



**HAREL INSURANCE INVESTMENTS AND
FINANCIAL SERVICES LTD.**

**Interim report as at
March 31, 2026**



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Board of Directors Report

Harel Insurance Investments and Financial Services Ltd.

Board of Directors Report

For the three months ended March 31, 2026

The Board of Directors Report for the three months ended March 31, 2026 ("the Reporting Period"), reflects the principal 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 assuming 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 contains 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 performance may differ substantially from the results estimated or inferred from 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 Insurance" 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 areas:

- A. In the various insurance sectors, the Company operates 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. In the pension insurance segment, the Company operates through subsidiaries, which are provident fund and pension fund management companies, 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 IDF career soldiers and retirees; Le'Atid Pension Fund Management Company Ltd. (in which the Company holds 89.5%), managing an old pension fund ("Le'Atid").
- C. In the 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 engaged in 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 investment partnerships; Harel Exchange Traded Deposit Ltd. and Harel Interest and Deposits Ltd., which are bond issuing companies engaged in the issuing of deposit-backed bonds.

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. In the credit segment - the Company operates through the second-tier subsidiary, Hamazpen Shutaphim Laderech Ltd. (in which it has a 70% holding) ("Hamazpen") that creates innovative financing solutions for quality entrepreneurs, providing business management and credit for medium businesses, including granting mezzanine loans; through the second-tier subsidiary, Gamla Harel Residential Real Estate Ltd. ("Gamla") (fully controlled) which provides finance for residential real-estate developers; through a fully owned 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 context of development property finance 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 centers on the management, control and supervision of the subsidiaries, ongoing planning of Group operations and initiating activity 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 approximately 42.4% of the voting rights and issued share capital of the Company.

The Shareholders' hold the Company principally through G.Y.N. Investment Management & Economic Consulting 2017 Limited Partnership, a limited partnership fully owned and controlled by the Shareholders, which they hold as limited partners, through private companies under their full ownership ("G.Y.N Partnership") and they also hold the general partner in G.Y.N Partnership.

2. Developments in the Group and Business Environment

2.1 Material changes in the Group's business and events in the Reporting Period

2.1.1 Midroog rating for Harel Insurance

On February 5, 2026, Midroog announced the upgrade of Harel Insurance's financial strength rating (FSR) from Aa1.il to Aaa.il, as well as an upgrade of the rating of subordinated hybrid capital and Tier-2 capital issued through Harel Finance & 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 A bonds issued by the Company.

2.1.3 Midroog rating for Harel Pension & Provident

On March 31, 2026, Midroog announced the determination of an Aa3.il rating - outlook stable, for Harel Pension & Provident, as well as a rating of 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 of Harel Insurance, and the Company's decision from March 25, 2026, regarding the distribution of a dividend of NIS 531 million, see Note 12 to the financial statements.

2.1.5 Plan to repurchase shares

On March 25, 2026, the Company's Board of Directors approved an additional plan to repurchase shares for Company shares in the scope of up to NIS 100 million, which will be carried out from time to time as determined by the Company's management. For additional details about the aforementioned plan, see Note 12 in the financial statements.

2.2 Material changes in the Group's business and events after the Reporting Period

2.2.1 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 incumbent directors, who are not external directors, for a further term of office; (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.

2.2.2 Bonds of the second-tier subsidiary - Harel Finance & Issues

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

On a possible issuance of bonds (Series 24) of Harel Finance & Issues, see Note 7 to the financial statements.

On a decision concerning the full early redemption of bonds (Series 16) of Harel Finance & Issues, see Note 7 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

Prior to the start of the joint US- Israel military operation in Iran at the end of February 2026, current economic indicators showed continued expansion of global GDP and global trade volumes in the first quarter of 2026. This trend was also supported by significant investments in technology and a positive opening of the year in several major economies.

However, towards the end of the quarter, following the outbreak of the war in Iran, there was a sharp increase in the level of uncertainty. These events intensified geopolitical tensions, led to an increase in energy prices, and harmed economic sentiment and business activity in several regions worldwide. The impact of the shock was particularly noticeable in Asian economies, which are largely dependent on energy imports from the Middle East.

2.3.2 Developments in the Israeli economy

Despite signs of positive growth at the beginning of 2026, the military operation in Iran that began at the end of February and the accompanying restrictions led, according to preliminary estimates, to a contraction of GDP at an annual rate of approximately 3.3% in the first quarter of 2026.

2.3.3 Stock market

In the first quarter of 2026, share prices dropped on the leading share indices worldwide: the global MSCI index (gross, in dollar terms) fell by 3%, while the emerging markets index remained almost unchanged. The S&P 500 index fell by 5%, and the Euro Stoxx 600 index recorded a decline of 2%. These declines were mainly due to the weakness recorded in March, against the backdrop of the outbreak of the war in Iran and concerns about disruptions to the global energy supply.

In Israel, performance was better, although there were variations between the indices: the TA-125 index rose by 10%, while the TA-90 index fell by 2% in the period.

2.3.4 Bond market

In the first quarter of 2026, the general bond index was down by a moderate 0.2%, while at the same time the corporate bond index rose by 0.3% and the government bond index was down 0.3%.

2.3.5 Mutual funds and ETFs

In the first quarter of 2026, mutual funds and ETFs recorded net inflows (excess issuances over redemptions, net of cash dividends) of approximately NIS 19 billion. The prominent inflows in this quarter were approximately NIS 7 billion raised by the money market funds; NIS 4.7 billion raised by the general bond funds; and NIS 4.5 billion by funds specializing in Israeli shares, as against net redemptions of NIS 5.5 billion in funds specializing in foreign shares.

2.3.6 Foreign exchange market

Despite the outbreak of the war in Iran, the shekel strengthened during the first quarter of 2026 by an overall 2% against the Bank of Israel's basket of currencies. Within this, the shekel strengthened by 1% against the US dollar, by 3% against the euro, and by 2% against the pound and Japanese yen.

2.3.7 Inflation

As of the end of the first quarter of 2026, annual inflation (over the last 12 months) was 2%, according to the February index, which was the latest figure published at that time.

2.3.8 Bank of Israel interest rate

At the beginning of 2026, the Bank of Israel reduced the interest rate to 4%. This decision was supported by the strengthening of the shekel, a decline in the risk premium, and moderation of inflation and inflation expectations. In subsequent decisions, the Bank left the interest rate unchanged. Additionally, the Bank downgraded its annual growth forecast to 3.8%, noting that there are risks to the forecast arising from uncertainty regarding the duration of the fighting and how it will end.

2.3.9 Events after the date of the report

In April 2026, the US and Iran reached understandings regarding a ceasefire, reopening of the Strait of Hormuz, and conducting negotiations, alongside conflicting reports from both sides. Simultaneously, similar understandings were also reached between Israel and Lebanon. Nonetheless, considerable uncertainty remains as to the stability and durability of the ceasefires, as well as regarding the outcomes of the negotiations. Against the backdrop of these developments, in April stock market prices in Israel and the US rose, reaching new highs.

2.4 Summary of legal arrangements and legal provisions in the Group's areas of activity

Below 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

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

- 2.4.1.1.1 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.
- 2.4.1.1.2 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 investment is 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"):
 - 2.4.1.2.1 On January 28, 2026, Draft Insurance Circular 2025-24 - "Update of the provisions of the Consolidated Circular on Reporting to the Public and Reporting to the Commissioner of the Capital Market - Annual Report Prepared by the Appointed Actuary in Insurance Companies" was published. The draft circular proposes adjusting the reporting instructions applicable to the appointed actuary for implementation of the Standard, including an update of 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 that several reports should be cancelled so as to reduce the regulatory burden.

2.4.2 Long-term savings sector

On April 19, 2026, provisions were published aimed at preventing a growing phenomenon in the pension savings market, where 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:

Letter to directors of financial institutions (CM. 2026-573) regarding "Clarification regarding the procedure for withdrawing funds from a provident fund", 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 in arrears.

Second draft amendment to Financial Institutions Circular 2025-37 concerning "Customer service in Financial Institutions - Amendment - Draft". This draft proposes 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.

3. Financial position and operating results, 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 a multi-year strategic plan called "Harel 2030". 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) precision in performance of core operating segments (operational excellence); (2) relationship with the customer - strengthening and improving distribution engines in the operating segments; 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 Artificial Intelligence (AI), thereby accelerating improvements in core operating segments and 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.

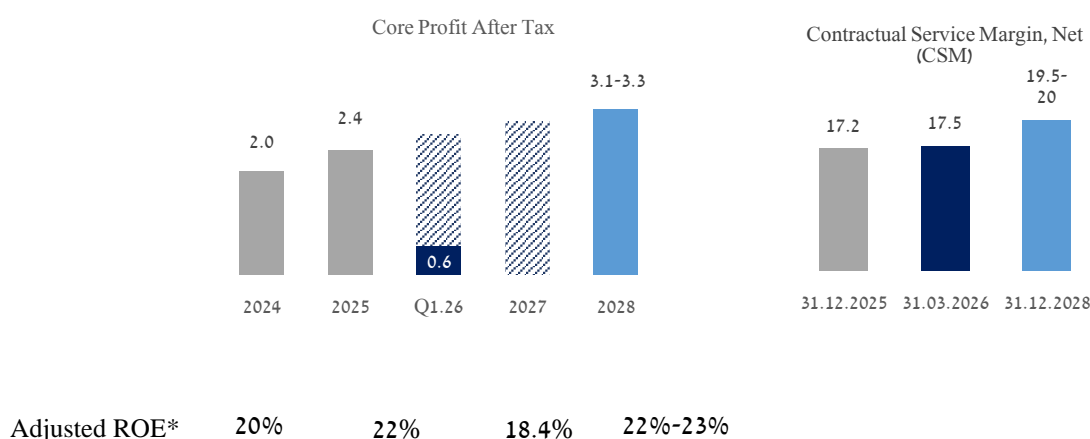
In order to reflect the results of the Company's activity with low volatility and enable implementation of the strategic plan to be monitored, "core profit" is calculated based on the following calculation principles: (a) the adjusted profit from net investments and financing income is calculated based 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 ("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 on the results of the Company's activity with low volatility and to allow 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 NIS 3.1-3.3 billion. Of this, NIS 2.3-2.4 billion is core profit from insurance activity and 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 NIS 750-780 billion;
- Target for premiums, benefit contributions and investment contracts of 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 principles of the strategic plan ("core profit" and "adjusted return on equity", respectively):



* Adjusted ROE was calculated as follows: core profit for the period divided by average adjusted equity for the period

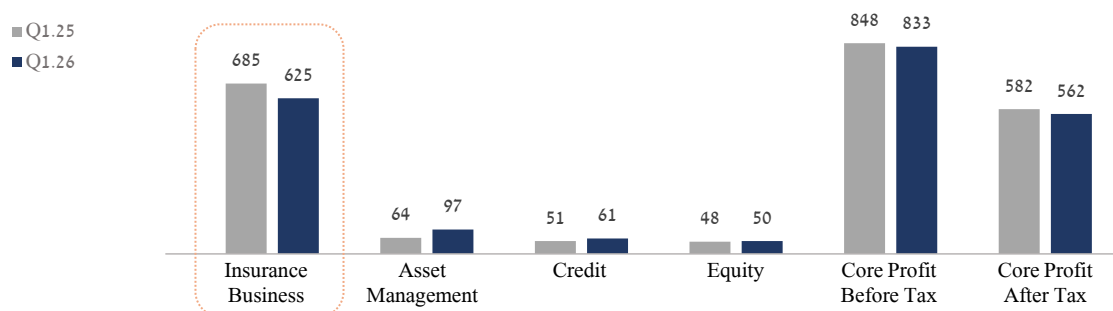
3.1.3 The core profit data presented in this section is in accordance with strategic plan principles detailed below:

- Core profit from insurance business:
Includes profit from the life, health and non-life insurance segments (including companies overseas) and is presented in accordance with the principles detailed above.
- Additional sources of income:
 - Asset management –
 - Pension insurance - profit is based on actual reported results of provident and pension activity, excluding special effects (extraordinary expenses that are not part of the normal course of business and after subtracting retained costs created in the course of business combinations);
 - Financial services - profit is based on actual reported results of financial services activity (finance and investment contracts);
 - Credit - profit is based on actual reported results of activity included under the credit segment, after adjustment for the effect of changes in retained fair value and extraordinary effects resulting from the amortization of excess costs;
 - Equity - profit includes investment income from capital activity calculated based on an nominal risk-free interest rate at the beginning of the period plus an annual margin of 2% (this margin is above the interest curve plus an 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 profit by operating segment:

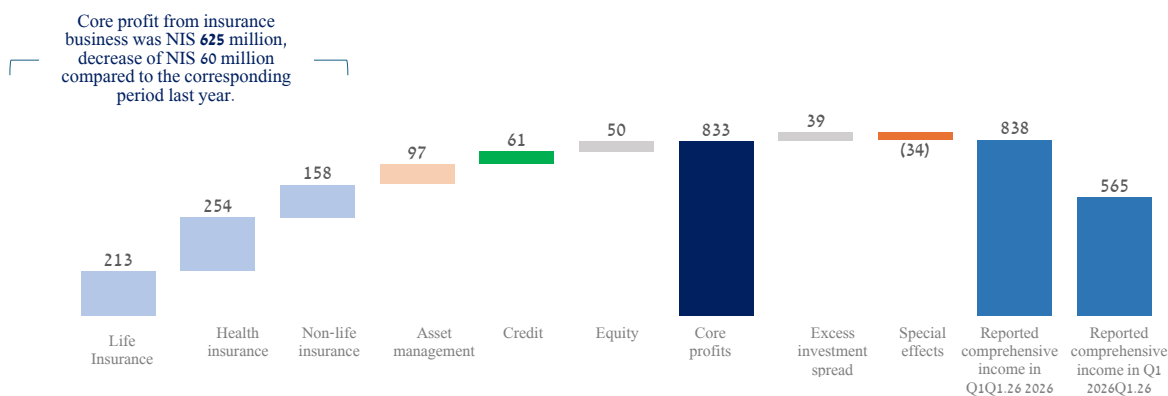
Core profits in the Reporting Period and the corresponding period last year (NIS million):

	Q1.26	Q1.25	Difference
Underwriting profit (insurance service result) (*)	514	565	(51)
Adjusted profit from investments and financing, net	154	164	(10)
Operating expenses	(43)	(44)	1
Total core profit from insurance businesses	625	685	(60)



(*) The underwriting profit detailed above was calculated after adjustment for the effects of "Operation Rising 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):

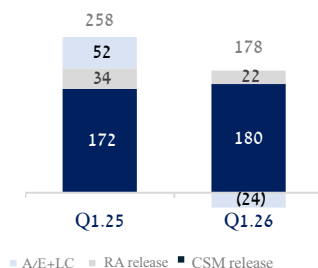


Q1.26	213	254	158	97	61	50	833	39	(34)	838	565
Q1.25	291	256	138	64	51	48	848	(42)	(24)	782	545
Change	(78)	(2)	20	33	10	2	(15)	81	(10)	56	20

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

Core profit from insurance business

- Life insurance segment - breakdown of underwriting profit (insurance service result in retention):



Results in the Reporting Period were positively affected by the continuing growth of activity in growth products (life risks) which led to an increase in the CSM (Contractual Service Margin) release. Additionally, the results include a profit shortfall relative to experience in death risk coverage (Actual Vs Expected (A/E)) due to a statistical increase in death risk claims from a number of extraordinary claims. For additional information, see Section 3.3.4.1.A below.

- Health insurance segment -

Results in the Reporting Period were positively affected by the continuing growth of activity in growth products (medical expenses and critical illness) which led to an increase in the Contractual Service Margin (CSM) release. Additionally, underwriting results in the Reporting Period were affected by a decrease of the CSM release in respect of a group long-term care policy with members of Clalit Health Services, which ended on December 31, 2023. This is in a Runoff transaction from January 1, 2024, and it is expected that all liabilities will be extinguished by the end of 2028. For additional information, see Section 3.3.4.1 (B) below.

- Non-life insurance segment

Results in the Reporting Period were affected by improved underwriting results. For additional information, see Section 3.3.4.1 (C) below.

Asset management

Pension insurance increased profits in the current period compared with the corresponding period 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 3.3.4.2 below.

Financial services - increased profit in the current period compared with the corresponding period last year, which is mainly attributable to the growth of profit in the mutual funds as a result of the growth of AUM. For additional information, see Section 3.3.3.4 below.

Credit

Increased profit in the current period compared with the corresponding period last year, which is mainly attributable to continuing growth of the credit portfolio. For additional information, see Section 3.3.4.4 below.

Excess investment spread

The excess investment spread (the excess investment spread reflects the gap between reported investment and finance income, net, and adjusted investment and finance income, net) was NIS 39 million. This is attributable to positive Nostro returns in the capital market, and to an increase in the interest-rate curve

applied in calculating the insurance liabilities (“interest rate curve”), which had a net **positive** effect on 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 rate curve changes is recognized in profit and loss, whereas for insurance portfolios measured under the VFA model, the effect of interest rate 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 rate curve will affect their book value.

