefire does not fully apply to the Lebanese front, and during the period, exchanges of fire and targeted attacks in Lebanon between the IDF and the Hezbollah organization continued to be reported, until a ceasefire was also declared on this front on April 15, 2026.

Further to this, on June 17, 2026 the US and Iran signed a memorandum of understandings which, according to official announcements of the US administration, extended the ceasefire for a period of 60 days, anchored the cessation of the fighting and created a framework for negotiations toward a permanent settlement. As of the date of publication of this report, the security tensions in the region continues, and exchanges of fire between the US and Iran continue from time to time.

The expected economic effects on Israel depend on the intensity, scope and especially the duration of the events. At this stage, the Group is unable to estimate the effect of the events on its financial position, operating results and cash flows, if any.

However, since these are events that are not under the Group's control, factors such as breaches of the ceasefires, renewal or expansion of the fighting and its expansion to additional sectors, as well as additional events, may affect the Group, its financial position, its operating results and its cash flows. The Group continues to monitor the various developments in order to assess their impact on, and implications for, its activities.

Note 2 - Basis of Preparation of the Financial Statements

A. Statement of Compliance with International Financial Reporting Standards

The Condensed Consolidated Interim Financial Statements were prepared in accordance with IAS 34, Interim Financial Reporting and in accordance with the disclosure requirements determined by the Commissioner of the Capital Market, Insurance and Savings (hereinafter: "the Commissioner") in accordance with the Law on Supervision of Financial Services (Insurance), 1981 (hereinafter: "the Supervision Law"), and do not include all the information required in full annual financial statements. They should be read together with the financial statements as of and for the year ended December 31, 2025 (hereinafter: "the Annual Reports"). The Condensed Consolidated Interim Financial Statements were likewise prepared in accordance with the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, relating to holding companies of insurers.

The accounting policy applied in the Condensed Consolidated Interim Financial Statements was applied consistently in all periods presented unless stated otherwise.

The Condensed Consolidated Interim Financial Statements were approved for publication by the Company's Board of Directors on August 25, 2026.

B. Use of Estimates and Judgment

In preparing the Condensed Consolidated Interim Financial Statements in accordance with IAS 34 and in accordance with the disclosure requirements determined by the Commissioner, the Group's management is required to make judgments in assessments, estimates and assumptions including actuarial assumptions and estimates, which affect the application of policy and the amounts of assets and liabilities, income and expenses. It is clarified that actual results may differ from these estimates, including due to regulatory changes that have been published or are expected to be published in the fields of insurance, pension and provident sectors, and regarding which there is uncertainty as to their compatibility and implications. The main estimates included in the financial statements are based on actuarial assessments and on external valuations.

Management's judgment in applying the Group's accounting policy and the main assumptions used in assessments involving uncertainty are consistent with those used in preparing the Annual Reports.

Discount Rates

Below are the interest rates, including illiquidity premium in appropriate weights, divided into main time bands, that were used by the Group for determining discount rates and yields in measuring insurance contracts and reinsurance contracts (portfolios were grouped according to the illiquidity premium weights that were applied):

	As at June 30, 2026 (Unaudited)							
	Year 1	3 years	5 years	10 years	15 years	25 years	40 years	60 years
	(%)							
Policies including a non-yield-dependent savings component and annuity policies (100% weight)	1.91	1.86	1.90	2.10	2.27	2.48	2.62	2.68
Policies including a yield-dependent savings component that include variable management fees, private and group long-term care, compulsory motor and liabilities (80% weight)	1.87	1.82	1.87	2.07	2.23	2.45	2.58	2.65
Policies including a yield-dependent savings component that include fixed management fees only (60% weight)	1.83	1.78	1.83	2.03	2.19	2.41	2.54	2.60
Other insurance portfolios (50% weight)	1.82	1.76	1.81	2.01	2.17	2.39	2.53	2.59

Note 2 - Basis of Preparation of the Financial Statements (Continued)

B. Use of Estimates and Judgment (Continued)

Discount Rates (Continued)

	As at June 30, 2025 (Unaudited)							
	Year 1	3 years	5 years	10 years	15 years	25 years	40 years	60 years
	(%)							
Policies including a non-yield-dependent savings component and annuity policies (100% weight)	2.45	2.33	2.28	2.23	2.22	2.38	2.52	2.63
Policies including a yield-dependent savings component that include variable management fees, private and group long-term care, compulsory motor and liabilities (80% weight)	2.39	2.27	2.22	2.18	2.16	2.32	2.46	2.57
Policies including a yield-dependent savings component that include fixed management fees only (60% weight)	2.34	2.22	2.17	2.12	2.11	2.26	2.41	2.52
Other insurance portfolios (50% weight)	2.31	2.19	2.14	2.09	2.08	2.24	2.38	2.49

	As at December 31, 2025 (Audited)							
	Year 1	3 years	5 years	10 years	15 years	25 years	40 years	60 years
	(%)							
Policies including a non-yield-dependent savings component and annuity policies (100% weight)	2.42	2.08	2.08	2.16	2.25	2.43	2.60	2.70
Policies including a yield-dependent savings component that include variable management fees, private and group long-term care, compulsory motor and liabilities (80% weight)	2.36	2.02	2.01	2.09	2.18	2.36	2.53	2.64
Policies including a yield-dependent savings component that include fixed management fees only (60% weight)	2.29	1.95	1.94	2.02	2.11	2.29	2.46	2.57
Other insurance portfolios (50% weight)	2.25	1.92	1.91	1.99	2.08	2.26	2.43	2.54

For elaboration on significant judgments and estimates in insurance contracts and reinsurance contracts applied by the Company, see Note 18F in the Annual Reports.

Note 2 - Basis of Preparation of the Financial Statements (Continued)

B. Use of Estimates and Judgment (Continued)

Risk mitigation

Further to the provisions of Note 3 in the Annual Reports, regarding the application of the risk mitigation option, the Company examines from time to time the scope of the surplus assets held within the participating portfolio for the purpose of hedging the exposures arising from the yield-dependent liabilities.

During the Reporting Period, the Company completed the aforementioned examination and decided on an adjustment to the scope of the surplus assets held in the participating portfolio. Accordingly, from the beginning of the second quarter of 2026 the Company applies the risk mitigation option with respect to a smaller scope of assets, and part of the surplus assets in a scope of approximately NIS 900 million are expected to be reclassified gradually from the participating portfolio to the Nostro portfolio.

The Company will continue to examine from time to time the scope of the surplus assets required for hedging the exposures arising from the yield-dependent liabilities.

C. Functional Currency and Presentation Currency

The Condensed Consolidated Interim Financial Statements are presented in NIS, which is the functional currency of the Company. The financial information is presented in NIS million and rounded to the nearest million.

D. Classification or reclassification

In some of the statements and notes, reclassifications were made in immaterial amounts of comparative figures. Such reclassifications had no effect on equity and/or profit or loss and/or comprehensive income of the Company.

Note 3 - Significant Accounting Policy

The Group's accounting policy in these condensed consolidated interim financial statements is the accounting policy applied in the Annual Reports. Except as detailed below, since the publication of the Group's Annual Reports, no new IFRS standards or amendments to existing IFRS standards have been published that are expected to have a material effect on the Group's financial statements.

A. New Standards Not Yet Adopted by the Group

International Financial Reporting Standard 18 (IFRS 18), Presentation and Disclosure in Financial Statements (the "Standard" or "IFRS 18")

The Standard replaces IAS 1, Presentation of Financial Statements. The effective date for first-time application of the standard is for annual periods beginning on January 1, 2027, with the possibility of early application. On August 4, 2024, the Securities Authority published a decision according to which early application of the Standard is possible only from the period beginning on January 1, 2025. The Group chose not to early adopt the Standard in these condensed consolidated interim financial statements.

The purpose of the Standard is to improve the structure, comparability and transparency of information in financial statements, and in particular in the statement of income, by establishing a more uniform structure for this statement, expanding disclosure requirements and incorporating dedicated disclosure regarding performance measures defined by management.

The Group has begun examining the expected implications of implementing the Standard on its financial statements, but has not yet completed the aforementioned examination.

It should be emphasized that the implementation method of some of the matters addressed in the Standard is still not fully clear, for example in certain issues there are ongoing discussions in the IFRIC regarding their implementation method.

It should be emphasized that the Group will implement the principles of the standard in compliance with the legal and regulatory provisions applicable to it, including guidelines of the Capital Market, Insurance and Savings Authority regarding the structure, content and manner of presentation of financial statements of insurance companies in Israel, as and when published.

Amendments to IAS 28, Option to Measure Investments in Associates and Joint Ventures at Fair Value (hereinafter: "the Amendments")

In June 2026, the International Accounting Standards Board (IASB) published amendments to IAS 28, Investments in Associates and Joint Ventures, which clarify the scope of entities eligible to elect the option to measure investments in associates and joint ventures at fair value through profit or loss. The Amendments are intended to improve consistency in the application of the provisions of IAS 28, inter alia against the background of the entry into effect of IAS 18. The Amendments will apply to annual periods beginning on January 1, 2027, with the possibility of early application.

The Group has begun examining the effect of implementing the Amendments on its financial statements, but has not yet completed the aforementioned examination. The Group does not intend to apply the Amendments by early adoption.

Note 4 - Operating Segments

A. General

The note on Operating Segments includes several segments that constitute strategic business units of the Group. The strategic business units include different products and services, and the allocation of resources and evaluation of performance are managed separately. The basic products in each segment are similar in principle regarding their significance, the way they are distributed, the mix of customers, the nature of the regulatory environment and also long-term demographic and economic features that are derived from exposure to features similar to insurance risks. Likewise, the results of the portfolio of investments held against insurance liabilities may significantly affect profitability.

Segment performance is measured based on the profits of the segments before income tax. The results of inter-company transactions are eliminated in the framework of the adjustments for the preparation of the Condensed Consolidated Interim Financial Statements. Notably, there is no outstanding debit-credit balance from the transfer of financial assets between the different segments, insofar as such transfers are made. The Group operates in the following segments:

1. Life insurance and long-term savings

This segment includes the Group's insurance activity in life insurance branches and related coverages. The segment includes insurance policies of all types as well as insurance coverages for various risks such as: death, disability and more.

2. Health insurance

This segment includes the Group's insurance activity in the branches of sickness and hospitalization, personal accidents, long-term care, foreign workers, travel insurance, and dental insurance. The policies sold within the framework of these insurance branches cover the range of damages caused to the insured as a result of illness and/or accidents, including long-term care and dental treatments. Health insurance policies are offered both to individuals and to collectives.

3. Non-life insurance

This segment includes the liability and property branches. In accordance with the Commissioner's instructions, the non-life insurance segment is detailed by branches of compulsory motor, motor property, and other, namely liability lines, property lines and others:

Compulsory motor: includes the Group's activity in the insurance branch according to the requirements of the Motor Vehicle Insurance Ordinance (New Version), 1970 (hereinafter: "Compulsory Motor"), which covers bodily injury damages resulting from the use of a motor vehicle in accordance with the Road Accident Victims Compensation Law, 1975.

Motor property: includes the Group's activity in selling insurance policies in the motor vehicle insurance branch (hereinafter: "Motor Property"), which covers damages caused to the vehicle owner as a result of an accident and/or theft and/or the liability of the vehicle owner or the driver for property damage caused to a third party in an accident.

Other (liability branches, property branches and others): includes the Group's activity in selling policies that cover the insured's liability towards a third party (except for liability coverage in Compulsory Motor as described above). This framework includes the following insurance branches: employers' liability insurance, third party liability insurance, professional liability insurance, directors' and officers' liability insurance and defective products liability insurance. In addition, it includes the Group's activity in all property branches except Motor Property (such as: providing a Sales Law guarantee, homeowners and the like).

4. Pension insurance

This segment includes the Group's Pension & Provident fund activity. Starting from December 31, 2025, the Group presents the Pension & Provident fund activity as a reportable segment. Until that date, this activity was presented within the framework of the life insurance and long-term savings segment. Comparative figures have been restated. For additional information regarding the Pension & Provident fund activity in accordance with the Commissioner's instructions, see Section G below.

Note 4 - Operating Segments (continued)

5. Insurance companies overseas

The overseas segment includes the activity of Interasco and Turk Nippon, foreign insurance companies that are controlled by the Company.

6. Financial services

This segment includes the Group's activity in the capital and finance market, carried out through Harel Finance Holdings Ltd. (hereinafter: "Harel Finance"). Harel Finance engages, through companies under its control, mainly in the following activities:

- Management of mutual funds.
- Management of securities portfolios for private clients, corporations and institutional clients in capital markets in Israel and abroad.
- In addition, starting from December 31, 2025, this segment includes the Group's activity in managing investment contract policies. Until that date, this activity was presented as part of the life insurance and long-term savings segment. Comparative figures have been restated. For additional information regarding this activity in accordance with the Commissioner's instructions, see section H below.

7. Credit

The credit segment includes the following operations:

- Business support and credit for medium-sized businesses - the activity is carried out through a second-tier subsidiary of the Company (held at a rate of 70%), Hamazpen - Shutaphim Laderech Ltd., which engages in creating innovative financing solutions for quality entrepreneurs in the field of medium-sized businesses, including the granting of mezzanine loans;
- Mortgage and reverse mortgage loans - the activity is carried out through a subsidiary of Harel Insurance, Harel 60+, which engages in providing regular mortgage loans, as well as providing reverse mortgage type loans which are loans granted to borrowers aged 60 and above, secured by a lien on a residential apartment;
- Development property development financing - this activity is carried out both at Harel Insurance under the Development Property Finance Division and through the second-tier subsidiary Gamla Harel Residential Real Estate (hereinafter: "Gamla"). The Development Property Finance Division at Harel Insurance engages mainly in financing residential, office and commercial construction projects in Israel. Within the framework of this activity, Harel Insurance provides some of the developers with a full financing package that includes monetary credit as well as a guarantee policy pursuant to the Sales Law (Apartments) (Securing Investments of Apartment Purchasers), 1974 (hereinafter: "the Sales Law"). It should be noted that the results of the activity of providing a guarantee policy pursuant to the Sales Law are included within the framework of the non-life insurance segment. From 2025, the Company operates through Gamla to provide financing to developers in the construction sector, mainly for the purpose of completing the equity required by such developers in order to obtain financial support for the project.
- Financial guarantees - this activity includes providing financial guarantees and development and operation services for mortgage portfolios insured by third parties through Harel Insurance and EMI which are held under full control of the Company, as well as the insurance activity in the branch of residential credit insurance secured by a mortgage (as a single branch - MONOLINE) carried out at EMI, which also constitutes a financial guarantee.

Note 4 - Operating Segments (continued)

The segment results include, on the one hand, the contribution of investments in debt assets that were provided within the framework of Harel 60+ activities and development property finance and, on the other hand, since these investments were financed by the health insurance segment, the non-life insurance segment and the segment not attributed to operating segments, respectively, the segment results include financing expenses that reflect the notional credit raising costs in respect of these activities (and in parallel, notional financing income was included in respect of the provision of the said debt assets for the benefit of these activities in the health insurance segment, in the non-life insurance segment and in the segment not attributed to operating segments, respectively). Similarly, in respect of the said notional inter-segment financing, the segment liabilities include notional inter-segment financial liabilities vis-à-vis the health insurance, non-life insurance and not attributed to operating segments, and conversely, the segment assets

8. Not attributed to operating segments

Activities that were not attributed to operating segments include activities of insurance agencies as well as the equity activity in the consolidated insurance companies.

B. Seasonality

Life insurance and long-term savings

As a rule, insurance service income in life insurance and management fee income in pension funds and provident funds, as well as payments for claims, are not characterized by pronounced seasonality. However, a significant portion of new sales is usually concentrated in December, inter alia because of the end of the tax year and the entitlement to tax benefits for deposits to life insurance premiums, benefit contributions to pension funds and provident funds. In addition, in this period completions and one-time deposits made by employers in respect of severance pay rights are common. Beyond that, during the year additional one-time deposits may be made, in premiums or in benefit contributions, whose scope and timing vary from year to year.

Non-life insurance

As a rule, insurance service income in the non-life insurance segment is not characterized by pronounced seasonality. However, it should be noted that there is some seasonality in connection with premium receipts in the first quarter of the year resulting from renewals of motor insurance of employee groups and business vehicle fleets which are usually carried out in the months of January or April. The effect of this seasonality on reported profit is neutralized through the liability for remaining coverage.

In other expense components, such as claims, and in other income components, such as investment income, no pronounced seasonality affecting profit is noticeable. However, it should be noted that in winter seasons in the first quarter or fourth quarter of the year or in both, an increase in claims is sometimes noticeable mainly in the property branches, and as a result a decrease in the reported profit for the period.

Note 4 - Operating Segments (continued)

C. Information about reportable segments

	For the six-month period ended June 30, 2026 (Unaudited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	1,599	2,890	2,321	-	218	-	-	-	-	7,028
Insurance service expenses	1,237	2,443	1,814	-	231	-	-	-	-	5,725
Profit (loss) from insurance services before reinsurance contracts held	362	447	507	-	(13)	-	-	-	-	1,303
Reinsurance expenses	39	230	668	-	36	-	-	-	-	973
Reinsurance income	62	203	434	-	27	-	-	-	-	726
Income (expenses), net from reinsurance contracts held	23	(27)	(234)	-	(9)	-	-	-	-	(247)
Profit (loss) from insurance services	385	420	273	-	(22)	-	-	-	-	1,056
Gains from investments, net of assets held against insurance contracts and yield-dependent investment contracts	4,270	91	-	-	-	1,345	-	-	-	5,706
Gains (losses) from other investments, net:										
Interest income calculated using the effective interest method	9	-	-	-	30	294	157	9	-	499
Net impairment losses on financial assets	-	-	-	-	-	-	(7)	(10)	-	(17)
Other investment gains, net	410	383	488	13	8	34	183	402	(131)	1,790
Share in profits (losses) of equity accounted investees closely related to investment activities	(1)	(2)	7	-	-	-	-	55	-	59
Total gains from other investments, net	418	381	495	13	38	328	333	456	(131)	2,331
Total gains from investments, net	4,688	472	495	13	38	1,673	333	456	(131)	8,037
Financing expenses, net arising from insurance contracts	4,502	181	235	-	-	-	-	-	-	4,918
Financing income, net arising from reinsurance contracts	4	13	106	-	-	-	-	-	-	123
Increase in investment contract liabilities on account of the yield component	-	-	-	-	-	(1,350)	-	-	-	(1,350)
Investments and financing income, net	190	304	366	13	38	323	333	456	(131)	1,892
Profit, net from insurance and investment	575	724	639	13	16	323	333	456	(131)	2,948

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the six-month period ended June 30, 2026 (Unaudited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Management fee income	-	56	-	545	-	300	4	2	(8)	899
Commission income from insurance agencies	-	-	-	-	-	-	-	91	-	91
Other operating expenses	68	60	11	422	18	227	32	157	(8)	987
Other income (expenses), net	11	(1)	(3)	(7)	(1)	-	10	(44)	-	(35)
Other financing income (expenses)	10	-	-	(17)	(1)	(288)	(177)	(149)	131	(491)
Share in gains of equity accounted investees, not closely related to investment activities	-	-	-	-	-	-	-	46	-	46
Operating profit (loss) before income taxes	528	719	625	112	(4)	108	138	245	-	2,471
Other comprehensive loss before income taxes	(1)	(3)	(26)	-	(11)	-	-	-	-	(41)
Total comprehensive income (loss) before income taxes	527	716	599	112	(15)	108	138	245	-	2,430
Total segment assets as of June 30, 2026	80,201	15,093	11,612	2,222	388	46,484	9,636	14,990	(6,460)	174,166
Total segment assets for yield-dependent contracts as of June 30, 2026	65,759	2,393	-	-	-	24,814	-	-	-	92,966
Total segment liabilities as of June 30, 2026	76,905	14,527	10,465	812	319	45,682	8,248	11,013	(6,460)	161,511

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the three-month period ended June 30, 2026 (Unaudited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	839	1,449	1,154	-	108	-	-	-	-	3,550
Insurance service expenses	641	1,182	871	-	117	-	-	-	-	2,811
Profit (loss) from insurance services before reinsurance contracts held	198	267	283	-	(9)	-	-	-	-	739
Reinsurance expenses	19	113	333	-	19	-	-	-	-	484
Reinsurance income	28	74	190	-	14	-	-	-	-	306
Income (expenses), net from reinsurance contracts held	9	(39)	(143)	-	(5)	-	-	-	-	(178)
Insurance service profit (loss)	207	228	140	-	(14)	-	-	-	-	561
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	3,999	72	-	-	-	1,354	-	-	-	5,425
Gains (losses) from other investments, net:										
Interest income calculated using the effective interest method	9	-	-	-	14	152	84	9	-	268
Reversal of impairment losses (impairment losses), net on financial assets	-	-	-	-	-	-	2	(10)	-	(8)
Other investment gains, net	496	365	310	14	6	17	112	311	(85)	1,546
Share in gains of equity accounted investees, closely related to investment activities	2	1	4	-	-	-	-	34	-	41
Total gains from other investments, net	507	366	314	14	20	169	198	344	(85)	1,847
Total investment gains, net	4,506	438	314	14	20	1,523	198	344	(85)	7,272
Financing expenses, net arising from insurance contracts	4,187	162	239	-	-	-	-	-	-	4,588
Financing income (expenses), net arising from reinsurance contracts	2	(102)	106	-	-	-	-	-	-	6
Increase in investment contract liabilities on account of the yield component	-	-	-	-	-	(1,356)	-	-	-	(1,356)
Investment and financing income, net	321	174	181	14	20	167	198	344	(85)	1,334
Profit, net from insurance and investment	528	402	321	14	6	167	198	344	(85)	1,895

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the three-month period ended June 30, 2026 (Unaudited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Management fee income	-	27	-	281	-	154	2	2	(5)	461
Commission income from insurance agencies	-	-	-	-	-	-	-	48	-	48
Other operating expenses	33	32	5	213	8	115	16	81	(4)	499
Other income (expenses), net	5	(1)	(1)	(3)	-	-	5	(47)	-	(42)
Other financing income (expenses)	9	-	-	(9)	(1)	(149)	(107)	(75)	86	(246)
Share in profits (losses) of equity accounted investees, not closely related to investment activities	-	-	-	-	-	-	-	34	-	34
Operating profit (loss) before income taxes	509	396	315	70	(3)	57	82	225	-	1,651
Other comprehensive loss before income taxes	(6)	(7)	(21)	-	(7)	-	-	(18)	-	(59)
Total comprehensive income (loss) before income taxes	503	389	294	70	(10)	57	82	207	-	1,592
Total segment assets as of June 30, 2026	80,201	15,093	11,612	2,222	388	46,484	9,636	14,990	(6,460)	174,166
Total segment assets for yield-dependent contracts as of June 30, 2026	65,759	2,393	-	-	-	24,814	-	-	-	92,966
Total segment liabilities as of June 30, 2026	76,905	14,527	10,465	812	319	45,682	8,248	11,013	(6,460)	161,511

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the six-month period ended June 30, 2025 (Unaudited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	1,422	2,886	2,469	-	315	-	-	-	-	7,092
Insurance service expenses	1,020	2,352	1,960	-	314	-	-	-	-	5,646
Insurance service profit before reinsurance contracts held	402	534	509	-	1	-	-	-	-	1,446
Reinsurance expenses	68	290	664	-	56	-	-	-	-	1,078
Reinsurance income	94	239	394	-	29	-	-	-	-	756
Income (expenses), net from reinsurance contracts held	26	(51)	(270)	-	(27)	-	-	-	-	(322)
Insurance service profit (loss)	428	483	239	-	(26)	-	-	-	-	1,124
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	3,141	81	-	-	-	921	-	-	-	4,143
Gains (losses) from other investments, net:										
Interest income calculated using the effective interest method	2	-	-	-	*42	216	104	2	(6)	360
Net impairment losses on financial assets	-	-	-	-	-	-	* (7)	-	-	(7)
Other investment gains, net	499	358	500	8	*3	35	193	211	(124)	1,683
Share in profits (losses) of equity accounted investees, closely related to investment activities	-	2	(18)	-	-	-	-	5	-	(11)
Total gains from other investments, net	501	360	482	8	45	251	290	218	(130)	2,025
Total investment gains, net	3,642	441	482	8	45	1,172	290	218	(130)	6,168
Financing expenses, net arising from insurance contracts	3,464	297	215	-	-	-	-	-	-	3,976
Financing income (expenses), net arising from reinsurance contracts	(3)	(66)	106	-	-	-	-	-	-	37
Increase in investment contract liabilities on account of the yield component	-	-	-	-	-	(937)	-	-	-	(937)
Investment and financing income, net	175	78	373	8	45	235	290	218	(130)	1,292
Profit, net from insurance and investment	603	561	612	8	19	235	290	218	(130)	2,416

* Reclassified

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the six-month period ended June 30, 2025 (Unaudited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Management fee income	-	55	-	463	-	239	-	4	* (3)	758
Commission income from insurance agencies	-	-	-	-	-	-	-	76	* -	76
Other operating expenses	73	63	12	379	16	197	35	126	* (5)	896
Other income (expenses), net	11	-	(4)	(7)	(3)	-	*12	6	*-	15
Other financing income (expenses)	2	-	-	(15)	6	(209)	* (162)	(147)	* 128	(397)
Share in profits (losses) of equity accounted investees not closely related to investment activities	-	-	-	-	-	-	(1)	23	-	22
Operating profit before income taxes	543	553	596	70	6	68	104	54	-	1,994
Other comprehensive income (loss) before income taxes	5	-	(16)	-	(2)	-	-	20	-	7
Total comprehensive income before income taxes	548	553	580	70	4	68	104	74	-	2,001
Total segment assets as of June 30, 2025	* 73,346	*16,397	15,102	1,925	530	42,029	7,375	*10,501	* (5,209)	161,996
Total segment assets for yield-dependent contracts as of June 30, 2025	61,213	3,180	-	-	-	21,783	-	-	(182)	85,994
Total segment liabilities as of June 30, 2025	72,078	15,102	10,605	679	415	41,310	5,452	10,429	* (5,209)	150,861

* Reclassified

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the three-month period ended June 30, 2025 (Unaudited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	696	1,445	1,231	-	160	-	-	-	-	3,532
Insurance service expenses	568	1,153	* 954	-	159	-	-	-	-	2,834
Insurance service profit before reinsurance contracts held	128	292	277	-	1	-	-	-	-	698
Reinsurance expenses	25	142	333	-	28	-	-	-	-	528
Reinsurance income	67	117	189	-	16	-	-	-	-	389
Income (expenses), net from reinsurance contracts held	42	(25)	(144)	-	(12)	-	-	-	-	(139)
Insurance service profit (loss)	170	267	133	-	(11)	-	-	-	-	559
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	3,069	43	-	-	-	870	-	-	-	3,982
Gains (losses) from other investments, net:										
Interest income calculated using the effective interest method	1	-	-	-	*20	118	*49	2	(6)	184
Net impairment losses on financial assets	-	-	-	-	-	-	* (6)	-	-	(6)
Other investment gains, net	514	310	397	5	*5	25	*119	170	(73)	1,472
Share in profits (losses) of equity accounted investees, closely related to investment activities	(2)	2	(26)	-	-	-	-	5	-	(21)
Total gains from other investments, net	513	312	371	5	25	143	162	177	(79)	1,629
Total investment gains, net	3,582	355	371	5	25	1,013	162	177	(79)	5,611
Financing expenses, net arising from insurance contracts	3,345	242	193	-	-	-	-	-	-	3,780
Financing income (expenses), net arising from reinsurance contracts	(4)	(122)	116	-	-	-	-	-	-	(10)
Increase in investment contract liabilities on account of the yield component	-	-	-	-	-	(886)	-	-	-	(886)
Investment and financing income, net	233	(9)	294	5	25	127	162	177	(79)	935
Profit, net from insurance and investment	403	258	427	5	14	127	162	177	(79)	1,494

* Reclassified

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the three-month period ended June 30, 2025 (Unaudited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Management fee income	-	26	-	235	-	126	-	2	* (1)	388
Commission income from insurance agencies	-	-	-	-	-	-	-	38	* -	38
Other operating expenses	37	31	*6	188	7	104	17	64	* (3)	451
Other income (expenses), net	6	-	(2)	(3)	(2)	-	*4	5	*-	8
Other financing income (expenses)	1	-	-	(8)	2	(112)	* (90)	(82)	*77	(212)
Share in profits of equity accounted investees, not closely related to investment activities	-	-	-	-	-	-	-	14	-	14
Operating profit before income taxes	373	253	419	41	7	37	59	90	-	1,279
Other comprehensive loss before income taxes	(9)	(7)	(27)	-	(4)	-	-	(13)	-	(60)
Total comprehensive income before income taxes	364	246	392	41	3	37	59	77	-	1,219
Total segment assets as of June 30, 2025	*73,346	*16,397	15,102	1,925	530	42,029	7,375	*10,501	* (5,209)	161,996
Total segment assets for yield-dependent contracts as of June 30, 2025	61,213	3,180	-	-	-	21,783	-	-	(182)	85,994
Total segment liabilities as of June 30, 2025	72,078	15,102	10,605	679	415	41,310	5,452	10,429	* (5,209)	150,861

* Reclassified

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the year ended December 31, 2025 (Audited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	2,939	5,888	4,969	-	613	-	-	-	-	14,409
Insurance service expenses	2,027	4,823	3,882	-	607	-	-	-	-	11,339
Insurance service profit before reinsurance contracts held	912	1,065	1,087	-	6	-	-	-	-	3,070
Reinsurance expenses	138	563	1,369	-	113	-	-	-	-	2,183
Reinsurance income	145	476	755	-	51	-	-	-	-	1,427
Income (expenses), net from reinsurance contracts held	7	(87)	(614)	-	(62)	-	-	-	-	(756)
Insurance service profit (loss)	919	978	473	-	(56)	-	-	-	-	2,314
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	7,705	194	-	-	-	2,462	-	-	-	10,361
Gains (losses) from other investments, net:										
Interest income calculated using the effective interest method	4	-	-	-	*85	496	252	1	(10)	828
Net impairment losses on financial assets	-	-	-	-	-	-	(9)	-	-	(9)
Other investment gains, net	937	698	972	21	*10	40	346	429	(237)	3,216
Share in losses of equity accounted investees closely related to investment activities	(9)	(5)	(14)	-	-	-	-	(6)	-	(34)
Total gains from other investments, net	932	693	958	21	95	536	589	424	(247)	4,001
Total investment gains, net	8,637	887	958	21	95	2,998	589	424	(247)	14,362
Financing expenses, net arising from insurance contracts	8,223	406	428	-	-	-	-	-	-	9,057
Financing income (expenses), net arising from reinsurance contracts	5	(31)	203	-	-	-	-	-	-	177
Increase in investment contract liabilities on account of the yield component	-	-	-	-	-	(2,463)	-	-	-	(2,463)
Investment and financing income, net	419	450	733	21	95	535	589	424	(247)	3,019
Profit, net from insurance and investment	1,338	1,428	1,206	21	39	535	589	424	(247)	5,333

* Reclassified

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the year ended December 31, 2025 (Audited)									
	Life insurance and long-term savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies overseas	Financial services	Credit	Not attributed to operating segments	Adjustments and offsets	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Management fee income	-	110	-	970	-	573	8	8	(7)	1,662
Commission income from insurance agencies	-	-	-	-	-	-	-	160	-	160
Other operating expenses	145	124	23	775	34	444	66	232	(10)	1,833
Other income (expenses), net	20	-	(9)	(14)	(4)	-	21	7	-	21
Other financing income (expenses)	5	-	-	(31)	2	(484)	(319)	(322)	244	(905)
Share in profits (losses) of equity accounted investees, not closely related to investment activities	-	-	-	-	-	-	(2)	48	-	46
Operating profit before income taxes	1,218	1,414	1,174	171	3	180	231	93	-	4,484
Other comprehensive income (loss) before income taxes	-	(8)	(33)	-	(12)	-	-	5	-	(48)
Total comprehensive income (loss) before income taxes	1,218	1,406	1,141	171	(9)	180	231	98	-	4,436
Total segment assets as of December 31, 2025	76,870	15,625	11,739	2,060	459	40,153	8,017	14,166	(5,458)	163,631
Total segment assets for yield-dependent contracts as of December 31, 2025	63,377	2,726	-	-	-	23,025	-	-	-	89,128
Total segment liabilities as of December 31, 2025	74,299	14,737	10,553	883	355	39,376	6,754	9,940	(5,458)	151,439

Note 4 - Operating Segments (continued)

D. Additional data regarding life insurance and long-term savings operating segment

Breakdown of life insurance results by main portfolio groups

	For the six-month period ended June 30, 2026 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	**130**	**413**	**1,056**	**1,599**
Insurance service expenses (*)	**114**	**347**	**776**	**1,237**
Insurance service profit before reinsurance contracts held	**16**	**66**	**280**	**362**
Reinsurance expenses	**-**	**13**	**26**	**39**
Reinsurance income	**-**	**21**	**41**	**62**
Income, net from reinsurance contracts held	**-**	**8**	**15**	**23**
Insurance profit (loss)	**16**	**74**	**295**	**385**
Total investment gains, net	**418**	**4,227**	**43**	**4,688**
Financing expenses, net arising from insurance contracts	**323**	**4,151**	**28**	**4,502**
Financing income, net arising from reinsurance contracts	**-**	**2**	**2**	**4**
Investment and financing income, net	**95**	**78**	**17**	**190**
Profit, net from insurance and investment	**111**	**152**	**312**	**575**
Other operating expenses	**3**	**41**	**24**	**68**
Other income (expenses), net	**-**	**(2)**	**13**	**11**
Other financing income	**8**	**-**	**2**	**10**
Other losses, net recognized in other comprehensive income	**(1)**	**-**	**-**	**(1)**
Total comprehensive income before tax	**115**	**109**	**303**	**527**
(*) Of which:				
Claims and other insurance service expenses incurred	**114**	**367**	**706**	**1,187**
Changes relating to past service - adjustment to liabilities for incurred claims	**-**	**(23)**	**18**	**(5)**

(a) Policies including a non-yield dependent savings component (guaranteed savings) - including non-yield dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies
(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage

Note 4 - Operating Segments (continued)

D. Additional data regarding the life insurance and long-term savings operating segment (continued)

Breakdown of life insurance results by main portfolio groups (continued)

	For the three-month period ended June 30, 2026 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	75	205	559	839
Insurance service expenses (*)	67	173	401	641
Insurance service profit before reinsurance contracts held	8	32	158	198
Reinsurance expenses	-	7	12	19
Reinsurance income	-	10	18	28
Income, net from reinsurance contracts held	-	3	6	9
Insurance profit (loss)	8	35	164	207
Total investment gains, net	507	3,963	36	4,506
Financing expenses (income), net arising from insurance contracts	548	3,888	(249)	4,187
Financing income, net arising from reinsurance contracts	-	1	1	2
Investment and financing income (loss), net	(41)	76	286	321
Profit (loss), net from insurance and investment	(33)	111	450	528
Other operating expenses	1	20	12	33
Other income (expenses), net	-	(1)	6	5
Other financing income	8	-	1	9
Other losses, net recognized in other comprehensive income	(6)	-	-	(6)
Total comprehensive income (loss) before tax	(32)	90	445	503
(*) Of which:				
Claims and other insurance service expenses incurred	67	190	365	622
Changes relating to past service - adjustment to liabilities for incurred claims	-	(19)	12	(7)

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies
(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage

Note 4 - Operating Segments (continued)

D. Additional data regarding the life insurance and long-term savings operating segment (continued)

Breakdown of life insurance results by main portfolio groups (continued)

	For the six-month period ended June 30, 2025 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	94	381	947	1,422
Insurance service expenses (*)	72	316	632	1,020
Insurance service profit before reinsurance contracts held	22	65	315	402
Reinsurance expenses	-	23	45	68
Reinsurance income	-	31	63	94
Net expenses from reinsurance contracts held	-	8	18	26
Profit (loss) from insurance services	22	73	333	428
Total profits (losses) from investments, net	499	3,109	34	3,642
Financing expenses (income), net arising from insurance contracts	464	3,117	(117)	3,464
Net financing income (expenses) from reinsurance contracts	-	(1)	(2)	(3)
Profit (loss) from investments and financing, net	35	(9)	149	175
Profit (loss) from insurance and investment, net	57	64	482	603
Other operating expenses	2	46	25	73
Other income (expenses), net	-	(3)	14	11
Other financing income	-	-	2	2
Other gains, net recognized in other comprehensive income	5	-	-	5
Total comprehensive income before tax	60	15	473	548
(*) Of which:				
Claims and other insurance service expenses incurred	72	251	599	922
Changes relating to past service - adjustment to liabilities for incurred claims	-	59	(3)	56

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies

(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage

Note 4 - Operating Segments (continued)

D. Additional data regarding the life insurance and long-term savings operating segment (continued)

Breakdown of life insurance results by main portfolio groups (continued)

	For the three-month period ended June 30, 2025 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	39	179	478	696
Insurance service expenses (*)	29	165	374	568
Insurance service profit before reinsurance contracts held	10	14	104	128
Reinsurance expenses	-	8	17	25
Reinsurance income	-	22	45	67
Income, net from reinsurance contracts held	-	14	28	42
Insurance profit (loss)	10	28	132	170
Total investment gains, net	511	3,037	34	3,582
Financing expenses (income), net arising from insurance contracts	548	3,046	(249)	3,345
Financing expenses, net arising from reinsurance contracts	-	(1)	(3)	(4)
Investment and financing income (loss), net	(37)	(10)	280	233
Profit (loss), net from insurance and investment	(27)	18	412	403
Other operating expenses	1	24	12	37
Other income (expenses), net	-	(1)	7	6
Other financing income	-	-	1	1
Other losses, net recognized in other comprehensive income	(9)	-	-	(9)
Total comprehensive income (loss) before tax	(37)	(7)	408	364
(*) Of which:				
Claims and other insurance service expenses incurred	29	133	320	482
Changes relating to past service - adjustment to liabilities for incurred claims	-	31	39	70

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies
(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage

Note 4 - Operating Segments (continued)

D. Additional data regarding the life insurance and long-term savings operating segment (continued)

Breakdown of life insurance results by main portfolio groups (continued)

	For the year ended December 31, 2025 (Audited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	232	778	1,929	2,939
Insurance service expenses (*)	190	555	1,282	2,027
Insurance service profit before reinsurance contracts held	42	223	647	912
Reinsurance expenses	-	45	93	138
Reinsurance income	-	48	97	145
Income, net from reinsurance contracts held	-	3	4	7
Insurance profit (loss)	42	226	651	919
Total investment gains, net	932	7,631	74	8,637
Financing expenses (income), net arising from insurance contracts	750	7,631	(158)	8,223
Financing income, net arising from reinsurance contracts	-	2	3	5
Investment and financing income, net	182	2	235	419
Profit, net from insurance and investment	224	228	886	1,338
Other operating expenses	5	94	46	145
Other income (expenses), net	-	(6)	26	20
Other financing income	-	-	5	5
Total comprehensive income before tax	219	128	871	1,218
(*) Of which:				
Claims and other insurance service expenses incurred	189	616	1,230	2,035
Changes relating to past service - adjustment to liabilities for incurred claims	1	(63)	(29)	(91)

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies
(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage

Note 4 - Operating Segments (continued)

D. Additional data regarding the life insurance and long-term savings operating segment (continued)

Information regarding life insurance assets and liabilities by main portfolio groups

	As at June 30, 2026 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
CSM balance for insurance contracts	**214**	**1,836**	**4,109**	**6,159**
RA balance for insurance contracts	**49**	**378**	**863**	**1,290**
Estimates of present value of future cash flows (BE)	**12,422**	**60,156**	**(7,193)**	**65,385**
Liabilities (assets), net for insurance contracts (*)	**12,685**	**62,370**	**(2,221)**	**72,834**
Receivables (payables) balances, net				**95**
Total liabilities (assets), net for insurance contracts				**72,929**
(*) Of which: Total insurance contract assets	**-**	**-**	**(2,422)**	**(2,422)**
CSM balance for reinsurance contracts	**-**	**(66)**	**(141)**	**(207)**
RA balance for reinsurance contracts	**-**	**(18)**	**(39)**	**(57)**
Estimates of present value of future cash flows (BE)	**-**	**(31)**	**(67)**	**(98)**
Liabilities (assets), net for reinsurance contracts	**-**	**(115)**	**(247)**	**(362)**
Receivables and payables balances and reinsurance deposits				**322**
Total liabilities (assets), net for reinsurance contracts				**(40)**
CSM balance, net of reinsurance	**214**	**1,770**	**3,968**	**5,952**
RA balance, net of reinsurance	**49**	**360**	**824**	**1,233**

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies
(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage

Note 4 - Operating Segments (continued)

D. Additional data regarding the life insurance and long-term savings operating segment (continued)

Information regarding life insurance assets and liabilities by main portfolio groups (continued)

	As at June 30, 2025 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
CSM balance for insurance contracts	273	1,242	3,894	5,409
RA balance for insurance contracts	48	585	614	1,247
Estimates of present value of future cash flows (BE)	12,426	56,032	(6,043)	62,415
Liabilities (assets), net for insurance contracts (*)	12,747	57,859	(1,535)	69,071
Receivables (payables) balances, net				57
Total liabilities (assets), net for insurance contracts				69,128
(*) Of which: Total insurance contract assets	-	-	(1,735)	(1,735)
CSM balance for reinsurance contracts	-	(43)	(85)	(128)
RA balance for reinsurance contracts	-	(29)	(57)	(86)
Estimates of present value of future cash flows (BE)	-	(39)	(78)	(117)
Liabilities (assets), net for reinsurance contracts	-	(111)	(220)	(331)
Receivables and payables balances and reinsurance deposits				318
Total liabilities (assets), net for reinsurance contracts				(13)
CSM balance, net of reinsurance	273	1,199	3,809	5,281
RA balance, net of reinsurance	48	556	557	1,161

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies
(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage

Note 4 - Operating Segments (continued)

D. Additional data regarding the life insurance and long-term savings operating segment (continued)

Information regarding life insurance assets and liabilities by main portfolio groups (continued)

	As at December 31, 2025 (Audited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
CSM balance for insurance contracts	223	1,685	3,888	5,796
RA balance for insurance contracts	49	378	816	1,243
Estimates of present value of future cash flows (BE)	12,422	58,124	(6,616)	63,930
Liabilities (assets), net for insurance contracts (*)	12,694	60,187	(1,912)	70,969
Receivables (payables) balances, net				133
Total liabilities (assets), net for insurance contracts				71,102
(*) Of which: Total insurance contract assets	-	-	(2,110)	(2,110)
CSM balance for reinsurance contracts	-	(61)	(124)	(185)
RA balance for reinsurance contracts	-	(24)	(48)	(72)
Estimates of present value of future cash flows (BE)	-	(30)	(62)	(92)
Liabilities (assets), net for reinsurance contracts	-	(115)	(234)	(349)
Receivables and payables balances and reinsurance deposits				299
Total liabilities (assets), net for reinsurance contracts				(50)
CSM balance, net of reinsurance	223	1,624	3,764	5,611
RA balance, net of reinsurance	49	354	768	1,171

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies

(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage

Note 4 - Operating Segments (continued)

D. Additional information about the life insurance and long-term savings operating segment (continued)

Additional information in life insurance

	For the six-month period ended June 30, 2026 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Gross premiums for insurance contracts less premium refunds (*) (c)	25	1,665	775	2,465
(*) Of which: savings component (c)	23	1,533	-	1,556
Fixed management fees (c)	2	195	-	197
Variable management fees	-	243	-	243
Annual premium for insurance contracts - new business (d)	-	4	102	106
Single premium for insurance contracts	-	789	-	789

	For the three-month period ended June 30, 2026 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Gross premiums for insurance contracts less premium refunds (*) (c)	13	1,009	392	1,414
(*) Of which: savings component (c)	11	943	-	954
Fixed management fees (c)	2	98	-	100
Variable management fees	-	219	-	219
Annual premium for insurance contracts - new business (d)	-	-	50	50
Single premium for insurance contracts	-	577	-	577

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies
(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage
(c) Premiums and management fees received on the basis of billing dates
(d) Increases/expansions/new coverages in existing policies are not included in the annual premium for new business, but in the activity results of the original premium, unless recorded as a new policy in the policy system

Note 4 - Operating Segments (continued)

D. Additional data regarding the life insurance and long-term savings operating segment (continued)

Additional information in life insurance (continued)

	For the six-month period ended June 30, 2025 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Gross premiums for insurance contracts less premium refunds (*) (c)	28	1,809	727	2,564
(*) Of which: savings component (c)	26	1,669	-	1,695
Fixed management fees (c)	1	185	-	186
Variable management fees	-	124	-	124
Annual premium for insurance contracts - new business (d)	-	4	103	107
Single premium for insurance contracts	-	818	-	818

	For the three-month period ended June 30, 2025 (Unaudited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Gross premiums for insurance contracts less premium refunds (*) (c)	14	1,089	367	1,470
(*) Of which: savings component (c)	13	1,019	-	1,032
Fixed management fees (c)	1	93	-	94
Variable management fees	-	124	-	124
Annual premium for insurance contracts - new business (d)	-	1	48	49
Single premium for insurance contracts	-	599	-	599

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies
(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage
(c) Premiums and management fees received on the basis of billing dates
(d) Increases/expansions/new coverages in existing policies are not included in the annual premium for new business, but in the activity results of the original premium, unless recorded as a new policy in the policy system

Note 4 - Operating Segments (continued)

D. Additional data regarding the life insurance and long-term savings operating segment (continued)

Additional information in life insurance (continued)

	For the year ended December 31, 2025 (Audited)			
	Policies including a non-yield dependent savings component (a)	Policies including a yield-dependent savings component (a)	Policies without a savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Gross premiums for insurance contracts less premium refunds (*) (c)	54	3,138	1,481	4,673
(*) Of which: savings component (c)	52	2,862	-	2,914
Fixed management fees (c)	1	377	-	378
Variable management fees (c)	-	391	-	391
Annual premium for insurance contracts - new business (d)	-	9	162	171
Single premium for insurance contracts	-	1,212	-	1,212
Deferred acquisition costs for insurance contracts (e)	-	6	308	314

(a) Policies including a non-yield-dependent savings component (guaranteed savings) - including non-yield-dependent annuity policies; Policies including a yield-dependent savings component (participating savings) - including yield-dependent annuity policies
(b) Policies without a savings component (risks) - insurance for death coverage and insurance for disability coverage
(c) Premiums and management fees received on the basis of billing dates
(d) Increases/expansions/new coverages in existing policies are not included in the annual premium for new business, but in the activity results of the original premium, unless recorded as a new policy in the policy system
(e) Acquisition expenses include expenses paid or that the Company is obligated to pay, in respect of insurance contracts issued in the reporting year and excluding renewal commissions that were not classified as insurance acquisition cash flows

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment

Breakdown of health insurance results by main portfolio groups

	For the six-month period ended June 30, 2026 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	389	123	730	778	870	2,890
Insurance service expenses (*)	272	148	550	725	748	2,443
Insurance service profit (loss) before reinsurance contracts held	117	(25)	180	53	122	447
Reinsurance expenses	105	69	2	-	54	230
Reinsurance income	78	79	1	-	45	203
Income (expenses), net from reinsurance contracts held	(27)	10	(1)	-	(9)	(27)
Insurance service profit (loss)	90	(15)	179	53	113	420
Total investment gains, net	435	37	-	-	-	472
Financing expenses (income), net arising from insurance contracts	188	37	(2)	(1)	(41)	181
Financing income (expenses), net arising from reinsurance contracts	(1)	4	9	-	1	13
Investment and financing income, net	246	4	11	1	42	304
Profit (loss), net from insurance and investment	336	(11)	190	54	155	724
Management fee income	-	53	-	3	-	56
Other operating expenses	2	39	6	8	5	60
Other expenses, net	-	-	-	-	(1)	(1)
Other losses, net recognized in other comprehensive income	(3)	-	-	-	-	(3)
Total comprehensive income before tax	331	3	184	49	149	716
(*) Of which:						
Claims and other insurance service expenses incurred	266	143	513	673	661	2,256
Changes relating to past service - adjustment to liabilities for incurred claims	6	-	20	42	(22)	46

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Breakdown of health insurance results by main portfolio groups (continued)

	For the three-month period ended June 30, 2026 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	194	59	363	391	442	1,449
Insurance service expenses (*)	107	74	280	355	366	1,182
Insurance service profit (loss) before reinsurance contracts held	87	(15)	83	36	76	267
Reinsurance expenses	52	34	1	-	26	113
Reinsurance income	14	39	1	-	20	74
Income (expenses), net from reinsurance contracts held	(38)	5	-	-	(6)	(39)
Insurance service profit (loss)	49	(10)	83	36	70	228
Total investment gains, net	416	22	-	-	-	438
Financing expenses (income), net arising from insurance contracts	523	22	(238)	(3)	(142)	162
Financing income (expenses), net arising from reinsurance contracts	(103)	2	-	-	(1)	(102)
Investment and financing income (loss), net	(210)	2	238	3	141	174
Profit (loss), net from insurance and investment	(161)	(8)	321	39	211	402
Management fee income	-	25	-	2	-	27
Other operating expenses	1	21	3	4	3	32
Other expenses, net	-	-	-	-	(1)	(1)
Other losses, net recognized in other comprehensive income	(7)	-	-	-	-	(7)
Total comprehensive income (loss) before tax	(169)	(4)	318	37	207	389
(*) Of which:						
Claims and other insurance service expenses incurred	102	69	263	338	312	1,084
Changes relating to past service - adjustment to liabilities for incurred claims	5	-	8	12	(3)	22

(a) Group medical and disability expenses, including dental;
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Breakdown of health insurance results by main portfolio groups (continued)

	For the six-month period ended June 30, 2025 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	380	249	687	718	852	2,886
Insurance service expenses (*)	259	186	493	697	717	2,352
Insurance service profit before reinsurance held	121	63	194	21	135	534
Reinsurance expenses	105	131	1	-	53	290
Reinsurance income	92	109	-	-	38	239
Expenses, net from reinsurance contracts held	(13)	(22)	(1)	-	(15)	(51)
Profit (loss) from insurance services	108	41	193	21	120	483
Total investment gains, net	396	45	-	-	-	441
Financing expenses (income), net arising from insurance contracts	430	45	(100)	1	(79)	297
Financing income (expenses), net arising from reinsurance contracts	(68)	-	-	-	2	(66)
Investment and financing income (loss), net	(102)	-	100	(1)	81	78
Profit, net from insurance and investment	6	41	293	20	201	561
Management fee income	-	55	-	-	-	55
Other operating expenses	2	39	6	8	8	63
Total comprehensive income before tax	4	57	287	12	193	553
(*) Of which:						
Claims and other insurance service expenses incurred	295	186	466	661	655	2,263
Changes relating to past service - adjustment to liabilities for incurred claims	(36)	-	20	21	(35)	(30)

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Breakdown of health insurance results by main portfolio groups (continued)

	For the three-month period ended June 30, 2025 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	190	116	342	360	437	1,445
Insurance service expenses (*)	118	92	246	336	361	1,153
Insurance service profit before reinsurance contracts held	72	24	96	24	76	292
Reinsurance expenses	54	61	-	-	27	142
Reinsurance income	45	52	-	-	20	117
Expenses, net from reinsurance contracts held	(9)	(9)	-	-	(7)	(25)
Profit (loss) from insurance services	63	15	96	24	69	267
Total investment gains, net	346	9	-	-	-	355
Financing expenses (income), net arising from insurance contracts	590	9	(227)	1	(131)	242
Financing income (expenses), net arising from reinsurance contracts	(124)	-	-	-	2	(122)
Investment and financing income (loss), net	(368)	-	227	(1)	133	(9)
Profit (loss), net from insurance and investment	(305)	15	323	23	202	258
Management fee income	-	26	-	-	-	26
Other operating expenses	1	18	3	5	4	31
Other losses, net recognized in other comprehensive income	(7)	-	-	-	-	(7)
Total comprehensive income (loss) before tax	(313)	23	320	18	198	246
(*) Of which:						
Claims and other insurance service expenses incurred	145	92	250	351	350	1,188
Changes relating to past service - adjustment to liabilities for incurred claims	(27)	-	(6)	(24)	(39)	(96)

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Breakdown of health insurance results by main portfolio groups (continued)

	For the year ended December 31, 2025 (Audited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	767	442	1,407	1,483	1,789	5,888
Insurance service expenses (*)	539	448	1,022	1,352	1,462	4,823
Insurance service profit (loss) before reinsurance contracts held	228	(6)	385	131	327	1,065
Reinsurance expenses	213	236	3	-	111	563
Reinsurance income	189	212	2	-	73	476
Expenses, net from reinsurance contracts held	(24)	(24)	(1)	-	(38)	(87)
Insurance service profit (loss)	204	(30)	384	131	289	978
Total investment gains, net	785	102	-	-	-	887
Financing expenses (income), net arising from insurance contracts	581	102	(155)	2	(124)	406
Financing income (expenses), net arising from reinsurance contracts	(35)	-	-	-	4	(31)
Investment and financing income (loss), net	169	-	155	(2)	128	450
Profit (loss), net from insurance and investment	373	(30)	539	129	417	1,428
Management fee income	-	105	-	5	-	110
Other operating expenses	5	71	13	18	17	124
Other losses, net recognized in other comprehensive income	(8)	-	-	-	-	(8)
Total comprehensive income before tax	360	4	526	116	400	1,406
(*) Of which:						
Claims and other insurance service expenses incurred	555	435	902	1,245	1,305	4,442
Changes relating to past service - adjustment to liabilities for incurred claims	(16)	-	95	91	(32)	138

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Breakdown of health insurance assets and liabilities by main portfolio groups

	As at June 30, 2026 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Contracts not measured in accordance with the PAA:						
CSM balance for insurance contracts	**4,347**	**-**	**6,081**	**220**	**2,299**	**12,947**
RA balance for insurance contracts	**2,111**	**7**	**844**	**30**	**420**	**3,412**
Estimates of present value of future cash flows (BE)	**4,936**	**1,960**	**(7,877)**	**198**	**(4,116)**	**(4,899)**
Liabilities (assets), net for insurance contracts not measured in accordance with the PAA (*)	**11,394**	**1,967**	**(952)**	**448**	**(1,397)**	**11,460**
Contracts measured in accordance with the PAA	**-**	**-**	**-**	**-**	**148**	**148**
Receivables (payables) balances, net						**(301)**
Total liabilities (assets), net for insurance contracts						**11,307**
(*) Of which: Total insurance contract assets	**-**	**-**	**(952)**	**-**	**(1,397)**	**(2,349)**
CSM balance for reinsurance contracts	**(1,019)**	**(11)**	**(10)**	**-**	**(142)**	**(1,182)**
RA balance for reinsurance contracts	**(1,018)**	**(3)**	**-**	**-**	**(39)**	**(1,060)**
Estimates of present value of future cash flows (BE)	**1,480**	**(172)**	**4**	**-**	**65**	**1,377**
Liabilities (assets), net for reinsurance contracts	**(557)**	**(186)**	**(6)**	**-**	**(116)**	**(865)**
Receivables and payables balances and reinsurance deposits						**1,335**
Total liabilities (assets), net for reinsurance contracts						**470**
CSM balance, net of reinsurance	**3,328**	**(11)**	**6,071**	**220**	**2,157**	**11,765**
RA balance, net of reinsurance	**1,093**	**4**	**844**	**30**	**381**	**2,352**

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Breakdown of health insurance assets and liabilities by main portfolio groups (continued)

	As at June 30, 2025 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Contracts not measured in accordance with the PAA:						
CSM balance for insurance contracts	4,367	2	5,657	91	2,126	12,243
RA balance for insurance contracts	2,226	18	772	23	404	3,443
Estimates of present value of future cash flows (BE)	4,416	2,905	(7,255)	303	(3,790)	(3,421)
Liabilities (assets), net for insurance contracts not measured in accordance with the PAA (*)	11,009	2,925	(826)	417	(1,260)	12,265
Contracts measured in accordance with the PAA	-	-	-	-	152	152
Receivables (payables) balances, net						(263)
Total liabilities (assets), net for insurance contracts						12,154
(*) Of which: Total insurance contract assets	-	-	(826)	-	(1,260)	(2,086)
CSM balance for reinsurance contracts	(930)	(15)	(2)	-	(57)	(1,004)
RA balance for reinsurance contracts	(1,007)	(8)	-	-	(35)	(1,050)
Estimates of present value of future cash flows (BE)	1,397	(313)	4	-	(34)	1,054
Liabilities (assets), net for reinsurance contracts	(540)	(336)	2	-	(126)	(1,000)
Receivables and payables balances and reinsurance deposits						1,434
Total liabilities (assets), net for reinsurance contracts						434
CSM balance, net of reinsurance	3,437	(13)	5,655	91	2,069	11,239
RA balance, net of reinsurance	1,219	10	772	23	369	2,393

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Information regarding health insurance assets and liabilities by main portfolio groups (continued)

	As at December 31, 2025 (Audited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Contracts not measured in accordance with the PAA:						
CSM balance for insurance contracts	4,354	-	5,881	160	2,319	12,714
RA balance for insurance contracts	2,100	9	824	28	419	3,380
Estimates of present value of future cash flows (BE)	4,746	2,407	(7,635)	205	(4,072)	(4,349)
Liabilities (assets), net for insurance contracts not measured in accordance with the PAA (*)	11,200	2,416	(930)	393	(1,334)	11,745
Contracts measured in accordance with the PAA	-	-	-	-	154	154
Receivables (payables) balances, net						(287)
Total liabilities (assets), net for insurance contracts						11,612
(*) Of which: Total insurance contract assets	-	-	(930)	-	(1,334)	(2,264)
CSM balance for reinsurance contracts	(995)	(6)	(1)	-	(146)	(1,148)
RA balance for reinsurance contracts	(1,016)	(4)	-	-	(41)	(1,061)
Estimates of present value of future cash flows (BE)	1,432	(234)	4	-	71	1,273
Liabilities (assets), net for reinsurance contracts	(579)	(244)	3	-	(116)	(936)
Receivables and payables balances and reinsurance deposits						1,404
Total liabilities (assets), net for reinsurance contracts						468
CSM balance, net of reinsurance	3,359	(6)	5,880	160	2,173	11,566
RA balance, net of reinsurance	1,084	5	824	28	378	2,319

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Additional information on health insurance

	For the six-month period ended June 30, 2026 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums less premium refunds (c)	**400**	**119**	**783**	**794**	**929**	**3,025**
Annual premium for insurance contracts - new business (d)	**-**	**-**	**75**	**-**	**78**	**153**

	For the three-month period ended June 30, 2026 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums less premium refunds (c)	**200**	**59**	**395**	**401**	**480**	**1,535**
Annual premium for insurance contracts - new business (d)	**-**	**-**	**37**	**-**	**40**	**77**

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents
(c) Premiums received on the basis of billing dates
(d) Increases/expansions/new coverages in existing policies are not included in the annual premium for new business, but in the activity results of the original premium, unless recorded as a new policy in the policy system

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Additional information on health insurance (continued)

	For the six-month period ended June 30, 2025 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums less premium refunds (c)	401	106	710	736	904	2,857
Annual premium for insurance contracts - new business (d)	-	-	67	-	75	142

	For the three-month period ended June 30, 2025 (Unaudited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums less premium refunds (c)	201	58	360	371	452	1,442
Annual premium for insurance contracts - new business (d)	-	-	34	-	37	71

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents
(c) Premiums received on the basis of billing dates
(d) Increases/expansions/new coverages in existing policies are not included in the annual premium for new business, but in the activity results of the original premium, unless recorded as a new policy in the policy system

Note 4 - Operating Segments (continued)

E. Additional data regarding health insurance operating segment (continued)

Additional information on health insurance (continued)

	For the year ended December 31, 2025 (Audited)					
	Long-term care		Other health			
	Individual	Group	Individual medical and disability expenses	Group medical and disability expenses (a)	Other (b)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Gross premiums less premium refunds (c)	805	234	1,465	1,509	1,902	5,915
Annual premium for insurance contracts - new business (d)	-	-	142	-	137	279

(a) Group medical and disability expenses, including dental
(b) Other - includes critical illness, foreign workers, travel insurance and personal accidents
(c) Premiums received on the basis of billing dates
(d) Increases/expansions/new coverages in existing policies are not included in the annual premium for new business, but in the activity results of the original premium, unless recorded as a new policy in the policy system

Note 4 - Operating Segments (continued)