Summary of the directions of the effect of changes in the interest rate curve on the Company's profit or loss:

	<u>Interest rate decrease</u>	<u>Interest rate increase</u>
FCF in asset position	+	-
FCF in liability position	-	+
Foreign bonds	+	-
Other debt assets at fair value	+	-

Below is an estimate of sensitivity tests showing the change in comprehensive income (loss) for financial assets, financial liabilities and insurance liabilities/assets, resulting from a parallel 1% change in the risk-free interest rate curve and assuming all other variables remain constant. Notably, the sensitivities are not linear, so that large or small changes relative to the changes described below are not necessarily a simple extrapolation of the effect of those changes

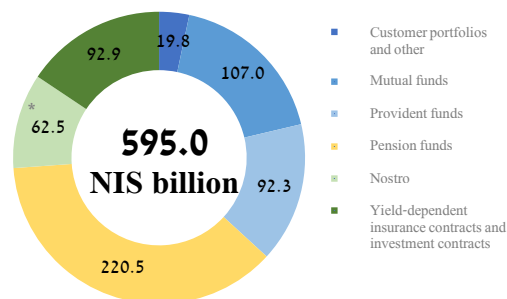
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>(NIS million)</u>	<u>(NIS million)</u>
Effect of 1% increase		
Comprehensive income (loss) after tax	(628)	(400)
Effect of 1% decrease		
Comprehensive income (loss) after tax	653	357

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 such activity in these sections may not come to fruition, in whole or in part, or may materialize in a materially different manner than anticipated, in part due to changes in market conditions.

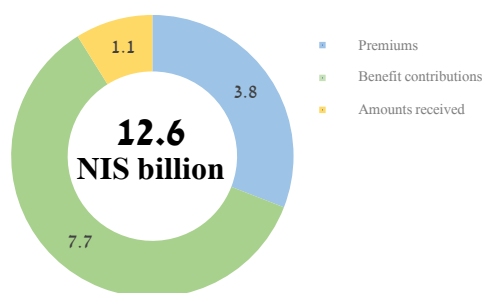
For information regarding additional sensitivity analyses conducted by the Company - see Note 28D in the 2025 annual financial statements.

3.3 Summary of data from the Company's consolidated financial statements

The Group's AUM:



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



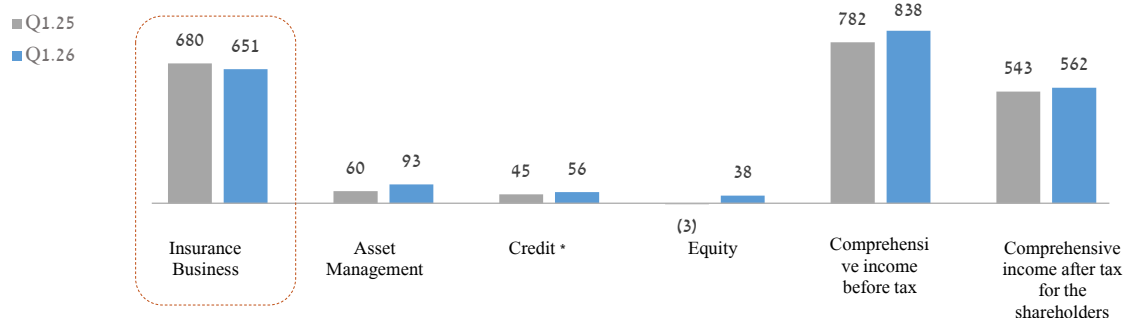
Assets managed by the provident funds, pension funds, mutual funds and in customers' portfolios are not included in the Company's consolidated financial statements

* Including deposit certificates issued by Harel Finance totaling approximately NIS 17.2 billion, NIS 17.1 billion and NIS 16 billion at March 31, 2026, March 31, 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):

	Q1.26	Q1.25	Difference
Life insurance	24	184	(160)
Health insurance	327	307	20
Non-life insurance	300	189	111
Total insurance business	651	680	(29)



* Profit after adjustment for the effect of changes in the fair value of financial assets and special effects resulting from the amortization of excess costs was NIS 61 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 NIS 51 million in the corresponding period last year). See Section 3.3.4.4 below

Profits from insurance business includes:

1) Insurance service result, on 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 CSM release and release of the risk adjustment component (RA).

At March 31, 2026, the CSM balance (net of reinsurance) was NIS 17.5 billion before tax (NIS 11.4 billion after tax).

At March 31, 2026, the risk adjustment balance for non-financial risk (RA) (net of reinsurance) was NIS 3.5 billion before tax (NIS 2.3 billion after tax).

2) Net investment and finance income, 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 the change in liabilities for insurance contracts attributable to changes in the fair value of the base items and net of changes in liabilities for investment contracts on account of the yield component;

c. Financing expenses (income based on the discounting interest rate for the time value attributable to insurance contracts, net of financing income (expenses) attributable to reinsurance treaties;

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

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

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

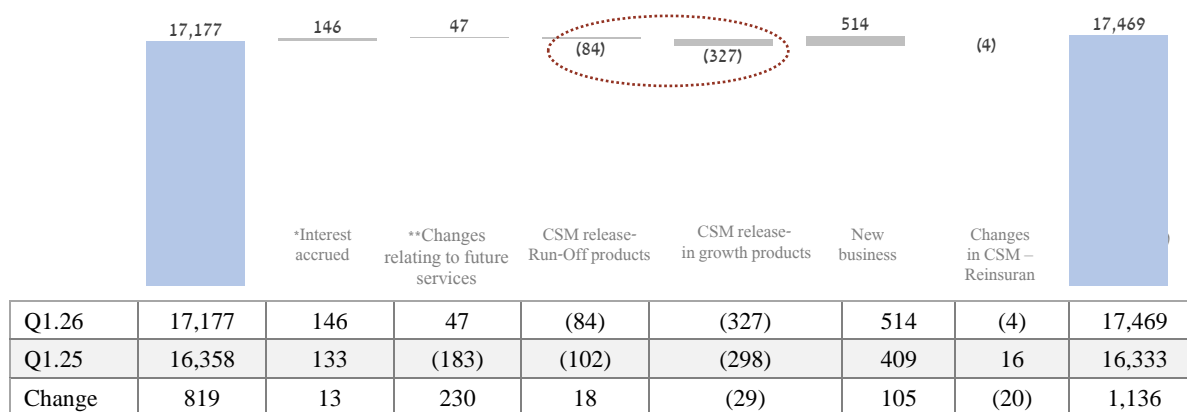
3.3.2.1 The Contractual Service Margin (CSM) of a group of insurance contracts represents the unrealized future expected profit that the Company will recognize as insurance service revenue when it provides insurance contract services as part of these contracts.

At March 31, 2026, the CSM balance (net of reinsurance) was NIS 17.5 billion before tax. Results in the Reporting Period include the release of a gross CSM balance in the amount of NIS 411 million. The ratio between the additional CSM for new business (in the Reporting Period) and the released CSM amount is 125%. The ratio between the additional CSM for new business (in the Reporting Period) for **growth products** and the amount released for these products is 157%.

At March 31, 2025, the CSM balance (net of reinsurance) was NIS 16.3 billion before tax. Results in the corresponding period last year included the release of a gross CSM balance in the amount of NIS 400 million. The ratio between the additional CSM for new business (in the corresponding period last year) and the released CSM amount was 102%. 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 137%.

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



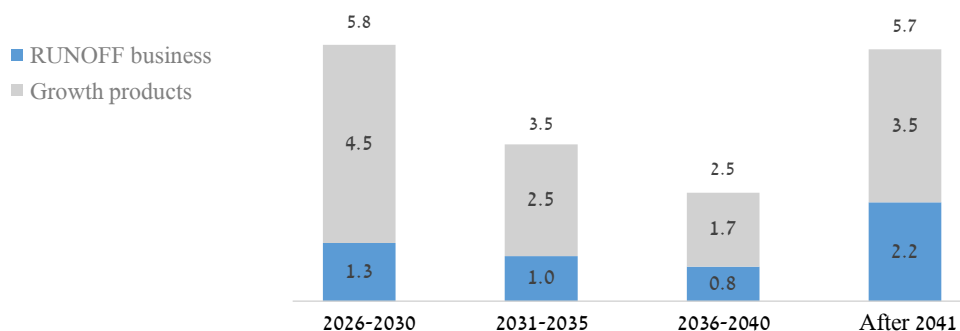
* Interest accrued according to original curve in portfolios measured under the General Model (GMM)

** Changes relating to future services also include adjustments based on 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 March 31, 2026, according to the Company's various operating segments:

	<u>As of March 31, 2026</u>		
	<u>Life insurance</u>	<u>Health insurance</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
CSM, gross	5,925	12,884	18,809
CSM, reinsurance	186	1,154	1,340
Net CSM (*)	<u>5,739</u>	<u>11,730</u>	<u>17,469</u>
(*) Of which:			
Growth products in life insurance and health insurance (products that the Group continues to market)	3,821	8,382	12,203

Harel Insurance believes that 33% of the CSM balance is expected to be released to profit over the next 5 years. Below is an estimate of the release rate of the CSM balance segmented by Runoff business (business the Group no longer markets) and growth products that the Group continues to market (existing portfolio as of the transition date and new portfolio from the transition date) (NIS billion):



3.3.2.2 Update regarding the stochastic model

At 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 consistency.

The stochastic model is used to prepare the 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 yield used as basis for the calculation is a risk-free yield. However, unlike the existing model, the cash flow calculation in the stochastic model takes into account the fluctuations in the relevant asset yields 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 the effect of integration of the stochastic model could lead to an increase of hundreds of millions of shekels in the Contractual Service Margin (CSM) in the life insurance segment in profit-sharing policies issued until 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 CSM in the life insurance segment should not be viewed 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:

	<u>For the period ended</u> <u>March 31</u>		<u>Change in</u> <u>%</u>	<u>For the year</u> <u>ended</u> <u>December 31</u>
	<u>2026</u>	<u>2025</u>		<u>2025</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>		<u>(Audited)</u>
Insurance business				
Life insurance	24	184	(87)	1,218
Health insurance	327	307	7	1,406
Non-life insurance	305	188	62	1,141
Insurance companies overseas	(5)	1	-	(9)
Total insurance business	651	680	(4)	3,756
Asset management (pension insurance and financial services)				
Provident	17	11	55	66
Pension	25	18	39	105
Financial services	51	31	65	180
Total asset management	93	60	55	351
Credit *	56	45	24	231
Equity	38	(3)	-	98
Total before tax	838	782	7	4,436
Income tax	273	237	15	1,478
Total comprehensive income after tax	565	545	4	2,958
Attributed to:				
Shareholders of the Company	562	543	3	2,954
Non-controlling interests	3	2	50	4
Total comprehensive income after tax	565	545	4	2,958
Return on Equity in annual terms	18.5%	22%		27%

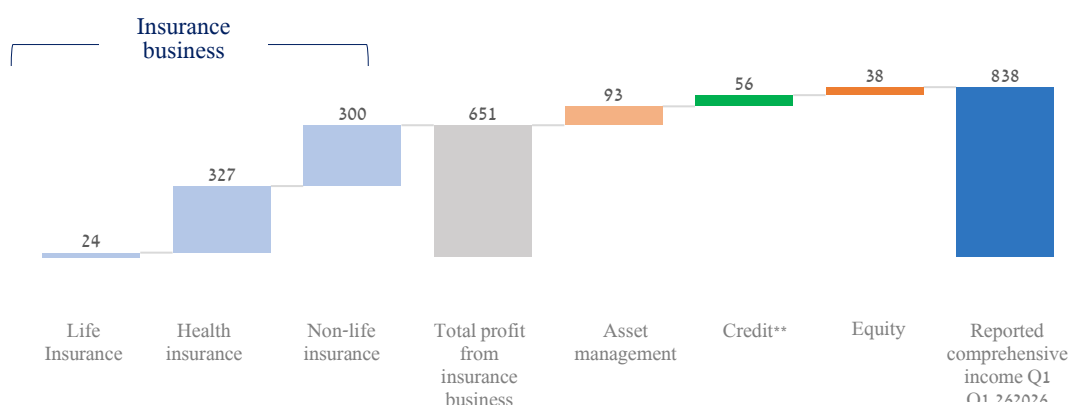
* Includes the effect of changes in the fair value of financial assets, see section 3.3.4.4 below

results in the Reporting Period were affected by **positive** Nostro yields in the capital market, which were **similar** to those in the corresponding period last year.

Additionally, results in the Reporting Period and the corresponding period were affected by an increase in the interest rate curve applied in calculating the insurance liabilities ("interest rate curve") (increase in the risk-free interest rate curve and decrease in the illiquidity premium). The increase in the interest rate curve in the Reporting Period and the corresponding period last year resulted in a net **positive** effect on the results. The effect of the increase in the interest rate curve on the financial results in the Reporting Period was **higher** than the effect on the results in the corresponding period last year. For additional information, see the table in section (2) below.

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

	Q1.26	Q1.25	Difference
Underwriting profit (insurance service result) (1)	495	565	(70)
Adjusted investment and finance income, net *	154	164	(10)
Excess investment profit (loss)		48	(2)
	50		
Total investment and finance income, net (2)	202	162	40
Operating expenses		(46)	(47)
Total profit from insurance business		651	680
			(29)

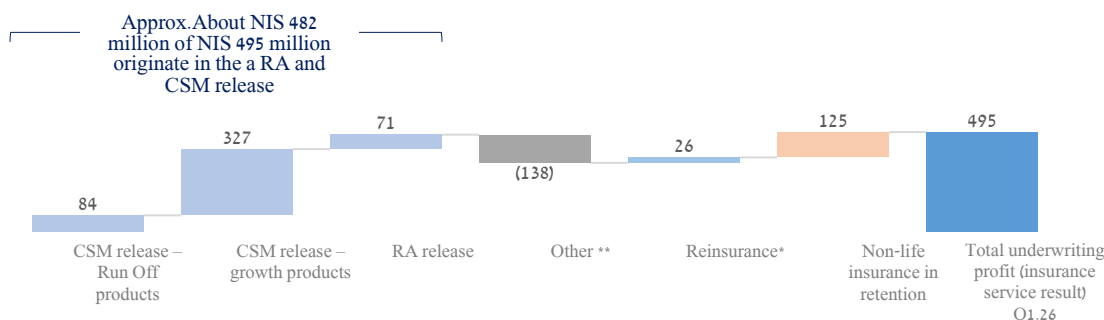


Q1.26	24	327	300	651	93	56	38	838
Q1.25	184	307	189	680	60	45	(3)	782
Change	(160)	20	111	(29)	33	11	41	56

* Adjusted investment and finance income, net, was calculated based on 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 rate curve ("interest rate curve") plus illiquidity premium as applicable)

** results in the Reporting Period include a **negative** effect due to changes in fair value of financial assets and special effects resulting from the amortization of excess costs in the amount of NIS 5 million (in the corresponding period last year, a **negative** effect of NIS 6 million). See section 3.3.4.4 below

1) Underwriting profit (insurance service result) in the Reporting Period and the corresponding



Q1.26	84	327	71	(138)	26	125	495
Q1.25	102	298	82	34	(42)	91	565
Change	(18)	29	(11)	(172)	68	34	(70)

* Reinsurance in life and health sectors

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

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

	<u>For the period ended</u>		
	<u>March 31</u>		
	<u>2026</u>	<u>2025</u>	<u>Change</u>
Income from investments *	139	204	(65)
Effect of interest rate curve changes	234	178	56
Interest accrued	(186)	(173)	(13)
Inflation and other financial changes	15	(47)	62
Total investment and finance income, net	202	162	40

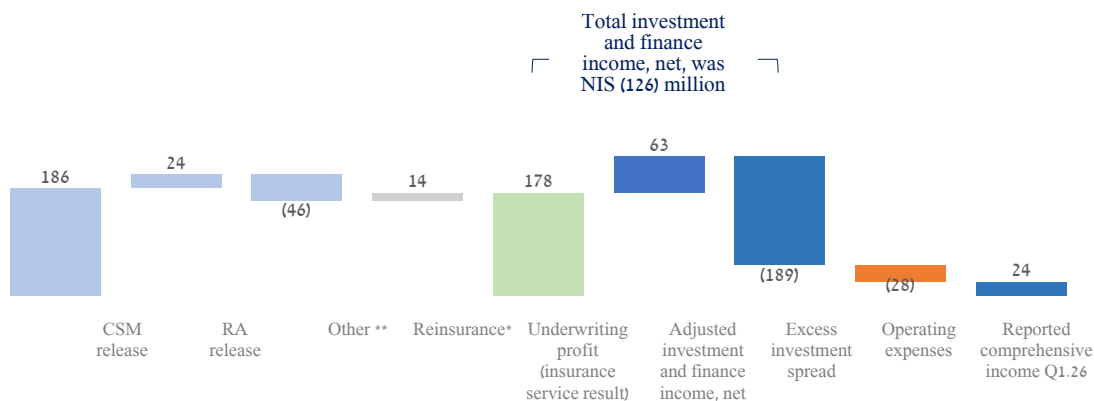
* Income from investments net of the change in liabilities for insurance contracts attributable to changes in the fair value of the base items.