F. Additional data regarding the non-life insurance operating segment

Breakdown of non-life insurance results by main portfolio groups

	For the six-month period ended June 30, 2026 (Unaudited)			
	Compulsory motor	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	325	657	1,339	2,321
Insurance service expenses (*)	355	574	885	1,814
Insurance service profit (loss) before reinsurance contracts held	(30)	83	454	507
Reinsurance expenses	3	1	664	668
Reinsurance income	28	1	405	434
Income (expenses), net from reinsurance contracts held	25	-	(259)	(234)
Insurance service profit (loss)	(5)	83	195	273
Total investment gains, net	188	61	246	495
Financing expenses, net arising from insurance contracts	77	10	148	235
Financing income, net arising from reinsurance contracts	21	5	80	106
Investment and financing income, net	132	56	178	366
Profit, net from insurance and investment	127	139	373	639
Other operating expenses	2	4	5	11
Other expenses, net	(1)	(1)	(1)	(3)
Other losses, net recognized in other comprehensive income	(10)	(3)	(13)	(26)
Total comprehensive income before tax	114	131	354	599
(*) Of which:				
Claims and other insurance service expenses incurred	245	443	611	1,299
Changes relating to past service - adjustment to liabilities for incurred claims	56	(17)	(14)	25

(a) "Other" non-life insurance includes the other non-life insurance branches that are not compulsory motor and motor property, and it consists mainly of the results of the insurance groups (portfolios): business insurance, homeowners insurance, professional liability, contractors' works insurance and Sales Law guarantees

Note 4 - Operating Segments (continued)

F. Additional data regarding the non-life insurance operating segment (continued)

Breakdown of non-life insurance results by main portfolio groups (continued)

	For the three-month period ended June 30, 2026 (Unaudited)			
	Compulsory motor	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	155	325	674	1,154
Insurance service expenses (*)	197	283	391	871
Insurance service profit (loss) before reinsurance contracts held	(42)	42	283	283
Reinsurance expenses	2	1	330	333
Reinsurance income	13	1	176	190
Income (expenses), net from reinsurance contracts held	11	-	(154)	(143)
Insurance service profit (loss)	(31)	42	129	140
Total investment gains, net	118	39	157	314
Financing expenses, net arising from insurance contracts	72	9	158	239
Financing income, net arising from reinsurance contracts	21	5	80	106
Investment and financing income, net	67	35	79	181
Profit, net from insurance and investment	36	77	208	321
Other operating expenses	1	2	2	5
Other expenses, net	-	-	(1)	(1)
Other losses, net recognized in other comprehensive income	(8)	(2)	(11)	(21)
Total comprehensive income before tax	27	73	194	294
(*) Of which:				
Claims and other insurance service expenses incurred	112	214	296	622
Changes relating to past service - adjustment to liabilities for incurred claims	57	(8)	(52)	(3)

(a) "Other" non-life insurance includes the other non-life insurance branches that are not compulsory motor and motor property, and it consists mainly of the results of the insurance groups (portfolios): business insurance, homeowners insurance, professional liability, contractors' works insurance and Sales Law guarantees

Note 4 - Operating Segments (continued)

F. Additional data regarding the non-life insurance operating segment (continued)

Breakdown of non-life insurance results by main portfolio groups (continued)

	For the six-month period ended June 30, 2025 (Unaudited)			
	Compulsory motor	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	378	784	1,307	2,469
Insurance service expenses (*)	367	697	896	1,960
Insurance service profit before reinsurance contracts held	11	87	411	509
Reinsurance expenses	4	5	655	664
Income (expenses) from reinsurance	(16)	5	405	394
Expenses, net from reinsurance contracts held	(20)	-	(250)	(270)
Insurance service profit (loss)	(9)	87	161	239
Total investment gains, net	192	57	233	482
Financing expenses, net arising from insurance contracts	73	9	133	215
Financing income, net arising from reinsurance contracts	25	6	75	106
Investment and financing income, net	144	54	175	373
Profit, net from insurance and investment	135	141	336	612
Other operating expenses	2	4	6	12
Other expenses, net	(2)	(1)	(1)	(4)
Other losses, net recognized in other comprehensive income	(6)	(2)	(8)	(16)
Total comprehensive income before tax	125	134	321	580
(*) Of which:				
Claims and other insurance service expenses incurred	313	526	636	1,475
Changes relating to past service - adjustment to liabilities for incurred claims	17	33	21	71

(a) "Other" non-life insurance includes the other non-life insurance branches that are not compulsory motor and motor property, and it consists mainly of the results of the insurance groups (portfolios): business insurance, homeowners insurance, professional liability, contractors' works insurance and Sales Law guarantees

Note 4 - Operating Segments (continued)

F. Additional data regarding the non-life insurance operating segment (continued)

Breakdown of non-life insurance results by main portfolio groups (continued)

	For the three-month period ended June 30, 2025 (Unaudited)			
	Compulsory motor	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	184	389	658	1,231
Insurance service expenses (*)	192	340	422	954
Insurance service profit (loss) before reinsurance contracts held	(8)	49	236	277
Reinsurance expenses	2	2	329	333
Income (expenses) from reinsurance	(8)	3	194	189
Income (expenses), net from reinsurance contracts held	(10)	1	(135)	(144)
Insurance service profit (loss)	(18)	50	101	133
Total investment gains, net	143	48	180	371
Financing expenses, net arising from insurance contracts	61	7	125	193
Financing income, net arising from reinsurance contracts	31	8	77	116
Investment and financing income, net	113	49	132	294
Profit, net from insurance and investment	95	99	233	427
Other operating expenses	1	2	3	6
Other expenses, net	(1)	-	(1)	(2)
Other losses, net recognized in other comprehensive income	(10)	(4)	(13)	(27)
Total comprehensive income before tax	83	93	216	392
(*) Of which:				
Claims and other insurance service expenses incurred	153	251	339	743
Changes relating to past service - adjustment to liabilities for incurred claims	19	12	(47)	(16)

(a) "Other" non-life insurance includes the other non-life insurance branches that are not compulsory motor and motor property, and it consists mainly of the results of the insurance groups (portfolios): business insurance, homeowners insurance, professional liability, contractors' works insurance and Sales Law guarantees

Note 4 - Operating Segments (continued)

F. Additional data regarding the non-life insurance operating segment (continued)

Breakdown of non-life insurance results by main portfolio groups (continued)

	For the year ended December 31, 2025 (Audited)			
	Compulsory motor	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	754	1,532	2,683	4,969
Insurance service expenses (*)	819	1,339	1,724	3,882
Insurance service profit (loss) before reinsurance contracts held	(65)	193	959	1,087
Reinsurance expenses	7	6	1,356	1,369
Reinsurance income	12	7	736	755
Income (expenses), net from reinsurance contracts held	5	1	(620)	(614)
Insurance service profit (loss)	(60)	194	339	473
Total investment gains, net	358	127	473	958
Financing expenses, net arising from insurance contracts	144	17	267	428
Financing income, net arising from reinsurance contracts	45	11	147	203
Investment and financing income, net	259	121	353	733
Profit, net from insurance and investment	199	315	692	1,206
Other operating expenses	4	7	12	23
Other expenses, net	(4)	(3)	(2)	(9)
Other losses, net recognized in other comprehensive income	(12)	(4)	(17)	(33)
Total comprehensive income before tax	179	301	661	1,141
(*) Of which:				
Claims and other insurance service expenses incurred	620	1,038	1,349	3,007
Changes relating to past service - adjustment to liabilities for incurred claims	103	17	(110)	10

(a) "Other" non-life insurance includes the other non-life insurance branches that are not compulsory motor and motor property, and it consists mainly of the results of the insurance groups (portfolios): business insurance, homeowners insurance, professional liability, contractors' works insurance and Sales Law guarantees

Note 4 - Operating Segments (continued)

F. Additional data regarding the non-life insurance operating segment (continued)

Information regarding non-life insurance assets and liabilities by main portfolio groups

	As at June 30, 2026 (Unaudited)			
	Compulsory motor	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
RA balance for insurance contracts	61	2	156	219
Estimates of present value of future cash flows (including LRC)	2,979	854	6,415	10,248
Net insurance contract liabilities (*)	3,040	856	6,571	10,467
Receivables (payables) balances, net				(593)
Total liabilities (assets), net for insurance contracts				9,874
(*) Of which: Total insurance contract assets	-	-	-	-
RA balance for reinsurance contracts	(6)	-	(74)	(80)
Estimates of present value of future cash flows (including ARC)	(258)	(4)	(2,933)	(3,195)
Assets, net for reinsurance contracts	(264)	(4)	(3,007)	(3,275)
Receivables and payables balances and reinsurance deposits				650
Total liabilities (assets), net for reinsurance contracts				(2,625)
RA balance, net of reinsurance	55	2	82	139

(a) "Other" non-life insurance includes the other non-life insurance branches that are not compulsory motor and motor property, and it consists mainly of the results of the insurance groups (portfolios): business insurance, homeowners insurance, professional liability, contractors' works insurance and Sales Law guarantees

Note 4 - Operating Segments (continued)

F. Additional data regarding the non-life insurance operating segment (continued)

Information regarding non-life insurance assets and liabilities by main portfolio groups (continued)

	As at June 30, 2025 (Unaudited)			
	Compulsory motor	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
RA balance for insurance contracts	65	2	144	211
Estimates of present value of future cash flows (including LRC)	3,117	952	6,225	10,294
Net insurance contract liabilities (*)	3,182	954	6,369	10,505
Receivables (payables) balances, net				(486)
Total liabilities (assets), net for insurance contracts				10,019
(*) Of which: Total insurance contract assets	-	-	-	-
RA balance for reinsurance contracts	(7)	-	(63)	(70)
Estimates of present value of future cash flows (including ARC)	(324)	(8)	(2,757)	(3,089)
Assets, net for reinsurance contracts	(331)	(8)	(2,820)	(3,159)
Receivables and payables balances and reinsurance deposits				740
Total liabilities (assets), net for reinsurance contracts				(2,419)
RA balance, net of reinsurance	58	2	81	141

(a) "Other" non-life insurance includes the other non-life insurance branches that are not compulsory motor and motor property, and it consists mainly of the results of the insurance groups (portfolios): business insurance, homeowners insurance, professional liability, contractors' works insurance and Sales Law guarantees

Note 4 - Operating Segments (continued)

F. Additional data regarding the non-life insurance operating segment (continued)

Information regarding non-life insurance assets and liabilities by main portfolio groups (continued)

	As at December 31, 2025 (Audited)			
	Compulsory motor	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
RA balance for insurance contracts	63	2	151	216
Estimates of present value of future cash flows (including LRC)	3,004	858	6,201	10,063
Net insurance contract liabilities (*)	3,067	860	6,352	10,279
Receivables (payables) balances, net				(327)
Total liabilities (assets), net for insurance contracts				9,952
(*) Of which: Total insurance contract assets	-	-	-	-
RA balance for reinsurance contracts	(6)	-	(71)	(77)
Estimates of present value of future cash flows (including ARC)	(289)	(4)	(2,796)	(3,089)
Assets, net for reinsurance contracts	(295)	(4)	(2,867)	(3,166)
Receivables and payables balances and reinsurance deposits				721
Total liabilities (assets), net for reinsurance contracts				(2,445)
RA balance, net of reinsurance	57	2	80	139

(a) "Other" non-life insurance includes the other non-life insurance branches that are not compulsory motor and motor property, and it consists mainly of the results of the insurance groups (portfolios): business insurance, homeowners insurance, professional liability, contractors' works insurance and Sales Law guarantees

Note 4 - Operating Segments (continued)

F. Additional data regarding the non-life insurance operating segment (continued)

Gross premiums less premium refunds in non-life insurance (b)

	Compulsory motor	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
For the six-month period ended June 30, 2026 (Unaudited)	**338**	**651**	**1,449**	**2,438**
For the three-month period ended June 30, 2026 (Unaudited)	**127**	**282**	**625**	**1,034**
For the six-month period ended June 30, 2025 (Unaudited)	415	817	1,423	2,655
For the three-month period ended June 30, 2025 (Unaudited)	156	335	598	1,089
For the year ended December 31, 2025 (Audited)	720	1,448	2,717	4,885

(a) "Other" non-life insurance includes the other non-life insurance branches that are not compulsory motor and motor property, and it consists mainly of the results of the insurance groups (portfolios): business insurance, homeowners insurance, professional liability, contractors' works insurance and Sales Law guarantees
(b) Premiums received on the basis of billing dates

Note 4 - Operating Segments (continued)

G. Additional data regarding the pension insurance operating segment

	For the six-month period ended June 30, 2026 (Unaudited)		
	Provident	Pension	Total
	NIS million	NIS million	NIS million
Total investment gains, net	**4**	**9**	**13**
Management fee income	**239**	**306**	**545**
Other operating expenses	**193**	**229**	**422**
Other expenses, net	**(2)**	**(5)**	**(7)**
Other financing expenses	**(5)**	**(12)**	**(17)**
Operating profit before tax	**43**	**69**	**112**
Total comprehensive income before tax	**43**	**69**	**112**

	For the three-month period ended June 30, 2026 (Unaudited)		
	Provident	Pension	Total
	NIS million	NIS million	NIS million
Total investment gains, net	**4**	**10**	**14**
Management fee income	**125**	**156**	**281**
Other operating expenses	**99**	**114**	**213**
Other expenses, net	**(1)**	**(2)**	**(3)**
Other financing expenses	**(3)**	**(6)**	**(9)**
Operating profit before tax	**26**	**44**	**70**
Total comprehensive income before tax	**26**	**44**	**70**

	For the six-month period ended June 30, 2025 (Unaudited)		
	Provident	Pension	Total
	NIS million	NIS million	NIS million
Total investment gains, net	2	6	8
Management fee income	188	275	463
Other operating expenses	159	220	379
Other expenses, net	(2)	(5)	(7)
Other financing expenses	(4)	(11)	(15)
Operating profit before tax	25	45	70
Total comprehensive income before tax	25	45	70

Note 4 - Operating Segments (continued)

G. Additional data regarding the pension insurance operating segment (continued)

	For the three-month period ended June 30, 2025 (Unaudited)		
	Provident	Pension	Total
	NIS million	NIS million	NIS million
Total investment gains, net	1	4	5
Management fee income	95	140	235
Other operating expenses	79	109	188
Other expenses, net	(1)	(2)	(3)
Other financing expenses	(2)	(6)	(8)
Operating profit before tax	14	27	41
Total comprehensive income before tax	14	27	41

	For the year ended December 31, 2025 (Audited)		
	Provident	Pension	Total
	NIS million	NIS million	NIS million
Total investment gains, net	6	15	21
Management fee income	394	576	970
Other operating expenses	323	452	775
Other expenses, net	(3)	(11)	(14)
Other financing expenses	(8)	(23)	(31)
Operating profit before tax	66	105	171
Total comprehensive income before tax	66	105	171

Note 4 - Operating Segments (continued)

H. Additional data regarding investment contracts

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Total investment gains, net	**1,350**	937	**1,356**	886	2,463
Increase in investment contract liabilities on account of the yield component	**(1,350)**	(937)	**(1,356)**	(886)	(2,463)
Investment and financing income (loss), net	**-**	-	**-**	-	-
Management fee income	**90**	81	**46**	41	166
Other operating expenses	**75**	66	**38**	34	136
Operating profit before tax	**15**	15	**8**	7	30
Total comprehensive income before tax	**15**	15	**8**	7	30

Additional information regarding investment contracts

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Receipts from investment contracts	**2,293**	1,525	**1,173**	616	3,344
Annual receipts from investment contracts - new business	**29**	26	**14**	13	47
One-time receipts from investment contracts	**2,145**	1,370	**1,099**	539	3,037

Note 5 - Income Taxes

A. Special tax arrangements for the insurance industry

On February 9, 2026, the industry tax agreement for tax years 2023-2024 was extended and an industry taxation agreement for tax year 2025 was signed that updates the previous industry agreements and relates to the implications of implementing the new standards IFRS 17 and IFRS 9.

For additional details see Note 16A in the Annual Reports.

B. Tax rates applicable to income of Group companies

Current taxes for the reported period are calculated in accordance with the tax rates below.

The statutory tax rates applicable to financial institutions, including the Company's subsidiaries in Israel that are financial institutions, are as follows:

Year	Corporate tax rate (%)	Capital gains tax rate (%)	Tax rate on financial institutions (%)
2025 and onwards	23%	18%	34.75%

Note 6 - Financial investments and derivative instruments

A. Financial investments held against yield-dependent contracts - breakdown of financial investments by asset types

	As of June 30		As of December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Debt instruments:			
Non-marketable debt instruments:			
Deposits with banks and financial institutions	**9**	10	9
Non-marketable corporate bonds	**447**	492	463
Loans (including investees)	**8,236**	9,413	8,346
Other non-marketable debt instruments	**151**	132	137
Total non-marketable debt instruments	**8,843**	10,047	8,955
Marketable debt instruments:			
Government bonds	**19,065**	14,491	15,846
Marketable corporate bonds	**6,911**	8,562	7,611
Other marketable debt instruments	**210**	13	106
Total marketable debt instruments	**26,186**	23,066	23,563
Total debt instruments	**35,029**	33,113	32,518
Equity instruments:			
Non-marketable equity instruments:			
Non-marketable shares	**1,626**	2,146	1,986
Marketable equity instruments:			
Marketable shares	**21,268**	12,428	16,634
Total equity instruments	**22,894**	14,574	18,620
Other investments:			
Other investments*	**22,493**	25,409	24,159
Derivative instruments**	**1,293**	1,253	685
Total other investments	**23,786**	26,662	24,844
Total financial investments	**81,709**	74,349	75,982
Liabilities in respect of derivative instruments	**396**	235	216

* Other investments mainly include investments in ETFs, participation certificates in mutual funds and investment funds and structured products

** Derivative instruments mainly include futures contracts and options

Note 6 - Financial investments and derivative instruments (continued)

B. Other financial investments (not in respect of yield-dependent contracts)

	As at June 30, 2026 (Unaudited)		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at amortized cost	Total
	NIS million	NIS million	NIS million
Debt instruments:			
Non-marketable debt instruments:			
Deposits with banks and financial institutions	**3,488**	**15,748**	**19,236**
Designated bonds	**6,705**	**-**	**6,705**
Non-marketable corporate bonds	**484**	**-**	**484**
Loans (including investees)	**7,848**	**4,024**	**11,872**
Total non-marketable debt instruments	**18,525**	**19,772**	**38,297**
Marketable debt instruments:			
Government bonds	**7,312**	**-**	**7,312**
Marketable corporate bonds	**3,472**	**-**	**3,472**
Other marketable debt instruments	**147**	**-**	**147**
Total marketable debt instruments	**10,931**	**-**	**10,931**
Total debt instruments	**29,456**	**19,772**	**49,228**
Balance of provision for credit losses	**-**	**62**	**62**
Equity instruments:			
Non-marketable equity instruments:			
Non-marketable shares	**917**	**-**	**917**
Marketable equity instruments:			
Marketable shares	**3,868**	**-**	**3,868**
Total equity instruments	**4,785**	**-**	**4,785**
Other investments:			
Other investments*	**5,730**	**-**	**5,730**
Derivative instruments**	**341**	**-**	**341**
Total other investments	**6,071**	**-**	**6,071**
Total financial investments	**40,312**	**19,772**	**60,084**
Liabilities in respect of derivative instruments	**969**	**-**	**969**

* Other investments mainly include investments in ETFs, participation certificates in mutual funds and investment funds and structured products

** Derivative instruments mainly include futures contracts and options

Note 6 - Financial investments and derivative instruments (continued)

B. Other financial investments (not in respect of yield-dependent contracts) (continued)

	As at June 30, 2025 (Unaudited)		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at amortized cost	Total
	NIS million	NIS million	NIS million
Debt instruments:			
Non-marketable debt instruments:			
Deposits with banks and financial institutions	7,529	10,835	18,364
Designated bonds	6,765	-	6,765
Non-marketable corporate bonds	534	-	534
Loans (including investees)	7,580	2,500	10,080
Total non-marketable debt instruments	22,408	13,335	35,743
Marketable debt instruments:			
Government bonds	7,851	-	7,851
Marketable corporate bonds	3,134	-	3,134
Total marketable debt instruments	10,985	-	10,985
Total debt instruments	33,393	13,335	46,728
Balance of provision for credit losses	-	39	39
Equity instruments:			
Non-marketable equity instruments:			
Non-marketable shares	1,087	-	1,087
Marketable equity instruments:			
Marketable shares	1,982	-	1,982
Total equity instruments	3,069	-	3,069
Other investments:			
Other investments*	5,753	-	5,753
Derivative instruments**	385	-	385
Total other investments	6,138	-	6,138
Total financial investments	42,600	13,335	55,935
Liabilities in respect of derivative instruments	764	-	764

* Other investments mainly include investments in ETFs, participation certificates in mutual funds and investment funds and structured products

** Derivative instruments mainly include futures contracts and options

Note 6 - Financial investments and derivative instruments (continued)

B. Other financial investments (not in respect of yield-dependent contracts) (continued)

	As at December 31, 2025 (Audited)		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at amortized cost	Total
	NIS million	NIS million	NIS million
Debt instruments:			
Non-marketable debt instruments:			
Deposits with banks and financial institutions	2,093	13,110	15,203
Designated bonds	6,658	-	6,658
Non-marketable corporate bonds	519	-	519
Loans (including investees)	7,407	2,982	10,389
Total non-marketable debt instruments	16,677	16,092	32,769
Marketable debt instruments:			
Government bonds	8,725	-	8,725
Marketable corporate bonds	3,568	-	3,568
Other marketable debt instruments	56	-	56
Total marketable debt instruments	12,349	-	12,349
Total debt instruments	29,026	16,092	45,118
Balance of provision for credit losses	-	45	45
Equity instruments:			
Non-marketable equity instruments:			
Non-marketable shares	1,049	-	1,049
Marketable equity instruments:			
Marketable shares	2,759	-	2,759
Total equity instruments	3,808	-	3,808
Other investments:			
Other investments*	5,431	-	5,431
Derivative instruments**	250	-	250
Total other investments	5,681	-	5,681
Total financial investments	38,515	16,092	54,607
Liabilities in respect of derivative instruments	698	-	698

* Other investments mainly include investments in ETFs, participation certificates in mutual funds and investment funds and structured products

** Derivative instruments mainly include futures contracts and options

Note 7 - Loans and borrowings

Composition of carrying amount of loans and borrowings *

	As of June 30		As of December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Loans and borrowings presented at amortized cost:			
Bank loans	**2,389**	1,495	2,242
Non-bank loans	**100**	200	100
Repurchase obligation (REPO)	**301**	-	32
Loans from other interested parties	**106**	180	105
Bonds	**7,185**	6,912	6,551
Bonds fully backed by parallel bank deposits**	**15,629**	10,758	12,975
Structured bonds	**64**	-	176
Commercial security	**600**	200	350
Other liabilities	**18**	24	17
Total loans and borrowings presented at amortized cost	**26,392**	19,769	22,548
Financial guarantee contracts accounted for as a financial liability	**24**	63	61
Total loans and borrowings	**26,416**	19,832	22,609
Of which subordinated notes constituting Tier 1 capital	**1,559**	586	591
Of which subordinated notes constituting Tier 2 capital	**4,863**	5,492	5,162

* Financial liability amounts are presented net of interest payable. Interest payable is included in the creditors item

** Bonds issued by a special purpose consolidated company (SPV) of Harel Finance, which is a wholly owned company of the Company, fully backed by parallel bank deposits (back-to-back) in Israeli banks with a local AAA rating assigned by S&P Maalot and Moody's Midroog.

Additional details

1. Midroog rating for Harel Insurance and the Company

   On February 5, 2026, Midroog announced the upgrade of Harel Insurance's financial strength rating from Aa1.il to Aaa.il, as well as an upgrade of the rating of the subordinated notes (hybrid capital and Tier 2 capital) issued through Harel Finance & Issues, from Aa3.il(hyb) to Aa2.il(hyb). The rating outlook is stable.

   On March 24, 2026, Midroog announced the affirmation of the Company's Aa2.il rating - outlook stable, and affirmation of the Aa2.il rating for Series 1 bonds issued by the Company.

2. International A Excellent rating for Harel Insurance - AM Best

   On July 15, 2026, after the Reporting Period, the international credit rating agency AM Best assigned Harel Insurance an international A Excellent credit rating with a stable outlook.

3. Financial covenants

   For details in connection with financial covenants in respect of a bank loan taken by the Company from a bank, in respect of short-term loans taken by a second-tier subsidiary of the Company, in respect of loans and credit facilities granted by several banks and financial institutions (including Harel Insurance) to a second-tier subsidiary, in respect of a loan taken by Harel Pension & Provident, in respect of Harel Finance's credit facility with a bank and in respect of Series 1 bonds issued by the Company, see Note 14 in the Annual Reports. As of June 30, 2026 and as of the date of publication of the report, the Company and its subsidiaries and second-tier subsidiaries comply with the financial covenants that were determined.

Note 7 - Loans and borrowings (continued)

Additional details (continued)

4. Partial redemption of credit-linked bonds on the institutional continuous trading platform at Harel Insurance

   On March 25, 2026, Harel Insurance carried out a partial redemption of 91,894,976 Series 2 bonds of Harel Insurance, in accordance with the terms of the bonds.

   On June 25, 2026, Harel Insurance carried out a partial redemption of 21,275,729 Series 2 bonds of Harel Insurance, in accordance with the terms of the bonds.

5. Partial redemption of the Company's bonds (Series A)

   On June 30, 2026, the Company carried out a partial redemption of 45,582,894 Series A bonds of the Company, in accordance with the terms of the bonds.

6. Additional information regarding issuances during the Reporting Period of bonds by Harel Interest and Deposits Ltd. (hereinafter: "Harel Interest and Deposits") and Harel Exchange Traded Deposit Ltd. (hereinafter: "Harel Exchange Traded Deposit") - second-tier subsidiaries wholly owned by Harel Finance, which is a wholly owned company of the Company:

   a. On February 5, 2026, Harel Exchange Traded Deposit issued approximately NIS 1,002 million par value of Series 5 bonds to the public, by means of a shelf prospectus dated November 5, 2025. The proceeds received in respect of the bond issuance amounted to approximately NIS 1,002 million;

   b. On May 7, 2026, Harel Interest and Deposits issued approximately NIS 1,371 million par value of Series 6 bonds to the public, by means of a shelf prospectus dated November 27, 2024. The proceeds received in respect of the bond issuance amounted to approximately NIS 1,371 million.

7. Partial repayment of a loan from Bank Hapoalim

   On March 5, 2026, the Company carried out a partial repayment of approximately NIS 13.5 million of a loan it had taken from Bank Hapoalim, in accordance with the repayment schedule.

8. Issuance of commercial paper by Harel Pension & Provident Ltd. (hereinafter: "Harel Pension & Provident")

   In April 2026, Harel Pension & Provident completed a private issuance of commercial paper (Series 1) that is not listed for trading, in a scope of NIS 150 million par value.

   For the purpose of the said issuance of commercial paper, on March 31, 2026, Midroog announced the determination of an Aa3.il rating with a stable outlook for Harel Pension & Provident and the determination of a P-1.il rating for the commercial paper issued.

   The proceeds of the issuance were used by Harel Pension & Provident to repay bank credit in a scope of approximately NIS 150 million.

9. Issuance of commercial paper by Gamla Harel Residential Real Estate Ltd. (hereinafter: "Gamla")

   On January 5, 2026, Gamla completed an expansion of commercial paper that is not listed for trading, in the amount of NIS 100 million.

   In connection with the above issuance of commercial paper, on April 29, 2026, Midroog announced that it was leaving Gamla's rating unchanged at the level of A2.il with a stable outlook. Likewise, with respect to the commercial paper, Midroog left the P-1.il rating unchanged.

10. Sale of Series 21 bonds of Harel Finance & Issues that were purchased by the Company

    On April 20, 2026, the Company completed a transaction for the sale of bonds Series 21 of Harel Finance & Issues in a scope of 385,851,000 par value, to classified investors for total consideration of NIS 422,506,845. The said bonds were issued to the Company within the framework of a shelf offering report of Harel Finance & Issues of April 2025. Within the framework of the said shelf offering report, Harel Finance & Issues raised approximately NIS 1 billion, whereby the Company purchased at that time Series 21 bonds with a par value of NIS 400 million.

Note 7 - Loans and borrowings (continued)

Additional details (continued)

11. Issuance of Series 24 bonds of Harel Finance & Issues

Pursuant to the shelf offering report of Harel Finance & Issues published on May 31, 2026, under a shelf prospectus of the Company published on February 18, 2026, bearing the date February 19, 2026, Harel Finance & Issues offered to the public up to NIS 673,591,000 par value of Series 24 bonds, of NIS 1 par value each (hereinafter: "the Series 24 Bonds").

For the purpose of the said issuance, on May 13, 2026, the rating company "Maalot" determined an ilAA- rating for the said issuance of Series 24 in a scope of up to NIS 600 million, which will serve as additional Tier 1 capital instruments of Harel Insurance.

The Series 24 Bonds re not linked to the index or to any currency. The Series 24 Bonds were offered to the public by way of a tender on the annual interest rate the bonds will bear, which in accordance with the terms of the tender was determined not to exceed 4.67% (hereinafter: "the Tender"). The offering of the Series 24 Bonds was not secured by underwriting.

In total, according to the results of the tender, Harel Finance & Issues allotted NIS 589,911,000 par value of Series 24 Bonds. The total consideration (gross) that Harel Finance & Issues received in respect of the Series 24 Bonds allotted by it pursuant to the shelf offering report amounts to approximately NIS 590 million.

12. Full early redemption of Series 16 bonds of Harel Finance & Issues

On June 30, 2026, a full early redemption was carried out (at the initiative of Harel Finance & Issues) of the Series 16 bonds of Harel Finance & Issues (hereinafter: "the Series 16 Bonds") in accordance with the terms of the Series 16 Bonds which were issued within the framework of a shelf offering report.

In accordance with the provisions of the deed of trust for the Series 16 bonds, the amount paid to the holders of the Series 16 Bonds on the early redemption date is an amount equal to the par value of the Series 16 Bonds plus interest up to the payment date (i.e., up to and including June 30, 2026). The payment was made against delivery of the Series 16 Bond certificates to Harel Finance & Issues.

Prior to the said redemption, the scope of the Series 16 Bonds was NIS 306,870,846 par value (nominal).

The early redemption payment was made on the early redemption date, to the holders of the Series 16 Bonds whose names were registered in the register of holders of the Series 16 Bonds on the early redemption date, against delivery of the Series 16 Bond certificates, on that date, to Harel Finance & Issues.