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

Insurance business:

A. Life insurance:

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



Q1.26	186	24	(46)	14	178	63	(189)	(28)	24
Q1.25	176	36	62	(16)	258	63	(107)	(30)	184
Change	10	(12)	(108)	30	(80)	0	(82)	2	(160)

* Of the aforementioned amount, NIS 152 million is for the CSM release from growth products (NIS 150 million in the corresponding period last year)

** Including adjustments based on experience (A/E) and changes in the Loss Component (LC)

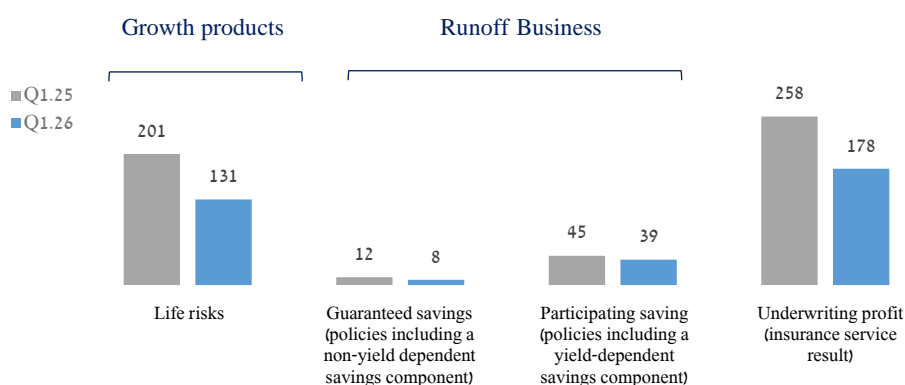
Results in the Reporting Period were affected by Nostro yields that were **lower** than the Nostro yields in the corresponding period last year (the yields in the Reporting Period include the effect of the change in the fair value of Hetz bonds. As a result of the increase in the interest rate curve, a decrease in fair value of NIS 178 million and NIS 126 million was recorded in the Reporting Period and the corresponding period last year, respectively); by changes in the interest rate curve (the increase in the interest rate curve in the Reporting Period and in the corresponding period last year resulted in a net **positive** effect on the results).

The effect of the increase in the interest rate curve on the financial results in the Reporting Period was lower compared with the effect on the results in the corresponding period last year) and to other financial changes, as detailed below:

	For the period ended		
	March 31		
	2026	2025	Change
Income from investments *	(74)	4	(78)
Effect of interest rate curve changes	40	49	(9)
Interest accretion	(76)	(72)	(4)
Inflation and other financial changes	(16)	(25)	9
Total investments and finance income, net	<u>(126)</u>	<u>(44)</u>	<u>(82)</u>

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

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

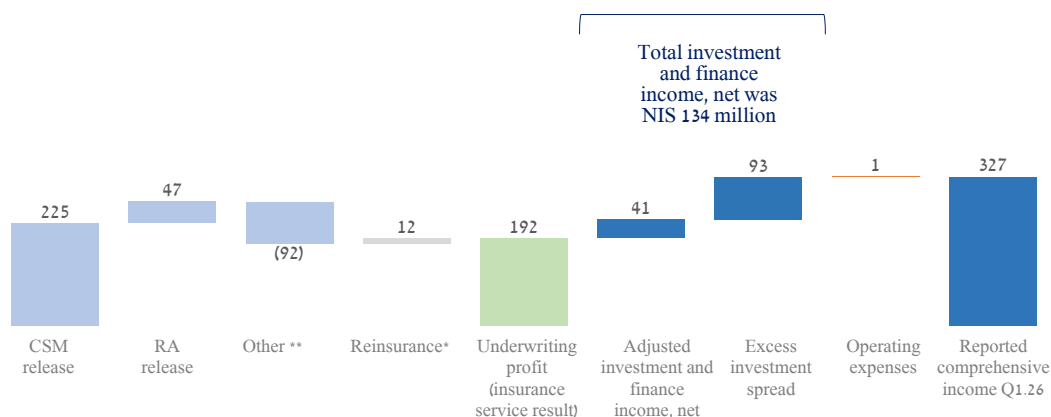


Underwriting results in the Reporting Period were positively affected by the continuing growth of activity in risk products which led to an increase in the CSM release. Additionally, underwriting results in the Reporting Period were affected by a profit shortfall relative to experience in the cover for risk of death (Actual Vs Expected (A/E)) due to a statistical increase in death risk claims in respect of a number of extraordinary claims.

Underwriting results in the corresponding period last year were positively affected by the continuing growth of activity in risk products. Additionally, the results were affected by underwriting improvement in work disability coverage relative to experience (Actual Vs Expected (A/E)).

B. Health insurance:

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



Q1.26	225	47	(92)	12	192	41	93	1	327
Q1.25	224	46	(28)	(26)	216	43	51	(3)	307
Change	1	1	(64)	38	(24)	(2)	42	4	20

* Of this amount, NIS 174 million is for the CSM release from growth products (corresponding period last year - NIS 147 million)

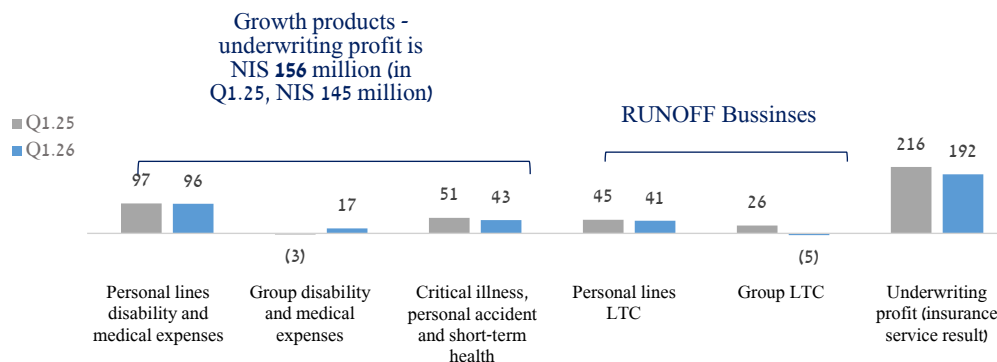
** Including adjustments based on experience (A/E) and changes in the Loss Component (LC)

Results in the Reporting Period were affected by positive Nostro yields in the capital market, which were **lower** than the Nostro yields in the corresponding period last year; to an increase in the interest rate curve (the increase in the interest rate curve in the Reporting Period and corresponding period last year resulted in a net **positive** effect on the results. The effect of the increase in the interest rate curve on the financial results in the Reporting Period was **higher** than the effect on the results in the corresponding period last year) and to other financial changes, as detailed below:

	<u>For the period ended</u>		
	<u>2026</u>	<u>2025</u>	<u>Change</u>
Income from investments *	23	57	(34)
Effect of interest rate curve changes	159	96	63
Interest accretion	(74)	(72)	(2)
Inflation and other financial changes	26	13	13
Total investments and finance income, net	134	94	40

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

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



- Personal lines and group medical expenses and disability: underwriting results in the Reporting Period were positively affected by the continuing growth of activity that led to an increase of the CSM release. Additionally, results in the Reporting Period in the group medical expenses and group disability sector were also affected by the growth of premiums due to agreement adjustments and renewals:

Results in the corresponding period last year were affected by a profit shortfall relative to experience in group policies as a result of an increase in the number of claims on the cover for medications (Actual Vs Expected (A/E)).

- Group long-term care - Under the new agreements with members of Clalit Health Services, from 2024 until the end of 2026, the reserve fund bears the full insurance risk. The operating profit (loss) in the Reporting Period and corresponding period last year reflects, in part, the Company's net operating income in accordance with the new agreements signed.

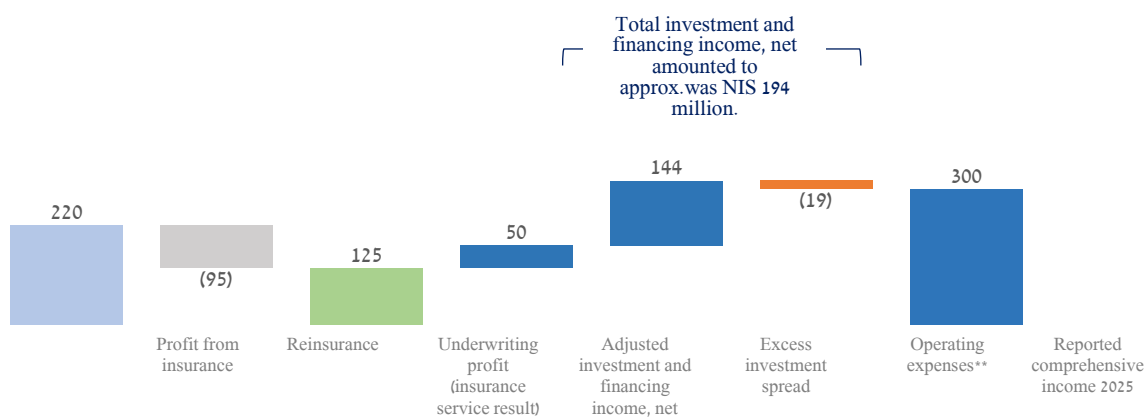
Underwriting results in the Reporting Period were affected by a decrease in the CSM release in respect of group long-term care insurance transaction with members of Clalit Health Services, which ended on December 31, 2023. This is a Runoff transaction from January 1, 2024, and it is expected that all liabilities will be extinguished by the end of 2028. For additional information see Section 3.4.2.

- Short-term health - Results in the Reporting Period were mainly affected by a decrease of activity in travel insurance following Operation Rising Lion.

C. Non-life insurance:

Breakdown of sources of income from the Company's Non-life insurance business in the Reporting Period and corresponding period last year (NIS million):

Reported comprehensive income	Q1.26	Q1.25	Difference
Compulsory motor	87	42	45
Motor property	58	41	17
Property and liability sectors *	160	105	55
Insurance companies overseas	(5)	1	(6)
Total	300	189	111



Q1.26	220	(95)	125	50	144	(19)	300
Q1.25	232	(141)	91	58	54	(14)	189
Change	(12)	46	34	(8)	90	(5)	111

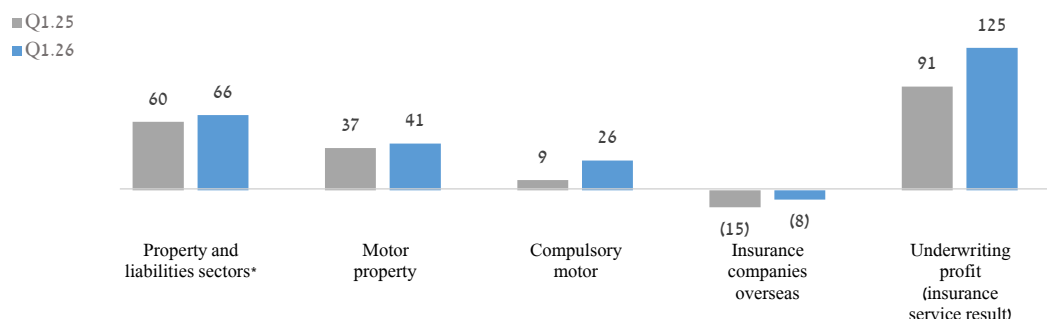
* Includes the other non-life insurance lines of business that are not compulsory motor and motor property, consisting of insurance, homeowners insurance, professional liability, insurance for contractors work and Sale Law guarantees

* Including special expenses in respect of the amortization of retained costs

Results in the Reporting Period were affected by positive Nostro yields in the capital market, that were **higher** than the Nostro yields in the corresponding period last year; by changes in the interest rate curve (the increase in the interest rate curve in the Reporting Period and corresponding period last year resulted in a net **positive** effect on the results. The effect of the increase in the interest rate curve on the financial results in the Reporting Period was **similar** to the effect in the corresponding period last year; and by other financial changes, as detailed below:

	<u>For the period ended</u>		
	<u>2026</u>	<u>2025</u>	<u>Change</u>
Income from investments	190	144	46
Effect of interest rate curve changes	35	34	1
Interest accretion	(36)	(30)	(6)
Inflation and other financial changes	5	(36)	41
Total investments and finance income, net	194	112	82

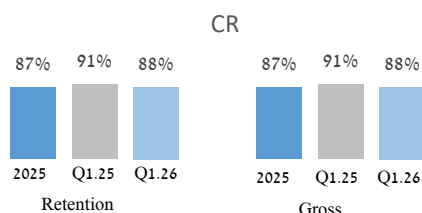
Breakdown of underwriting profit (insurance service result) in non-life insurance in the Reporting Period and corresponding period last year, by key portfolio groups (NIS million):



* Includes the other non-life insurance of business sectors, that are not compulsory motor and motor property, consisting mainly of business insurance, homeowners' insurance, professional liability, insurance for contractors work and Sale Law guarantees

- Compulsory motor - results in the Reporting Period were affected mainly by positive developments in reinsurance regarding claims from previous years.
- Motor property - results in the Reporting Period were affected by an improvement in underwriting results due to a decrease in the number and frequency of claims. This effect was partially offset by an increase in severity.

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



* Gross CR ratio - reflects the ratio between insurance service expenses and insurance service income
 CR ratio in retention (net CR) - reflects the ratio between net insurance service expenses from reinsurance expenses and net insurance service income from reinsurance income

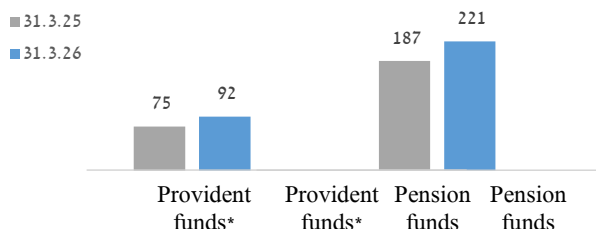
- Insurance companies overseas:

Interasco - results in the Reporting Period were affected mainly by investment profits and finance income, following the revaluation of mutual funds and interest in bonds.

Turk Nippon - results in the Reporting Period were affected by underwriting deterioration which was partially offset by the growth of investment income due to an increase in the interest rate paid on deposits in Turkey. Additionally, the results were materially affected by the continuing rise of inflation in Turkey, which reached an annual rate of approximately 31% in the Reporting Period and by the further erosion of the Turkish lira exchange rate. These macroeconomic factors significantly affected the results.

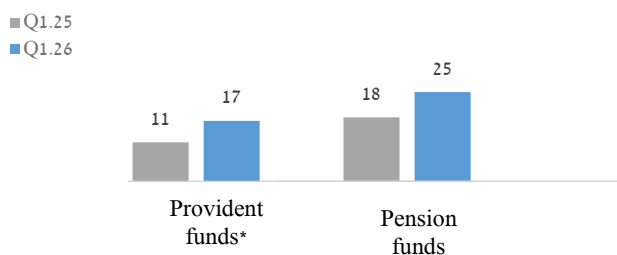
Pension insurance:

Breakdown of assets managed by planholders in the Group's pension insurance segment (NIS billion):



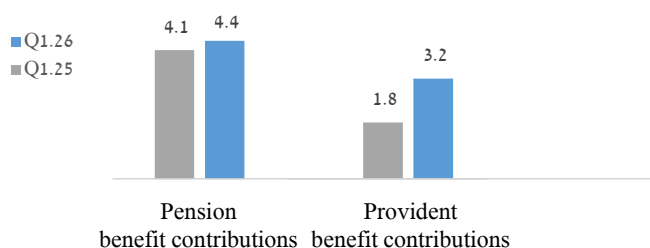
*Provident funds, Education funds, central and personal severance pay funds, provident fund for sick pay, and a fund for non-contributory pension

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



Results in the Reporting Period were affected mainly by growth in management fees as a result of growth of the managed assets portfolio, which was partially offset by an increase in marketing and other acquisition costs.

Data on benefit contributions (NIS billions):



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

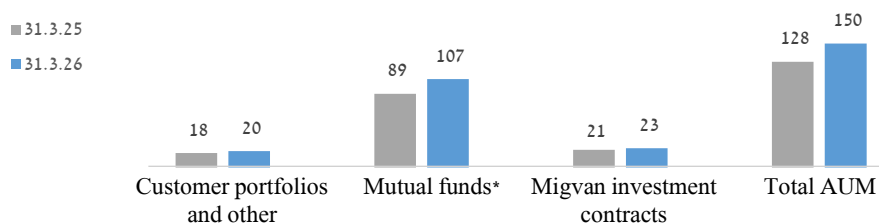
Income from management fees:

Income from management fees collected from pension funds managed by the Group amounted to NIS 150 million in the Reporting Period, compared with NIS 135 million in the corresponding period last year.

Income from management fees collected from provident funds managed by the Group amounted to NIS 114 million in the Reporting Period, compared with NIS 93 million in the corresponding period last year.