Note 8 - Profit (loss) from insurance and reinsurance services

	For the six-month period ended June 30, 2026 (Unaudited)				
	Life insurance	Health insurance	Non-life insurance	Insurance companies overseas	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in the Liability for Remaining Coverage (LRC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services provided	380	450	-	-	830
The change in risk adjustment (RA) for non-financial risk relating to expired risks	45	98	-	-	143
Expected claims and other insurance service expenses incurred	1,120	2,013	-	-	3,133
Experience adjustments arising from premiums received in the period relating to current or past service	5	21	-	-	26
Allocation of part of premiums relating to the recovery of cash flows for acquiring insurance	49	60	-	-	109
Total contracts for which the Premium Allocation Approach (PAA) was not applied	1,599	2,642	-	-	4,241
Contracts for which the Premium Allocation Approach (PAA) was applied	-	248	2,321	218	2,787
Total insurance service income	1,599	2,890	2,321	218	7,028
Insurance service expenses					
Claims and other insurance service expenses incurred	1,187	2,256	1,299	160	4,902
Changes relating to past service - adjustments to Liabilities for Incurred claims (LIC)	(5)	46	25	(1)	65
Losses on onerous groups of insurance contracts	6	12	-	-	18
Amortization of cash flows for acquiring insurance	49	129	490	72	740
Total insurance service expenses	1,237	2,443	1,814	231	5,725
Profit (loss) from insurance services before reinsurance contracts held	362	447	507	(13)	1,303
Reinsurance expenses					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in Assets for Remaining Coverage (ARC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services received	12	32	-	-	44
The change in risk adjustment (RA) for non-financial risk relating to expired risks	4	13	-	-	17
Recovery of claims on underlying insurance contracts and expected other insurance service expenses incurred	19	185	-	-	204
Experience adjustments arising from premiums paid in the period relating to current or past service	4	(1)	-	-	3
Total contracts for which the Premium Allocation Approach (PAA) was not applied	39	229	-	-	268
Contracts for which the Premium Allocation Approach (PAA) was applied	-	1	668	36	705
Total reinsurance expenses	39	230	668	36	973
Reinsurance income					
Recovery of claims on underlying insurance contracts and other insurance service expenses incurred	63	194	355	21	633
Changes relating to past service - adjustment to assets for incurred claims	(1)	7	79	6	91
Recovery of losses (reversal of losses) on onerous groups of underlying insurance contracts	-	2	-	-	2
Total reinsurance income	62	203	434	27	726
Total income (expenses), net from reinsurance contracts held	23	(27)	(234)	(9)	(247)
Insurance service profit (loss)	385	420	273	(22)	1,056

Note 8 - Profit (loss) from insurance and reinsurance services (continued)

	For the three-month period ended June 30, 2026 (Unaudited)				
	Life insurance	Health insurance	Non-life insurance	Insurance companies overseas	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
<u>**Insurance service income**</u>					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in the Liability for Remaining Coverage (LRC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services provided	194	225	-	-	419
The change in risk adjustment (RA) for non-financial risk relating to expired risks	22	49	-	-	71
Expected claims and other insurance service expenses incurred	594	1,005	-	-	1,599
Experience adjustments arising from premiums received in the period relating to current or past service	4	9	-	-	13
Allocation of part of premiums relating to the recovery of cash flows for acquiring insurance	25	31	-	-	56
Total contracts for which the Premium Allocation Approach (PAA) was not applied	839	1,319	-	-	2,158
Contracts for which the Premium Allocation Approach (PAA) was applied	-	130	1,154	108	1,392
Total insurance service income	839	1,449	1,154	108	3,550
<u>**Insurance service expenses**</u>					
Claims and other insurance service expenses incurred	622	1,084	622	79	2,407
Changes relating to past service - adjustments to Liabilities for Incurred claims (LIC)	(7)	22	(3)	1	13
Losses on onerous groups of insurance contracts	1	9	-	-	10
Amortization of cash flows for acquiring insurance	25	67	252	37	381
Total insurance service expenses	641	1,182	871	117	2,811
Profit (loss) from insurance services before reinsurance contracts held	198	267	283	(9)	739
<u>**Reinsurance expenses**</u>					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in Assets for Remaining Coverage (ARC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services received	7	16	-	-	23
The change in risk adjustment (RA) for non-financial risk relating to expired risks	2	7	-	-	9
Recovery of claims on underlying insurance contracts and expected other insurance service expenses incurred	8	90	-	-	98
Experience adjustments arising from premiums paid in the period relating to current or past service	2	-	-	-	2
Total contracts for which the Premium Allocation Approach (PAA) was not applied	19	113	-	-	132
Contracts for which the Premium Allocation Approach (PAA) was applied	-	-	333	19	352
Total reinsurance expenses	19	113	333	19	484
<u>**Reinsurance income**</u>					
Recovery of claims on underlying insurance contracts and other insurance service expenses incurred	45	73	166	11	295
Changes relating to past service - adjustment to assets for incurred claims	(17)	(1)	24	3	9
Recovery of losses on onerous groups of underlying insurance contracts	-	2	-	-	2
Total reinsurance income	28	74	190	14	306
Total income (expenses), net from reinsurance contracts held	9	(39)	(143)	(5)	(178)
Insurance service profit (loss)	207	228	140	(14)	561

Note 8 - Profit (loss) from insurance and reinsurance services (continued)

	For the six-month period ended June 30, 2025 (Unaudited)				
	Life insurance	**Health insurance**	**Non-life insurance**	**Insurance companies overseas**	**Total**
	NIS million	**NIS million**	**NIS million**	**NIS million**	**NIS million**
Insurance service income					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in the Liability for Remaining Coverage (LRC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services provided	358	447	-	-	805
The change in risk adjustment (RA) for non-financial risk relating to expired risks	61	99	-	-	160
Expected claims and other insurance service expenses incurred	956	2,019	-	-	2,975
Experience adjustments arising from premiums received in the period relating to current or past service	16	20	-	-	36
Allocation of part of premiums relating to the recovery of cash flows for acquiring insurance	31	35	-	-	66
Total contracts for which the Premium Allocation Approach (PAA) was not applied	1,422	2,620	-	-	4,042
Contracts for which the Premium Allocation Approach (PAA) was applied	-	266	2,469	315	3,050
Total insurance service income	1,422	2,886	2,469	315	7,092
Insurance service expenses					
Claims and other insurance service expenses incurred	922	2,263	1,475	237	4,897
Changes relating to past service - adjustments to Liabilities for Incurred claims (LIC)	56	(30)	71	(4)	93
Losses (reversal of losses) on onerous groups of insurance contracts	11	23	(5)	(1)	28
Amortization of cash flows for acquiring insurance	31	96	419	82	628
Total insurance service expenses	1,020	2,352	1,960	314	5,646
Insurance service profit before reinsurance held	402	534	509	1	1,446
Reinsurance expenses					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in Assets for Remaining Coverage (ARC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services received	7	29	-	-	36
The change in risk adjustment (RA) for non-financial risk relating to expired risks	4	13	-	-	17
Recovery of claims on underlying insurance contracts and expected other insurance service expenses incurred	44	241	-	-	285
Experience adjustments arising from premiums paid in the period relating to current or past service	13	6	-	-	19
Total contracts for which the Premium Allocation Approach (PAA) was not applied	68	289	-	-	357
Contracts for which the Premium Allocation Approach (PAA) was applied	-	1	664	56	721
Total reinsurance expenses	68	290	664	56	1,078
Reinsurance income					
Recovery of claims on underlying insurance contracts and other insurance service expenses incurred	62	289	356	27	734
Changes relating to past service - adjustment to assets for incurred claims	32	(50)	38	2	22
Total reinsurance income	94	239	394	29	756
Total income (expenses), net from reinsurance contracts held	26	(51)	(270)	(27)	(322)
Insurance service profit (loss)	428	483	239	(26)	1,124

Note 8 - Profit (loss) from insurance and reinsurance services (continued)

	For the three-month period ended June 30, 2025 (Unaudited)				
	Life insurance	Health insurance	Non-life insurance	Insurance companies overseas	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in the Liability for Remaining Coverage (LRC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services provided	182	223	-	-	405
The change in risk adjustment (RA) for non-financial risk relating to expired risks	29	50	-	-	79
Expected claims and other insurance service expenses incurred	459	1,007	-	-	1,466
Experience adjustments arising from premiums received in the period relating to current or past service	9	3	-	-	12
Allocation of part of premiums relating to the recovery of cash flows for acquiring insurance	17	19	-	-	36
Total contracts for which the Premium Allocation Approach (PAA) was not applied	696	1,302	-	-	1,998
Contracts for which the Premium Allocation Approach (PAA) was applied	-	143	1,231	160	1,534
Total insurance service income	696	1,445	1,231	160	3,532
Insurance service expenses					
Claims and other insurance service expenses incurred	482	1,188	743	120	2,533
Changes relating to past service - adjustments to Liabilities for Incurred claims (LIC)	70	(96)	(16)	(5)	(47)
Losses (reversal of losses) on onerous groups of insurance contracts	(1)	12	(3)	(1)	7
Amortization of cash flows for acquiring insurance	17	49	230	45	341
Total insurance service expenses	568	1,153	954	159	2,834
Insurance service profit before reinsurance held	128	292	277	1	698
Reinsurance expenses					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in Assets for Remaining Coverage (ARC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services received	3	13	-	-	16
The change in risk adjustment (RA) for non-financial risk relating to expired risks	2	6	-	-	8
Recovery of claims on underlying insurance contracts and expected other insurance service expenses incurred	24	120	-	-	144
Experience adjustments arising from premiums paid in the period relating to current or past service	(4)	3	-	-	(1)
Total contracts for which the Premium Allocation Approach (PAA) was not applied	25	142	-	-	167
Contracts for which the Premium Allocation Approach (PAA) was applied	-	-	333	28	361
Total reinsurance expenses	25	142	333	28	528
Reinsurance income					
Recovery of claims on underlying insurance contracts and other insurance service expenses incurred	(3)	183	191	16	387
Changes relating to past service - adjustment to assets for incurred claims	70	(66)	(2)	-	2
Total reinsurance income	67	117	189	16	389
Total income (expenses), net from reinsurance contracts held	42	(25)	(144)	(12)	(139)
Insurance service profit (loss)	170	267	133	(11)	559

Note 8 - Profit (loss) from insurance and reinsurance services (continued)

	For the year ended December 31, 2025 (Audited)				
	Life insurance	Health insurance	Non-life insurance	Insurance companies overseas	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
<u>**Insurance service income**</u>					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in the Liability for Remaining Coverage (LRC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services provided	727	895	-	-	1,622
The change in risk adjustment (RA) for non-financial risk relating to expired risks	121	200	-	-	321
Expected claims and other insurance service expenses incurred	2,002	4,065	-	-	6,067
Experience adjustments arising from premiums received in the period relating to current or past service	17	62	-	-	79
Allocation of part of premiums relating to the recovery of cash flows for acquiring insurance	72	84	-	-	156
Total contracts for which the Premium Allocation Approach (PAA) was not applied	2,939	5,306	-	-	8,245
Contracts for which the Premium Allocation Approach (PAA) was applied	-	582	4,969	613	6,164
Total insurance service income	2,939	5,888	4,969	613	14,409
<u>**Insurance service expenses**</u>					
Claims and other insurance service expenses incurred	2,035	4,442	3,007	450	9,934
Changes relating to past service - adjustments to Liabilities for Incurred claims (LIC)	(91)	138	10	(8)	49
Losses (reversal of losses) on onerous groups of insurance contracts	11	26	(6)	(1)	30
Amortization of cash flows for acquiring insurance	72	217	871	166	1,326
Total insurance service expenses	2,027	4,823	3,882	607	11,339
Insurance service profit before reinsurance contracts held	912	1,065	1,087	6	3,070
<u>**Reinsurance expenses**</u>					
Contracts for which the Premium Allocation Approach (PAA) was not applied:					
Amounts relating to changes in Assets for Remaining Coverage (ARC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services received	14	57	-	-	71
The change in risk adjustment (RA) for non-financial risk relating to expired risks	8	27	-	-	35
Recovery of claims on underlying insurance contracts and expected other insurance service expenses incurred	90	461	-	-	551
Experience adjustments arising from premiums paid in the period relating to current or past service	26	15	-	-	41
Total contracts for which the Premium Allocation Approach (PAA) was not applied	138	560	-	-	698
Contracts for which the Premium Allocation Approach (PAA) was applied	-	3	1,369	113	1,485
Total reinsurance expenses	138	563	1,369	113	2,183
<u>**Reinsurance income**</u>					
Recovery of claims on underlying insurance contracts and other insurance service expenses incurred	56	470	764	52	1,342
Changes relating to past service - adjustment to assets for incurred claims	89	-	(9)	(1)	79
Recovery of losses on onerous groups of underlying insurance contracts	-	6	-	-	6
Total reinsurance income	145	476	755	51	1,427
Total income (expenses), net from reinsurance contracts held	7	(87)	(614)	(62)	(756)
Insurance service profit (loss)	919	978	473	(56)	2,314

Note 9 - Profit (loss) from investments and financing, net

	For the six-month period ended June 30, 2026 (Unaudited)				
	Life insurance and long-term savings	Health insurance	Non-life insurance	Other operating segments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Investment gains (losses), net:					
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	4,270	91	-	1,345	5,706
Gains (losses) from other investments, net:					
Interest income calculated using the effective interest method	9	-	-	490	499
Net impairment losses on financial assets	-	-	-	(17)	(17)
Other investment gains, net	410	383	488	509	1,790
Share in profits (losses) of equity accounted investees, closely related to investment activities	(1)	(2)	7	55	59
Total gains from other investments, net	418	381	495	1,037	2,331
Total investment gains, net recognized in the statement of income	4,688	472	495	2,382	8,037
Financing expenses (income), net arising from insurance contracts:					
Change in insurance contract liabilities arising from changes in the fair value of the underlying items of VFA contracts	4,102	37	-	-	4,139
The effects of the risk mitigation option in respect of VFA contracts	12	-	-	-	12
Interest accrued	152	173	99	-	424
Effects of changes in interest rates and other financial assumptions (including inflation)	237	(38)	136	-	335
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	(1)	9	-	-	8
Total financing expenses, net arising from insurance contracts recognized in the statement of income	4,502	181	235	-	4,918
Financing income (expenses), net arising from reinsurance contracts:					
Interest accrued	5	23	30	-	58
Effects of changes in interest rates and other financial assumptions (including inflation)	(2)	(10)	40	-	28
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	1	-	-	-	1
Foreign exchange gains, net	-	-	36	-	36
Total financing income, net arising from reinsurance contracts recognized in the statement of income	4	13	106	-	123
Increase in investment contract liabilities on account of the yield component	-	-	-	(1,350)	(1,350)
Total investment and financing income, net recognized in the statement of income	190	304	366	1,032	1,892

Note 9 - Profit (loss) from investments and financing, net (continued)

	For the three-month period ended June 30, 2026 (Unaudited)				
	Life insurance and long-term savings	Health insurance	Non-life insurance	Other operating segments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Investment gains (losses), net:					
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	3,999	72	-	1,354	5,425
Gains (losses) from other investments, net:					
Interest income calculated using the effective interest method	9	-	-	259	268
Net impairment losses on financial assets	-	-	-	(8)	(8)
Other investment gains, net	496	365	310	375	1,546
Share in profits of equity accounted investees, closely related to investment activities	2	1	4	34	41
Total gains from other investments, net	507	366	314	660	1,847
Total investment gains, net recognized in the statement of income	4,506	438	314	2,014	7,272
Financing expenses, net arising from insurance contracts:					
Change in insurance contract liabilities arising from changes in the fair value of the underlying items of VFA contracts	3,845	22	-	-	3,867
The effects of the risk mitigation option in respect of VFA contracts	8	-	-	-	8
Interest accrued	74	87	48	-	209
Effects of changes in interest rates and other financial assumptions (including inflation)	256	53	191	-	500
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	4	-	-	-	4
Total financing expenses, net arising from insurance contracts recognized in the statement of income	4,187	162	239	-	4,588
Financing income (expenses), net arising from reinsurance contracts:					
Interest accrued	3	12	15	-	30
Effects of changes in interest rates and other financial assumptions (including inflation)	(2)	(114)	57	-	(59)
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	1	-	-	-	1
Foreign exchange gains, net	-	-	34	-	34
Total financing income (expenses), net arising from reinsurance contracts recognized in the statement of income	2	(102)	106	-	6
Increase in investment contract liabilities on account of the yield component	-	-	-	(1,356)	(1,356)
Total investment and financing income, net recognized in the statement of income	321	174	181	658	1,334

Note 9 - Profit (loss) from investments and financing, net (continued)

	For the six-month period ended June 30, 2025 (Unaudited)				
	Life insurance and long-term savings	Health insurance	Non-life insurance	Other operating segments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Investment gains (losses), net:					
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	3,141	81	-	921	4,143
Gains (losses) from other investments, net:					
Interest income calculated using the effective interest method	2	-	-	358	360
Net impairment losses on financial assets	-	-	-	(7)	(7)
Other investment gains, net	499	358	500	326	1,683
Share in profits (losses) of equity accounted investees, closely related to investment activities	-	2	(18)	5	(11)
Total gains from other investments, net	501	360	482	682	2,025
Total investment gains, net recognized in the statement of income	3,642	441	482	1,603	6,168
Financing expenses (income), net arising from insurance contracts:					
Change in insurance contract liabilities arising from changes in the fair value of the underlying items of VFA contracts	3,047	45	-	-	3,092
The effects of the risk mitigation option in respect of VFA contracts	36	-	-	-	36
Interest accrued	152	162	93	-	407
Effects of changes in interest rates and other financial assumptions (including inflation)	230	74	124	-	428
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	(1)	16	-	-	15
Foreign exchange losses, net	-	-	(2)	-	(2)
Total financing expenses, net arising from insurance contracts recognized in the statement of income	3,464	297	215	-	3,976
Financing income (expenses), net arising from reinsurance contracts:					
Interest accrued	3	22	27	-	52
Effects of changes in interest rates and other financial assumptions (including inflation)	(5)	(92)	34	-	(63)
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	(1)	4	-	-	3
Foreign exchange gains, net	-	-	45	-	45
Total financing income (expenses), net arising from reinsurance contracts recognized in the statement of income	(3)	(66)	106	-	37
Increase in investment contract liabilities on account of the yield component	-	-	-	(937)	(937)
Total investment and financing income, net recognized in the statement of income	175	78	373	666	1,292

Note 9 - Profit (loss) from investments and financing, net (continued)

	For the three-month period ended June 30, 2025 (Unaudited)				
	Life insurance and long-term savings	Health insurance	Non-life insurance	Other operating segments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Investment gains (losses), net:					
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	3,069	43	-	870	3,982
Gains (losses) from other investments, net:					
Interest income calculated using the effective interest method	1	-	-	183	184
Net impairment losses on financial assets	-	-	-	(6)	(6)
Other investment gains, net	514	310	397	251	1,472
Share in gains (losses) of equity accounted investees closely related to investment activities	(2)	2	(26)	5	(21)
Total gains from other investments, net	513	312	371	433	1,629
Total investment gains, net recognized in the statement of income	3,582	355	371	1,303	5,611
Financing expenses (income), net arising from insurance contracts:					
Change in insurance contract liabilities arising from changes in the fair value of the underlying items of VFA contracts	2,979	9	-	-	2,988
The effects of the risk mitigation option in respect of VFA contracts	34	-	-	-	34
Interest accrued	78	79	51	-	208
Effects of changes in interest rates and other financial assumptions (including inflation)	251	145	143	-	539
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	3	9	-	-	12
Foreign exchange gains, net	-	-	(1)	-	(1)
Total financing expenses, net arising from insurance contracts recognized in the statement of income	3,345	242	193	-	3,780
Financing income (expenses), net arising from reinsurance contracts:					
Interest accrued	1	11	14	-	26
Effects of changes in interest rates and other financial assumptions (including inflation)	(5)	(137)	41	-	(101)
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	-	4	-	-	4
Foreign exchange gains, net	-	-	61	-	61
Total financing income (expenses), net arising from reinsurance contracts recognized in the statement of income	(4)	(122)	116	-	(10)
Increase in investment contract liabilities on account of the yield component	-	-	-	(886)	(886)
Total investment and financing income (loss), net recognized in the statement of income	233	(9)	294	417	935

Note 9 - Profit (loss) from investments and financing, net (continued)

	For the year ended December 31, 2025 (Audited)				
	Life insurance and long-term savings	Health insurance	Non-life insurance	Other operating segments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Investment gains (losses), net:					
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	7,705	194	-	2,462	10,361
Gains (losses) from other investments, net:					
Interest income calculated using the effective interest method	4	-	-	824	828
Net impairment losses on financial assets	-	-	-	(9)	(9)
Other investment gains, net	937	698	972	609	3,216
Share in losses of equity accounted investees, closely related to investment activities	(9)	(5)	(14)	(6)	(34)
Total gains from other investments, net	932	693	958	1,418	4,001
Total investment gains, net recognized in the statement of income	8,637	887	958	3,880	14,362
Financing expenses, net arising from insurance contracts:					
Change in insurance contract liabilities arising from changes in the fair value of the underlying items of VFA contracts	7,469	102	-	-	7,571
The effects of the risk mitigation option in respect of VFA contracts	88	-	-	-	88
Interest accrued	306	323	195	-	824
Effects of changes in interest rates and other financial assumptions (including inflation)	363	(70)	237	-	530
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	(3)	51	-	-	48
Foreign exchange gains, net	-	-	(4)	-	(4)
Total financing expenses, net arising from insurance contracts recognized in the statement of income	8,223	406	428	-	9,057
Financing income, net arising from reinsurance contracts:					
Interest accrued	7	41	58	-	106
Effects of changes in interest rates and other financial assumptions (including inflation)	(2)	(71)	67	-	(6)
Effect of the difference between discounting at current interest rate and discounting at original interest rate of changes in FCF attributed to CSM	-	(1)	-	-	(1)
Foreign exchange gains, net	-	-	78	-	78
Total financing income (expenses), net arising from reinsurance contracts recognized in the statement of income	5	(31)	203	-	177
Increase in investment contract liabilities on account of the yield component	-	-	-	(2,463)	(2,463)
Total investment and financing income, net recognized in the statement of income	419	450	733	1,417	3,019

Note 10 - Fair value of financial instruments

The various fair value levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted market prices included within Level 1 that are observable, either directly or indirectly.

Level 3: inputs that are not based on observable market data (unobservable inputs).

When a market price cannot be quoted for financial instruments because there is no active market, the fair value is estimated using recognized pricing models, such as the present value of future cash flows discounted at a risk-free interest rate plus a credit margin reflecting the financial instrument’s inherent risk. The estimation of fair value based on future cash flow projections and determining the interest rate and credit margin is subjective. Therefore, for most financial instruments, the fair value valuation does not necessarily indicate their realizable value on the reporting date. The valuation was based on the interest rates in effect at the reporting date, without accounting for volatility. Assuming other interest rates, the fair value may be substantially different.

<u>The main methods and assumptions used for estimating the fair value of financial instruments:</u>

- Securities and other marketable investments - by market value;
- Non-marketable debt instruments, except designated government bonds of the Makam type – The fair value of non-marketable debt assets measured at fair value through profit or loss, as well as non-marketable financial debt assets for which information regarding fair value is provided for disclosure purposes only, is determined by discounting the expected cash flows from them. The discount rates are based on the yields of government bonds and the spreads of corporate bonds, as measured on the Tel Aviv Stock Exchange. The interest rates used for discounting are determined by a company that won a tender published by the Ministry of Finance for the establishment and operation of a database of price quotes and interest rates for institutional entities. On March 2, 2025, the Capital Market, Insurance and Savings Authority announced that it had selected Ness Fair Value Ltd. as the provider valuing the non-marketable debt assets of institutional entities, replacing Fair Margin Ltd., which had served as the valuation provider since 2011. The valuation at the end of 2025 is based on the fair value determined by Fair Margin Ltd. Starting from January 2026, the valuations are based on the fair value determined by Ness Fair Value Ltd. In summary, the valuation methodology of Ness Fair Value Ltd. takes into account, according to a predetermined order of priority, the scope of data regarding the issuer, in order to select the specific valuation model. Thus, depending on the scope of observable data, data such as the share price of the debt instrument issuer, spreads on marketable bonds of the issuer, details of the issuer’s accounting balance sheet or the credit rating of the instrument issued are taken into account in determining the current quoted spread, according to the relevant valuation group. With the start of using the new valuation provider Ness Fair Value Ltd., as described above, a total of investments in non-marketable debt instruments in the amount of NIS 13,591 million were reclassified from Level 2 to Level 3;

- Designated government bonds of the Makam type – Designated government bonds of the Makam type (the "Makam Bonds") are non-marketable and non-transferable bonds issued and redeemed under a series of agreements signed between insurance companies and the State of Israel. They are allocated according to a certain percentage of insurance liabilities for insurance contracts that include a savings component guaranteeing a return to the insured. The fair value calculation is performed according to the indirect approach, whereby fair value is calculated as the amortized cost of the Makam Bonds plus the excess value arising from the difference between the stated interest on the Makam Bonds and the risk-free interest-rate curve, plus an illiquidity premium used in the financial statements. This calculation is similar to the calculation method applied under the Solvency II-based economic solvency regime. The cash flow estimate of the Makam Bonds is derived from the estimate of the future development of the backed insurance liabilities, calculated according to the allocation framework in the Makam Bonds Circular: Insurance Circular 2023-1-6, "Amendment to the Consolidated Circular Provisions" – Chapter 3, Part 4, Gate 5, "Report to the Capital Market Commissioner – Makam Bonds", dated March 21, 2023. Therefore, it includes assumptions regarding significant unobservable data, such as the take-up rate (TUR), mortality, retirement age and cancellation rates.

Note 10 - Fair value of financial instruments (continued)

The main methods and assumptions used for estimating the fair value of financial instruments (continued):

- Non-marketable equity instruments – The fair value of non-marketable equity instruments measured at fair value through profit or loss is determined through valuations usually provided by independent external valuers. The main inputs in these valuations include, inter alia, future profits, dividends, market discount rates and profit multiples of comparable companies.

- Derivative financial instruments – Derivative financial instruments that have an active market are valued according to market value. Where there are several markets in which the instrument is traded, the valuation is performed according to the most active market.

- Derivative financial instruments that are not marketable in an active market are valued according to various models, depending on the type of derivative, used by the Company in its ordinary course of business and taking into account the risks inherent in the financial instrument, including market risk, credit risk, etc.

- Other investments – This item consists mainly of investments in exchange-traded funds, participation certificates in mutual funds and investment funds, and structured products whose fair value is based on net asset value (NAV), usually provided by independent third parties, mainly investment managers.

- Financial liabilities:

  The fair value of financial liabilities for which information regarding their fair value is provided for disclosure purposes only, is determined by discounting the expected cash flows from them.

Note 10 - Fair value of financial instruments (continued)

A. Financial instruments held against yield-dependent contracts

1. Fair value of financial instruments by levels

The following table presents an analysis of the financial assets (liabilities) held against yield-dependent insurance and investment contracts measured at fair value through profit or loss.

	As at June 30, 2026 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	NIS million	**NIS million**	**NIS million**	**NIS million**
Financial assets:				
Non-marketable debt instruments	**-**	**-**	**8,843**	**8,843**
Marketable debt instruments	**23,118**	**3,068**	**-**	**26,186**
Equity instruments	**20,720**	**565**	**1,609**	**22,894**
Other investments	**12,484**	**1,125**	**10,177**	**23,786**
Total financial assets	**56,322**	**4,758**	**20,629**	**81,709**
Financial liabilities:				
Derivative instruments	**152**	**244**	**-**	**396**
Total financial liabilities	**152**	**244**	**-**	**396**

	As at June 30, 2025 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	NIS million	**NIS million**	**NIS million**	**NIS million**
Financial assets:				
Non-marketable debt instruments	-	9,039	1,008	10,047
Marketable debt instruments	19,466	3,600	-	23,066
Equity instruments	12,416	24	2,134	14,574
Other investments	14,740	948	10,974	26,662
Total financial assets	46,622	13,611	14,116	74,349
Financial liabilities:				
Derivative instruments	3	232	-	235
Total financial liabilities	3	232	-	235

	As at December 31, 2025 (Audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	NIS million	**NIS million**	**NIS million**	**NIS million**
Financial assets:				
Non-marketable debt instruments	-	7,990	965	8,955
Marketable debt instruments	21,214	2,349	-	23,563
Equity instruments	16,374	278	1,968	18,620
Other investments	13,468	643	10,733	24,844
Total financial assets	51,056	11,260	13,666	75,982
Financial liabilities:				
Derivative instruments	73	143	-	216
Total financial liabilities	73	143	-	216

Note 10 - Fair value of financial instruments (continued)

A. Financial instruments held against yield-dependent contracts (continued)

2. Financial instruments measured at fair value in Level 3

	For the six-month period ended June 30, 2026 (Unaudited)			
	Financial assets			
	Non-marketable debt instruments	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million
Balance as of January 1, 2026	**965**	**1,968**	**10,733**	**13,666**
Total gains (losses) recognized:				
In profit or loss (*)	**643**	**(101)**	**(245)**	**297**
Interest and dividend receipts	**(106)**	**(59)**	**(329)**	**(494)**
Purchases	**1,144**	**147**	**554**	**1,845**
Sales	**-**	**(346)**	**(423)**	**(769)**
Redemptions	**(1,793)**	**-**	**(113)**	**(1,906)**
Transfers to Level 3**	**7,990**	**-**	**-**	**7,990**
Balance as of June 30, 2026	**8,843**	**1,609**	**10,177**	**20,629**

(*) Recognized in the item investment gains (losses), net from assets held against yield-dependent insurance and investment contracts

Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of June 30, 2026:				
Investment losses, net from assets held against yield-dependent insurance and investment contracts	**643**	**(101)**	**(245)**	**297**

** With the start of using the new valuation provider Ness Fair Value Ltd., as described above, a total of investments in non-marketable debt instruments in the amount of NIS 7,990 million were reclassified from Level 2 to Level 3

Note 10 - Fair value of financial instruments (continued)

A. Financial instruments held against yield-dependent contracts (continued)

2. Financial instruments measured at fair value in Level 3 (continued)

	For the three-month period ended June 30, 2026 (Unaudited)			
	Financial assets			
	Non-marketable debt instruments	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million
Balance as of April 1, 2026	**8,902**	**1,947**	**10,688**	**21,537**
Total gains (losses) recognized:				
In profit or loss (*)	**688**	**(113)**	**(350)**	**225**
Interest and dividend receipts	**(24)**	**(55)**	**(175)**	**(254)**
Purchases	**656**	**126**	**308**	**1,090**
Sales	**-**	**(296)**	**(228)**	**(524)**
Redemptions	**(1,379)**	**-**	**(66)**	**(1,445)**
Balance as of June 30, 2026	**8,843**	**1,609**	**10,177**	**20,629**

(*) Recognized in the item investment gains (losses), net from assets held against yield-dependent insurance and investment contracts

Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of June 30, 2026:				
Investment gains (losses), net from assets held against yield-dependent insurance and investment contracts	**688**	**(98)**	**(350)**	**240**

Note 10 - Fair value of financial instruments (continued)

A. Financial instruments held against yield-dependent contracts (continued)

2. Financial instruments measured at fair value in Level 3 (continued)

	For the six-month period ended June 30, 2025 (Unaudited)			
	Financial assets			
	Non-marketable debt instruments	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million
Balance as of January 1, 2025	872	2,137	11,382	14,391
Total gains (losses) recognized:				
In profit or loss (*)	16	(38)	(50)	(72)
Interest and dividend receipts	(38)	(19)	(570)	(627)
Purchases	231	84	902	1,217
Sales	-	(30)	(689)	(719)
Redemptions	(73)	-	(1)	(74)
Balance as of June 30, 2025	1,008	2,134	10,974	14,116

(*) Recognized in the item investment gains (losses), net from assets held against yield-dependent insurance and investment contracts

Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of June 30, 2025:				
Investment gains (losses), net from assets held against yield-dependent insurance and investment contracts	16	(41)	(35)	(60)

	For the three-month period ended June 30, 2025 (Unaudited)			
	Financial assets			
	Non-marketable debt instruments	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million
Balance as of April 1, 2025	1,066	2,205	11,777	15,048
Total gains (losses) recognized:				
In profit or loss (*)	(4)	(84)	(589)	(677)
Interest and dividend receipts	(25)	(10)	(188)	(223)
Purchases	17	43	395	455
Sales	-	(20)	(421)	(441)
Redemptions	(46)	-	-	(46)
Balance as of June 30, 2025	1,008	2,134	10,974	14,116

(*) Recognized in the item investment gains (losses), net from assets held against yield-dependent insurance and investment contracts

Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of June 30, 2025:				
Investment losses, net from assets held against yield-dependent insurance and investment contracts	(23)	(87)	(573)	(683)

Note 10 - Fair value of financial instruments (continued)

A. Financial instruments held against yield-dependent contracts (continued)

2. Financial instruments measured at fair value in Level 3 (continued)

	For the year ended December 31, 2025 (Audited)			
	Financial assets			
	Non-marketable debt instruments	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million
Balance as of January 1, 2025	872	2,137	11,382	14,391
Total gains (losses) recognized:				
In profit or loss (*)	10	(156)	(115)	(261)
Interest and dividend receipts	(98)	(51)	(1,020)	(1,169)
Purchases	402	117	1,595	2,114
Sales	-	(79)	(1,085)	(1,164)
Redemptions	(221)	-	(24)	(245)
Balance as of December 31, 2025	965	1,968	10,733	13,666

(*) Recognized in the item investment gains (losses), net from assets held against yield-dependent insurance and investment contracts

Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of December 31, 2025:				
Investment gains (losses), net from assets held against yield-dependent insurance and investment contracts	10	(166)	(99)	(255)

Note 10 - Fair value of financial instruments (continued)

B. Other financial instruments not held against yield-dependent contracts

1. Fair value of financial instruments by levels

The table below presents an analysis of financial instruments measured at fair value through profit or loss.

	As at June 30, 2026 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Financial assets:				
Non-marketable debt instruments except designated bonds	**-**	**5,666**	**6,154**	**11,820**
Designated bonds	**-**	**-**	**6,705**	**6,705**
Marketable debt instruments	**9,815**	**1,116**	**-**	**10,931**
Equity instruments	**3,374**	**494**	**917**	**4,785**
Other investments	**1,607**	**280**	**4,184**	**6,071**
Total financial assets	**14,796**	**7,556**	**17,960**	**40,312**
Financial liabilities:				
Derivative instruments	**2,106**	**2,934**	**-**	**5,040**
Total financial liabilities	**2,106**	**2,934**	**-**	**5,040**

	As at June 30, 2025 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Financial assets:				
Non-marketable debt instruments except designated bonds	-	15,137	506	15,643
Designated bonds	-	-	6,765	6,765
Marketable debt instruments	10,561	424	-	10,985
Equity instruments	1,982	-	1,087	3,069
Other investments	1,598	373	4,167	6,138
Total financial assets	14,141	15,934	12,525	42,600
Financial liabilities:				
Derivative instruments	4,371	3,988	-	8,359
Total financial liabilities	4,371	3,988	-	8,359

Note 10 - Fair value of financial instruments (continued)

B. Other financial instruments not held against yield-dependent contracts (continued)

1. Fair value of financial instruments by levels (continued)

	As at December 31, 2025 (Audited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Financial assets:				
Non-marketable debt instruments except designated bonds	-	9,636	383	10,019
Designated bonds	-	-	6,658	6,658
Marketable debt instruments	11,746	603	-	12,349
Equity instruments	2,683	76	1,049	3,808
Other investments	1,296	241	4,144	5,681
Total financial assets	15,725	10,556	12,234	38,515
Financial liabilities:				
Derivative instruments	911	2,182	-	3,093
Total financial liabilities	911	2,182	-	3,093

2. Financial instruments measured at fair value in Level 3

	For the six-month period ended June 30, 2026 (Unaudited)				
	Financial assets				
	Non-marketable debt instruments except designated bonds	Designated bonds	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million	NIS million
Balance as of January 1, 2026	**383**	**6,658**	**1,049**	**4,144**	**12,234**
Total gains (losses) recognized in profit or loss (*)	**275**	**181**	**(10)**	**4**	**450**
Interest and dividend receipts	**(183)**	**(134)**	**(28)**	**(132)**	**(477)**
Purchases	**1,958**	**3**	**234**	**347**	**2,542**
Sales	**-**	**-**	**(328)**	**(179)**	**(507)**
Redemptions	**(1,880)**	**(3)**	**-**	**-**	**(1,883)**
Transfers to Level 3**	**5,601**	**-**	**-**	**-**	**5,601**
Balance as of June 30, 2026	**6,154**	**6,705**	**917**	**4,184**	**17,960**
(*) Recognized in the item gains (losses) from other investments, net					
Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of June 30, 2026:					
Investment gains (losses), net from assets held against non-yield-dependent insurance and investment contracts, equity and other liabilities	**275**	**181**	**(10)**	**4**	**450**

** With the start of using the new valuation provider Ness Fair Value Ltd., as described above, a total of investments in non-marketable debt instruments in the amount of NIS 5,601 million were reclassified from Level 2 to Level 3

Note 10 - Fair value of financial instruments (continued)

B. Other financial instruments not held against yield-dependent contracts (continued)

2. Financial instruments measured at fair value in Level 3 (continued)

	For the three-month period ended June 30, 2026 (Unaudited)				
	Financial assets				
	Non-marketable debt instruments except designated bonds	Designated bonds	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million	NIS million
Balance as of April 1, 2026	**5,900**	**6,543**	**1,238**	**4,297**	**17,978**
Total gains (losses) recognized in profit or loss (*)	**141**	**296**	**(24)**	**(139)**	**274**
Interest and dividend receipts	**(119)**	**(134)**	**(28)**	**(73)**	**(354)**
Purchases	**1,198**	**3**	**2**	**222**	**1,425**
Sales	**-**	**-**	**(271)**	**(123)**	**(394)**
Redemptions	**(966)**	**(3)**	**-**	**-**	**(969)**
Balance as of June 30, 2026	**6,154**	**6,705**	**917**	**4,184**	**17,960**
(*) Recognized in the item gains (losses) from other investments, net					
Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of June 30, 2026:					
Investment gains (losses), net from assets held against non-yield-dependent insurance and investment contracts, equity and other liabilities	**141**	**296**	**(24)**	**(139)**	**274**

	For the six-month period ended June 30, 2025 (Unaudited)				
	Financial assets				
	Non-marketable debt instruments except designated bonds	Designated bonds	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million	NIS million
Balance as of January 1, 2025	440	6,638	1,014	4,232	12,324
Total gains (losses) recognized in profit or loss (*)	46	260	35	18	359
Interest and dividend receipts	(9)	(135)	(9)	(249)	(402)
Purchases	71	3	52	291	417
Sales	-	(1)	(5)	(125)	(131)
Redemptions	(42)	-	-	-	(42)
Balance as of June 30, 2025	506	6,765	1,087	4,167	12,525
(*) Recognized in the item gains (losses) from other investments, net					
Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of June 30, 2025:					
Investment gains, net from assets held against non-yield-dependent insurance and investment contracts, equity and other liabilities	46	260	35	18	359

Note 10 - Fair value of financial instruments (continued)

B. Other financial instruments not held against yield-dependent contracts (continued)

2. Financial instruments measured at fair value in Level 3 (continued)

	For the three-month period ended June 30, 2025 (Unaudited)				
	Financial assets				
	Non-marketable debt instruments except designated bonds	Designated bonds	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million	NIS million
Balance as of April 1, 2025	521	6,594	1,061	4,387	12,563
Total gains (losses) recognized in profit or loss (*)	(1)	304	(3)	(190)	110
Interest and dividend receipts	(9)	(135)	(6)	(57)	(207)
Purchases	13	3	40	75	131
Sales	-	(1)	(5)	(48)	(54)
Redemptions	(18)	-	-	-	(18)
Balance as of June 30, 2025	506	6,765	1,087	4,167	12,525
(*) Recognized in the item gains (losses) from other investments, net					
Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of June 30, 2025:					
Investment gains (losses), net from assets held against non-yield-dependent insurance and investment contracts, equity and other liabilities	46	260	29	(179)	156

	For the year ended December 31, 2025 (Audited)				
	Financial assets				
	Non-marketable debt instruments except designated bonds	Designated bonds	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million	NIS million
Balance as of January 1, 2025	440	6,638	1,014	4,232	12,324
Total gains (losses) recognized in profit or loss (*)	2	427	(31)	(17)	381
Interest and dividend receipts	(37)	(271)	(9)	(402)	(719)
Purchases	218	74	83	577	952
Sales	-	-	(8)	(246)	(254)
Redemptions	(240)	(210)	-	-	(450)
Balance as of December 31, 2025	383	6,658	1,049	4,144	12,234
(*) Recognized in the item gains (losses) from other investments, net					
Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as of December 31, 2025:					
Investment gains (losses), net from assets held against non-yield-dependent insurance and investment contracts, equity and other liabilities	(4)	427	13	385	821

Note 10 - Fair value of financial instruments (continued)

C. Financial instruments measured at fair value for disclosure purposes only

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables corresponds to or is close to their fair value.

The table below presents the carrying amount and the fair value of the balance of financial instruments that are not measured at fair value:

	As at June 30, 2026 (Unaudited)	
	Carrying amount	Fair value
	NIS million	NIS million
Non-marketable financial assets:		
Deposits with banks and financial institutions	**15,748**	**15,748**
Loans	**4,024**	**4,118**
Total financial assets	**19,772**	**19,866**
Financial liabilities:		
Bank loans	**610**	**589**
Non-bank loans	**100**	**100**
Repurchase obligation (REPO)	**301**	**301**
Loans from other related parties	**106**	**108**
Bonds	**22,814**	**22,609**
Structured bonds	**64**	**64**
Commercial paper	**600**	**600**
Short-term credit from banks and others	**1,779**	**1,779**
Financial guarantees	**24**	**25**
Other liabilities	**18**	**18**
Total financial liabilities	**26,416**	**26,193**

	As at June 30, 2025 (Unaudited)	
	Carrying amount	Fair value
	NIS million	NIS million
Non-marketable financial assets:		
Deposits with banks and financial institutions	10,835	10,835
Loans	2,500	2,500
Total financial assets	13,335	13,335
Financial liabilities:		
Bank loans	876	845
Non-bank loans	200	200
Loans from other related parties	180	209
Bonds	17,670	17,605
Commercial paper	200	200
Short-term credit from banks and others	619	619
Financial guarantees	63	56
Other liabilities	24	23
Total financial liabilities	19,832	19,757

Note 10 - Fair value of financial instruments (continued)

C. Financial instruments measured at fair value for disclosure purposes only (continued)

	As at December 31, 2025 (Audited)	
	Carrying amount	Fair value
	NIS million	NIS million
Non-marketable financial assets:		
Deposits with banks and financial institutions	13,110	13,111
Loans	2,982	2,888
Total financial assets	16,092	15,999
Financial liabilities:		
Bank loans	668	643
Non-bank loans	100	100
Repurchase obligation (REPO)	32	32
Loans from other related parties	105	105
Bonds	19,526	19,638
Structured bonds	176	176
Commercial paper	350	350
Short-term credit from banks and others	1,574	1,574
Financial guarantees	61	56
Other liabilities	17	17
Total financial liabilities	22,609	22,691

Note 11 - Contingent liabilities, guarantees and commitments

A. Contingent liabilities

There is a general exposure, which cannot be assessed and/or quantified, arising, among other things, from the complexity of the services provided by the Group to its insureds and customers. The complexity of these arrangements inherently includes potential for interpretive and other claims, among other things, due to information gaps between Group companies and the other parties to insurance contracts and other Group products, relating to a long range of commercial and regulatory terms including claims regarding the manner of investing insureds' and members' funds. It is not possible to predict in advance the types of claims that will be raised in this area and the exposure arising from such claims and others in connection with the Group's products, raised within the framework of various legal proceedings, including through the discussion mechanism established in the class action lawsuits law.

New interpretation of insurance policies and long-term pension products may sometimes affect the Group's future profitability with respect to the existing portfolio, in addition to exposure inherent in requirements to compensate customers for past activities. There is also exposure due to regulatory changes and Commissioner instructions, in circulars that are in effect and in draft circulars that are still being discussed, as well as "Commissioner positions" and "principal rulings" on various issues, some of which have extensive operational and legal implications. This exposure is heightened in the areas of pension savings and long-term insurance, including health insurance. In these areas, the engagements with insureds, members and customers are for many years during which changes in policy, regulation and legal trends may occur, including court rulings. These rights are managed through complex mechanical systems, which, in light of the changes mentioned above, need to be continuously adapted. All these create increased operational and mechanical exposure in these areas. The institutional entities in the Group have an enforcement plan within which they act to examine compliance with regulatory provisions and remedy deficiencies as they are discovered.

In addition, there exists general exposure, arising from the fact that complaints are filed from time to time against the institutional entities in the Group with the Capital Market, Insurance and Savings Authority regarding insureds' rights under insurance policies and/or law. These complaints are handled routinely by the company's Public Complaints Department. The Capital Market, Insurance and Savings Authority's rulings on these complaints, if and to the extent a ruling is given, may be given as cross-cutting rulings, applicable to broad groups of insureds. In addition, sometimes, the complainants even threaten to take action regarding their complaint within the framework of a class action lawsuit. At this time, it is not possible to assess whether there is exposure in respect of such complaints and it is not possible to assess whether a cross-cutting ruling by the Commissioner will be given regarding such complaints and/or whether class action lawsuits will be filed as a result of such proceedings and it is also not possible to assess the potential exposure to such complaints. Therefore, no provision was included for such exposure. In addition, within the framework of the policy implemented by the Capital Market, Insurance and Savings Authority, to deepen controls and audits at institutional entities, the Capital Market, Insurance and Savings Authority conducts from time to time in-depth audits regarding the activities of the institutional entities in the Group, in various areas of activity. Following these audits, the Ministry of Finance may impose fines and/or monetary sanctions and may also give instructions for making changes with respect to various actions taken, both for the future and for the past. In cases of such instructions regarding the past, the Capital Market, Insurance and Savings Authority may demand return of funds or changes in terms towards insureds and/or members in a manner that may impose financial liabilities on the Company's subsidiaries and/or increase the exposure of the subsidiaries that are insurers to a broader variety of insured events that will be covered due to such instructions in policies that were issued.

Within the framework of audits conducted by various regulatory authorities, including the Capital Market, Insurance and Savings Authority, several in-depth audits were and are being held during the reporting period in the areas of Pension & Provident funds, health insurance, non-life insurance, claims settlement in life insurance and long-term care insurance areas, information systems and computerized databases, customer service and public inquiries, as well as statistical data collection (claims).

Within the framework of Group companies' investments in debt assets, the investing companies are signatories to indemnification letters, which are not limited in amount, vis-à-vis the trustees of the debt assets. In these indemnification letters, the Group companies (like other investors in the same debt assets) undertook towards the trustees to indemnify the trustees for any expense imposed on them within the framework of handling debt arrangements, as handled by them and to the extent that such expense is not paid by the company that owns the assets.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

Group companies hold several debt assets that are in an arrangement process. The exposure in respect of indemnification letters given for such debt assets is not material.

In connection with the merger of Dikla's insurance activity into Harel Insurance, and in accordance with the request of Clalit Health Services, which is Dikla's main customer and with which, within the framework of the engagement with it, Dikla provides operational and management services for the complementary health insurance plan and the long-term care plan for the fund's members, Harel Insurance signed an indemnification letter, whereby it undertook to indemnify Clalit Health Services General for damages that will be caused to Clalit, if and to the extent they are caused, as a result of the split of the activity, under the terms detailed in the indemnification letter.

On December 1, 2021, Harel Insurance acquired Shirbit's insurance activity, including the rights and obligations inherent therein.

Following are details regarding exposure in respect of class action lawsuits and requests for recognition of lawsuits as class actions filed against the Company and/or Group companies.

In requests for approval of class action lawsuits detailed below, in which, in management's assessment, based, among other things, on legal opinions it received, it is not more likely than not that the Company's (or subsidiary's) defense arguments will be rejected and approval of the lawsuit as a class action will be accepted, or there is a 50% or higher chance that at the end of the proceeding the Company's (or subsidiary's) arguments will be accepted or a settlement arrangement is proposed, which does not include a material obligation for monetary payment will be accepted, no provision was included in the financial statements. In requests for approval of class action lawsuits in which, with respect to the claim, in whole or in part, it is more likely than not that the Company's defense arguments may be rejected, provisions to cover the exposure assessed by the Company's management and/or the managements of subsidiaries were included in the financial statements. In the assessment of the Company's management, based, among other things, on legal opinions it received, adequate provisions were included in the financial statements, where provisions were required, to cover the exposure assessed by the Company and/or subsidiaries.

In requests for approval of class action lawsuits in sections 21, 27, 38, 39, 41, 43, 44, 45, 46, 47, 48, 49, and 50 below, it is not possible at this preliminary stage to assess the likelihood of the request for approval of the lawsuit as a class action, and therefore no provision was included in the financial statements for these lawsuits.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

1. In January 2008, an action was filed against the subsidiary Harel Insurance and against 4 additional insurance companies (hereinafter together: “the Defendants”) at the Tel Aviv District Court and a request for its approval as a class action lawsuit. The subject of the lawsuit is the claim that the defendants collected "sub-annual factor payment" (a payment that insurance companies are entitled to collect when the insurance tariff is set at an annual amount, but the actual payment is made in several installments) unlawfully. According to the plaintiffs, the damage caused to the plaintiffs amounts to NIS 1,683.54 for each insurance year. According to the plaintiffs' assessment, the amount of the claim for all members of the group they seek to represent against all defendants is approximately NIS 2.3 billion, of which approximately NIS 307 million against Harel Insurance Company. In February 2010, the court approved a request for a discussion arrangement between the parties, according to which the plaintiff will delete from the request and lawsuit the claim that Harel Insurance collected a sub-annual factor payment rate exceeding the permitted rate also for policies issued before 1992. In accordance with the court's instruction, the plaintiff filed an action and request for its approval as an amended class action lawsuit. In December 2013, the Commissioner submitted his position, supporting the defendants' position that there is no prohibition on collecting sub-annuals on the policy factor, on the savings component in life insurance combined with savings and on other risk policies, including long-term care, disability and accident disability. In July 2016, the Tel Aviv District Court approved conducting the claim as a class action lawsuit in connection with collecting sub-annual factor on the premium component called the policy factor and on the savings component in life insurance policies combined with savings, as well as in connection with collecting sub-annual factor in health, disability, critical illness, disability and long-term care policies. In December 2016, a request for leave to appeal the Tel Aviv District Court decision was filed. Following the Supreme Court's decision from January 2017, the respondents responded to the request for leave to appeal the decision to approve the lawsuit as a class action and the request was heard before a panel. In April 2017, the Supreme Court granted the defendants' request for stay of execution and determined that the discussion in the trial court would be stayed until a decision on the request for leave to appeal and on the appeal. In May 2018, the Supreme Court accepted the request for leave to appeal, considered it as an appeal and accepted it while canceling the District Court's judgment and rejecting the request for approval of the class action lawsuit. In June 2018, Harel Insurance was served with a request for an additional hearing on the judgment, filed by the plaintiffs to the Supreme Court. In its decision from July 2019, the Supreme Court ordered an additional hearing on the judgment before a panel of seven judges. In November 2019, the Attorney General announced his appearance in the proceeding and in February 2020 submitted his position according to which he supports the judgment's determinations and the trend reflected in it to strengthen the weight that should be given to the regulator's professional position in interpreting his instructions and that according to his system there is no place to intervene in the decision determined in the judgment in question regarding the adoption of the Capital Market Authority's interpretive position. In July 2020, an additional hearing on the judgment was held before a panel of seven judges and in July 2021 a judgment was given in the additional hearing, according to which the District Court's decision, which determined that the approval request is accepted will be restored and stand, and the case will be returned to the District Court for the purpose of discussing the class action lawsuit. The parties are in the process of mediation.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

2. In May 2013, an action and request for its approval as a class action were filed at the Tel Aviv District Court against the subsidiary Harel Insurance. The subject of the lawsuit is the claim that Harel Insurance refrains, allegedly, from paying insurance benefits to its insureds, together with linkage differentials and interest, from the date of occurrence of the insured event until the date of payment of insurance benefits, or alternatively, from the expiration of 30 days from submission of the demand for receiving insurance benefits until the date of payment of insurance benefits. The total alleged damage to all members of the group amounts to sums ranging between approximately NIS 168 million to approximately NIS 807 million. The mediation process conducted between the parties was unsuccessful and the discussion of the lawsuit resumed in court. On August 30, 2015, the Tel Aviv District Court partially accepted the approval request, such that conducting the claim as a class action lawsuit was approved with respect to the claim regarding non-payment of interest as required in section 28(a) of the Insurance Contract Law (hereinafter: "the Law") and the request was rejected insofar as it relates to the claim that Harel Insurance does not link insurance benefits in accordance with the provisions of section 28(a) of the Law. The total alleged damage to all members of the group with respect to the company according to the amended statement of claim amounts, according to the plaintiffs' assessment, to approximately NIS 120 million. In October 2015, a request for leave to appeal the decision to approve the request as a class action was filed. In accordance with the court's recommendation, the defendants withdrew the request for leave to appeal in August 2016. In February 2021, a partial judgment was given in the lawsuit (hereinafter: "the Partial Judgment"), adopting the determination in the approval decision according to which the class action lawsuit is accepted. The definition of the group according to the Partial Judgment is every beneficiary (insured, beneficiary or third party) who during the period beginning three years before filing the lawsuit and ending on the date of giving the Partial Judgment, received from Harel Insurance, not according to a court judgment in his matter, insurance benefits without lawful interest attached to them. The court also determined that for the purpose of implementing the judgment, determining the manner of restitution to group members and calculating the restitution, an expert will be appointed and also determined that expenses will be paid to the representative plaintiffs and attorney's fees to their legal representatives. In May 2021, Harel Insurance filed an appeal to the Supreme Court on the Partial Judgment. In June 2021, the Supreme Court accepted the defendants' request to stay execution of the Partial Judgment in the sense that the procedure for appointing an expert for the purpose of executing the Partial Judgment will be stayed until a decision in the appeal proceeding. In November 2022, the Supreme Court rejected the appeal on the Partial Judgment, in the absence of grounds for judicial intervention in an interim decision. It was further determined that the appropriate place for clarifying the appeal arguments is within the framework of an appeal on the final judgment. The parties are in the process of mediation.
3. In April 2014, an action and request for its approval as a class action were filed at the Tel Aviv District Court against the subsidiary Harel Insurance. The subject of the lawsuit includes the claim that Harel Insurance pays insureds in a disability and long-term care insurance policy participating in profits of the "Essential" type (hereinafter: "the Policy") a monthly compensation amount (composed of "monthly compensation" and "bonus balance"), calculated, allegedly, contrary to the Policy provisions and also that Harel Insurance does not pay, allegedly, insureds in the Policy the bonus accumulated for them until the date of payment of the first monthly compensation according to the Policy. The total alleged damage to all members of the group that the plaintiff seeks to represent amounts to approximately NIS 381 million. In March 2019, the Tel Aviv District Court approved conducting the claim as a class action lawsuit (hereinafter: "the Decision"). The group in whose name the class action lawsuit will be conducted is all insureds in participating life insurance policies managed at Harel Insurance, within which insurance benefits are paid based on the Rm formula. In July 2019, Harel Insurance filed a request for leave to appeal the Decision to the Supreme Court. In July 2019, Harel Insurance was served with an appeal to the Supreme Court, filed by the applicant in the approval request, on the part of the Decision whereby the District Court decided not to approve conducting the claim as a class action on grounds of deception and also for not including within the framework of defining the group in the class action lawsuit also past insureds including beneficiaries and heirs of insureds in the insurance policies for which the claim was approved as a class action. In a hearing held at the Supreme Court in September 2021, the group for which the claim was approved as a class action was narrowed by agreement and it was clarified that it also includes past insureds and that the limitation period for insurance benefits is 3 years. Subject to this, the request for leave to appeal and the appeal were rejected, with the parties' consent. The parties are in the process of mediation.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

4. In July 2014, a motion was filed in the Lod-Center District Court for certification of a claim as a class action against the subsidiary Harel Pension & Provident and against four other pension management companies (“the Defendants”). The subject of the lawsuit is the claim that the defendants raise the management fees paid by members in pension funds from the accumulated savings (accumulated balance) to the maximum rate permitted by law, at the time when the members become pensioners, receive old-age benefits and can no longer transfer their pension savings. In such a manner, the defendants, allegedly, exercise their contractual right, granted to them according to the pension fund regulations, improperly, in bad faith and contrary to the law. The total alleged damage to all members of the group that the plaintiffs seek to represent amounts, according to the plaintiffs' assessment, to approximately NIS 48 million against all defendants. The court transferred the request to obtain the Commissioner's position on questions arising from the approval request. In September 2017, the Commissioner's position was submitted supporting the defendants' position according to which there should be no comparison between the rate of management fees collected from a member during the savings period and the rate of management fees collected from a benefit recipient after his retirement, since these are two different periods with different characteristics. Management fees after retirement are determined anew upon retirement and without connection to the rate of management fees before retirement and therefore this is not about raising management fees, but about setting a rate of management fees for the retirement period. Therefore, the "management fees circular" relating to the obligation to give notice to members by the managing companies does not apply at all with respect to setting management fees for pensioners; and the obligation to give notice of a change in management fees under the circular did not apply to the managing companies when dealing with benefit recipients. The mediation process conducted between the parties was unsuccessful and the discussion of the lawsuit resumed in court. In March 2022, the Central District Court in Lod approved conducting the claim as a class action lawsuit. The group in whose name the class action lawsuit will be conducted is anyone who is a member of a comprehensive pension fund, belonging to one of the defendants, and entitled to receive old-age pension and/or will be entitled in the future to receive old-age pension. The parties are in the process of mediation. In January 2026, a request for approval of a settlement arrangement was filed with the court by the class action plaintiffs and the defendants, whereby it was agreed that Harel Pension & Provident pay the group members, as defined in the settlement arrangement, a one-time compensation and will also add disclosure regarding the management fee rate according to which the conversion coefficient for retirees is calculated, all in accordance with the details in the settlement arrangement.
5. In September 2015, an action and request for its approval as a class action were filed at the Lod Central District Court against the subsidiaries Harel Insurance and Dikla Insurance Agency Ltd. (formerly "Dikla Insurance Company Ltd.") ("Dikla") and against three other insurance companies (hereinafter together: “the Defendants”). The subject of the lawsuit is the claim that the defendants adopted, allegedly, an interpretive position according to which for the purpose of recognizing an insured within the framework of clarifying a long-term care claim as one for whom a condition of "lack of control over sphincters" exists, this condition must be a result of urological or gastroenterological disease or defect only. This, allegedly, contrary to the insurance policy provisions. The plaintiffs do not quantify the total alleged damage to all members of the group they seek to represent, but they estimate it at hundreds of millions of shekels. The mediation process conducted between the parties was unsuccessful and the discussion of the lawsuit resumed in court. In April 2020, the Central District Court approved conducting the claim as a class action lawsuit against Harel Insurance, against Dikla and against two additional insurance companies, on grounds of breach of the long-term care insurance contract that led to non-payment of long-term care insurance benefits or payment of insufficient long-term care insurance benefits, due to non-recognition of insureds as entitled to scoring for the action of "control over sphincters". The group in whose name the class action lawsuit will be conducted is anyone who was insured in long-term care insurance, sold by one of the defendants against whom conducting the claim as a class action was approved, and suffered from loss of his independent ability to control bowel function or urinary function, as a result of a combination of a defect in sphincter control that does not amount to organic loss of control with a poor functional condition, and despite the above did not receive from the defendants against whom conducting the claim as a class action was approved (as applicable) scoring for the action of "control over sphincters" within the framework of examining his claim for receiving long-term care insurance benefits, in a manner that led to harm to his rights to insurance benefits in the period between September 8, 2012 and the date of approving conducting the lawsuit as a class action. The parties are in the process of mediation.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

5. (continued)
On November 3, 2025, a request for approval of a settlement arrangement was filed with the court by the plaintiffs and by Harel Insurance and Dikla, whereby it was agreed, among other things, that Harel Insurance and Dikla will pay the group members defined in the settlement agreement, compensation at the rate defined in the settlement agreement, from the amount of insurance benefits to which the group members were entitled had their claim been accepted, and that starting from the date of filing the request for approval of the settlement arrangement, Harel Insurance and Dikla will examine claims for receiving long-term care insurance benefits in accordance with the principles established in the procedure formulated within the framework of the mediation process conducted by the parties.

6. In September 2015, an action and request for its approval as a class action were filed at the Tel Aviv District Court against Shirbit and against an additional insurance company. The subject of the lawsuit is the claim that Shirbit refrains, allegedly, from paying insurance benefits to its insureds, together with linkage differentials and interest, for the period from the date of occurrence of the insured event until the date of payment of insurance benefits, or alternatively, for the period from the expiration of 30 days from delivery of the insurance claim until the date of actual payment of insurance benefits. The total alleged damage to group members against Shirbit is approximately NIS 10 million. In May 2021, the Tel Aviv District Court accepted the approval request. The definition of the group according to the judgment is every beneficiary (insured, beneficiary or third party) who during the period beginning three years before filing the lawsuit and ending on the date of approving the lawsuit as a class action, received from Shirbit, not according to a court judgment given in his matter, insurance benefits without lawful interest attached to them. In September 2021, Shirbit, together with additional insurance companies sued in several approval requests with the same claim (hereinafter: “the Defendants”), filed a request to stay proceedings in the lawsuit, until a decision on the appeal filed to the Supreme Court within the framework of another class action lawsuit approved in the same matter against other insurance companies, including Harel Insurance (see section (a)(2) above). In October 2021, the court rejected the request to stay proceedings. In January 2022, the defendants filed an additional request to stay proceedings. In March 2022, the District Court ordered staying proceedings until a decision is given on the appeal filed to the Supreme Court in the parallel claim and ordered joint management of the lawsuit after the decision on the appeal. In November 2022, the Supreme Court rejected the appeal on the partial judgment in the parallel claim, in the absence of grounds for judicial intervention in an interim decision. It was further determined that the appropriate place for clarifying the appeal arguments is within the framework of an appeal on the final judgment. In May 2023, the court canceled its decision regarding joint management of the lawsuit with the parallel claim and ordered separation of discussion between the claims.