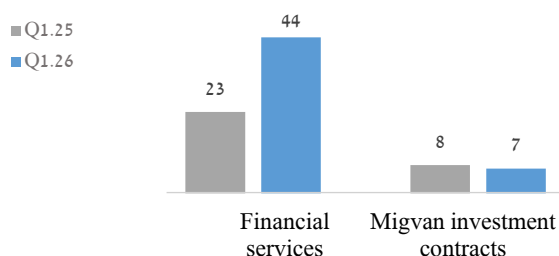
Financial services:

Information about assets managed for the Group's policyholders and planholders (NIS billion):



* Mutual fund assets include mutual funds and certificates of deposit (CDs)

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



The results were affected by capital market yields as described in Section 3.3.3 above. Additionally, the results were affected by increased profitability in the mutual funds as a result of the growth of AUM

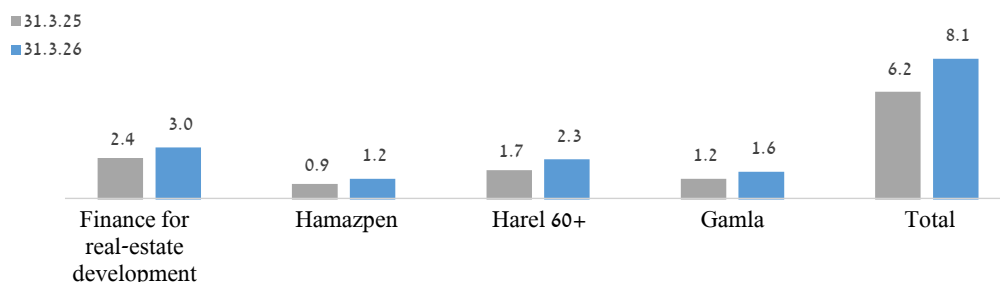
Credit:

In December 2024, the acquisition of all shares of Gamla Harel Residential Real Estate Ltd. ("Gamla") was completed. Starting in 2025, credit segment results include the activity of Gamla.

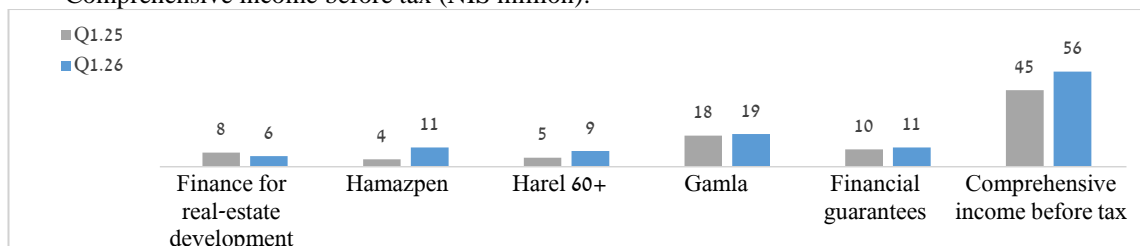
Additionally, credit segment results include insurance activity in the residential mortgage insurance line of business (as a single line - Monoline) conducted by EMI (which essentially involves providing financial insurance guarantees to banking corporations in respect of mortgage loans they provided to customers at high financing (LTV) rates).

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

Credit portfolio size (NIS billion):



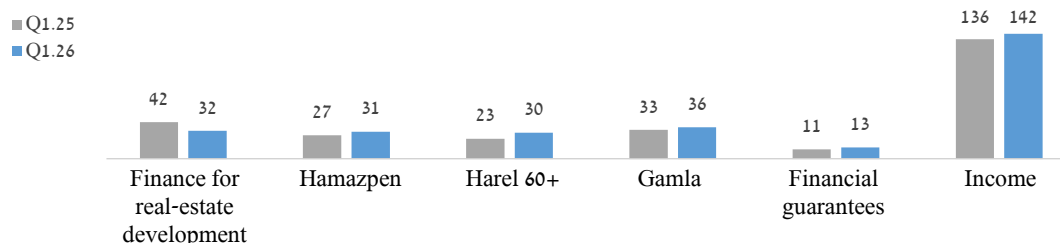
Comprehensive income before tax (NIS million):



* Profit after adjustment for the effect of the change in the fair value of financial assets, in development property finance and Harel 60+ was NIS 12 million and NIS 7 million, respectively, in the Reporting Period (profit after adjustment for the effect of change in the fair value of financial assets, in development property finance and Harel 60+ was NIS 10 million and NIS 8 million, respectively, in the corresponding period last year).

Profit after adjustment for special effects (amortization of excess costs) at Gamla was NIS 20 million in the Reporting Period and NIS 19 million in the corresponding period last year

Income (NIS million):



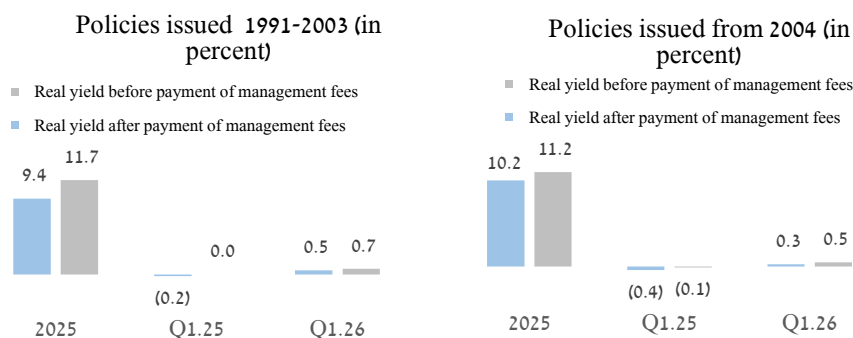
* Income after adjustment for the effect of change in the fair value of financial assets, in development property finance and Harel 60+ was NIS 38 million and NIS 28 million, respectively, in the Reporting Period (income after adjustment for the effect of change in the fair value of financial assets, in development property finance and Harel 60+ was NIS 44 million and NIS 26 million, respectively, in the corresponding period last year)

3.4 Additional key information and effects by segment

3.4.1 Life insurance:

Redemptions as a percentage of the average reserve in the Reporting Period were 8.0% compared with 7.7% in the corresponding period last year and 7.1% in 2025.

Yield-dependent policies:



Information about the estimated amount of investment profit (loss) credited to policyholders in life insurance and profit-sharing investment contracts and management fees calculated in accordance with guidelines set by the Commissioner, based on the yield and quarterly balances of the insurance reserves in the Company's business reports (NIS millions):

	Period ended		Year ended
	March 31		December 31
	2026	2025	2025
Profits (losses) after management fees	97	(10)	9,230
Total management fees	165	132	936

3.4.2 Health insurance:

Commissioner's permit for the agreed outline regarding the group long-term care policy of members of Clalit Health Services:

On December 22, 2024, the Authority published an amendment to the Supervision of Financial Services (Insurance) Regulations (Group Long-Term Care Insurance for HMO Members) (Amendment), 2024. Among other things these provisions establish that the definition of an insured event will be updated, so that eligibility will only be given to insured persons who are unable to perform, independently, a substantial part of at least 4 of the 6 activities of daily living (ADL - Activities of Daily Living) or alternatively 3 activities, one of which is control of bowel and bladder functions; that the assessment for the application of some of the ADLs will not be met if the insured can perform them independently using an adapted device or item of clothing; and that eligibility to receive insurance benefits for an insured who lives at home is subject to providing confirmation proving that he is assisted by a caregiver for most hours of the day. The provisions also stipulate that starting in 2027, if at the end of the policy period the policy is not renewed for all insured persons by any specific insurer, the insurer will not be required to include insured persons in a group continuation policy or any policy whatsoever and the remaining amounts in the insured fund at that date will be used for the benefit of the insureds in a manner to be approved by the Commissioner.

Subsequently, Harel and Clalit signed an agreed framework for extending the group insurance period for Clalit Health Services members for a period of 24 months (from January 1, 2025 until December 31, 2026). On December 26, 2024, a permit was received from the Commissioner to activate this policy.

In addition to the group long-term care policy for members of Clalit Health Services, Harel Insurance provides long-term care insurance for several other groups.

The estimate of the amount of investment profits, which were credited to the insured in profit-sharing long-term care insurance policies, is as follows (millions of NIS):

	Period ended		Year ended
	March 31		December 31
	2026	2025	2025
Investment profits credited to policyholders	18	37	187

3.4.3 Non-life insurance:

Compulsory motor

Since vehicle owners must insure their vehicles in accordance with the Motor Vehicle Insurance Ordinance, vehicle owners (usually motorcycles) who were rejected by insurance companies are entitled to purchase insurance through the Pool (the Israeli Motor Insurance Pool) which operates as an insurance company for all purposes. All insurance companies operating in the compulsory motor insurance sector are partners in Pool, and each company bears a share of Pool's losses pro rata to its share in the compulsory motor insurance market in the previous year. A letter from the CEO of the Pool, set the temporary share of Harel Insurance in the net premiums for 2026 at 11.00% (compared with 12.01% which was the Company's temporary share for 2025).

3.5 Liquidity and financing sources

3.5.1 Cash flows

Net cash flow used for operating activities were NIS 2,844 million. in the Reporting Period Net cash flows used for investment activity were NIS 103 million. Net cash flows provided by financing activity were NIS 245 million. The effect of exchange rate fluctuations on cash balances was a negative NIS 52 million. The result of all the above activity is reflected in a decrease of NIS 2,754 million in the cash balances.

3.5.2 Liquidity and financing of operations

The Company and its subsidiaries generally finance their ongoing operating activities from their own resources.

4. Specific disclosures for the Company's bondholders

A. Bond data

Series/issue date	Bond A
Issue date	July 2021 (expanded in June 2023)
Nominal value at issue date (NIS)	250,000,000 (additional 953,516,000 were issued as part of an expansion in June 2023)
Book value at March 31, 2026 (NIS million) *	808
Market value at March 31, 2026 (NIS millions)	821
Type of interest	Fixed
Nominal interest rate	1.95%
Listed for trade on the Stock Exchange	Yes
Dates of principal payment	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 nominal value of the principal

Dates of interest payments	Interest in 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 March 31, 2026	4.45
Are the liability notes convertible	No
Linkage base and conditions	The principal and interest are not linked
Pledged assets	None
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 bonds (Series 1) are listed for trade (i.e., July 27, 2021), either 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 loans, whose scope 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

* Including interest payable

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 6c(4)(2) to the financial statements.

5. Market risks - exposure and management

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

6. Disclosure regarding economic solvency ratio

Provisions concerning implementation of an economic solvency regime:

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 gradually until 2032. According to the transitional measures, insurance companies may, after receiving the Supervisor's approval, include in the calculation of the insurance reserves in the transitional period, a deduction from the insurance reserve ("the Deduction"). The Deduction is calculated in accordance with the guidance in the Deduction Principles letter and is gradually reduced from a rate of 100% on the calculation of the insurance reserves at December 31, 2019, to 0% on the calculation of the insurance reserves at December 31, 2032.

Additionally, there is a higher maximum recognition limitation for Tier 2 capital in the transitional period.

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

Based on the transitional measures, at December 31, 2025 Harel Insurance has a capital surplus of NIS 7,285 million and without considering the transitional measures the capital surplus is NIS 5,647 million.

Notably, the model in its current form is extremely sensitive to changes in market and other variables, such as changes in the interest rate, changes in investment profits, updates of actuarial assumptions and changes related to the activity of Harel Insurance, as well as the uncertainty inherent in the actuarial and financial assumptions and forecasts used in preparing the report.

Calculations of the present economic capital and required capital are based on forecasts and assumptions that rely mainly on past experience, and they do not necessarily reflect future performance.

The Best Estimate was based on forecasts, assessments and estimates of future events, the materialization of which is uncertain and are beyond the Company's control, and they should be treated as "forward-looking information" according to its definition in Section 32A of the Securities Law, 1968. It is possible that all or part of these forecasts, assessments and estimates will not materialize or will materialize differently than assumed in calculating the solvency report. Actual results may therefore differ from the forecast.

Economic solvency ratio and MCR:

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

A. Economic solvency ratio

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>(Audited)</u>	<u>(Audited)</u>
	<u>NIS million</u>	
Shareholders' equity for the purpose of SCR	<u>18,497</u>	<u>16,773</u>
Solvency capital requirement (SCR)	<u>11,212</u>	<u>9,754</u>
Surplus	<u>7,285</u>	<u>7,019</u>
Economic solvency ratio	<u>165%</u>	<u>172%</u>

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	<u>18,497</u>	<u>17,773</u>
Capital surplus	<u>7,285</u>	<u>8,019</u>
Economic solvency ratio	<u>165%</u>	<u>182%</u>

* On April 24, 2025, the Company raised Series 21 bonds in the amount of NIS 1 billion. Series 21 bonds are a Tier-1 ancillary capital instrument. This raising therefore increases the eligible capital and capital surplus by 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 key changes that took place during 2025 compared to comparative figures, see Section 2 of the Economic Solvency Ratio Report.

These data regarding the solvency ratio, considering the capital activity 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 insurance investments and liabilities, updated actuarial assumptions, exogenous effects and regulatory changes affecting the business environment. For information about key changes that took place after the calculation date, see Section 2 in 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)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>(Audited)</u>	<u>(Audited)</u>
	<u>NIS million</u>	
Minimum Capital Requirement (MCR)	<u>3,289</u>	<u>3,149</u>
Shareholders equity for the purpose of MCR	<u>14,250</u>	<u>12,526</u>

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

At the date of the report, Harel Insurance has completed the calculation of the economic solvency ratio based on the use of Economic Scenario Generators (ESG), including completion of tests and control processes for accuracy, robustness and market compatibility.

The stochastic model is used for 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 yield which serves as the basis for the calculation is a risk-free yield. However, unlike the existing model, the stochastic model calculation of the flows 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 suitable for the types of assets. These models were calibrated using relevant historic market information. Harel Insurance was assisted by international consulting companies in choosing, calibrating and testing these economic models. Additionally, the external auditors reviewed 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. Notably, these figures are not audited or reviewed. Additionally, the figures are sensitive to changes in the interest rate curve and other financial and demographic assumptions, so that the effect of the stochastic model may be different, including materially, at the actual date of implementation. According to the framework received from the Commissioner in May 2025, application of the stochastic model will not form part of the solvency ratio calculation without application of the transitional measures, for 3 reporting dates starting from the solvency ratio report as at December 31, 2024.

D. Restrictions on dividend distribution

According to the letter published by the Commissioner in October 2017 ("the Letter"), an insurance company will be entitled to distribute dividends only if after the distribution is made, the company has a solvency ratio of at least 100%, under the economic solvency regime when 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 providing any relief in respect of the original difference attributed to the acquisition of provident funds and management company activity.

The policy of Harel Insurance is to maintain a robust capital base to ensure its solvency and 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 prescribed regulations regarding dividend distribution.

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

On March 25, 2026, the Company's Board of Directors approved a dividend distribution policy of at least 45% of comprehensive income as long as Harel Insurance meets the minimum targets for the Solvency II-based solvency ratio.

The threshold conditions are intended to enable Harel Insurance to cope with crises without significantly compromising its operations and compliance with the applicable capital requirements. Nonetheless, the foregoing does not guarantee that Harel Insurance will meet the defined threshold rules 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.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>(Audited)</u>	<u>(Audited)</u>
	<u>NIS million</u>	
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 percent)	148%	149%
Effect of material capital transactions that took place in the period between the calculation date and the publication date of the 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's target:		
Board's economic solvency ratio target	118%**	115%
Capital surplus relative to target (in NIS million)	3,540**	4,394

* On April 24, 2025, the Company raised Series 21 bonds in the amount of NIS 1 billion. Series 21 bonds are a Tier-1 ancillary 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 overall threshold for a dividend distribution, calculated 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. 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 (hereinafter - "ORSA guidance"). A central principle underlying the Own Risk and Solvency Assessment is the creation of a connection 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", insurance companies shall submit to the Commissioner a report on Own Risk and Solvency Assessment (ORSA) once a year, in January.

The Company submitted the required report to the Commissioner in January 2026.

7. Internal control over financial reporting

As part of the application of IFRS 17 - *Insurance Contracts* and IFRS 9 - *Financial Instruments* (the New Standards) as reported in the annual Board of Directors Report for 2025, the Group continues to develop, assimilate and apply the required reports and statements and continues to refine the activity involved in application of the New Standards, including a map of the controls and risks.

Further to the foregoing, in the quarter ended March 31, 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 wishes to express its thanks to the
Group's employees and agents for their contribution to the
Group's achievements**

Yair Hamburger
Chairman of the Board of
Directors

Nir Cohen
CEO

May 26, 2026



HAREL INSURANCE INVESTMENTS AND FINANCIAL SERVICES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2026

Condensed Consolidated Interim Statements of Financial Position

	<u>March 31</u>		<u>December 31</u>
	<u>2026</u>	<u>2025</u>	<u>2025</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Assets			
Cash and cash equivalents for yield-dependent contracts	7,683	6,840	10,240
Other cash and cash equivalents	2,539	2,392	2,736
Financial investments for yield-dependent contracts measured at fair value	77,251	73,030	75,982
Other financial investments measured at fair value	38,104	41,614*	38,515
Other financial investments measured at amortized cost	17,936	11,732*	16,092
Trade and other receivables	2,489	2,410	2,024
Current tax assets	15	22	17
Insurance contract assets	3,977	3,061*	4,374
Reinsurance contract assets	2,776	2,569	2,673
Investments in equity accounted investees	1,424	1,572	1,415
Investment property for yield-dependent contracts	1,801	1,836	1,799
Other investment property	2,449	2,562	2,431
Fixed assets	1,388	1,418	1,371
Intangible assets	2,946	2,910	2,951
Costs of obtaining investment management service contracts	1,058	865	986
Deferred tax assets	25	36	25
Total assets	<u>163,861</u>	<u>154,869</u>	<u>163,631</u>
Total assets for yield-dependent contracts	<u>88,275</u>	<u>83,056</u>	<u>89,128</u>

* Reclassified

Condensed Consolidated Interim Statements of Financial Position (continued)

	<u>March 31</u>		<u>December 31</u>
	<u>2026</u>	<u>2025</u>	<u>2025</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Equity and liabilities			
Equity			
Share capital and premium	432	405	426
Treasury shares	(699)	(441)	(681)
Capital reserves	177	256	162
Retained earnings	12,280	10,150	12,261
Total equity attributable to shareholders of the Company	12,190	10,370	12,168
Non-controlling interests	22	25	24
Total equity	12,212	10,395	12,192
Liabilities			
Loans and credit	23,980	17,749	22,609
Liabilities in respect of derivative instruments and short sales	4,502	9,157	3,309
Trade and other payables	2,633	2,061	2,600
Current tax liabilities	141	154	247
Investment contract liabilities - yield-dependent	23,133	21,169	23,025
Investment contract liabilities - non-yield-dependent	87	103	89
Insurance contract liabilities	95,154	92,077*	97,348
Reinsurance contract liabilities	463	456	577
Employee benefit liabilities, net	142	144	145
Deferred tax liabilities	1,414	1,404	1,490
Total liabilities	151,649	144,474	151,439
Total equity and liabilities	163,861	154,869	163,631

* Reclassified

Yair Hamburger
Chairman of the
Board of Directors

Nir Cohen
Chief Executive
Officer

Arik Peretz
Chief Financial
Officer

Date of approval of the financial statements: May 26, 2026

Condensed Consolidated Interim Statements of Income

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million
Insurance service income	3,478	3,560*	14,409
Insurance service expenses	2,914	2,812*	11,339
Insurance service profit before reinsurance held	564	748	3,070
Reinsurance expenses	484	550	2,183
Reinsurance income	415	367	1,427
Expenses, net from reinsurance contracts held	(69)	(183)	(756)
Insurance service result	495	565	2,314
Investment gains, net from assets held against insurance contracts and yield-dependent investment contracts	281	161	10,361
Gains (losses) from other investments, net:			
Interest income calculated using the effective interest method	216	155*	745
Net impairment losses on financial assets	(9)	-	(9)
Other investment gains, net	259	232*	3,299
Share in gains (losses) of equity accounted investees closely related to investment activities	18	10	(34)
Total gains from other investments, net	484	397	4,001
Total investment gains, net	765	558	14,362
Financing expenses, net arising from insurance contracts	330	196	9,057
Financing income, net arising from reinsurance contracts	117	47	177
Decrease (increase) in investment contract liabilities due to return component	6	(51)	(2,463)
Investment and financing profit, net	558	358	3,019
Profit, net from insurance and investment	1,053	923	5,333
Management fee income	438	370	1,662
Commission income from insurance agencies	43	32*	160
Other operating expenses	488	445*	1,833
Other income, net	7	12*	21
Other financing expenses	(245)	(185)	(905)
Share in gains of equity accounted investees, not closely related to investment activities	12	8	46
Profit before income tax	820	715	4,484
Income tax	267	218	1,490
Profit for the period	553	497	2,994
Attributable to:			
Shareholders of the Company	550	495	2,990
Non-controlling interests	3	2	4
Profit for the period	553	497	2,994
Basic earnings per share attributable to shareholders of the Company (NIS)	2.67	2.40	14.61

Condensed Consolidated Interim Statements of Income

	<u>For the three-month period</u>		<u>For the year ended</u>
	<u>ended March 31</u>		<u>December 31</u>
	<u>2026</u>	<u>2025</u>	<u>2025</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Diluted earnings per share attributable to shareholders of the Company (NIS)	<u>2.62</u>	<u>2.37</u>	<u>13.98</u>

* Reclassified

Condensed Consolidated Interim Statements of Comprehensive Income

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million
Profit for the period	553	497	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	32	36
Gains from remeasurement of defined benefit plan for employees	-	-	2
Total other comprehensive income that will not be subsequently reclassified to profit or loss before income tax	35	32	38
Income tax relating to other comprehensive income items that will not be subsequently reclassified to profit or loss	(10)	(9)	(8)
Other comprehensive income for the period that will not be reclassified to profit or loss, net of tax	25	23	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	(17)	35	(86)
Total other comprehensive income (loss) that was reclassified or will be reclassified to profit or loss before income tax	(17)	35	(86)
Tax benefit (income tax) relating to other comprehensive income items that after initial recognition in comprehensive income were reclassified or will be reclassified to profit or loss	4	(10)	20
Total other comprehensive income (loss) for the period that after initial recognition in comprehensive income was reclassified or will be reclassified to profit or loss, net of tax	(13)	25	(66)
Total other comprehensive income (loss) for the period	12	48	(36)
Total comprehensive income for the period	565	545	2,958
Attributable to:			
Shareholders of the Company	562	543	2,954
Non-controlling interests	3	2	4
Total comprehensive income for the period	565	545	2,958

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 three-month period ended March 31, 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	-	-	-	-	-	-	550	550	3	553
Other comprehensive income (loss) for the period	-	(13)	-	-	25	-	-	12	-	12
Total comprehensive income (loss) for the period	-	(13)	-	-	25	-	550	562	3	565
Transactions with shareholders recognized directly in equity										
Dividend distributed	-	-	-	-	-	-	(531)	(531)	-	(531)
Share-based payment	-	-	15	-	-	-	-	15	-	15
Purchase of treasury shares	-	-	-	-	-	(18)	-	(18)	-	(18)
Exercise of options	6	-	(6)	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	(1)	-	-	-	(1)	(2)	(3)
Dividend to holders of non-controlling interests	-	-	-	(5)	-	-	-	(5)	(3)	(8)
Balance as at March 31, 2026	432	(222)	45	(83)	437	(699)	12,280	12,190	22	12,212

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 March 31, 2025 (unaudited)										
Balance as at January 1, 2025	392	(143)	40	(49)	398	(430)	9,655	9,863	87	9,950
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	495	495	2	497
Other comprehensive income for the period	-	25	-	-	23	-	-	48	-	48
Total comprehensive income for the period	-	25	-	-	23	-	495	543	2	545
Transactions with shareholders recognized directly in equity										
Issuance of put option	-	-	-	(25)	-	-	-	(25)	(64)	(89)
Share-based payment	-	-	3	-	-	-	-	3	-	3
Purchase of treasury shares	-	-	-	-	-	(11)	-	(11)	-	(11)
Exercise of options	13	-	(13)	-	-	-	-	-	-	-
Non-controlling interests in subsidiaries	-	-	-	(3)	-	-	-	(3)	1	(2)
Dividend to holders of non- controlling interests	-	-	-	-	-	-	-	-	(1)	(1)
Balance as at March 31, 2025	405	(118)	30	(77)	421	(441)	10,150	10,370	25	10,395

Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Attributable to shareholders of the Company							Total	Non-controlling interests	Total 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			
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>			
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)
Issuance of 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 subsidiaries	-	-	-	(3)	-	-	-	(3)	1	(2)

Condensed Consolidated Interim Statements of Changes in Equity (continued)

	Attributable to shareholders of the Company							Non-controlling interests	Total 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			Total
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(4)	(4)
Balance as of December 31, 2025	<u>426</u>	<u>(209)</u>	<u>36</u>	<u>(77)</u>	<u>412</u>	<u>(681)</u>	<u>12,261</u>	<u>12,168</u>	<u>24</u>	<u>12,192</u>

Condensed Consolidated Interim Statements of Cash Flows

	Note	For the three-month period ended March 31		For the year ended December 31
		2026	2025	2025
		(unaudited)	(unaudited)	(audited)
		NIS million	NIS million	NIS million
Cash flows from operating activities				
Before income taxes	A	(2,392)	(59)	6,618
Taxes paid		(452)	(157)	(1,191)
Net cash from (used in) operating activities		(2,844)	(216)	5,427
Cash flows from investing activities				
Acquisition of a subsidiary consolidated for the first time	B	-	(9)	(9)
Investment in investees		1	(33)	(120)
Proceeds from disposal of investment an equity accounted investee		-	3	67
Investment in fixed assets		(8)	(17)	(41)
Investment in intangible assets		(99)	(99)	(432)
Dividend and interest from an investee		2	11	46
Proceeds from disposal of fixed assets and intangible assets		1	1	21
Net cash used in investing activities		(103)	(143)	(468)
Cash flows from financing activities				
Proceeds from issuance of debt securities, net		-	-	960
Repayment of debt securities		(92)	-	(628)
Purchase of treasury shares		(18)	(11)	(251)
Issuance of commercial paper		100	-	250
Short-term credit from banks, net		(52)	(36)	(1,526)
Receipt of loans from banks		196	-	673
Repayment of loans from banks and others		(63)	(13)	(270)
Receipt of cash from repurchase agreements (REPO)		168	-	33
Repayment of lease liabilities		11	(11)	(37)
Dividend to non-controlling interests		(5)	(1)	(4)
Dividend to shareholders		-	(250)	(650)
Net cash from (used in) financing activities		245	(322)	(1,450)
Effect of exchange rate fluctuations on cash and cash equivalents balances		(52)	55	(391)
Net increase (decrease) in cash and cash equivalents		(2,754)	(626)	3,118
Cash and cash equivalents balance at beginning of period	C	12,976	9,858	9,858
Cash and cash equivalents balance at end of period	D	10,222	9,232	12,976

Condensed Consolidated Interim Statements of Cash Flows (continued)

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million
Appendix A - Cash flows from operating activities (1), (2), (3)			
Profit for the period	553	497	2,994
Items not involving cash flows:			
Company's share in profits of equity accounted investees	(5)	(18)	(12)
Net losses (gains) from financial investments for insurance contracts and yield-dependent investment contracts	59	291	(8,642)
Net losses (gains) from other financial investments and derivatives measured at fair value	60	107	(1,910)
Net losses (gains) from other financial investments measured at amortized cost	87	(11)	(113)
Change in financial liabilities	1,371	758	(344)
Change in fair value of investment property for yield-dependent contracts	(1)	(1)	(89)
Change in fair value of other investment property	(14)	(13)	(38)
Depreciation and amortization			
Fixed assets	29	27	119
Intangible assets	104	96	390
Change in liabilities for non- yield-dependent investment contracts	(2)	(5)	(19)
Change in liabilities for yield-dependent investment contracts	90	(131)	1,650
Change in insurance contract liabilities	(2,198)	(1,939)	3,352
Change in reinsurance contract liabilities	(115)	20	113
Change in reinsurance contract assets	(106)	88	(18)
Change in insurance contract assets	397	41	(1,272)
Share-based payment	15	3	30
Income tax expenses	267	218	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	(1)	(1)	(6)
Proceeds from sale of investment property	-	-	130
Net proceeds from sales (purchases) of financial investments	(1,402)	320	6,845
Other financial investments and investment property			
Purchase of investment property	(4)	(43)	(58)
Proceeds from sale of investment property	-	1	172
Net proceeds from sales (purchases) of financial investments	(564)	400	1,109
Trade and other receivables	(353)	(381)	126
Trade and other payables	(584)	(319)	802
Costs of obtaining customer management service contracts	(72)	(67)	(190)
Employee benefit liabilities, net	(3)	3	7
Total adjustments required to present cash flows from operating activities	(2,945)	(556)	3,624
Total cash flows from (used in) operating activities before taxes paid	(2,392)	(59)	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) Within operating activities, interest received was presented in the amount of approximately NIS 523 million (for the three-month period ended March 31, 2025 an amount of approximately NIS 524 million and for 2025 an amount of approximately NIS 1,918 million) and interest paid in the amount of approximately NIS 20 million (for the three-month period ended March 31, 2025 an amount of approximately NIS 8 million and for 2025 an amount of approximately NIS 362 million)
- (3) Within operating activities, dividends received from other financial investments were presented in the amount of approximately NIS 77 million (for the three-month period ended March 31, 2025 an amount of approximately NIS 79 million and for 2025 an amount of approximately NIS 493 million)

Condensed Consolidated Interim Statements of Cash Flows (continued)

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million
Appendix B - Acquisition of a subsidiary consolidated for the first time			
Assets and liabilities of the subsidiary at 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 for acquisition of a subsidiary consolidated for the first time	-	(9)	(9)

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million
Appendix C - Cash and cash equivalents at beginning of period			
Cash and cash equivalents for yield-dependent contracts	10,240	7,388	7,388
Other cash and cash equivalents	2,736	2,470	2,470
Cash and cash equivalents balance at beginning of period	12,976	9,858	9,858

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million
Appendix D - Cash and cash equivalents at end of period			
Cash and cash equivalents for yield dependent contracts	7,683	6,840	10,240
Other cash and cash equivalents	2,539	2,392	2,736
Balance of cash and cash equivalents at end of period	10,222	9,232	12,976

Notes to the Condensed Consolidated Interim Financial Statements

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 March 31, 2026 and for the 3-month period ended on that date (hereinafter: "the condensed consolidated interim financial statements") include those of the Company and its subsidiaries (hereinafter: "the Group"), as well as the Company's interests in associated companies 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 the communities in the Galilee and the center, which led to the expansion of fighting to additional fronts.

With the beginning of the operation, it was decided to transition all areas of the country from full activity level to essential activity level, which includes prohibition on conducting educational activities, gatherings and coming to workplaces, except for workplaces defined as essential to the economy. Also, additional reserve duty was carried out for the needs of the operation.

After the reporting date, on April 8, 2026, it was announced that the US and Iran announced understandings for a temporary ceasefire for a limited period, which were formulated through the mediation of international parties. The Government of Israel announced that it agreed to the ceasefire in coordination with the US. According to the announcements, the ceasefire does not fully apply to the Lebanese arena, and during the period there were reports of continued exchanges of fire and pinpoint attacks in Lebanon between the IDF and Hezbollah until the declaration of a ceasefire on this front as well on April 15, 2026.

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 operation on its financial position, on its operating results and on its cash flows if any.

However, since this is an event that is not under the Group's control, factors such as the continued prolongation of the operation 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 examine how the operation affects its activities.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 2 - Basis of Preparation of the Financial Statements****C. 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 complete 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"). Also, the condensed consolidated interim financial statements were 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 May 26, 2026.

D. 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 use judgment, for the purpose of making assessments, estimates and assumptions including actuarial assumptions and estimates, which affect the application of policy and the amounts of assets and liabilities, revenues and expenses. It should be clarified that the actual results may be different from these estimates, including due to regulatory changes that have been published or are expected to be published in the areas of insurance, pensions and provident funds and where there is uncertainty regarding how they will be adapted and their implications. The main estimates included in the financial statements are based on actuarial assessments as well as 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 (grouping of portfolios was done according to the illiquidity premium weights that were applied):

	As at March 31, 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 (weight of 100%)	2.32	2.23	2.26	2.42	2.54	2.69	2.78	2.83
Policies including a yield dependent savings component including variable management fees, private and group long-term care, compulsory motor and liabilities (weight of 80%)	2.25	2.16	2.20	2.36	2.48	2.62	2.71	2.76
Policies including investment-linked savings component including fixed management fees only (weight of 60%)	2.19	2.10	2.13	2.29	2.41	2.56	2.65	2.70
Other insurance portfolios (weight of 50%)	2.15	2.06	2.10	2.26	2.38	2.52	2.61	2.66

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 2 - Basis of Preparation of the Financial Statements (Continued)****B. Use of Estimates and Judgment (Continued)**Discount Rates (Continued)

	As at March 31, 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 (weight of 100%)	2.42	2.36	2.41	2.52	2.58	2.63	2.71	2.80
Policies including yield dependent savings component including variable management fees, private and group long-term care, compulsory motor and liabilities (weight of 80%)	2.34	2.28	2.33	2.44	2.50	2.55	2.63	2.72
Policies including yield dependent savings component including fixed management fees only (weight of 60%)	2.26	2.20	2.25	2.36	2.42	2.47	2.55	2.64
Other insurance portfolios (weight of 50%)	2.22	2.16	2.21	2.32	2.38	2.43	2.51	2.60

	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 return-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.

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. Reclassification and regrouping

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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. 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**IFRS 18, *Presentation and Disclosure in Financial Statements* (hereinafter: "the Standard" or "IFRS 18")**

This 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 that began 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 profit or loss statement, by establishing a more uniform structure for this statement, expanding disclosure requirements and incorporating dedicated disclosure regarding management-defined performance measures.

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 issues 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 while adapting to 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating Segments

A. General

The operating segments note includes several segments that constitute strategic business units of the Group. These business units include a variety of products and are managed separately for the purpose of resource allocation and performance evaluation. The products underlying each segment are essentially similar in terms of their nature, distribution method, customer mix, nature of the regulatory environment as well as long-term economic and demographic characteristics derived from exposure with similar characteristics to insurance risks. Additionally, the results of the investment portfolio held against insurance liabilities may have a significant impact on profitability.

Segment performance is measured based on segment profits before income taxes. Results of intercompany transactions are eliminated within the framework of adjustments for the preparation of the condensed consolidated interim financial statements. It should be noted that no inter-segment balances remain in the framework of transfers of financial assets between the various segments, where such transfers are made.

The Group operates in the following segments:

1. Life insurance and savings segment

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 segment

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

3. Non-life insurance segment

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 (liability branches, property branches 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 Traffic 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 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 the field of compulsory motor as described above). This framework includes the following insurance branches: insurance against employers' liability, insurance against liability towards a third party, professional liability insurance, liability insurance for directors and officers and insurance against liability for defective products. In addition, includes the Group's activity in all property branches except motor property (such as: providing sales law guarantee, apartments and the like).