7. In June 2018, an action and request for its approval as a class action were filed at the Jerusalem District Court against the subsidiary Harel Insurance and against an additional insurance company (hereinafter together: “the Defendants”). The subject of the lawsuit is the claim that the defendants refuse to recognize surgery for which there is a medical need to perform it, as an insured event according to the terms of their health insurance policies, claiming that it is preventive surgery. The plaintiff does not estimate the total alleged damage to all members of the group she seeks to represent. In September 2020, the court ordered obtaining the Commissioner's position on issues arising from the approval request. In February 2021, the Commissioner's position was received, according to which in accordance with the proper and required interpretation of the definition of the term "surgery" according to Insurance Circular 2004/20 concerning definitions of medical procedures in health insurance (hereinafter: "the Surgery Circular"), issued by the Insurance Commissioner, a private health insurance policy grants the insured a safety net against diseases included in the policy, including coverage for surgeries that will prevent the development or outbreak of those diseases. In January 2022, the Jerusalem District Court approved conducting the claim as a class action lawsuit. The group in whose name the class action lawsuit will be conducted is every person who entered into a health insurance contract with the defendants, including insurance coverage for surgeries, and whose claim for performing surgery was rejected on the grounds that it is "preventive" surgery not covered by the policy (even if the reason was presented differently in the rejection letter). In May 2022, the subsidiary Harel Insurance filed a request for leave to appeal the decision to the Supreme Court. In January 2024, the Supreme Court rejected the request for leave to appeal and the request for leave to appeal filed by the additional defendant, determining that there is a reasonable possibility that the questions arising in the approval request will be decided in favor of the group and permitted its conduct as a class action lawsuit.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

7. (continued)
The mediation process conducted by the parties was unsuccessful. In October 2025, a judgment was given in the lawsuit adopting the conclusions in the approval decision, with respect to policies marketed by Harel Insurance prior to 2011. Regarding policies marketed by Harel Insurance as from 2011, which included an appendix or rider covering preventive surgery, the court ruled that such policies do not provide coverage for preventive surgery for individuals who did not purchase the appendix or rider. The court further ruled that the defendants will pay the plaintiff an award and attorney’s fees in immaterial amounts. In December 2025, the plaintiff filed an appeal on the judgment with the Supreme Court. In February 2026, the additional plaintiff filed a counter-appeal on the judgment with the Supreme Court.

8. In February 2019, an action and request for its approval as a class action were filed at the Lod Central District Court against the subsidiary Harel Insurance. The subject of the lawsuit is the claim that Harel Insurance demanded from insureds in a group insurance policy for Israel Electric Corporation employees, who received insurance benefits from which taxes were not withheld at source, to return to it the amounts of money paid by it for such tax payments. The plaintiff does not quantify the total alleged damage to all members of the group he seeks to represent but he estimates that it exceeds NIS 3 million. In July 2020, Harel Insurance filed a request with the court to dismiss the request for approval of the claim as a class action lawsuit in limine. In September 2020, the court granted Harel Insurance's request to dismiss the request for approval of the claim as a class action lawsuit in limine and ordered deletion of the approval request in limine. In November 2020, Harel Insurance was served with an appeal on the judgment, filed by the plaintiff to the Supreme Court. After a hearing held before it in February 2022, the Supreme Court ordered the Attorney General to submit his position on a principal issue arising from the appeal. In September 2022, the Attorney General submitted her position according to which there is no place for approving conducting representative defense by way of judicial legislation, but only by way of primary legislation, together with this, in appropriate cases it is possible to conduct a class action lawsuit for declaratory relief. In January 2023, the Supreme Court accepted the appeal, and returned the discussion to the Central District Court, so that it will discuss the request for approval of a class action lawsuit from the beginning. In August 2026, the court partially approved conducting the claim as a class action lawsuit. The group (which is narrower than the definition of the group in the request for approval of a class action lawsuit) in whose name the class action lawsuit will be conducted is insureds of Harel Insurance who received a first demand, after more than seven years had elapsed, for payment of a "debt" to Harel Insurance in respect of tax payments that were not withheld in the years 2010-2011 by Harel Insurance and who paid Harel Insurance the amounts, in whole or in part, as well as an insured of Harel Insurance (one of the class plaintiffs) who received a first demand, after more than seven years had elapsed, for payment of a tax debt in respect of insurance benefits paid to him in the years 2010-2011 and did not pay the requested amount.
9. In June 2019, an action and request for its approval as a class action were filed at the Tel Aviv-Jaffa District Court against the subsidiary Harel Insurance and against three additional insurance companies (hereinafter together: “the Defendants”). The subject of the lawsuit is the claim that the defendants refrain, allegedly, from paying interest on insurance benefits to their insureds, from the end of 30 days from the date of delivering the claim. This action and request deal with the same cause of action dealt with by a previous action and request for its approval as a class action (hereinafter: "the First Claim") that was approved for conduct as a class action lawsuit partially in August 2015 (hereinafter: "the Approval Decision") by the Tel Aviv District Court and which is currently being clarified on its merits (see section (a)(2) above), but they relate to a different period from that for which the First Claim was approved and it was filed allegedly by the applicants for caution and in parallel to their request to expand the group represented within the framework of the First Claim also to the period from giving the Approval Decision until the date of giving judgment. The plaintiffs estimate the total alleged damage to all members of the group they seek to represent against Harel Insurance at approximately NIS 90 million, and against all defendants at approximately NIS 264.4 million. In July 2020, the Tel Aviv District Court ordered staying proceedings until giving judgment in the First Claim.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

10. In May 2020, an action and request for its approval as a class action were filed at the Tel Aviv District Court against the subsidiary Harel Pension & Provident and against thirteen additional managing companies (hereinafter together: "the Defendants"). The subject of the lawsuit is the claim that the defendants classify, allegedly, part of the contributions for their customers to the training funds they manage, as contributions subject to tax, even though they are not such. The plaintiffs do not quantify the total alleged damage with respect to all members of the group they seek to represent but they estimate it, on the low side, at hundreds of millions of shekels. In April 2021, a request for permission to file a third-party notice against the Tax Authority was filed. In August 2021, the Tax Authority responded to the request and claimed, among other things, that in its position, the approval request should have been filed in an appropriate proceeding against the Tax Authority and not against the defendants and that there is no place for approving the request in the manner it was filed. It also requested the court to order the Tax Authority's joinder as a respondent to the proceeding and to order it to submit its position to the claims detailed in the approval request. In February 2022, the court ordered the Tax Authority's joinder as a respondent in the proceeding. In August 2022, the Tax Authority's response was filed, and claimed, among other things, that the proceeding is not suitable for clarification as a class action proceeding and that the respondents act in these contexts as a "pipeline" for transferring funds. The Authority rejects the applicants' position according to which the calculation should be annual, clarifies that the calculation according to law should be monthly, and explains that in its circulars over the years it permitted performing cumulative monthly calculation. The parties are in the process of mediation.
11. In April 2020, an action and request for its approval as a class action were filed at the Haifa District Court against the subsidiary Harel Insurance, against Shirbit Insurance Company Ltd. and against ten additional insurance companies (hereinafter together: "the Defendants"). The subject of the lawsuit is the claim that the defendants do not return to their insureds in compulsory motor insurance, comprehensive and third party insurance premiums, paid by them, allegedly, in excess, given a material, alleged, reduction in the level of risk to which the defendants are exposed starting from March 2020, in light of reduced economic activity due to the coronavirus outbreak and the reduction in driving volume in its wake. The plaintiffs estimate the total alleged damage to all members of the group they seek to represent against Harel Insurance at approximately NIS 130 million, and against all defendants at approximately NIS 1.2 billion. In June 2020, the court ordered transferring discussion of the request to the Tel Aviv District Court. In October 2021, the Tel Aviv District Court ordered staying proceedings in the proceeding before it, until after the judgment in the proceeding concerning return of insurance premiums to insureds in business insurance policies, employers' liability insurance and third party insurance due to an alleged reduction in the level of risk to which the defendants are exposed due to the coronavirus outbreak and restrictions on economic activity, whereby the Haifa District Court rejected the request for approval of the lawsuit as a class action against Harel Insurance and additional insurance companies, becomes final (hereinafter: "the Judgment in the Additional Proceeding") or if an appeal on the judgment is filed to the Supreme Court - until giving judgment in the appeal. In December 2021, the District Court ordered removing the stay of proceeding, following the Judgement in the Additional Proceeding becoming final. In August 2025, the Tel Aviv District Court rejected the request for approval of the lawsuit as a class action and charged the plaintiffs to bear the defendants' expenses and attorney's fees in an amount to be divided equally among the defendants. In November 2025, the applicants in the approval requests filed an appeal on the judgment to the Supreme Court.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

12. In April 2020, an action and request for its approval as a class action were filed at the Central District Court against the subsidiary Harel Insurance, against six additional insurance companies and against the managing corporation of the pool for compulsory motor insurance ("the Pool") (hereinafter together: “the Defendants”). The subject of the lawsuit is the claim that the defendants do not return to their insureds in compulsory motor insurance, comprehensive and third party insurance premiums, paid by them, allegedly, in excess, given an extreme, alleged, reduction in the level of risk to which the defendants are exposed in light of a dramatic, alleged, decrease in the number of claims filed against the defendants due to reduced economic activity due to the coronavirus outbreak and an alleged reduction in traffic volume on roads and road accident rates in Israel in its wake. The plaintiffs estimate the total alleged damage to all members of the group they seek to represent against Harel Insurance at approximately NIS 110 million, and against all defendants at approximately NIS 720 million. In June 2020, the court ordered transferring discussion of the request to the Tel Aviv District Court. In October 2021, the Tel Aviv District Court ordered staying proceedings in the proceeding before it, until after the judgment in the proceeding concerning return of insurance premiums to insureds in business insurance policies, employers' liability insurance and third party insurance due to an alleged reduction in the level of risk to which the defendants are exposed due to the coronavirus outbreak and restrictions on economic activity, whereby the Haifa District Court rejected the request for approval of the lawsuit as a class action against Harel Insurance and additional insurance companies, becomes final (hereinafter: "the Judgment in the Additional Proceeding") or if an appeal on the judgment is filed to the Supreme Court - until giving judgment in the appeal. In December 2021, the District Court ordered removing the stay of proceeding, following the Judgement in the Additional Proceeding becoming final. In August 2025, the Tel Aviv District Court rejected the request for approval of the lawsuit as a class action and charged the plaintiffs to bear the defendants' expenses and attorney's fees in an amount to be divided equally among the defendants. In November 2025, the applicants in the approval request filed an appeal on the judgment to the Supreme Court.
13. In July 2020, an action and request for its approval as a class action were filed at the Lod Central District Court against the subsidiary Harel Insurance and against four additional insurance companies (hereinafter together: “the Defendants”), concerning the claim that the defendants do not reduce, allegedly, insurance premiums for insureds for whom exclusions were set due to an existing medical condition, even though the exclusions reduce, allegedly, the insurance risk relative to the risk in insurance policies of insureds for whom similar exclusions were not set. The plaintiffs estimate the total alleged damage to all members of the group they seek to represent against Harel Insurance at approximately NIS 760 million, and against all defendants at a total amount of NIS 1.9 billion.
14. In September 2020, an action and request for its approval as a class action were filed at the Tel Aviv District Court against the subsidiary Harel Insurance. The subject of the lawsuit is the claim that Harel Insurance does not disclose, allegedly, to its insureds in travel insurance, that the limitation, within the framework of baggage insurance, with respect to the maximum compensation amount for loss or theft of an item, also applies with respect to loss or theft of a valuable item. The plaintiffs estimate the total alleged damage to all members of the group they seek to represent at a total amount of approximately NIS 447 million. In December 2021, the court transferred the request to obtain the Commissioner's position regarding the dispute subject to the request for approval of the lawsuit as a class action. In March 2022, the Commissioner's position was submitted according to which Harel Insurance's interpretation is not consistent with the policy's simple wording. In April 2024, the Tel Aviv District Court approved conducting the claim as a class action lawsuit. The group in whose name the class action lawsuit will be conducted is anyone who purchased and/or was insured in a travel insurance policy with Harel Insurance in the three years preceding the filing of the approval request, and experienced an insured event of loss or theft of baggage defined as a "valuable item" worth more than $300, and was not compensated for the full amount, up to $500 by Harel Insurance. In July 2026, the parties filed a request with the court to approve a settlement agreement, within the framework of which it was agreed, inter alia, that Harel Insurance will pay the members of the group defined in the settlement agreement a one-time amount according to the mechanism set out in the settlement agreement. Likewise, Harel Insurance amended the wording of the baggage coverage chapter in the travel insurance policy.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

15. In December 2020, an action and request for its approval as a class action were filed at the Tel Aviv-Jaffa District Court against the subsidiary Harel Pension & Provident. The subject of the lawsuit is the claim that Harel Pension & Provident does not comply, allegedly, with the law provisions regarding locating members with whom contact was lost and regarding locating and notifying beneficiaries and heirs of members who passed away. It is further claimed that Harel Pension & Provident collected, allegedly, excess management fees in a manner contrary to the law provisions. The plaintiffs do not quantify the total alleged damage to all members of the group they seek to represent but they estimate it at tens and even hundreds of millions of shekels. In September 2022, the Tel Aviv District Court partially approved conducting the claim as a class action lawsuit. The group in whose name the class action lawsuit will be conducted is all beneficiaries and/or legal heirs of members who died, as well as all members with whom contact was lost and from whose accounts Harel Pension & Provident collected management fees at a rate exceeding the rate permitted by law, starting from 2006 until the date of filing the approval request. The parties are in the process of mediation.
16. In March 2021, an action and request for its approval as a class action were filed at the Central District Court against the subsidiary Harel Insurance. The subject of the lawsuit is the claim that Harel Insurance rejects, allegedly, unlawfully, claims of insureds in personal accident insurance policies for payment of compensation for hospitalization days at a medical center that is not a general hospital, claiming that a "hospital" according to its definition in the policy is a general hospital only, and that the policy was worded, allegedly, in a misleading manner and contrary to law, while violating Insurance Commissioner Circular 2001/9 concerning "adequate disclosure to the insured upon joining a health insurance policy". The plaintiff does not quantify the total alleged damage to all members of the group he seeks to represent but he estimates that it exceeds NIS 2.5 million. The parties are in the process of mediation.
17. In March 2021, an action and request for its approval as a class action were filed at the Tel Aviv District Court against the subsidiary Harel Insurance and against two additional insurance companies (hereinafter together: “the Defendants”). The subject of the lawsuit is the claim that the defendants reject, allegedly, claims of insureds in health insurance, including coverage for drugs not included in the health basket, for medical cannabis costs, even though allegedly, medical cannabis meets, allegedly, the definition of "drug" in the insurance policies. The plaintiffs estimate the total alleged damage to all members of the group they seek to represent against all defendants at a total amount of approximately NIS 79 million. The parties are in the process of mediation.
18. In April 2021, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the Company and against 14 different financial entities - banks, insurance companies, investment houses, credit companies and credit card companies (hereinafter together: “the Defendants”). The lawsuit concerns the claim that personal information of the defendants' customers, who use digital services on the websites and applications operated by the defendants, is allegedly transferred to third parties, particularly to Google and its advertising service, without the express consent of the customers. The plaintiffs do not quantify the total damage alleged for all members of the group they seek to represent but they estimate it at millions of shekels. The mediation proceeding conducted between the parties was unsuccessful and the discussion of the lawsuit has resumed in court.
19. In July 2021, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance and against six additional insurance companies (hereinafter together: “the Defendants”). The lawsuit concerns the claim that when calculating the monthly benefit paid to policyholders in life insurance policies "participating in investment portfolio profits," the defendants allegedly deduct from the monthly return accrued to the policyholders interest without proper grounding, allegedly, in the policy terms and without its rate being specified therein. The plaintiffs do not quantify the total damage alleged for all members of the group they seek to represent but they estimate that it exceeds NIS 2.5 million. The parties are conducting mediation proceedings.
20. In October 2021, a lawsuit and a motion for class action certification were filed with the Lod Central District Court against the subsidiary Harel Insurance and against another insurance company (hereinafter together: “the Defendants”). The lawsuit concerns the claim that the defendants allegedly unlawfully reject insurance claims of children with special needs, within the framework of long-term care insurance policies, despite them meeting, according to the plaintiffs' claim, the definition of "mentally disabled" under the policy, without examining whether their condition matches this definition. The plaintiffs estimate the total damage alleged for all members of the group they seek to represent against both defendants together at a total of approximately NIS 2.97 billion.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

21. In October 2021, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim, among other things, that Harel Insurance allegedly does not pay policyholders in profit-participating life insurance policies, whereby insurance benefits are paid based on the Rm formula, the full payments for investment profits according to the policy provisions and that it allegedly does not calculate the return rates according to the policy provisions. This lawsuit deals with causes of action partially parallel to the causes of action dealt with in a previous action and motion for class action certification - the Ben Ezra case (hereinafter: "the First Lawsuit"), which was approved for class action proceedings partially on March 27, 2019 by the Tel Aviv District Court, and whose scope was limited by the Supreme Court to only a number of specific policies (see section (a)(3) above). Therefore, this action and motion for class action certification was filed with respect to the remaining policies not included in the First Lawsuit. The plaintiff estimates the total damage alleged for all members of the group he seeks to represent at approximately NIS 1.4 billion.
22. In December 2021, a lawsuit and a motion for class action certification were filed with the Lod Central District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim that Harel Insurance allegedly raises the insurance premiums collected from its policyholders in apartment building insurance policies upon renewal without obtaining their express consent in advance to their increase. The plaintiffs do not quantify the total damage alleged for all members of the group they seek to represent but they estimate that it exceeds NIS 2.5 million. The parties conducted mediation proceedings that were unsuccessful and the discussion of the lawsuit has resumed in court. The parties have reached an agreement to conduct an additional mediation proceeding.
23. In March 2022, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim that Harel Insurance allegedly collected and collects from policyholders, unlawfully, premiums for insurance coverage for preventive surgery. The plaintiff does not quantify the total damage claimed for all members of the group he seeks to represent, but he estimates that it significantly exceeds NIS 2.5 million. The parties are conducting mediation proceedings.
24. In April 2022, a lawsuit and a motion for class action certification were filed with the Central District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim that Harel Insurance breaches its obligation to properly pay linkage differentials for insurance benefits paid in non-life insurance branches, regarding the period between the date of occurrence of the insurance event and the date of payment of insurance benefits. The plaintiff does not quantify the damage alleged for all members of the group he seeks to represent. The parties conducted mediation proceedings. In August 2024, the parties filed with the Central District Court a motion for approval of a settlement agreement, whereby it was agreed, among other things, that Harel Insurance will pay compensation to the group members as defined in the settlement agreement, for linkage differentials that were not properly paid to them on the date of payment of insurance benefits.
25. In September 2022, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance and against four additional insurance companies. The lawsuit concerns the claim that the defendants reimburse only insured women for expenses for fetal and infant examinations, thereby allegedly discriminating against men insured under their health insurance policies. The plaintiff does not estimate the total damage alleged for all members of the group he seeks to represent but estimates it at more than NIS 2.5 million. The parties are conducting mediation proceedings.
26. In September 2022, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim that Harel Insurance allegedly does not pay policyholders of "Preferred Bonus" health insurance policies (hereinafter: "the Policy") the full accumulated insurance premiums, contrary to the Policy provisions, and that Harel Insurance allegedly collects excess insurance premiums from policyholders of this Policy. The plaintiff does not estimate the total damage alleged for all members of the group he seeks to represent.
27. In May 2023, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim that Harel Insurance allegedly marketed a health insurance policy in which it was determined that a fourth child and beyond would receive free insurance coverage and despite this, allegedly charged for health insurance policy for a fourth child and beyond born after 2016. The plaintiffs do not quantify the total damage alleged for all members of the group they seek to represent, but they estimate that it exceeds NIS 2.5 million.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

28. In June 2023, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiaries, Harel Insurance Company Ltd., Harel Pension & Provident, against two additional insurance companies and against two additional managing companies (hereinafter: “the Defendants”), claiming that the defendants allegedly deducted tax from the "recognized pension" component that was tax-exempt, thereby allegedly reducing the amount of pension received by the group members, contrary to law. The plaintiffs estimate the total damage alleged for all members of the group they seek to represent at NIS 297 million.
29. In September 2023, a lawsuit and a motion for class action certification were filed with the Central District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim that Harel Insurance allegedly unlawfully rejects claims for coverage of expenses for "injection under ultrasound guidance" treatment of policyholders in health insurance policies, claiming that the treatment is an injection not included in the definition of surgery under the policies, allegedly in a misleading manner and contrary to law. The plaintiff does not quantify the total damage alleged for all members of the group he seeks to represent but estimates that it exceeds NIS 2.5 million. The parties conducted mediation proceedings.
30. In September 2023, a lawsuit and a motion for class action certification were filed with the Central District Court against the Company and against Marpet Ltd., in which the Company is the controlling shareholder (hereinafter together: “the Defendants”). The lawsuit concerns the claim that the defendants allegedly market veterinary services in a misleading manner and contrary to law. The plaintiff does not quantify the total damage alleged for all members of the group she seeks to represent but estimates that it exceeds NIS 2.5 million. In its decision from June 2024, the court referred the motion to the Commissioner of Insurance at the Capital Market, Insurance and Savings Authority for him to give his position regarding the disputes that are the subject of the motion for class action certification. In February 2025, the Capital Market, Insurance and Savings Authority (hereinafter: "the Authority") submitted its position regarding the certification motion, according to which the product marketed by Marpet is an insurance contract, when it also includes the option to purchase an addition, an appendix to the insurance contract ("Service Certificate"), for providing routine treatments by service providers. According to the Authority's position, even if part of the product marketed by Marpet includes a contract for providing services that is not an insurance contract, its sale within the framework of a contract that is essentially an insurance sales contract applies the relevant legal provisions to it ("the Regulator's Position"). In March 2026, the parties filed with the court a motion for approval of a settlement arrangement, whereby it was clarified that following the Regulator's Position, Marpet ceased marketing the product and it was also agreed, among other things, that Marpet will pay the group members, as defined in the settlement arrangement, a one-time compensation amount and will perform actions aimed at transferring its customers to a veterinary services insurance policy for dogs and cats through Harel Insurance Company Ltd., all in accordance with the details in the settlement arrangement.
31. In November 2023, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance and against seven additional insurance companies (hereinafter together: “the Defendants”). The lawsuit concerns the claim that in an extreme event such as the Swords of Iron War, there is allegedly expected to be a sharp decrease in risk and a large and unplanned profit is likely to be created for insurance companies, without appropriate relief that includes a significant reduction in premiums for policyholders, in policies where risk components have decreased significantly and in some of them do not exist at all if premium collection continues unchanged. The plaintiffs estimate the total damage alleged for all members of the group against all defendants at NIS 10 million.
32. In April 2024, a lawsuit and a motion for class action certification were filed with the Central District Court against the subsidiary Harel Insurance and against four other insurance companies/agencies (hereinafter together: “the Defendants”). The lawsuit concerns the claim that the defendants or those acting on their behalf allegedly violate the provisions of the Supervision of Financial Services Law (Insurance), 1981 and the provisions of the Insurance Commissioner, in that they allegedly sell comprehensive motor insurance policies that include service certificates for ancillary services as an integral part of the policies, without detailing the prices of the service certificates and without giving customers the option to choose between at least two service providers. The plaintiff estimates the total damage alleged for all members of the group he seeks to represent at over NIS 2.5 million, but notes that the amount cannot be accurately assessed. The parties are conducting mediation proceedings.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

33. In December 2024, a lawsuit and a motion for class action certification were filed with the Central District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim that Harel Insurance allegedly practices rejecting or paying insufficiently claims for special "**Ksharsutra**" treatment abroad, of policyholders in private health insurance policies covering special medical treatments abroad, when claims of policyholders in group insurance policies, allegedly covering the same medical event and under the same conditions - are approved by it, allegedly contrary to the policy provisions and contrary to law. The plaintiff does not quantify the total damage alleged for all members of the group claiming that the amount cannot be assessed at this stage.
34. In December 2024, a lawsuit and a motion for class action certification were filed with the Central District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim that in case of total loss of a vehicle (or constructive total loss), Harel Insurance allegedly calculates the vehicle's value in a manner that violates the insurance contract provisions and to the detriment of its customers, through allegedly improper deductions from the vehicle's value, and that it does not return the insurance premiums for the proportional part not used after the occurrence of the insurance event at their real value. The plaintiffs estimate the total damage alleged for all members of the group they seek to represent at over NIS 2.5 million. In October 2025, the applicant announced that he waives the claim concerning the return of the insurance premiums at their real value.
35. In December 2024, a lawsuit and a motion for class action certification were filed with the Central District Court against the subsidiary Harel Insurance. The lawsuit concerns the claim that Harel Insurance allegedly did not offer policyholders in a group long-term care insurance policy for Clalit Health Services retirees and their family members ("the Group Policy"), the option to transfer to a continuation individual policy, while maintaining insurance terms that were in the Group Policy, allegedly contrary to the policy provisions and law. The plaintiffs do not quantify the total damage alleged for all members of the group they seek to represent, but they estimate that it exceeds NIS 2.5 million.
36. In May 2025, a lawsuit and a motion for class action certification were filed with the Lod Central District Court against the subsidiary, Harel Insurance, and against additional insurance companies and insurance agencies (hereinafter together: “the Defendants”). The lawsuit concerns the claim that the defendants allegedly condition the sale of compulsory motor insurance on the purchase of an additional insurance product - comprehensive insurance, third-party insurance or other product, contrary to law. The plaintiff estimates the total damage alleged for all members of the group, against all defendants, at over NIS 2.5 million, but notes that the amount cannot be assessed at this stage.
37. In June 2025, a lawsuit and a motion for class action certification were filed with the Haifa Regional Labor Court against the subsidiary, Harel Insurance and against another insurance company (hereinafter together: “the Defendants”). The lawsuit concerns the claim that the defendants allegedly set the rate of insurance coverage that can be purchased within "managers insurance" plans, such that their cumulative rate exceeds 35% of the total deposit to the benefits component, allegedly contrary to law and in a manner that harms pension savings. The plaintiffs estimate the total damage alleged for all members of the group against both defendants, at over NIS 3 million.
38. In June 2025, a lawsuit and a motion for class action certification were filed with the Tel Aviv Regional Labor Court against the subsidiary, Harel Insurance. The lawsuit concerns the claim that Harel Insurance allegedly refrained and refrains from paying the group members their full salary and rights by refraining from including the full commissions for the purpose of paying sick pay, election day off for Knesset elections, overtime hours and vacation pay, allegedly contrary to law. The plaintiff does not quantify the total damage amount alleged for all group members and notes that it is unknown at this stage.
39. In July 2025, a lawsuit and a motion for class action certification were filed with the Lod Central District Court against the subsidiary, Harel Insurance. The lawsuit concerns the claim that Harel Insurance issues the same policyholder duplicate health insurance policies, within different group insurances, allegedly contrary to law. The plaintiff quantifies the total damage amount alleged for all group members at approximately NIS 120 million.
40. In September 2025, a lawsuit and a motion for class action certification were filed with the Lod Central District Court against the subsidiary, Harel Insurance. The lawsuit concerns the claim that Harel Insurance adopts an improper policy allegedly contrary to the terms of health insurance policies that include insurance coverage for surgeries, particularly coverage for surgeries and surgery-replacing treatments in Israel, by denying policyholders coverage for medical expenses paid to the medical institution where the surgery is performed, only because policyholders are not entitled to coverage for the surgeon's fee. The plaintiff estimates the total damage amount alleged for all group members at over NIS 2.5 million.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

41. In September 2025, a lawsuit and a motion for class action certification were filed with the Lod Central District Court. The lawsuit concerns the claim that Harel Insurance allegedly pays insufficient insurance benefits to victims (policyholders and third parties) whose vehicles suffered direct damage of the type "constructive total loss" (at a rate of at least 50% of its value on the day of the insurance event but less than 60%), and who chose the option of repairing the vehicle and not the option of delivering the vehicle to Harel Insurance, allegedly contrary to the policy terms and contrary to law. The plaintiff does not quantify the total damage alleged for all members of the group he seeks to represent, but estimates that it is over NIS 2.5 million.
42. In October 2025, a lawsuit and a motion for class action certification were filed with the Central District Court. The lawsuit concerns the claim that during automatic renewal of apartment building insurance policy, Harel Insurance raises the insurance premiums collected from its policyholders by canceling discounts to which the policyholders were entitled in previous insurance years, allegedly without obtaining the policyholders' consent in advance and contrary to law. The plaintiffs do not quantify the total damage alleged for all members of the group they seek to represent, but they estimate that it exceeds NIS 3 million.

Lawsuits filed during the Reporting Period

43. In January 2026, an action and request for its approval as a class action were filed at the Central District Court against the subsidiary, Harel Insurance. The subject of the lawsuit is the claim that within the framework of the "tracks reform" of the Capital Market, Insurance and Savings Authority, in which, inter alia, financial institutions were prohibited from maintaining an investment track that follows only one index, Harel Insurance allegedly changed an investment track in a life insurance policy of the savings type unilaterally, allegedly without the consent of the savers and without full disclosure being given regarding the nature of the change and contrary to the provisions of the policy and the law. The plaintiff estimates the total alleged damage to all members of the group he seeks to represent at NIS 125 million.
44. In March 2026, an action and request for its approval as a class action were filed at the Tel Aviv Regional Labor Court against the subsidiary, Harel Pension & Provident. The subject of the lawsuit is the claim that the "Harel Pension" pension fund managed by Harel Pension & Provident ("the Pension Fund") allegedly collects the full monthly premium in respect of the insurance coverage also for a period preceding the date of joining or renewing the insurance coverage during the month, allegedly contrary to the law and contrary to the Pension Fund's articles. The plaintiff estimates the total alleged damage to all members of the group he seeks to represent at over NIS 2.5 million and notes that the estimated calculation of the alleged group damage stands at approximately NIS 149 million.
45. In March 2026, an action and request for its approval as a class action were filed at the Tel Aviv District Court against the subsidiary, Harel Insurance. The subject of the lawsuit is the claim that upon the occurrence of an insured event within the framework of home contents insurance, Harel Insurance pays an amount lower than that stated in the policy, allegedly contrary to the terms of the policy and contrary to the law. The plaintiff does not quantify the total alleged damage to all members of the group she seeks to represent, but she estimates that it exceeds NIS 2.5 million.
46. In March 2026, an action and request for its approval as a class action were filed at the Central District Court against the Company and against Marpet Ltd., in which the Company is the controlling shareholder (hereinafter together: “the Defendants”). The subject of the lawsuit is the claim that the defendants allegedly increase insurance premiums without obtaining the positive consent of the insureds and without carrying out effective notification, all allegedly contrary to the law. The plaintiffs do not quantify the total alleged damage to all members of the group they seek to represent but they estimate that it exceeds NIS 2.5 million.
47. In May 2026, an action and request for its approval as a class action were filed at the Nazareth District Court against the subsidiary, Harel Insurance. The subject of the lawsuit is the claim that Harel Insurance allegedly refrains from paying interest and linkage differentials on insurance benefits to its insureds and to third parties, from the date the cause of action arose until the date of actual full payment, allegedly contrary to the law. The plaintiff does not quantify the total alleged damage to all members of the group he seeks to represent but estimates that it exceeds NIS 2.5 million.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

Lawsuits filed during the Reporting Period (continued)

48. In June 2026, an action and request for its approval as a class action were filed at the Haifa Regional Labor Court against the subsidiary, Harel Pension & Provident. The subject of the lawsuit is the claim that Harel Pension allegedly misleads its members, in that it presents the rate of the insurance premiums paid as a percentage of total employer deposits, including in respect of the severance pay component, allegedly contrary to the law. It is further claimed that due to the alleged calculation method, Harel Pension collects excess insurance premiums from members in certain cases, and this too allegedly contrary to the law. The plaintiff estimates the total alleged damage to all members of the group at an amount of over NIS 2.5 million.

Lawsuit filed after the Reporting Period

49. In July 2026, an action and request for its approval as a class action were filed at the Central District Court in Lod against the subsidiary, Harel Insurance. The subject of the lawsuit is the claim that Harel Insurance allegedly collects additional amounts from insureds following chargebacks or failure to collect insurance premiums, allegedly without any basis in the insurance policy and contrary to the law. The plaintiffs quantify the total alleged damage to all members of the group they seek to represent at NIS 5 million but note that this is an estimate.

Request for approval of a derivative action filed after the Reporting Period

50. In July 2026, a request for approval to file a derivative action against the Company was filed at the Tel Aviv District Court, Economic Department. The subject of the request is the claim that the Company's directors and officers were negligent and breached their duties in supervising the Company's actions, after the Company named the office building on Hahilazon Street in Ramat Gan "Beit M.A.H. named after Margot and Ernst Hamburger", the late parents of the controlling shareholders, without collecting any consideration from the controlling shareholders. According to the plaintiff, the controlling shareholders were thereby also unjustly enriched at the Company's expense. The plaintiff estimates the amount of the claim against the Company at over NIS 2.5 million.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

A. Contingent liabilities (continued)

Summary table:

The following table summarizes the amounts claimed as part of the contingent motions for the approval of class actions, actions that were certified as a class action, and other significant claims against the Company and/or subsidiaries, as specified by the plaintiffs in the suits they filed. It should be clarified that the amount claimed does not necessarily constitute the sum of the exposure estimated by the Company, given that these are the plaintiffs' estimates and they will be investigated in the litigation process.

Type	Number of claims	Amount claimed in NIS million
Actions certified as a class action:		
Amount pertaining to the Company and/ or subsidiaries is specified	5	1,265
Claim relates to several companies and no specific amount was attributed to the Company and/ or subsidiaries	1	48
Claim amount is not specified	4	
Pending motions for certification of actions as class actions:		
Amount pertaining to the Company and/ or subsidiaries is specified	9	2,927
Claim relates to several companies and no specific amount was attributed to the Company and/ or subsidiaries	4	3,356
Claim amount is not specified	26	
Other material claims:		
Claim amount is not specified	1	

The total provision amount for the claims filed against Group companies as detailed above for June 30, 2026, June 30, 2025 and December 31, 2025 amounts to approximately NIS 297 million, approximately NIS 238 million and approximately NIS 259 million, respectively.

As of June 30, 2026, out of the total provision amount, approximately NIS 272 million relates to claims and costs directly attributable to insurance contracts and are therefore included as part of measuring the liability for insurance contracts (as of June 30, 2025 - approximately NIS 220 million, as of December 31, 2025 - approximately NIS 236 million).

Note 11 - Contingent liabilities, guarantees and commitments (continued)

B. Lawsuits that reached conclusion during the Reporting Period

1. In March 2025, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance. The lawsuit concerned the claim that Harel Insurance allegedly sent advertising materials to group members in connection with the process of purchasing travel insurance on its website, without obtaining their express written consent in advance and when some of the group members are not Harel Insurance customers and did not contract with it for purchasing travel insurance, allegedly contrary to the Communications Law (Telecommunications and Broadcasting), 1982. In January 2026, a consensual motion for the applicant's withdrawal from the certification request was filed with the Tel Aviv District Court, whereby the court was requested to order the deletion of the certification request and the dismissal of the applicant's personal lawsuit against Harel Insurance. In January 2026, the court approved the applicant's withdrawal from the certification motion and ordered the deletion of the certification request.

2. In December 2024, a lawsuit and a motion for class action certification were filed with the Central District Court against the subsidiary Harel Insurance. The lawsuit concerned the claim that Harel Insurance allegedly acts contrary to law and commitment to its policyholders, by allegedly collecting, in dollar-denominated policies, insurance premiums calculated according to a dollar exchange rate higher than the representative dollar rate to which it committed. In September 2025, a motion for the applicant's withdrawal from the certification request was filed with the court, whereby the court was requested to approve the withdrawal and order the dismissal of her personal lawsuit. Within the withdrawal motion, Harel Insurance agreed to transfer to the fund for managing class actions the amounts collected in excess from group members in an amount that is not material. Additionally, Harel Insurance agreed to pay the applicant and her counsel fees and attorney fees in amounts that are not material. In January 2026, the court approved the applicant's withdrawal from the certification motion and ordered the deletion of the certification request and dismissal of the applicant's personal lawsuit.

3. In May 2024, a lawsuit and a motion for class action certification were filed with the Haifa District Court against the subsidiary Harel Insurance and against seven other insurance companies (hereinafter together: “the Defendants”). The lawsuit concerned claims that windshield installers acting on behalf of the defendants, within the framework of a service certificate for windshield insurance, do not perform calibration for safety systems installed on vehicle windshields during the removal of a broken windshield and installation of a new windshield, contrary to the Ministry of Transport regulations and vehicle manufacturers' instructions and that the defendants allegedly violate the indemnity principle and restoration to the previous state, and allegedly act contrary to the Supervision of Financial Services Law (Insurance), 1981 and the Insurance Commissioner's provisions, by refraining, allegedly, within the operation of the 'windshield insurance' service certificate for vehicles, from instructing windshield installers to perform calibration for safety systems installed on the vehicle's front windshield, during the removal of a broken windshield and installation of a new (replacement) windshield and allegedly refraining from noting this fact during the marketing of the service certificate or after delivery of the vehicle to the policyholder. In February 2026, a consensual motion for the applicants' withdrawal from the certification request against Harel Insurance was filed with the court, whereby the court is requested to approve the applicants' withdrawal from the certification request against Harel Insurance without costs order and to order the dismissal of the applicants' personal lawsuits, among other things in exchange for the applicants' and their counsel's undertaking to refrain from filing any proceeding against Harel Insurance related to the matters subject to the certification request. In February 2026, the court approved the applicants' withdrawal from the certification motion and ordered the dismissal of the applicants' personal lawsuits and deletion of the certification request.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

B. Lawsuits that reached conclusion during the Reporting Period (continued)

4. In October 2016, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance. The lawsuit concerned the claim that Harel Insurance allegedly did not disclose to its policyholders who purchased a long-term care insurance policy with variable premium what the premium would be collected from them starting at age 65 until the annual report for 2015 and despite the fact that, according to the plaintiff's claim, at age 65 the premium in this policy becomes hundreds of percent more expensive. In this, claims the plaintiff, Harel Insurance violates a statutory duty, violates the disclosure obligation, breaches contract, acts in bad faith, makes unjust enrichment and acts negligently. The plaintiff further claims that charging policyholders for future premiums according to rates unknown to them is an oppressive term in a standard contract. In July 2017, the court approved the plaintiff's request to amend the certification request so that it would also relate to the claim that Harel Insurance allegedly did not present to its policyholders before their joining date the premium to be paid by them starting at age 65 despite being required to do so according to the Commissioner's circular. In August 2017, an amended motion for class action certification was filed. The amended motion concerned the claim that Harel Insurance allegedly did not present to its policyholders in a long-term care insurance policy with variable premium the premium to be paid by them from age 65 onward before their joining the insurance within the joining form and/or in the general terms document. In March 2019, the court ordered the transfer of the request to receive the Commissioner's position regarding the dispute that is the subject of the certification request. In November 2019, the Commissioner's position was received according to which, the provisions of circular 2001/9 'Proper disclosure to the policyholder upon joining health insurance policies (hereinafter: "the Circular") of the Authority as well as the law provisions, require an insurer to present to the insurance candidate the manner of premium change upon insurance purchase, but the Circular text does not address the question of how this obligation should be fulfilled before joining and whether the only way to fulfill it is specifically in writing. The mediation proceeding conducted between the parties was unsuccessful and the discussion of the lawsuit has resumed in court. In February 2023, the parties notified the court that they succeeded in reaching agreements in principle. In July 2024, the parties filed with the Tel Aviv District Court a motion for approval of a settlement agreement, whereby it was agreed, among other things, that Harel Insurance will pay the group members a one-time compensation amount according to the mechanism set forth in the settlement agreement. In February 2026, the court gave the settlement agreement the force of judgment, whereby it was agreed, among other things, that Harel Insurance will pay the group members a one-time compensation amount according to the mechanism set forth in the settlement agreement and will also pay fees to the representative plaintiff and attorney fees to her counsel, in non-material amounts.

5. In September 2021, a lawsuit and a motion for class action certification were filed with the Jerusalem District Court ("the Court") against the subsidiaries, Harel Pension & Provident and Harel Insurance (hereinafter together: “the Defendants”). The lawsuit concerned the claim that the defendants allegedly send advertising notices in text messages and email, allegedly without obtaining the recipients' consent to receive advertising materials, without indicating that it is advertising, without including a notice regarding the right to refuse receiving advertising and without providing an actual option to refuse. This, allegedly contrary to the provisions of the Communications Law (Telecommunications and Broadcasting), 1982. In March 2024, the parties filed with the Jerusalem District Court a motion for approval of a settlement agreement, whereby it was agreed, among other things, that the defendants will compensate the eligible group members, as defined in the settlement agreement, by providing a defined quantity of travel insurance days, free of charge, which will be available for use by the eligible group members in accordance with the details in the settlement agreement. In May 2026, the court gave the force of judgment to an amended settlement agreement filed by the parties, subject to the Court's amendment of the fee amounts for the representative plaintiffs and attorney fees for their counsel. Within the settlement agreement it was agreed, among other things, that the defendants will compensate the eligible group members, as defined in the settlement agreement, by providing a defined quantity of travel insurance days, free of charge, which will be available for use by the eligible group members in accordance with the details in the settlement agreement.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

B. Lawsuits that reached conclusion during the Reporting Period (continued)

6. In March 2025, a lawsuit and a motion for class action certification were filed with the Ramla Magistrates' Court against Marpet Ltd., in which the Company is the controlling shareholder (hereinafter: "Marpet"). The lawsuit concerned the claim that Marpet allegedly collects payment for a video call service with a veterinarian outside of activity hours, allegedly in a misleading manner and contrary to the law. In December 2025, the parties filed a motion for a compensated withdrawal from the motion for certification. In May 2026, the Ramla Magistrates' Court approved the motion for withdrawal, ordered the deletion of the motion for certification and the dismissal of the applicant's personal claim.

7. In July 2023, a lawsuit and a motion for class action certification were filed with the Central District Court against the subsidiary Harel Insurance. The lawsuit concerned the claim that Harel Insurance allegedly transfers funds to its insureds by means of checks, instead of a bank transfer or a credit card refund, allegedly contrary to the provisions of the law. In October 2025, a motion for approval of a settlement arrangement was filed with the court, within the framework of which a restitution framework was agreed for Harel Insurance customers to whom funds in respect of insurance premiums were transferred by means of checks that were not cashed and were not credited by another means. It was likewise agreed that Harel Insurance will pay remuneration to the class plaintiff and legal fees to her counsel, in immaterial amounts. In June 2026, the settlement agreement was given the force of a judgment by the court.

C. Lawsuits that reached conclusion after the Reporting Period

1. In September 2023, a lawsuit and a motion for class action certification were filed with the Tel Aviv District Court against the subsidiary Harel Insurance and against seven other insurance companies (hereinafter together: “the Defendants”). The lawsuit concerned the claim that the defendants allegedly refuse to provide lifting towing services to insureds holding policies that include a service contract for the provision of vehicle towing services, allegedly without disclosure in the wording of the service contracts. In November 2024, the court ruled that the discussion should be split by way of filing separate motions for certification, and ordered the deletion of the motion for certification against some of the defendants, including Harel Insurance, and awarded costs in their favor. In January 2025, the applicants filed an appeal against the judgment with the Supreme Court. Harel Insurance notified the Supreme Court that it had reached agreements in principle for a withdrawal arrangement with the appellants and requested that the case be returned to the District Court. In June 2025, a judgment of the Supreme Court was given determining that the case would be returned to the District Court so that it would discuss the withdrawal arrangement. In January 2026, the parties filed with the court an agreed motion for a compensated withdrawal from the motion for certification of the lawsuit as a class action. In July 2026, the court approved the applicant's withdrawal from the motion for certification against Harel Insurance, and ordered the dismissal of the applicant's personal claim.

2. In January 2025, a lawsuit and a motion for class action certification were filed with the Tel Aviv Regional Labor Court against the subsidiary Harel Pension & Provident and against the old pension fund "H.E.L Pension Fund" (hereinafter: "H.E.L Pension Fund") managed by Harel Pension (hereinafter: “the Defendants”). The lawsuit concerned the claim that H.E.L Pension Fund should be compelled to revalue the pension paid to members and pensioners who are members of Plan A, as defined in the motion for certification of the lawsuit as a class action, despite the fact that at present the revaluation is allegedly performed only with respect to the pension of members and pensioners who are members of Plan B, as defined in the motion for certification of the lawsuit as a class action, including by merging the two existing articles in the H.E.L Fund into a single set of articles. Further to the parties' request, in July 2025 the court ordered the Commissioner to submit his position with respect to the motion for certification. In December 2025, the Commissioner's position was submitted according to which the motion for certification should be dismissed and instead Harel Pension & Provident should be permitted to make a decision independently as a trustee under the law. In August 2026, the Tel Aviv Regional Labor Court dismissed the motion for certification of the lawsuit as a class action and ordered the applicant to pay costs and attorneys' fees in favor of the defendants.

Note 11 - Contingent liabilities, guarantees and commitments (continued)

D. Lawsuit that ended in a judgment but a discussion regarding its implementation is pending

1. Further to the provisions of Note 30(d)(1) in the Annual Report for 2025, disputes arose between the parties in connection with implementation and operational issues relating to the implementation of the settlement arrangement in the class action, including whether a yield should be added to the restitution amount for the period between the reduction date (as defined in the settlement arrangement) of the policy factor component, and the date of actual execution of the restitution (hereinafter: "the Revaluation Issue"); and whether, in calculating the refund rate in respect of the savings component, risk coverages purchased in addition to the plan should be taken into account (hereinafter: "the Refund Rate Calculation Issue"). In April 2025, the parties filed with the court an update notice and a request for clarification regarding the issues in dispute (hereinafter: "the clarification request"). On August 14, 2025, the Attorney General's position regarding the clarification request was submitted (hereinafter: "the Attorney General's Position"), according to which the clarification request should be dismissed in its current format and that, inter alia, on the Revaluation Issue it should be ordered that the required yield be added up to the date of actual execution of the restitution; and with respect to the Refund Rate Calculation Issue, there is no place to take into account the additional risk coverages purchased, in calculating the refund rate in respect of the savings component. On September 21, 2025, a hearing was held before the court within the framework of which the court accepted the Attorney General's Position and the plaintiffs' position with respect to the Refund Rate Calculation Issue and determined that there is no place to take into account the additional coverages in calculating the savings rate. Likewise, the court accepted the Attorney General's Position and the plaintiffs' position also on the Revaluation Issue and determined that 90% of the yields up to the date of actual restitution should be added. In October 2025, the plaintiffs filed with the court a request for directions regarding the manner of calculating the refund rate and in November 2025 the defendants filed a request for an extension of the dates for implementing the settlement agreement (hereinafter: "the Two Requests"). In December 2025, the Attorney General's Position was received according to which the plaintiffs' request regarding the manner of calculating the refunds should be accepted and the defendants' request to postpone the dates set for implementing the settlement arrangement should be dismissed. In January 2026, the parties asked the court to freeze the decision on both requests since the parties are conducting a dialogue between them that may obviate the need for a decision on the requests. In April, the plaintiffs filed a notice with the court that it would not be possible to reach any agreement and a request for a decision on both requests. In May 2026, the court's decision on both requests was given, which determined that the plaintiffs' request is accepted with respect to the manner of calculating the refunds and the defendants' request is partially dismissed such that the defendants must carry out the restitution as soon as possible and at the latest within 75 days of the date of the decision.

Note 12 - Capital requirements in subsidiaries and equity

Capital requirements in subsidiaries

1. Economic solvency regime based on Solvency II

<u>Harel Insurance:</u>
Harel Insurance is subject to an economic solvency regime based on Solvency II in accordance with implementation instructions published in June 2017 and last updated in October 2020 (hereinafter: "Solvency Circular").

<u>Risk-based solvency ratio:</u>
Risk-based solvency ratio is calculated as the ratio between Harel Insurance's economic own funds and the Solvency Capital Requirement (SCR). The economic own funds are determined as the sum of capital arising from the economic balance sheet (see below) and debt instruments that include loss absorption mechanisms (additional Tier 1 capital, Tier 2 capital instrument, subordinated secondary capital, hybrid secondary capital and tertiary capital).

Economic balance sheet items are calculated according to economic value, where insurance liabilities are calculated on the basis of best estimate valuation of the totality of expected future cash flows from existing business, without conservatism margins, plus a Risk Margin.

The Solvency Capital Requirement (SCR) is intended to estimate the exposure of the economic own funds to a series of scenarios set in the Solvency circular reflecting insurance risks, market and credit risks as well as operational risks.

The Solvency circular includes transitional provisions regarding compliance with capital requirements that allow increasing the economic capital by deducting from insurance reserves an amount calculated in accordance with the Solvency circular (hereinafter: "the Deduction"). The Deduction will decrease gradually, until 2032 (hereinafter: "the Transitional Period"). Additionally, there is a different maximum recognition limitation for Tier 2 capital.

In accordance with the consolidated circular, an economic solvency ratio report for data as of December 31 and June 30 of each year will be included in the periodic report following the calculation date. Insurance circular 2025-1-3 dated July 2, 2025 regarding "Update of consolidated circular provisions regarding "Public reporting" and "Reporting to the Commissioner of the Capital Market" - reporting date for economic solvency ratio report and solvency reporting file" (hereinafter: "the Circular") determines that the schedules for publication of economic solvency ratio reports and their reporting of solvency files to the Commissioner will be synchronized with the financial statements for the same date, starting from the economic solvency ratio report as of December 31, 2026. Further to this, on June 7, 2026, a draft circular was published according to which, starting from the economic solvency ratio report as of December 31, 2026, the date of publication of the report and of reporting the solvency files to the Commissioner will be postponed and will be carried out by the end of the month following the date of publication of the financial statements for that period.

Additionally, in light of listing for trading on the main list of additional Tier 1 capital, and in accordance with Harel Insurance's commitments under the trust deed, starting from 2025 Harel Insurance will publish to the public an estimated quarterly solvency ratio, as of March 31 and as of September 30, within the periodic report following the calculation date. Calculation of the estimated quarterly solvency ratio is not audited and is not reviewed by the auditing accountant and the scope of controls performed by Harel Insurance for the purpose of publishing the estimate are fewer relative to those performed for the purpose of publishing a solvency ratio report published according to the Commissioner's guidelines. If Harel Insurance's solvency ratio after implementation of transitional provisions falls to 120% or less, Harel Insurance will publish quarterly a full solvency ratio report in semi-annual format, instead of the estimated ratio.

Note 12 - Capital requirements in subsidiaries and equity (continued)

Capital requirements in subsidiaries (continued)

1. Economic solvency regime based on Solvency II (continued)

Harel Insurance: (continued)

Harel Insurance's solvency ratio:

On May 26, 2026, simultaneously with approval of the financial statements as of March 31, 2026, Harel Insurance approved its economic solvency ratio report for data as of December 31, 2025. The aforementioned report is published on its website (website address: https://www.harel-group.co.il/about/harel-group/harel/investor-relations/Pages/repayment-ability.aspx).

According to the report, Harel Insurance has capital surplus even without considering transitional provisions.

The calculation performed by Harel Insurance for data as of December 31, 2025, was examined in accordance with the principles of international standard ISAE 3400 - Review of prospective financial information. This standard is relevant to audit of solvency calculation and does not constitute part of the audit standards applying to financial statements. In the special report of the auditing accountants, it was emphasized that the forecasts and assumptions are based mainly on past experience, as arising from actuarial studies conducted from time to time. In light of reforms in the capital market, insurance and savings and changes in the economic environment, past data does not necessarily reflect future results. The information is sometimes based on assumptions regarding future events, on management actions and on the future development pattern of the risk margin, which will not necessarily materialize or will materialize differently from the assumptions that served as the basis for the information. Additionally, actual results may differ materially from the information, since combined scenarios of events may materialize differently materially from the assumptions in the information.

In the special report of the auditing accountants it was noted that they did not examine the adequacy of the deduction amount in the transitional period as of December 31, 2025, except for examining that the deduction amount does not exceed the expected capitalized amount of the risk margin and the solvency capital requirement for life and health risks due to existing business during the transitional period according to the future development pattern of the required capital affecting both the calculation of expected capital release and expected risk margin release as detailed in the provisions regarding calculation of risk margin. Additionally, attention is drawn to what is stated in the solvency ratio report regarding uncertainty derived from regulatory changes and exposure to contingencies whose impact on the solvency ratio cannot be assessed.

It should be noted that the model in its current format has high sensitivity to changes in market and other variables, such as changes in interest rates, changes in investment returns, updates to actuarial assumptions and changes related to Harel Insurance's activity as well as regarding the uncertainty inherent in the actuarial and financial assumptions and forecasts used in preparing the report.

EMI:

EMI is subject to an economic solvency regime based on Solvency II in accordance with implementation instructions published in June 2017 and last updated in October 2020 (hereinafter: "Solvency Circular").

Risk-based solvency ratio:

Risk-based solvency ratio is calculated as the ratio between EMI's economic own funds and the Solvency Capital Requirement (SCR).

The economic own funds are determined as the sum of capital arising from the economic balance sheet (see below). Economic balance sheet items are calculated according to economic value, where insurance liabilities are calculated on the basis of best estimate valuation of the totality of expected future cash flows from existing business, without conservatism margins, plus a Risk Margin.

The Solvency Capital Requirement (SCR) is intended to estimate the exposure of the economic own funds to a series of scenarios set in the Solvency circular reflecting insurance risks, market and credit risks as well as operational risks.

Note 12 - Capital requirements in subsidiaries and equity (continued)

Capital requirements in subsidiaries (continued)

1. Economic solvency regime based on Solvency II (continued)

EMI: (continued)

In accordance with the consolidated circular, an economic solvency ratio report for data as of December 31 and June 30 of each year will be included in the periodic report following the calculation date. Insurance circular 2025-1-3 dated July 2, 2025 regarding "Update of consolidated circular provisions regarding "Public reporting" and "Reporting to the Commissioner of the Capital Market" - reporting date for economic solvency ratio report and solvency reporting file" (hereinafter: "the Circular") determines that the schedules for publication of economic solvency ratio reports and their reporting of solvency files to the Commissioner will be synchronized with the financial statements for the same date, starting from the economic solvency ratio report as of December 31, 2026. Further to this, on June 7, 2026, a draft circular was published according to which, starting from the economic solvency ratio report as of December 31, 2026, the date of publication of the report and of reporting the solvency files to the Commissioner will be postponed and will be carried out by the end of the month following the date of publication of the financial statements for that period.

EMI's solvency ratio:
On May 24, 2026, simultaneously with approval of the financial statements as of March 31, 2026, EMI approved its economic solvency ratio report for data as of December 31, 2025. The aforementioned report is published on its website (website address: https://www.harel-group.co.il/about/harel-group/emi/investor-relations/Pages/repayment-ability.aspx.

According to the report, EMI has significant excess capital.

The calculation performed by EMI for data as of December 31, 2025, was examined in accordance with the principles of international standard ISAE 3400 – Review of prospective financial information. This standard is relevant to audit of solvency calculation and does not constitute part of the audit standards applying to financial statements. The information is sometimes based on assumptions regarding future events and management actions, which will not necessarily materialize or will materialize differently from the assumptions that served as the basis for the information. Additionally, actual results may differ materially from the information, since combined scenarios of events may materialize differently materially from the assumptions in the information.

2. Own Risk and Solvency Assessment of insurance company (ORSA)

On January 5, 2022, the Commissioner published an amendment to the consolidated circular provisions - "Reporting to the Commissioner of the Capital Market" – Own Risk and Solvency Assessment of insurance company (ORSA) (hereinafter: "the Amendment"). The Amendment determined that an insurance company will report to the Commissioner about Own Risk and Solvency Assessment (ORSA) once a year, in January. According to the Amendment, the Company will provide the Commissioner with a report that will include the summary of results, business condition and interrelationships, risk exposure, solvency assessment and capital requirement, forward-looking assessment and scenarios and sensitivity analyses.

Harel Insurance submitted the required report to the Commissioner in January 2025.

3. Harel Insurance's capital management policy

Harel Insurance's policy is to maintain a solid capital base to ensure its solvency and its ability to meet its obligations to policyholders, to preserve Harel Insurance's ability to continue its business operations and so that it can generate returns for its shareholders. Harel Insurance is subject to capital requirements and regulation determined regarding dividend distribution.

Note 12 - Capital requirements in subsidiaries and equity (continued)

Capital requirements in subsidiaries (continued)

3. Harel Insurance's capital management policy (continued)

   On January 14, 2025, the Board of Directors of Harel Insurance approved the update of the capital management plan and at this stage, threshold rules for dividend distribution were determined, including a minimum economic solvency ratio, taking into account the spreading provisions, of 135% and a minimum solvency ratio, without taking into account the provisions in the spreading period, of 115%. On March 25, 2026, the Board of Directors of Harel Insurance approved an update of the threshold rules for dividend distribution, without taking into account the transitional provisions in the spreading period, from 115% to 118%.

   For details regarding the dividend distribution policy approved by the Company's Board of Directors and the Board of Directors of Harel Insurance, see the continuation of the note below.

4. Capital requirements in management companies

   a. Subsidiaries that manage mutual funds and investment portfolios are required to have minimum capital in accordance with the directives of the Israel Securities Authority. The companies act on an ongoing basis to comply with this requirement. As of June 30, 2026, the subsidiaries comply with these requirements.

   b. Subsidiaries that manage pension funds and provident funds are subject to capital requirements determined by the Commissioner. As of June 30, 2026, the subsidiaries comply with these requirements.

Note 12 - Capital requirements in subsidiaries and equity (continued)

Equity

1. Share buyback plans

   a. On October 30, 2025, the Company's Board of Directors approved an additional plan to buy back the Company's shares in a scope of up to NIS 100 million, to be carried out from time to time as determined by the Company's management, which was authorized by the Board of Directors to purchase securities, at its discretion, within the period determined for implementing the plan. During the Reporting Period, the Company purchased a total of 253,124 shares at a cost of approximately NIS 40,638,819.

   b. On March 25, 2026, the Company's Board of Directors approved an additional plan to buy back the Company's shares in a scope of up to NIS 100 million, to be carried out from time to time as determined by the Company's management, which was authorized by the Board of Directors to purchase securities, at its discretion, within the period determined for implementing the plan. During the Reporting Period, the Company purchased a total of 395,439 shares at a cost of approximately NIS 65,614,027.

   c. On June 21, 2026, the Company's Board of Directors approved an additional plan to buy back the Company's shares in a scope of up to NIS 200 million, to be carried out from time to time as determined by the Company's management, which was authorized by the Board of Directors to purchase securities, at its discretion, within the period determined for implementing the plan. During the Reporting Period, no purchases have yet been made under the plan.

2. Dividend distribution policy

<u>The Company:</u>

On March 25, 2026, the Company's Board of Directors approved an update to the Company's dividend distribution policy whereby the Company will distribute a dividend on a semi-annual basis, while maintaining the distribution policy of at least 40% of comprehensive income according to its consolidated financial statements. On August 25, 2026, after the Reporting Period, simultaneously with approval of the financial statements, the Company's Board of Directors approved an update to the dividend distribution policy whereby the frequency of the dividend distribution, in accordance with the rate detailed above, will be on a quarterly basis.

<u>Harel Insurance:</u>

On March 25, 2026, the Board of Directors of the subsidiary - Harel Insurance, approved an update to the dividend distribution policy whereby Harel Insurance will distribute a dividend on a semi-annual basis, at a rate of at least 45% of comprehensive income according to the consolidated statements of Harel Insurance, as long as Harel Insurance meets the minimum targets for the Solvency II-based solvency ratio. On August 25, 2026, after the Reporting Period, simultaneously with approval of the financial statements, the Board of Directors of Harel Insurance approved an update to the dividend distribution policy whereby the frequency of the dividend distribution, in accordance with the rate and thresholds detailed above, will be on a quarterly basis.

It is clarified that the foregoing does not derogate from the powers of the Company's Board of Directors and the Board of Directors of Harel Insurance to decide not to distribute a dividend or to distribute a dividend at rates different from the foregoing, all as they see fit at any time, subject to the provisions of the law.

See also Note 13d in the Annual Reports.