4. Pension insurance segment

This segment includes the Group's pension and provident fund activity. Starting from December 31, 2025, the Company presents the pension and 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 pension and provident fund activity in accordance with the Commissioner's instructions, see section G below.

5. Foreign insurance companies segment

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating Segments (Continued)**A. General (Continued)****6. Financial services segment**

This segment includes the Group's activity in the capital and finance market which is 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 segment

The credit segment includes the following activities:

- Business support and credit for medium-sized businesses - the activity is carried out through a 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 granting mezzanine loans;
- Mortgage-type loans and "reverse mortgage" - the activity is carried out through a wholly-owned subsidiary of Harel Insurance, Harel 60+, which engages in providing regular mortgage-type loans, as well as providing "reverse mortgage" type loans which are loans given to borrowers who are 60 years and older, secured by a residential apartment;
- Real estate development support and financing - this activity is carried out both at Harel Insurance under the Real Estate Development Financing Division and through the subsidiary company Gamla Harel Real Estate for Residential (hereinafter: "Gamla"). The Real Estate Development Financing Division at Harel Insurance engages mainly in financing projects for residential, office and commercial construction in Israel. Within the framework of this activity, Harel Insurance provides some of the developers with a complete financing package that includes financial credit as well as a guarantee policy according to the Sales Law (Apartments) (Securing Investments of Apartment Buyers), 1974 (hereinafter: "Sales Law"). It should be noted that the results of providing guarantee policy activity according to the Sales Law are included within the framework of the non-life insurance segment. Starting from 2025, the Company operates through Gamla, in the field of providing financing to developers in the construction industry, mainly for the purpose of completing the equity capital required by such developers for obtaining financial support for projects in the construction field;
- Financial guarantees - this activity includes providing financial guarantees and initiation 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 mortgage-insured residential credit insurance branch (as a single branch - MONOLINE) carried out at EMI and which also constitutes a financial guarantee.

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 real estate development financing and on the other hand, since these investments were financed by the health insurance segment and non-life insurance segment, respectively, financing expenses that reflect the notional credit raising costs for these activities were included within the framework of the segment results (and in parallel, notional financing income for providing the aforementioned debt assets for the benefit of these activities were included in the health insurance segment and in the non-life insurance segment, respectively). Similarly, regarding the aforementioned notional inter-segment financing, the segment's liabilities include notional inter-segment financial liabilities vis-à-vis the health insurance segment and non-life insurance segment and conversely, the assets of the health insurance segment and assets of the non-life insurance segment include corresponding notional financial debt assets.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating Segments (Continued)**A. General (Continued)****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. SeasonalityLife insurance and savings segment and pension insurance segment

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, among other things, due to the end of the tax year and entitlement to tax benefits for deposits in life insurance premiums, contributions to pension funds and provident funds. In addition, during this period, one-time completions and deposits made by employers for severance pay rights are common. Beyond this, additional one-time deposits may be made during the year, in premiums or contributions, the scope and timing of which vary from year to year.

Non-life insurance segment

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 vehicle insurance for employee groups and commercial vehicle fleets usually carried out in January or April. The impact of this seasonality on reported profit is neutralized through the liability for coverage balance.

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 both, an increase in claims is sometimes noticeable mainly in property branches, and as a result a decrease in reported profit for the period.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating Segments (continued)

C. Information about reportable segments

	For the three-month period ended March 31, 2026 (unaudited)									
	Life insurance and savings	Health insurance	Non-life insurance	Pension insurance	Insurance companies abroad	Financial services	Credit	Not attributed to operating segments	Adjustments and eliminations	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Insurance service income	760	1,441	1,167	-	110	-	-	-	-	3,478
Insurance service expenses	596	1,261	943	-	114	-	-	-	-	2,914
Profit (loss) from insurance services before reinsurance held	164	180	224	-	(4)	-	-	-	-	564
Reinsurance expenses	20	117	330	-	17	-	-	-	-	484
Reinsurance income	34	129	239	-	13	-	-	-	-	415
Income (expenses), net from reinsurance contracts held	14	12	(91)	-	(4)	-	-	-	-	(69)
Profit (loss) from insurance services	178	192	133	-	(8)	-	-	-	-	495
Gains (losses) from investments, net of assets held against insurance contracts and yield-dependent investment contracts	271	19	-	-	-	(9)	-	-	-	281
Gains (losses) from other investments, net:										
Interest income calculated using the effective interest method	-	-	-	-	1	142	73	-	-	216
Losses, net from impairment of financial assets	-	-	-	-	-	-	(9)	-	-	(9)
Other gains (losses) from investments	(86)	18	178	(1)	17	17	71	91	(46)	259
Share in profits (losses) of equity accounted investees closely related to investment activity	(3)	(3)	3	-	-	-	-	21	-	18
Total gains (losses) from other investments, net	(89)	15	181	(1)	18	159	135	112	(46)	484
Total gains (losses) from investments, net	182	34	181	(1)	18	150	135	112	(46)	765
Finance expenses, net arising from insurance contracts	315	19	(4)	-	-	-	-	-	-	330
Finance income, net arising from reinsurance contracts	2	115	-	-	-	-	-	-	-	117
Decrease in investment contract liabilities due to return component	-	-	-	-	-	6	-	-	-	6
Profit (loss) from investments and financing, net	(131)	130	185	(1)	18	156	135	112	(46)	558
Profit (loss), net from insurance and investment	47	322	318	(1)	10	156	135	112	(46)	1,053

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the three-month period ended March 31, 2026 (unaudited)									
	Life insurance and savings	Health insurance	Non-life insurance	Pension insurance	Overseas insurance companies	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	-	29	-	264	-	146	2	-	(3)	438
Commission income from insurance agencies	-	-	-	-	-	-	-	43	-	43
Other operating expenses	35	28	6	209	10	112	16	76	(4)	488
Other income (expenses), net	6	-	(2)	(4)	(1)	-	5	3	-	7
Other financing income (expenses)	1	-	-	(8)	-	(139)	(70)	(74)	45	(245)
Share in profits of equity accounted investees, not closely related to investment activity	-	-	-	-	-	-	-	12	-	12
Operating profit (loss) before income taxes	19	323	310	42	(1)	51	56	20	-	820
Other comprehensive profit (loss) before income taxes	5	4	(5)	-	(4)	-	-	18	-	18
Total comprehensive profit (loss) before income taxes	24	327	305	42	(5)	51	56	38	-	838
Total segment assets as of March 31, 2026	75,358	15,407	11,552	2,173	446	41,482	8,931	14,738	(6,226)	163,861
Total segment assets for yield-dependent contracts as of March 31, 2026	62,626	2,516	-	-	-	23,133	-	-	-	88,275
Total segment liabilities as of March 31, 2026	73,063	14,316	10,628	807	346	40,703	7,454	10,558	(6,226)	151,649

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the three-month period ended March 31, 2025 (unaudited)									
	Life insurance and savings	Health insurance	Non-life insurance	Pension insurance	Overseas insurance companies	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	726	1,441	1,238*	-	155	-	-	-	-	3,560
Insurance service expenses	452	1,199	1,006*	-	155	-	-	-	-	2,812
Insurance service profit before reinsurance held	274	242	232	-	-	-	-	-	-	748
Reinsurance expenses	43	148	331	-	28	-	-	-	-	550
Income from reinsurance	27	122	205	-	13	-	-	-	-	367
Expenses, net of reinsurance contracts held	(16)	(26)	(126)	-	(15)	-	-	-	-	(183)
Insurance service profit (loss)	258	216	106	-	(15)	-	-	-	-	565
Investment gains, net of assets held against insurance contracts and investment contracts with return dependency	72*	38	-	-	-	51*	-	-	-	161
Other investment gains (losses), net:										
Interest income calculated using the effective interest method	1	-	-	-	1	98*	55*	-	-	155
Other investment gains (losses)	(15)	48	103*	3	19	10*	74*	41	(51)	232
Share of profits of equity accounted investees closely related to investment activity	2	-	8	-	-	-	-	-	-	10
Total other investment gains (losses), net	(12)	48	111	3	20	108	129	41	(51)	397
Total investment gains, net	60	86	111	3	20	159	129	41	(51)	558
Financing expenses, net arising from insurance contracts	119	55	22	-	-	-	-	-	-	196
Financing income (expenses), net arising from reinsurance contracts	1	56	(10)	-	-	-	-	-	-	47
Increase in investment contract liabilities due to return component	-*	-	-	-	-	(51)*	-	-	-	(51)
Investment and financing profit (loss), net	(58)	87	79	3	20	108	129	41	(51)	358
Profit, net from insurance and investment	200	303	185	3	5	108	129	41	(51)	923

* Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the three-month period ended March 31, 2025 (unaudited)									
	Life insurance and savings	Health insurance	Non-life insurance	Pension insurance	Overseas insurance companies	Financial services	Credit	Not attributed to operating segments	Adjustments and eliminations	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Management fee income	-	29	-	228	-	113	-	2	(2)	370
Commission income from insurance agencies	-	-	-	-	-	-	-	32	-*	32
Other operating expenses	36	32	6*	191	9	93	18	62	(2)*	445
Other income (expenses), net	5	-	(2)	(4)	(1)	-	7	7	-*	12
Other financing income (expenses)	1	-	-	(7)	4	(97)	(72)	(65)	51	(185)
Share in profits (losses) of equity accounted investees, not closely related to investment activity	-	-	-	-	-	-	(1)	9	-	8
Operating profit (loss) before income taxes	170	300	177	29	(1)	31	45	(36)	-	715
Other comprehensive income before income taxes	14	7	11	-	2	-	-	33	-	67
Total comprehensive income (loss) before income taxes	184	307	188	29	1	31	45	(3)	-	782
Total segment assets as of March 31, 2025	71,808*	16,174*	12,283	1,923*	516	39,358*	7,088	10,776*	(5,057)*	154,869
Total segment assets for yield-dependent contracts as of March 31, 2025	58,787*	3,278	-	-*	-	21,169*	-	-	(178)	83,056
Total segment liabilities as of March 31, 2025	68,653*	14,833	10,897	825*	450	38,678*	5,189	10,006*	(5,057)*	144,474

* Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the year ended December 31, 2025 (audited)									
	Life insurance and savings	Health insurance	Non-life insurance	Pension insurance	Overseas insurance companies	Financial services	Credit	Not attributed to operating segments	Adjustments and eliminations	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	-	-	-	2	496	252	1	(10)	745
Net losses from impairment of financial assets	-	-	-	-	-	-	(9)	-	-	(9)
Other investment gains, net	937	698	972	21	93	40	346	429	(237)	3,299
Share in losses of equity accounted investees closely related to investment activity	(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 due to return component	-	-	-	-	-	(2,463)	-	-	-	(2,463)
Net investment and financing income	419	450	733	21	95	535	589	424	(247)	3,019
Net profit from insurance and investment	1,338	1,428	1,206	21	39	535	589	424	(247)	5,333

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating Segments (continued)

C. Information about reportable segments (continued)

	For the year ended December 31, 2025 (audited)									
	Life insurance and savings	Health insurance	Non-life insurance	Pension insurance	Overseas insurance companies	Financial services	Credit	Not attributable to operating segments	Adjustments and eliminations	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 activity	-	-	-	-	-	-	(2)	48	-	46
Operating profit before income tax	1,218	1,414	1,174	171	3	180	231	93	-	4,484
Other comprehensive income (loss) before income tax	-	(8)	(33)	-	(12)	-	-	5	-	(48)
Total comprehensive income (loss) before income tax	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

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating Segments (continued)****D. Additional data regarding the life insurance and savings operating segment**Breakdown of life insurance results by main portfolio groups

	For the three-month period ended March 31, 2026 (unaudited)			
	Policies including non-yield dependent savings component (a)	Policies including yield-dependent savings component (a)	Policies without savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	55	208	497	760
Insurance service expenses (*)	47	174	375	596
Insurance service result before reinsurance held	8	34	122	164
Reinsurance expenses	-	6	14	20
Reinsurance income	-	11	23	34
Income, net from reinsurance contracts held	-	5	9	14
Insurance service result	8	39	131	178
Total investment gains (losses), net	(89)	264	7	182
Finance (income) expenses, net arising from insurance contracts	(225)	263	277	315
Finance income, net arising from reinsurance contracts	-	1	1	2
Investment and financing profit (loss), net	136	2	(269)	(131)
Profit (loss), net from insurance and investment	144	41	(138)	47
Other operating expenses	2	21	12	35
Other income (expenses), net	-	(1)	7	6
Other finance income	-	-	1	1
Other gains, net recognized in other comprehensive income	5	-	-	5
Total comprehensive profit (loss) before tax	147	19	(142)	24
(*) <u>Of which:</u>				
Claims and other insurance service expenses incurred	47	177	341	565
Changes relating to past service - adjustment to liabilities for incurred claims	-	(4)	6	2

(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 savings component (risks) – insurance for death coverage and insurance for disability coverage

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****D. Additional data regarding life insurance and savings operating segment (continued)**

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

	For the three-month period ended March 31, 2025 (unaudited)			
	Policies including non-yield dependent savings component (a)	Policies including yield-dependent savings component (a)	Policies without savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	55	202	469	726
Insurance service expenses (*)	43	151	258	452
Insurance service result before reinsurance contracts held	12	51	211	274
Reinsurance expenses	-	15**	28**	43
Reinsurance income	-	9**	18**	27
Expenses, net from reinsurance contracts held	-	(6)	(10)	(16)
Insurance service result	12	45	201	258
Total investment gains (losses), net	(12)	72	-	60
Finance (income) expenses, net arising from insurance contracts	(84)	71	132	119
Finance income, net arising from reinsurance contracts	-	-	1	1
Investment and financing profit (loss), net	72	1	(131)	(58)
Profit, net from insurance and investment	84	46	70	200
Other operating expenses	1	22	13	36
Other income (expenses), net	-	(2)	7	5
Other finance income	-	-	1	1
Other gains, net recognized in other comprehensive income	14	-	-	14
Total comprehensive profit before tax	97	22	65	184
(*) <u>Of which:</u>				
Claims and other insurance service expenses incurred	43	118	279**	440
Changes relating to past service - adjustment to liabilities for incurred claims	-	28	(42)**	(14)

(a) Policies including savings component not linked to return (guaranteed savings) – including annuity policies not linked to return; Policies including savings component linked to return (participating savings) – including annuity policies linked to return

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

** Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****D. Additional data regarding life insurance and savings operating segment (continued)**Breakdown of life insurance results by main portfolio groups (continued)

	For the year ended December 31, 2025 (audited)			
	Policies including non-yield dependent savings component (a)	Policies including yield-dependent savings component (a)	Policies without 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
Profit from insurance services before reinsurance 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 service result	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
(*) <u>Of which:</u>				
Claims and other insurance service expenses incurred	189	616	1,230	2,035
Changes relating to past service - adjustments to liabilities for incurred claims	1	(63)	(29)	(91)

(a) Policies including savings component not linked to return (guaranteed savings) – including annuity policies not linked to return; Policies including savings component linked to return (participating savings) – including annuity policies linked to return

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating segments (continued)

D. Additional data regarding life insurance and savings operating segment (continued)

Information regarding life insurance assets and liabilities by main portfolio groups

	As at March 31, 2026 (unaudited)			
	Policies including savings component not linked to returns (a)	Policies including savings component linked to returns (a)	Policies without savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
CSM balance for insurance contracts	252	1,728	3,945	5,925
RA balance for insurance contracts	47	369	810	1,226
Estimates of present value of future cash flows (BE)	11,989	57,135	(6,549)	62,575
Liabilities (assets), net for insurance contracts (*)	12,288	59,232	(1,794)	69,726
Receivables (payables) balances, net				81
Total liabilities (assets), net for insurance contracts				69,807
(*) <u>Of which</u> : Total insurance contract assets	-	-	(1,998)	(1,998)
CSM balance for reinsurance contracts	-	(59)	(127)	(186)
RA balance for reinsurance contracts	-	(23)	(48)	(71)
Estimates of present value of future cash flows (BE)	-	(30)	(65)	(95)
Liabilities (assets), net for reinsurance contracts	-	(112)	(240)	(352)
Receivables and payables balances and reinsurance deposits				305
Total liabilities (assets), net for reinsurance contracts				(47)
CSM balance, net of reinsurance	252	1,669	3,818	5,739
RA balance, net of reinsurance	47	346	762	1,155

(a) Policies including savings component not linked to return (guaranteed savings) – including annuity policies not linked to return; Policies including savings component linked to return (participating savings) – including annuity policies linked to return

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)
Note 4 - Operating segments (continued)
D. Additional data regarding life insurance and savings operating segment (continued)
Information regarding life insurance assets and liabilities by main portfolio groups (continued)

	As at March 31, 2025 (unaudited)			
	Policies including savings component not linked to returns (a)	Policies including savings component linked to returns (a)	Policies without savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
CSM balance for insurance contracts	371	1,192	3,828	5,391
RA balance for insurance contracts	46	577	578	1,201
Estimates of the present value of future cash flows (BE)	11,939**	53,479**	(5,584)**	59,834
Liabilities (assets), net for insurance contracts (*)	12,356	55,248	(1,178)	66,426
Net payable (receivable) balances				228
Total liabilities (assets), net for insurance contracts				66,654
(*) <u>Of which</u> : Total insurance contract assets	-	-	(1,351)**	(1,351)
CSM balance for reinsurance contracts	-	(40)	(74)	(114)
RA balance for reinsurance contracts	-	(29)	(53)	(82)
Estimates of the present value of future cash flows (BE)	-	(26)	(50)	(76)
Liabilities (assets), net for reinsurance contracts	-	(95)	(177)	(272)
Receivables and payables and reinsurance deposits				297
Total liabilities (assets), net for reinsurance contracts				25
CSM balance, net of reinsurance	371	1,152	3,754	5,277
RA balance, net of reinsurance	46	548	525	1,119