Note 12 - Capital requirements in subsidiaries and equity (continued)

Equity (continued)

3. Dividends

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)	2025 (Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Declared and paid	**531**	-	-	-	400
Declared and not yet paid as of the reporting date	**500**	-	**500**	-	-

A. Dividend distributions

1. On March 25, 2026, the Company's Board of Directors approved a cash dividend distribution of NIS 2.58 per share in an amount of approximately NIS 531 million. The Board of Directors' decision regarding the dividend distribution was made after taking into account the Company's financial results according to the financial statements. The Board of Directors was presented with the profits available for distribution, the capital surpluses in the Company's subsidiaries and the Group's cash needs, under various scenarios. The Board of Directors examined the Company's compliance with the profit test and the solvency test set out in Section 203(a) of the Companies Law. Following this examination, the Board of Directors approved the Company's compliance with the distribution test. The dividend was paid on April 20, 2026, in cash.

2. On June 21, 2026, the Company's Board of Directors approved a cash dividend distribution of NIS 2.43 per share in an amount of approximately NIS 500 million. The Board of Directors' decision regarding the dividend distribution was made after taking into account the Company's financial results according to the financial statements. The Board of Directors was presented with the profits available for distribution, the capital surpluses in the Company's subsidiaries and the Group's cash needs, under various scenarios. The Board of Directors examined the Company's compliance with the profit test and the solvency test set out in Section 203(a) of the Companies Law. Following this examination, the Board of Directors approved the Company's compliance with the distribution test. The dividend was paid after the Reporting Period, on July 15, 2026, in cash.

3. Dividend declared after the Reporting Period:

   On August 25, 2026, after the Reporting Period, simultaneously with approval of the financial statements, the Company's Board of Directors approved a cash dividend distribution of NIS 1.95 per share in an amount of NIS 400 million. The Board of Directors' decision regarding the dividend distribution was made after taking into account the Company's financial results according to the financial statements. The Board of Directors was presented with the profits available for distribution, the capital surpluses in the Company's subsidiaries and the Group's cash needs, under various scenarios. The Board of Directors examined the Company's compliance with the profit test and the solvency test set out in Section 203(a) of the Companies Law. Following this examination, the Board of Directors approved the Company's compliance with the distribution test. The dividend will be paid after the Reporting Period in cash.

Note 12 - Capital requirements in subsidiaries and equity (continued)

Equity (continued)

3. Dividends (continued)

B. Dividend distributions from Harel Insurance

1. On March 25, 2026, the Board of Directors of Harel Insurance approved a dividend distribution in an amount of NIS 800 million. The Board of Directors' decision was made after taking into account the financial results of Harel Insurance, the amount of the profits available for distribution of Harel Insurance, and after the capital surpluses and compliance with the Solvency provisions were examined. Likewise, the Board of Directors of Harel Insurance examined its compliance with the profit test and the solvency test set out in Section 203(a) of the Companies Law, and following this examination the Board of Directors of Harel Insurance approved the compliance with the distribution test. The dividend was paid on April 16, 2026, in cash.

2. On June 21, 2026, the Board of Directors of Harel Insurance approved a dividend distribution in an amount of NIS 500 million. The Board of Directors' decision was made after taking into account the financial results of Harel Insurance, the amount of the profits available for distribution of Harel Insurance, and after the capital surpluses and compliance with the Solvency provisions were examined. Likewise, the Board of Directors of Harel Insurance examined its compliance with the profit test and the solvency test set out in Section 203(a) of the Companies Law, and following this examination the Board of Directors of Harel Insurance approved the compliance with the distribution test. The dividend was paid, after the Reporting Period, on July 12, 2026, in cash.

3. Dividend declared after the Reporting Period:

   On August 25, 2026, after the Reporting Period, simultaneously with approval of the annual financial statements of Harel Insurance, the Board of Directors of Harel Insurance approved a cash dividend distribution of NIS 1.44 per share in an amount of NIS 150 million. The Board of Directors' decision regarding the dividend distribution was made after taking into account the financial results of Harel Insurance according to the financial statements. The Board of Directors was presented with the profits available for distribution, the capital surpluses in the subsidiaries of Harel Insurance and the Group's cash needs, under various scenarios. The Board of Directors examined the compliance of Harel Insurance with the profit test and the solvency test set out in Section 203(a) of the Companies Law. Following this examination, the Board of Directors approved the compliance of Harel Insurance with the distribution test. The dividend will be paid after the Reporting Period in cash.

Note 13 - Material events during the Reporting Period

1. Completion of a transaction for the purchase of additional shares of Le'Atid by Harel Insurance

   In July 2025, the Board of Directors of Harel Insurance approved an engagement in an agreement for the purchase of an additional 10.5% of the issued share capital of Le'Atid for consideration of approximately NIS 3.5 million, subject to the fulfillment of several conditions precedent. In January 2026, the transaction was completed following the fulfillment of all the conditions precedent. Following the completion of the transaction, Harel Insurance holds 89.5% of the shares of Le'Atid.

2. Annual and special general meeting

   On May 4, 2026, an annual and special general meeting of the Company was held with the following items on the agenda: (1) discussion of the Periodic Report for 2025; (2) reappointment of the independent auditors and authorization of the Company's Board of Directors to determine their fee; (3) reappointment of the Company's serving directors, who are not external directors, for a further term of office as directors in the Company; (4) appointment of Naim Najjar for an additional term as an external director in the Company. The general meeting approved the items on its agenda.

Note 14 - Material events after the Reporting Period

1. Regarding the international A Excellent rating for Harel Insurance - AM Best, see Note 7.
2. Application for a stock exchange membership license - Harel Securities Trading Ltd.

   On July 22, 2026, Harel Securities Trading Ltd., a wholly owned company of the subsidiary - Harel Finance, submitted to the Tel Aviv Stock Exchange Ltd. an application for a non-bank stock exchange membership license. The application is at a preliminary stage of completing documents.

3. The Company's shelf prospectus

   On July 28, 2026, the Company published a shelf prospectus dated July 29, 2026. Under this shelf prospectus, the Company will be able to issue various types of securities, in accordance with the provisions of the law.

4. Regarding a dividend distribution by the Company, see Note 12.
5. Regarding a dividend distribution by Harel Insurance, see Note 12.
6. Regarding an update of the dividend distribution policy by the Company, see Note 12.
7. Regarding an update of the dividend distribution policy by Harel Insurance, see Note 12.

HAREL INSURANCE INVESTMENTS AND FINANCIAL SERVICES LTD.

SEPARATE FINANCIAL INFORMATION FROM THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2026

Financial Information from the Condensed Consolidated Interim Statements of Financial Position

	June 30		December 31
	2026	2025	2025
	(unaudited)	(unaudited)	(audited)
	NIS millions	NIS millions	NIS millions
Assets			
Intangible assets	**2**	2	2
Fixed assets	**12**	15	14
Investments in equity accounted investees	**9,659**	8,469	9,568
Loans to investees	**1,389**	1,401	1,416
Investment property	**39**	38	38
Current tax assets	**-**	6	-
Trade and other receivables	**566**	68	153
Assets for employee benefits	**32**	30	32
Other financial investments			
Marketable debt assets	**667**	901	962
Non-marketable debt assets	**33**	32	36
Shares	**800**	508	573
Other	**658**	746	492
Total other financial investments	**2,158**	2,187	2,063
Cash and cash equivalents	**560**	209	146
Total assets	**14,417**	12,425	13,432
Equity			
Share capital and premium	**437**	407	426
Treasury shares	**(787)**	(494)	(681)
Capital reserves	**140**	200	162
Retained earnings	**12,845**	11,000	12,261
Total equity	**12,635**	11,113	12,168
Liabilities			
Deferred tax liabilities	**23**	33	38
Employee benefit liabilities	**46**	43	45
Trade and other payables	**669**	120	110
Current tax liabilities	**24**	-	4
Financial liabilities	**1,020**	1,116	1,067
Total liabilities	**1,782**	1,312	1,264
Total liabilities and equity	**14,417**	12,425	13,432

Yair Hamburger Chairman of the Board of Directors	Nir Cohen CEO	Arik Peretz CFO

Date of approval of the financial statements: August 25, 2026

The additional information attached to the condensed interim separate financial information constitutes an integral part thereof.

Financial Information from the Condensed Consolidated Interim Statements of Income

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Gains from investments, net and financing income	**119**	129	**94**	103	233
Management fee income	**67**	69	**32**	34	136
Total revenues	**186**	198	**126**	137	369
General and administrative expenses	**31**	30	**16**	16	59
Other expenses	**50**	-	**50**	-	-
Financing expenses, net	**15**	24	**4**	12	48
Total expenses	**96**	54	**70**	28	107
Company's share in profits of investees	**1,564**	1,206	**1,043**	744	2,775
Profit before income taxes	**1,654**	1,350	**1,099**	853	3,037
Income taxes	**36**	21	**31**	19	47
Profit for the period attributable to shareholders of the Company	**1,618**	1,329	**1,068**	834	2,990

The additional information attached to the condensed interim separate financial information constitutes an integral part thereof.

Financial Information from the Condensed Consolidated Interim Statements of Comprehensive Income

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit for the period	**1,618**	1,329	**1,068**	834	2,990
Other comprehensive income (loss) items that after initial recognition in comprehensive income were or will be reclassified to profit or loss					
Foreign currency translation differences for foreign operations	**(5)**	(7)	**(4)**	(9)	(12)
Income taxes attributable to other items of other comprehensive loss	**1**	(1)	**1**	(1)	3
Group's share in comprehensive income (loss) of investees	**(62)**	(22)	**(40)**	(45)	(68)
Total other comprehensive income (loss) for the period that after initial recognition in comprehensive income was or will be reclassified to profit or loss, net of tax	**(66)**	(30)	**(43)**	(55)	(77)
Other comprehensive income items that will not be reclassified to profit or loss					
Revaluation reserve for fixed asset items in investees	**35**	37	**-**	5	36
Remeasurement of defined benefit plan	**(1)**	5	**(1)**	5	6
Income taxes in respect of other comprehensive income items that will not be reclassified to profit or loss	**-**	(9)	**-**	-	(1)
Other comprehensive income (loss) for the period that will not be reclassified to profit or loss, net of tax	**34**	33	**(1)**	10	41
Other comprehensive income (loss) for the period, net of tax	**(32)**	3	**(44)**	(45)	(36)
Total comprehensive income for the period attributable to shareholders of the Company	**1,586**	1,332	**1,024**	789	2,954

The additional information attached to the condensed interim separate financial information constitutes an integral part thereof.

Financial Information from the Condensed Consolidated Interim Statements of Changes in Equity

	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings balance	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the six-month period ended June 30, 2026 (unaudited)								
Balance as of January 1, 2026	426	(209)	36	(77)	412	(681)	12,261	12,168
Comprehensive income (loss) for the period								
Profit for the period	-	-	-	-	-	-	1,618	1,618
Other comprehensive loss	-	(54)	-	-	25	-	(3)	(32)
Total comprehensive income (loss) for the period	-	(54)	-	-	25	-	1,615	1,586
Transactions with shareholders recognized directly in equity								
Dividend distributed	-	-	-	-	-	-	(1,031)	(1,031)
Share-based payment	-	-	24	-	-	-	-	24
Purchase of treasury shares	-	-	-	-	-	(106)	-	(106)
Exercise of options	11	-	(11)	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	(1)	-	-	-	(1)
Dividend to holders of non-controlling interests	-	-	-	(5)	-	-	-	(5)
Balance as of June 30, 2026	437	(263)	49	(83)	437	(787)	12,845	12,635

Financial Information from the Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the three-month period ended June 30, 2026 (unaudited)								
Balance as of April 1, 2026	**432**	**(222)**	**45**	**(83)**	**437**	**(699)**	**12,280**	**12,190**
Comprehensive income (loss) for the period								
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**1,068**	**1,068**
Other comprehensive loss	**-**	**(41)**	**-**	**-**	**-**	**-**	**(3)**	**(44)**
Total comprehensive income (loss) for the period	**-**	**(41)**	**-**	**-**	**-**	**-**	**1,065**	**1,024**
Transactions with shareholders recorded directly in equity								
Dividend distributed	**-**	**-**	**-**	**-**	**-**	**-**	**(500)**	**(500)**
Share-based payment	**-**	**-**	**9**	**-**	**-**	**-**	**-**	**9**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**-**	**(88)**	**-**	**(88)**
Exercise of options	**5**	**-**	**(5)**	**-**	**-**	**-**	**-**	**-**
Balance as of June 30, 2026	**437**	**(263)**	**49**	**(83)**	**437**	**(787)**	**12,845**	**12,635**

Financial Information from the Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the six-month period ended June 30, 2025 (unaudited)								
Balance as of January 1, 2025	392	(143)	40	(49)	398	(430)	9,655	9,863
Comprehensive income (loss) for the period								
Profit for the period	-	-	-	-	-	-	1,329	1,329
Other comprehensive income (loss)	-	(25)	-	-	26	-	2	3
Total comprehensive income (loss) for the period	-	(25)	-	-	26	-	1,331	1,332
Transactions with shareholders recorded directly in equity								
Issuance of put option	-	-	-	(25)	-	-	-	(25)
Share-based payment	-	-	10	-	-	-	-	10
Purchase of treasury shares	-	-	-	-	-	(64)	-	(64)
Reclassification from capital reserve for revaluation of fixed assets to retained earnings	-	-	-	-	(14)	-	14	-
Non-controlling interests in respect of subsidiaries	-	-	-	(3)	-	-	-	(3)
Exercise of options	15	-	(15)	-	-	-	-	-
Balance as of June 30, 2025	407	(168)	35	(77)	410	(494)	11,000	11,113

The additional information attached to the condensed separate interim financial information constitutes an integral part thereof.

Financial Information from the Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the three-month period ended June 30, 2025 (unaudited)								
Balance as of April 1, 2025	405	(118)	30	(77)	421	(441)	10,150	10,370
Comprehensive income (loss) for the period								
Profit for the period	-	-	-	-	-	-	834	834
Other comprehensive income (loss)	-	(50)	-	-	3	-	2	(45)
Total comprehensive income (loss) for the period	-	(50)	-	-	3	-	836	789
Transactions with shareholders recorded directly in equity								
Share-based payment	-	-	7	-	-	-	-	7
Purchase of treasury shares	-	-	-	-	-	(53)	-	(53)
Reclassification from capital reserve for revaluation of fixed assets to retained earnings	-	-	-	-	(14)	-	14	-
Exercise of options	2	-	(2)	-	-	-	-	-
Balance as of June 30, 2025	407	(168)	35	(77)	410	(494)	11,000	11,113

The additional information attached to the condensed separate interim financial information constitutes an integral part thereof.

Financial Information from the Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Share capital and premium	Foreign currency translation reserve	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Capital reserve for revaluation of fixed assets	Treasury shares	Retained earnings	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the year ended December 31, 2025 (audited)								
Balance as of January 1, 2025	392	(143)	40	(49)	398	(430)	9,655	9,863
Total comprehensive income (loss) for the year								
Profit for the year	-	-	-	-	-	-	2,990	2,990
Other comprehensive income (loss)	-	(66)	-	-	28	-	2	(36)
Total comprehensive income (loss) for the year	-	(66)	-	-	28	-	2,992	2,954
Transactions with shareholders recorded directly in equity								
Dividend distributed	-	-	-	-	-	-	(400)	(400)
Issuance of put option	-	-	-	(25)	-	-	-	(25)
Share-based payment	-	-	30	-	-	-	-	30
Purchase of treasury shares	-	-	-	-	-	(251)	-	(251)
Reclassification from capital reserve for revaluation of fixed assets to retained earnings	-	-	-	-	(14)	-	14	-
Non-controlling interests in respect of subsidiaries	-	-	-	(3)	-	-	-	(3)
Exercise of options	34	-	(34)	-	-	-	-	-
Balance as of December 31, 2025	426	(209)	36	(77)	412	(681)	12,261	12,168

Financial Information from the Condensed Consolidated Interim Statements of Cash Flows

		For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
		2026	2025	2026	2025	2025
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
	Appendix	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flows from operating activities						
Before income taxes	A	**269**	46	**107**	25	111
Taxes paid		**(31)**	(24)	**(22)**	(12)	(31)
Net cash provided by operating activities		**238**	22	**85**	13	80
Cash flows from investment activities						
Investment in investees, net		**1**	(67)	**-**	(54)	(133)
Investment in fixed assets		**(1)**	(1)	**-**	(1)	(2)
Proceeds from disposal of fixed assets		**1**	1	**-**	1	1
Dividend and interest from investees		**867**	25	**837**	19	444
Financial investments, net		**(26)**	409	**127**	48	590
Repayment (granting) of loans and capital notes granted to investee companies		**32**	(2)	**3**	(14)	(14)
Net cash from (used in) investment activities		**874**	365	**967**	(1)	886
Cash flows from financing activities						
Repurchase of the Company's own shares		**(106)**	(64)	**(88)**	(53)	(251)
Repayment of loans from banks		**(13)**	(13)	**-**	-	(27)
Repayment of liability notes		**(46)**	(46)	**(46)**	(46)	(92)
Repayment of lease liabilities		**(2)**	(1)	**(1)**	-	4
Dividend to shareholders		**(531)**	(250)	**(531)**	-	(650)
Net cash used for financing activities		**(698)**	(374)	**(666)**	(99)	(1,016)
Net increase (decrease) in cash and cash equivalents		**414**	13	**386**	(87)	(50)
Cash and cash equivalents at beginning of period		**146**	196	**174**	296	196
Cash and cash equivalents at end of period		**560**	209	**560**	209	146

Financial Information from the Condensed Consolidated Interim Statements of Cash Flows (continued)

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Appendix A - Cash flows from operating activities					
Profit for the period attributable to shareholders of the Company	**1,618**	1,329	**1,068**	834	2,990
Items that do not involve cash flows					
Company's share in profits of equity accounted investees	**(1,501)**	(1,206)	**(1,005)**	(744)	(2,775)
Gains, net from financial investments	**(67)**	(80)	**(66)**	(73)	(138)
Change in fair value of investment property	**(1)**	(2)	**-**	-	(2)
Financing expenses, net	**5**	5	**3**	3	13
Income taxes	**36**	21	**31**	19	47
Depreciation and amortization	**2**	2	**1**	1	3
Changes in other balance sheet items					
Trade and other receivables	**124**	16	**14**	8	36
Trade and other payables	**55**	(37)	**63**	(20)	(61)
Employee benefit liabilities, net	**(2)**	(2)	**(2)**	(3)	(2)
Total adjustments required to present cash flows used for operating activities	**(1,349)**	(1,283)	**(961)**	(809)	(2,879)
Total cash flows from operating activities	**269**	46	**107**	25	111

Note 1 - Preparation of separate financial information from the Company's consolidated financial statements

A. General

The following is the condensed separate financial information from the Group's condensed consolidated interim financial statements as of June 30, 2026 (hereinafter: "the Condensed Consolidated Interim Financial Statements") published within the periodic reports, attributable to the Company itself (hereinafter: "the Condensed Separate Interim Financial Information"), presented in accordance with the provisions of Regulation 38D (hereinafter: "the Regulation") and the Tenth Schedule to the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: "the Tenth Schedule") regarding the Company's Condensed Separate Interim Financial Information. This Condensed Separate Interim Financial Information should be read together with the Company's separate financial information as of December 31, 2025 and together with the Condensed Consolidated Interim Financial Statements.

B. Definitions

The Company	-	Harel Insurance Investments & Financial Services Ltd.
Consolidated companies/subsidiaries	-	Companies, including partnerships, whose reports are fully consolidated, directly or indirectly, with the Company's reports.
Investees	-	Consolidated companies and companies, including partnerships, in which the Company's investment is included, directly or indirectly, in the financial statements on an equity basis.
Date of the Report	-	The date of the Statement of Financial Position.

C. Preparation of financial information

The Condensed Separate Interim Financial Information was prepared in accordance with the accounting policy detailed in Note 2 to the Company's separate financial information as of December 31, 2025.

Note 2 - Material relationships, engagements and transactions with investees

1. During the reporting period, Harel Mutual Funds Ltd., a subsidiary of Harel Finance, a wholly owned company of the Company, made a partial repayment of a capital note in the amount of NIS 35 million. The repayment was made from the own resources of Harel Mutual Funds Ltd.
2. On March 17, 2026, Harel UK distributed a dividend in the amount of GBP 190 thousand. The dividend was paid on March 25, 2026.
3. On March 24, 2026, the board of directors of Harel Credit Holdings decided on a dividend distribution of NIS 30 million. The dividend was paid on March 25, 2026.
4. Regarding the dividend distribution by Harel Insurance, see Note 13 to the Condensed Consolidated Interim Financial Statements.
5. On April 13, 2026, the board of directors of Harel Credit Holdings decided on a dividend distribution of NIS 12.6 million. The dividend was paid on April 14, 2026.
6. On May 3, 2026, the board of directors of Marpet (a subsidiary held by the Company at a rate of 51%) decided on a dividend distribution of NIS 5.3 million (the Company's share is NIS 2.7 million). The dividend was paid on May 8, 2026.
7. On May 26, 2026, the board of directors of ICIC (a subsidiary held by the Company at a rate of 50%) decided on a dividend distribution of NIS 30 million (the Company's share is NIS 15 million). The dividend was paid in cash on June 24, 2026.
8. On June 21, 2026, the board of directors of Madanes (a subsidiary held by the Company at a rate of 25%) decided on a dividend distribution of NIS 20 million (the Company's share is NIS 5 million). The dividend was paid in cash on June 21, 2026.
9. On August 18, 2026, after the reporting period, the board of directors of Harel Mutual Funds Ltd., a subsidiary of Harel Finance, a wholly owned company of the Company, decided on partial repayment of a capital note in the amount of NIS 15 million.

Note 3 - Material events during the reporting period

1. Regarding the affirmation of the Company's rating and of Series 1 bonds issued by the Company by Midroog, see Note 7 to the Condensed Consolidated Interim Financial Statements.
2. Regarding the Company's financial covenants, see Note 7 to the Condensed Consolidated Interim Financial Statements.
3. Regarding the partial repayment of a loan from Bank Hapoalim by the Company, see Note 7 to the Condensed Consolidated Interim Financial Statements.
4. Regarding the update to the Company's dividend distribution policy, see Note 12 to the Condensed Consolidated Interim Financial Statements.
5. Regarding the dividend distribution by the Company, see Note 12 to the Condensed Consolidated Interim Financial Statements.
6. Regarding the share buyback plan, see Note 12 to the Condensed Consolidated Interim Financial Statements.
7. Regarding the Company's annual and special general meeting, see Note 13 to the Condensed Consolidated Interim Financial Statements.
8. Regarding the partial repayment of the Company's Series 1 bonds, see Note 7 to the Condensed Consolidated Interim Financial Statements.

Note 4 - Material events after the reporting period

1. Regarding the dividend distribution by the Company, see Note 12 to the Condensed Consolidated Interim Financial Statements.

2. Regarding the decision on a partial repayment of capital notes of Harel Mutual Funds Ltd., see Note 2 above.

3. Regarding the update to the Company's dividend distribution policy, see Note 12 to the Condensed Consolidated Interim Financial Statements.

Harel Insurance Investments and Financial Services Ltd.

Report Concerning the Effectiveness of Internal Control over Financial Reporting and Disclosure

Quarterly report concerning the effectiveness of internal control over financial reporting and disclosure as per Regulation 38C(a):

Management, under the oversight of the Board of Directors of Harel Insurance Investments and Financial Services Ltd. ("the Company"), is responsible for defining and maintaining due internal control over the Company's financial reporting and disclosure.

In this instance, the members of management are:

1. Mr. Nir Cohen – CEO of the Company, CEO of Harel Insurance Company Ltd.
2. Mr. Arik Peretz - the Company's VP Finance, Deputy CEO and Head of the Finance and Resources Division of Harel Insurance Company Ltd.
3. Mr. Gilad Shapiro – General Counsel to the Company and the Group's companies, Deputy CEO of Harel Insurance Company Ltd.
4. Mr. Dan Kerner – VP of the Company and Head of the Group's investments, Deputy CEO and head of Investments Division at Harel Insurance Company Ltd.
5. Ms. Osnat Manor Zisman – Internal Auditor of the Company and companies in the Group, Deputy CEO of Harel Insurance Company Ltd.
6. Mr. Tomer Goldberg - Head of Strategic and Alternative Investments in the Group.

Internal control over financial reporting and disclosure includes existing controls and procedures in the Company that were planned by the CEO and the most senior financial office or under their oversight, or by whoever actually performs the aforementioned functions, under the oversight of the Company's board of directors. These controls and procedures are intended to provide reasonable measure of assurance as to the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information which the Company is required to disclose in its published reports pursuant to the provisions of the law is accumulated, processed, summarized and reported at the dates and in the format prescribed by law.

Among other things, the internal control consists of controls and procedures designed to ensure that information which the Company is required to disclose as aforesaid, is accumulated and submitted to the Company's management, including to the CEO and the most senior financial office or to whoever actually performs the aforementioned functions, so as to enable decisions to be made at the appropriate time, with respect to the disclosure requirement.

Due to its inherent limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that misstatement or omission of information in the report will be prevented or detected.

Harel Insurance Company Ltd. and the Company's subsidiaries are financial institutions governed by the instructions of the Commissioner of the Capital Market, Insurance and Savings in the Ministry of Finance, with respect to the assessment of effectiveness of internal control over financial reporting.

With respect to internal control in the aforementioned subsidiaries, the Company applies the following instructions:

- Financial Institutions Circular 2010-9-7 from November 2010 - "Internal control over financial reporting – attestations, statements, and disclosures";
- Financial Institutions Circular 2010-9-6 from November 2010 – "Management's responsibility for the internal control over financial reporting - Amendment" (amendment to Financial Institutions Circular 2009-9-10);
- Financial Institutions Circular 2009-9-10, from June 2009 – "Management's responsibility for the internal control over financial reporting".

In the quarterly report concerning the effectiveness of the internal control over financial reporting and disclosure that was included in the quarterly report for the period ended March 31, 2026 (hereinafter – the Last Quarterly Report on Internal Control), the internal control was found to be effective.

Up to the date of the report, the Board of Directors and management received no information regarding any event or matter that might change the assessment of the effectiveness of the internal control, as found in the Last Quarterly Report on Internal Control;

At the date of the report, based on the information in the Last Quarterly Report on Internal Control, and based on information submitted to management and the Board of Directors, as noted above, the internal control is effective.

Certification

I, Nir Cohen, hereby certify that:

1. I have reviewed the quarterly report of Harel Insurance Investments and Financial Services Ltd. (hereinafter - the Company) for Q2 2026 (hereinafter - the Reports);
2. Based on my knowledge, the Reports contain no misstatement of a material fact nor do they omit any statement of a material fact necessary for the purpose of ensuring that presentations they contain, in light of the circumstances under which such presentations were included, shall not be misleading with respect to the period covered in the Reports;
3. Based on my knowledge, the financial statements and other financial information contained in the Reports reasonably reflect, in all material respects, the financial position, results of operations, and cash flows of the Company at the dates and periods covered in the Reports;
4. Based on my most recent assessment of the internal control over financial reporting and disclosure, I disclosed to the auditors, to the Board of Directors and the Audit Committee and Financial Reports Committee of the Company:
   A. Any significant deficiencies and material weaknesses in the determination or application of the internal control over financial reporting and disclosure that might reasonably compromise the Insurance Company's ability to record, process, summarize and report financial information in a manner that may cast doubt on the reliability of the financial reporting and preparation of the financial reports pursuant to the provisions of the law; and –
   B. Any fraud, whether material or immaterial, that involves the General Manager (CEO) or any person directly accountable to him or other employees who hold a significant role in the internal control over financial reporting and disclosure;
5. I, myself or together with others in the Company:
   A. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my oversight, for the purpose of ensuring that material information relating to the Company, including its subsidiaries as they are defined in the Securities (Annual Financial Reports) Regulations, , is brought to my attention by others in the Company and the subsidiaries, particularly during the preparation of the Report; and -
   B. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my oversight, for the purpose of providing a reasonable measure of certainty as to the reliability of the financial reporting and to ensure that the financial reports are prepared in accordance with the provisions of the law, including in accordance with generally accepted accounting standards;
   C. No event or matter which took place during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report was brought to my attention, that might alter the conclusion of the Board of Directors and Management in relation to the effectiveness of the Company's internal control over financial reporting and disclosure.

The foregoing shall not derogate from my responsibility or from the responsibility of any other person, under any law.

August 25, 2026

Nir Cohen
CEO

Certification

I, Arik Peretz, hereby certify that:

1. I have reviewed the interim financial statements and other financial information contained in the interim financial statements of Harel Insurance Investments and Financial Services Ltd. ("the Company") for Q2 2026 ("the Reports" or "the Interim Reports");
2. Based on my knowledge, the interim financial statements and other financial information contained in the Interim Reports contain no misstatement of a material fact nor do they omit any statement of a material fact necessary to ensure that the statements they contain, in light of the circumstances under which such statements were included, shall not be misleading with respect to the period covered in the Reports;
3. Based on my knowledge, the Interim Reports and other financial information contained in the Interim Reports reasonably reflect, in all material respects, the financial position, results of operations, and cash flows of the Company at the dates and for the periods covered in the Reports;
4. Based on my most recent assessment of the internal control over financial reporting and disclosure, I disclosed to the auditors, to the Board of Directors and the Audit Committee and Financial Reports Committee of the Company:

   A. Any significant deficiencies and material weaknesses in the determination or application of the internal control over financial reporting and disclosure to the extent that it relates to the interim financial statements and to any other information contained in the Interim Reports, that might reasonably compromise the Company's ability to record, process, summarize or report financial information in a manner that may cast doubt on the reliability of the financial reporting and preparation of the financial reports pursuant to the provisions of the law; and –

   B. Any fraud, whether material or immaterial, that involves the General Manager (CEO) or any person directly accountable to him or other employees who hold a significant role in the internal control over financial reporting and disclosure;

5. I, myself or together with others in the Company:

   A. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my oversight, for the purpose of ensuring that material information relating to the Company, including its subsidiaries as they are defined in the Securities (Annual Financial Reports) Regulations, , is brought to my attention by others in the Company and the subsidiaries, particularly during the preparation of the Report; and -

   B. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my oversight, for the purpose of providing a reasonable measure of certainty as to the reliability of the financial reporting and to ensure that the financial reports are prepared in accordance with the provisions of the law, including in accordance with generally accepted accounting standards;

   C. No event or matter that took place during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report, in relation to the interim financial statements and to any other financial information contained in the Interim Reports, was brought to my attention, that might, in my opinion, alter the conclusion of the Board of Directors and Management in relation to the effectiveness of the Corporation's internal control over financial reporting and disclosure.

The foregoing shall not derogate from my responsibility or from the responsibility of any other person, under any law.

August 25, 2026

Arik Peretz
CFO