(a) Policies including savings component not linked to return (guaranteed savings) – including annuity policies not linked to return; Policies including savings component linked to return (participating savings) – including annuity policies linked to return

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

** Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****D. Additional data regarding life insurance and savings operating segment (continued)**Information regarding life insurance assets and liabilities by main portfolio groups (continued)

	As at December 31, 2025 (audited)			
	Policies including savings component not linked to investment return (a)	Policies including savings component linked to investment return (a)	Policies without 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 the 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
Net payable (receivable) balances				133
Total liabilities (assets), net for insurance contracts				71,102
(*) <u>Of which</u> : 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 the present value of future cash flows (BE)	-	(30)	(62)	(92)
Liabilities (assets), net for reinsurance contracts	-	(115)	(234)	(349)
Receivables and payables 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 savings component not linked to return (guaranteed savings) – including annuity policies not linked to return; Policies including savings component linked to return (participating savings) – including annuity policies linked to return

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****D. Additional data regarding life insurance and savings operating segment (continued)**Additional information on life insurance

	For the three-month period ended March 31, 2026 (unaudited)			
	Policies including savings component not linked to investment return (a)	Policies including savings component linked to investment return (a)	Policies without savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Gross premiums for insurance contracts less premium refunds (*) (c)	12	656	383	1,051
(*) <u>Of which:</u> savings component (c)	12	590	-	602
Fixed management fees (c)	-	97	-	97
Variable management fees	-	24	-	24
Annual premium for insurance contracts - new business (d)	-	4	31	35
Single premium for insurance contracts	-	212	-	212

- (a) Policies including savings component not linked to return (guaranteed savings) – including annuity policies not linked to return; Policies including savings component linked to return (participating savings) – including annuity policies linked to return
- (b) Policies without 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

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****D. Additional data regarding life insurance and savings operating segment (continued)**Additional information on life insurance (continued)

	<u>For the three-month period ended March 31, 2025 (unaudited)</u>			
	<u>Policies including savings component not linked to investment yield (a)</u>	<u>Policies including savings component linked to investment yield (a)</u>	<u>Policies without savings component (b)</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Gross premiums for insurance contracts net of premium refunds (*) (c)	14	720	360	1,094
(*) <u>Of which:</u> savings component (c)	13	650	-	663
Fixed management fees (c)	-	92	-	92
Annualized premium for insurance contracts - new business (d)	-	3	33	36
Single premium for insurance contracts	-	219	-	219

(a) Policies including savings component not linked to return (guaranteed savings) – including annuity policies not linked to return; Policies including savings component linked to return (participating savings) – including annuity policies linked to return

(b) Policies without 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

* During the period ended March 31, 2025, the Company did not collect variable management fees

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****D. Additional data regarding life insurance and savings operating segment (continued)**Additional information on life insurance (continued)

	For the year ended December 31, 2025 (audited)			
	Policies including savings component not linked to investment yield (a)	Policies including savings component linked to investment yield (a)	Policies without savings component (b)	Total
	NIS million	NIS million	NIS million	NIS million
Gross premiums for insurance contracts net of premium refunds (*) (c)	54	3,138	1,481	4,673
(*) <u>Of which</u> : savings component (c)	52	2,862	-	2,914
Fixed management fees (c)	1	377	-	378
Variable management fees (c)	-	391	-	391
Annualized premium for insurance contracts - new business (d)	-	9	162	171
Single premium for insurance contracts	-	1,212	-	1,212

- (a) Policies including savings component not linked to return (guaranteed savings) – including annuity policies not linked to return; Policies including savings component linked to return (participating savings) – including annuity policies linked to return
- (b) Policies without 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

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****E. Additional data regarding health insurance operating segment**Breakdown of health insurance results by main portfolio groups

	For the three-month period ended March 31, 2026 (unaudited)					
	Long-term care		Health - other			
	Private	Group	Medical expenses and personal disability	Medical expenses and group disability (a)	Other (b)	Total
<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	
Insurance service income	195	64	367	387	428	1,441
Insurance service expenses (*)	165	74	270	370	382	1,261
Insurance service profit (loss) before reinsurance held	30	(10)	97	17	46	180
Reinsurance expenses	53	35	1	-	28	117
Reinsurance income	64	40	-	-	25	129
Income (expenses), net from reinsurance contracts held	11	5	(1)	-	(3)	12
Profit (loss) from insurance services	41	(5)	96	17	43	192
Total investment gains, net	19	15	-	-	-	34
Financing expenses (income), net arising from insurance contracts	(335)	15	236	2	101	19
Financing income, net arising from reinsurance contracts	102	2	9	-	2	115
Profit (loss) from investments and financing, net	456	2	(227)	(2)	(99)	130
Profit (loss), net from insurance and investment	497	(3)	(131)	15	(56)	322
Management fee income	-	28	-	1	-	29
Other operating expenses	1	18	3	4	2	28
Other gains, net recognized in other comprehensive income	4	-	-	-	-	4
Total comprehensive profit (loss) before tax	500	7	(134)	12	(58)	327
(*) <u>Of which:</u>						
Claims and other insurance service expenses incurred	164	74	250	335	349	1,172
Changes relating to past services - adjustment to liabilities for incurred claims	1	-	12	30	(19)	24

(a) Group medical expenses and disability, including dental;

(b) Other - including critical illness, foreign workers, travel abroad and personal accidents

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 March 31, 2025 (unaudited)					
	Long-term care		Health - other			
	Individual NIS million	Group NIS million	Medical expenses and individual disability NIS million	Medical expenses and group disability (a) NIS million	Other (b) NIS million	Total NIS million
Insurance service income	190	133	345	358	415	1,441
Insurance service expenses (*)	141	94	247	361	356	1,199
Profit (loss) from insurance services before reinsurance held	49	39	98	(3)	59	242
Reinsurance expenses	51	70	1	-	26	148
Reinsurance income	47	57	-	-	18	122
Expenses, net from reinsurance contracts held	(4)	(13)	(1)	-	(8)	(26)
Profit (loss) from insurance services	45	26	97	(3)	51	216
Total investment gains, net	50	36	-	-	-	86
Financing expenses (income), net arising from insurance contracts	(160)	36	127	-	52	55
Financing income, net arising from reinsurance contracts	56	-	-	-	-	56
Profit (loss) from investments and financing, net	266	-	(127)	-	(52)	87
Profit (loss), net from insurance and investment	311	26	(30)	(3)	(1)	303
Management fee income	-	29	-	-	-	29
Other operating expenses	1	21	3	3	4	32
Other gains, net recognized in other comprehensive income	7	-	-	-	-	7
Total comprehensive profit (loss) before tax	317	34	(33)	(6)	(5)	307
(*) Of which:						
Claims and other insurance service expenses incurred	150	94	216**	310**	305**	1,075
Changes relating to past services - adjustment to liabilities for incurred claims	(9)	-	26**	45**	4**	66

(a) Group medical expenses and disability, including dental;

(b) Other - including critical illness, foreign workers, travel abroad and personal accidents

** Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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		Health - other		Total	
	Individual	Group	Medical expenses and individual disability	Medical expenses and group disability (a)		Other (b)
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
Profit (loss) from insurance services before reinsurance held	228	(6)	385	131	327	1,065
Reinsurance expenses	213	236	3	-	111	563
Reinsurance income	189	212	2	-	73	476
Expenses, net of reinsurance contracts held	(24)	(24)	(1)	-	(38)	(87)
Profit (loss) from insurance services	204	(30)	384	131	289	978
Total investment gains, net	785	102	-	-	-	887
Finance expenses (income), net arising from insurance contracts	581	102	(155)	2	(124)	406
Finance income (expenses), net arising from reinsurance contracts	(35)	-	-	-	4	(31)
Profit (loss) from investments and financing, 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) Medical expenses and group disability, including dental;

(b) Other - including critical illness, foreign workers, travel abroad and personal accidents

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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

	As at March 31, 2026 (unaudited)					
	Long-term care		Health - other			
	Individual	Group	Medical expenses and individual disability	Medical expenses and group disability (a)	Other (b)	Total
NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	
<u>Contracts not measured in accordance with the PAA model:</u>						
CSM balance for insurance contracts	4,357	-	6,014	216	2,297	12,884
RA balance for insurance contracts	2,017	7	807	30	403	3,264
Estimates of present value of future cash flows (BE)	4,526	2,145	(7,539)	178	(3,961)	(4,651)
Liabilities (assets), net for insurance contracts not measured in accordance with the PAA model (*)	10,900	2,152	(718)	424	(1,261)	11,497
Contracts measured in accordance with the PAA model	-	-	-	-	150	150
Payables (receivables) balances, net						(276)
Total liabilities (assets), net for insurance contracts						11,371
(*) <u>Of which:</u> Total insurance contract assets	-	-	(718)	-	(1,261)	(1,979)
CSM balance for reinsurance contracts	(1,002)	(7)	(1)	-	(144)	(1,154)
RA balance for reinsurance contracts	(971)	(3)	(10)	-	(38)	(1,022)
Estimates of present value of future cash flows (BE)	1,283	(200)	4	-	65	1,152
Liabilities (assets), net for reinsurance contracts	(690)	(210)	(7)	-	(117)	(1,024)
Receivables and payables balances and reinsurance deposits						1,358
Total liabilities (assets), net for reinsurance contracts						334
CSM balance, net of reinsurance	3,355	(7)	6,013	216	2,153	11,730
RA balance, net of reinsurance	1,046	4	797	30	365	2,242
(a) Medical expenses and group disability, including dental;						
(b) Other - including critical illness, foreign workers, travel abroad and personal accidents						

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 March 31, 2025 (unaudited)					<u>Total</u> <u>NIS million</u>
	<u>Long-term care</u>		<u>Health - other</u>			
	<u>Individual</u> <u>NIS million</u>	<u>Group</u> <u>NIS million</u>	<u>Medical</u> <u>expenses and</u> <u>individual</u> <u>disability</u> <u>NIS million</u>	<u>Group</u> <u>medical</u> <u>expenses and</u> <u>disability (a)</u> <u>NIS million</u>	<u>Other (b)</u> <u>NIS million</u>	
<u>Contracts not measured in accordance with the PAA model:</u>						
CSM balance for insurance contracts	4,398	19	5,537	36	2,139	12,129
RA balance for insurance contracts	2,115	18	728	23	390	3,274
Estimates of present value of future cash flows (BE)	3,904	3,222	(6,845)	338	(3,659)	(3,040)
Liabilities (assets), net for insurance contracts not measured in accordance with the PAA model (*)	10,417	3,259	(580)	397	(1,130)	12,363
Contracts measured in accordance with the PAA model	-	-	-	-	172	172
Payables (receivables) balances, net						(277)
Total liabilities (assets), net for insurance contracts						12,258
(*) <u>Of which:</u> Total insurance contract assets	-	-	(580)	-	(1,130)	(1,710)
CSM balance for reinsurance contracts	(985)	(27)	(3)	-	(58)	(1,073)
RA balance for reinsurance contracts	(946)	(8)	-	-	(34)	(988)
Estimates of present value of future cash flows (BE)	1,271	(355)	4	-	(31)	889
Liabilities (assets), net for reinsurance contracts	(660)	(390)	1	-	(123)	(1,172)
Receivables and payables balances and reinsurance deposits						1,479
Total liabilities (assets), net for reinsurance contracts						307
CSM balance, net of reinsurance	3,413	(8)	5,534	36	2,081	11,056
RA balance, net of reinsurance	1,169	10	728	23	356	2,286

(a) Medical expenses and group disability, including dental;

(b) Other - including critical illness, foreign workers, travel abroad and personal accidents

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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)					Total NIS million
	Long-term care		Health - other			
	Individual NIS million	Group NIS million	Medical expenses and individual disability NIS million	Medical expenses and group disability (a) NIS million	Other (b) NIS million	
<u>Contracts not measured under the PAA model:</u>						
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 cashflows (BE)	4,746	2,407	(7,635)	205	(4,072)	(4,349)
Liabilities (assets), net for insurance contracts not measured under the PAA model (*)	11,200	2,416	(930)	393	(1,334)	11,745
Contracts measured under the PAA model	-	-	-	-	154	154
Payables (receivables) balances, net						(287)
Total liabilities (assets), net for insurance contracts						11,612
(*) <u>Of which:</u> 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 cashflows (BE)	1,432	(234)	4	-	71	1,273
Liabilities (assets), net for reinsurance contracts	(579)	(244)	3	-	(116)	(936)
Reinsurance receivables and payables balances and 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) Medical expenses and group disability, including dental;						
(b) Other - including critical illness, foreign workers, travel abroad and personal accidents						

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****E. Additional data regarding health insurance operating segment (continued)**Additional information on health insurance

For the three-month period ended March 31, 2026 (unaudited)						
Long-term care		Health - other			Total	
Individual	Group	Medical expenses and individual disability	Medical expenses and group disability (a)	Other (b)		
<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	
Gross premiums less premium refunds (c)	200	60	388	393	449	1,490
Allocated premium for insurance contracts - new business (d)	-	-	38	-	31	69
For the three-month period ended March 31, 2025 (unaudited)						
Long-term care		Health - other			Total	
Individual	Group	Medical expenses and individual disability	Medical expenses and group disability (a)	Other (b)		
<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	
Gross premiums less premium refunds (c)	200	48	350	365	452	1,415
Allocated premium for insurance contracts - new business (d)	-	-	34	-	31	65

(a) Medical expenses and group disability, including dental;

(b) Other - including critical illness, foreign workers, travel abroad and personal accidents

(c) Premiums received based on billing dates

(d) Increases/extensions/new coverages in existing policies are not included in the annualized premium for new business, but rather in the operating results of the original premium, except if registered as a new policy in the policy system

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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		Health - other			
	Individual	Group	Medical expenses and individual disability	Medical expenses and group disability (a)	Other (b)	Total
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Gross premiums less premium refunds (c)	805	234	1,465	1,509	1,902	5,915
Allocated premium for insurance contracts - new business (d)	-	-	142	-	137	279

(a) Medical expenses and group disability, including dental;

(b) Other - including critical illness, foreign workers, travel abroad and personal accidents

(c) Premiums received based on billing dates

(d) Increases/extensions/new coverages in existing policies are not included in the annualized premium for new business, but rather in the operating results of the original premium, except if registered as a new policy in the policy system

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****F. Additional information regarding the non-life insurance operating segment**Breakdown of non-life insurance results by main portfolio groups

	For the three-month period ended March 31, 2026 (unaudited)			
	<u>Compulsory motor</u>	<u>Motor property</u>	<u>Other (a)</u>	<u>Total</u>
	NIS million	NIS million	NIS million	NIS million
Insurance service income	170	332	665	1,167
Insurance service expenses (*)	158	291	494	943
Insurance service profit before reinsurance contracts held	12	41	171	224
Reinsurance expenses	1	-	329	330
Reinsurance income	15	-	224	239
Income (expenses), net from reinsurance contracts held	14	-	(105)	(91)
Insurance service profit	26	41	66	133
Total investment gains, net	70	22	89	181
Financing expenses (income), net arising from insurance contracts	5	1	(10)	(4)
Investment and financing profit, net	65	21	99	185
Profit, net from insurance and investment	91	62	165	318
Other operating expenses	1	2	3	6
Other expenses, net	(1)	(1)	-	(2)
Other losses, net recognized in other comprehensive income	(2)	(1)	(2)	(5)
Total comprehensive income before tax	87	58	160	305
(*) <u>Of which:</u>				
Claims and other insurance service expenses incurred	133	229	315	677
Changes relating to past service - adjustment to liabilities for incurred claims	(1)	(9)	38	28

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****F. Additional information 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 March 31, 2025 (unaudited)			
	Motor third party liability	Motor property	Other (a)	Total
	NIS million	NIS million	NIS million	NIS million
Insurance service income	194	395**	649**	1,238
Insurance service expenses (*)	175**	357**	474**	1,006
Insurance service profit before reinsurance contracts held	19	38	175	232
Reinsurance expenses	2	3	326	331
Reinsurance income (expenses)	(8)	2	211	205
Expenses, net from reinsurance contracts held	(10)	(1)	(115)	(126)
Insurance service profit	9	37	60	106
Total investment gains, net	49	9**	53**	111
Financing expenses, net arising from insurance contracts	12	2	8	22
Financing expenses, net arising from reinsurance contracts	(6)	(2)	(2)	(10)
Investment and financing profit, net	31	5	43	79
Profit, net from insurance and investment	40	42	103	185
Other operating expenses	1**	2**	3**	6
Other expenses, net	(1)	(1)	-	(2)
Other gains, net recognized in other comprehensive income	4	2	5	11
Total comprehensive income before tax	42	41	105	188
(*) <u>Of which:</u>				
Claims and other insurance service expenses incurred	160**	275**	297**	732
Changes relating to past service - adjustment to liabilities for incurred claims	(2)**	21**	68**	87

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

** Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 4 - Operating segments (continued)

F. Additional information 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)			
	Motor third party liability	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
Net income (expenses) from reinsurance contracts held	5	1	(620)	(614)
Insurance service profit (loss)	(60)	194	339	473
Total investment gains, net	358	127	473	958
Net financing expenses arising from insurance contracts	144	17	267	428
Net financing income arising from reinsurance contracts	45	11	147	203
Investment and financing profit, net	259	121	353	733
Net profit 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
(*) <u>Of which:</u>				
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 branches of non-life insurance, which are not compulsory motor and motor property, and it consists mainly of results from insurance groups (portfolios): business insurance, homeowners insurance, professional liability, insurance for contractors' work and Sales Law guarantees

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****F. Additional information regarding the non-life insurance operating segment (continued)**Information regarding non-life insurance assets and liabilities by main portfolio groups

	<u>As at March 31, 2026 (unaudited)</u>			
	<u>Motor compulsory</u>	<u>Motor property</u>	<u>Other (a)</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
RA balance for insurance contracts	60	2	154	216
Estimates of present value of future cash flows (including LRC)	2,957	874	6,350	10,181
Net insurance contract liabilities (*)	3,017	876	6,504	10,397
Net receivable (payable) balances				(700)
Total net liabilities (assets) for insurance contracts				9,697
(*) <u>Of which</u> : Total insurance contract assets	-	-	-	-
RA balance for reinsurance contracts	(6)	-	(73)	(79)
Estimates of present value of future cash flows (including ARC)	(260)	(4)	(2,888)	(3,152)
Net assets for reinsurance contracts	(266)	(4)	(2,961)	(3,231)
Receivable and payable balances and reinsurance deposits				699
Total net liabilities (assets) for reinsurance contracts				(2,532)
RA balance, net of reinsurance	54	2	81	137

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****F. Additional information regarding the non-life insurance operating segment (continued)**Information regarding non-life insurance assets and liabilities by main portfolio groups (continued)

	<u>As at March 31, 2025 (unaudited)</u>			
	<u>Motor compulsory</u>	<u>Motor property</u>	<u>Other (a)</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
RA balance for insurance contracts	64	2	145	211
Estimates of present value of future cash flows (including LRC)	3,118	980	6,161	10,259
Liabilities, net for insurance contracts (*)	3,182	982	6,306	10,470
Creditor (debtor) balances, net				(772)
Total liabilities (assets), net for insurance contracts				<u>9,698</u>
(*) <u>Of which</u> : Total insurance contract assets	-	-	-	-
RA balance for reinsurance contracts	(8)	-	(62)	(70)
Estimates of present value of future cash flows (including ARC)	(352)	(9)	(2,712)	(3,073)
Assets, net for reinsurance contracts	(360)	(9)	(2,774)	(3,143)
Debtor and creditor balances and reinsurance deposits				779
Total liabilities (assets), net for reinsurance contracts				<u>(2,364)</u>
RA balance, net of reinsurance	56	2	83	141

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****F. Additional information regarding the non-life insurance operating segment (continued)**Information regarding non-life insurance assets and liabilities by main portfolio groups (continued)

	<u>As of December 31, 2025 (audited)</u>			
	<u>Compulsory motor</u>	<u>Motor property</u>	<u>Other (a)</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
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
Liabilities, net for insurance contracts (*)	3,067	860	6,352	10,279
Creditor (debtor) balances, net				(327)
Total liabilities (assets), net for insurance contracts				<u>9,952</u>
(*) <u>Of which</u> : 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)
Debtor and creditor balances and reinsurance deposits				721
Total liabilities (assets), net for reinsurance contracts				<u>(2,445)</u>
RA balance, net of reinsurance	57	2	80	139

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****F. Additional information regarding the non-life insurance operating segment (continued)**Gross premiums less premium refunds in non-life insurance (b)

	<u>Compulsory motor</u>	<u>Motor property</u>	<u>Other (a)</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
For the three-month period ended March 31, 2026 (unaudited)	211	369	824	1,404
For the three-month period ended March 31, 2025 (unaudited)	259	482*	825*	1,566
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, excluding compulsory motor and motor property, and is comprised mainly of results from insurance groups (portfolios): business insurance, homeowners insurance, professional liability, insurance for contractors' work and Sales Law guarantees

(b) Premiums received on the basis of billing dates

* Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****G. Additional data regarding pension insurance operating segment**

	For the three-month period ended March 31, 2026 (unaudited)		
	Provident	Pension	Total
	NIS million	NIS million	NIS million
Total investment losses, net	-	(1)	(1)
Management fee income	114	150	264
Other operating expenses	94	115	209
Other expenses, net	(1)	(3)	(4)
Other financing expenses	(2)	(6)	(8)
Operating profit before tax	17	25	42
Total comprehensive income before tax	17	25	42
	For the three-month period ended March 31, 2025 (unaudited)		
	Provident	Pension	Total
	NIS million	NIS million	NIS million
Total investment gains, net	1	2	3
Management fee income	93	135	228
Other operating expenses	80	111	191
Other expenses, net	(1)	(3)	(4)
Other financing expenses	(2)	(5)	(7)
Operating profit before tax	11	18	29
Total comprehensive income before tax	11	18	29

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****G. Additional data regarding pension insurance operating segment (continued)**

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 4 - Operating segments (continued)****H. Additional data regarding pension insurance operating segment (continued)**

	<u>For the three- month period ended March 31, 2026</u>	<u>For the three- month period ended March 31, 2025</u>	<u>For the year ended December 31, 2025</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Total investment gains (losses), net	(6)	51	2,463
Increase in investment contract liabilities due to return component	6	(51)	(2,463)
Investment and financing income (loss), net	-	-	-
Management fee income	44	40	166
Other operating expenses	37	32	136
Operating profit before tax	7	8	30
Total comprehensive income before tax	7	8	30

Additional information regarding investment contracts

	<u>For the three- month period ended March 31, 2026</u>	<u>For the three- month period ended March 31, 2025</u>	<u>For the year ended December 31, 2025</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Receipts from investment contracts	1,120	909	3,344
Varied receipts from investment contracts - new business	15	14	47
One-time receipts from investment contracts	1,046	831	3,037

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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%

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 6 - Financial investments and derivative instruments****A. Financial investments held against yield-dependent contracts - breakdown of financial investments by asset types**

	<u>As of March 31</u>		<u>As of December 31</u>
	<u>2026</u>	<u>2025</u>	<u>2025</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
<u>Debt instruments:</u>			
<u>Non-marketable debt instruments:</u>			
Deposits with banks and financial institutions	9	10	9
Non-marketable corporate bonds	441	493	463
Loans (including investees)	8,318	9,454	8,346
Other non-marketable debt instruments	134	129	137
Total non-marketable debt instruments	8,902	10,086	8,955
<u>Marketable debt instruments:</u>			
Government bonds	15,989	14,473	15,846
Marketable corporate bonds	6,925	9,196	7,611
Other marketable debt instruments	130	13	106
Total marketable debt instruments	23,044	23,682	23,563
Total debt instruments	31,946	33,768	32,518
<u>Equity instruments:</u>			
<u>Non-marketable equity instruments:</u>			
Non-marketable shares	1,963	2,218	1,986
<u>Marketable equity instruments:</u>			
Marketable shares	19,943	10,572	16,634
Total equity instruments	21,906	12,790	18,620
<u>Other investments:</u>			
Other investments*	23,013	26,346	24,159
Derivative instruments**	386	126	685
Total other investments	23,399	26,472	24,844
Total financial investments	77,251	73,030	75,982
Derivative instrument liabilities	913	1,028	216

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

** Derivative instruments include mainly futures contracts and options

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 6 - Financial investments and derivative instruments (continued)****B. Other financial investments (not for yield-dependent contracts)**

	As of March 31, 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
<u>Debt instruments:</u>			
<u>Non-marketable debt instruments:</u>			
Deposits with banks and financial institutions	2,192	14,237	16,429
Designated bonds	6,543	-	6,543
Non-marketable corporate bonds	505	-	505
Loans (including investees)	7,459	3,699	11,158
Total non-marketable debt instruments	16,699	17,936	34,635
<u>Marketable debt instruments:</u>			
Government bonds	7,300	-	7,300
Marketable corporate bonds	3,473	-	3,473
Other marketable debt instruments	90	-	90
Total marketable debt instruments	10,863	-	10,863
Total debt instruments	27,562	17,936	45,498
Allowance for credit losses balance	-	54	54
<u>Equity instruments:</u>			
<u>Non-marketable equity instruments:</u>			
Non-marketable shares	1,237	-	1,237
<u>Marketable equity instruments:</u>			
Marketable shares	3,488	-	3,488
Total equity instruments	4,725	-	4,725
<u>Other investments:</u>			
Other investments*	5,634	-	5,634
Derivative instruments**	183	-	183
Total other investments	5,817	-	5,817
Total financial investments	38,104	17,936	56,040
Liabilities in respect of derivative instruments	911	-	911

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

** Derivative instruments include mainly futures contracts and options

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 6 - Financial investments and derivative instruments (continued)****B. Other financial investments (not for yield-dependent contracts) (continued)**

	As at March 31, 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
<u>Debt instruments:</u>			
<u>Non-marketable debt instruments:</u>			
Deposits with banks and financial institutions	7,320	9,426	16,746
Designated bonds	6,594	-	6,594
Non-marketable corporate bonds	519	-	519
Loans (including investees)	7,594***	2,306***	9,900
Total non-marketable debt instruments	22,027	11,732	33,759
<u>Marketable debt instruments:</u>			
Government bonds	7,434	-	7,434
Marketable corporate bonds	3,082	-	3,082
Total marketable debt instruments	10,516	-	10,516
Total debt instruments	32,543	11,732	44,275
Allowance for credit losses balance	-	33	33
<u>Equity instruments:</u>			
<u>Non-marketable equity instruments:</u>			
Non-marketable shares	1,061	-	1,061
<u>Marketable equity instruments:</u>			
Marketable shares	1,736	-	1,736
Total equity instruments	2,797	-	2,797
<u>Other investments:</u>			
Other investments*	6,084	-	6,084
Derivative instruments**	190	-	190
Total other investments	6,274	-	6,274
Total financial investments	41,614	11,732	53,346
Liabilities in respect of derivative instruments	654	-	654

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

** Derivative instruments include mainly futures contracts and options

*** Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 6 - Financial investments and derivative instruments (continued)****B. Other financial investments (not for 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
<u>Debt instruments:</u>			
<u>Non-marketable debt instruments:</u>			
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
<u>Marketable debt instruments:</u>			
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
<u>Equity instruments:</u>			
<u>Non-marketable equity instruments:</u>			
Non-marketable shares	1,049	-	1,049
<u>Marketable equity instruments:</u>			
Marketable shares	2,759	-	2,759
Total equity instruments	3,808	-	3,808
<u>Other investments:</u>			
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 include mainly investments in ETFs, participation certificates in mutual funds and investment funds and structured products

** Derivative instruments include mainly futures contracts and options

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 7 – Loans and credit****Composition of carrying amount of loans and credit ***

	<u>As at March 31</u>		<u>As at</u>
	<u>2026</u>	<u>2025</u>	<u>December 31</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
<u>Loans and credit presented at amortized cost:</u>			
Loans from banks	2,323	1,582	2,242
Loans from non-banks	100	200	100
Repurchase obligation (REPO)	200	-	32
Loans from other related parties	114	169	105
Debentures	6,552	6,354	6,551
Debentures fully backed by parallel bank deposits**	14,113	9,260	12,975
Structured debentures	85	-	176
Commercial paper	450	100	350
Other liabilities	17	20	17
Total loans and credit presented at amortized cost	23,954	17,685	22,548
Financial guarantee contracts accounted for as a financial liability	26	64	61
Total loans and credit	23,980	17,749	22,609
Of which subordinated notes constituting Tier 1 capital	586	-	591
Of which subordinated notes constituting Tier 2 capital	5,163	5,480	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 vehicle (SPV) of Harel Finance which is a wholly-owned subsidiary of the Company, fully backed by parallel bank deposits (BACK-TO-BACK) deposited in Israeli banks rated local AAA rating by Maalot S&P as well as by Midroog MOODY'S

Additional details

1. Midroog rating

On February 5, 2026, Midroog announced the upgrade of Harel Insurance's financial strength rating from Aa1.il to Aaa.il, as well as the upgrade of the rating of subordinated debt securities (composite Tier 2 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 confirmation of the Company's Aa2.il rating with a stable rating outlook and the confirmation of Aa2.il rating for Series 1 bonds issued by the Company.

2. Financial covenants

For details regarding financial covenants for a bank loan taken by the Company, for short-term loans taken by a granddaughter company of the Company, for loans and credit facilities provided by several banks and institutional entities (including Harel Insurance) to a granddaughter company, for a loan taken by Harel Pension and Provident, for Harel Finance's credit facility with a bank and for Series 1 bonds issued by the Company, see Note 14 in the annual reports. As of March 31, 2026 and the date of publication of the report, the Company and the subsidiaries meet the financial covenants that were set.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 7 – Loans and credit (continued)**Additional details (continued)**

3. Partial redemption of credit-linked bonds in the institutional series at Harel Insurance
On March 25, 2026, the subsidiary - 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.
4. Additional information regarding issuances during and after the reporting period, of bonds by Harel Interest and Deposits Ltd. (hereinafter: "Harel Interest and Deposits") and Harel Traded Deposit Ltd. (hereinafter: "Harel Traded Deposit") second tier subsidiaries wholly owned by Harel Finance which is a wholly-owned subsidiary of the Company:
 - A. On February 5, 2026, Harel Traded Deposit issued approximately NIS 1,002 million par value Series 5 bonds to the public, through a shelf prospectus dated November 5, 2025. The proceeds received from the bond issuance amounted to approximately NIS 847 million;
 - B. On May 7, 2026, after the reporting period, Harel Interest and Deposits issued approximately NIS 1,371 million par value Series 6 bonds to the public, through a shelf prospectus dated November 27, 2024. The proceeds received from the bond issuance amounted to approximately NIS 1,371 million.
5. Partial repayment of loan from Bank Hapoalim
On March 5, 2026, the Company carried out a partial repayment of approximately NIS 13.5 million of a loan taken from Bank Hapoalim in accordance with the repayment schedule.
6. Issuance of commercial paper by Harel Pension and Provident Ltd. (hereinafter: "Harel Pension and Provident")
In April 2026, after the reporting period, Harel Pension and Provident completed a private issuance of Series 1 commercial paper not listed for trading in the scope of NIS 150 million par value.
For the purpose of issuing the commercial paper as mentioned, on March 31, 2026, Midroog announced the assignment of a rating of Aa3.il with a stable rating outlook to Harel Pension and Provident and the assignment of a rating of P-1.il to the commercial paper issued.
The proceeds from the issuance were used by Harel Pension and Provident to repay bank credit in the scope of approximately NIS 150 million.
7. Issuance of commercial paper by Gamla Harel Residential Real Estate Ltd. (hereinafter: "Gamla")
On January 5, 2026, Gamla completed an expansion of non-listed commercial paper (CP) in the amount of NIS 100 million.
In connection with the above CP issuance, after the reporting period, on April 29, 2026, Midroog announced that it maintained Gamla's rating at A2.il with a stable rating outlook. In addition, regarding the CP, Midroog maintained its P-1.il rating.
8. Sale of Series 21 bonds of Harel Finance & Issues purchased by the Company
On April 20, 2026, after the reporting period, the Company completed a transaction for the sale of Series 21 bonds of Harel Finance & Issues with a par value of NIS 385,851,000 to qualified investors for total consideration of NIS 422,506,845. Said bonds were issued to the Company under the shelf offering report of Harel Finance & Issues from April 2025. Under said shelf offering report, Harel Finance & Issues raised a total of approximately NIS 1 billion, with the Company purchasing Series 21 bonds with a par value of NIS 400 million at that time.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 7 – Loans and credit (continued)**Additional details (continued)**

9. Possible issuance of Series 24 bonds of Harel Finance & Issues

On May 12, 2026, after the reporting period, Harel Finance & Issues published a report stating that it and Harel Insurance are considering carrying out a public issuance of a new series of bonds of Harel Finance & Issues, the proceeds of which will be recognized as an additional Tier 1 capital instrument of Harel Insurance. The scope of the issuance, the terms of the bonds as well as the interest and/or linkage they will bear, if any, will be as determined in the shelf offering report under which the bonds will be issued, if issued.

The issuance of the bonds is subject to obtaining all approvals required by law, including: approval of the Commissioner of the Capital Market, Insurance and Savings, rating approval from a rating company, obtaining a permit to publish a shelf offering report from the Israel Securities Authority and approval of the Tel Aviv Stock Exchange Ltd. for listing the bonds for trading.

It should be clarified that there is no certainty that a shelf offering report will indeed be published as stated and that such issuance will indeed be carried out and/or that it will be carried out under the aforementioned terms.

For the purpose of said issuance, on May 13, 2026, after the reporting period, the rating company "Maalot" set an AA-il rating for the issuance of a new series of Series 24 bonds, in the scope of up to NIS 600 million, which will serve as additional Tier 1 capital instruments of Harel Insurance.

10. Decision on full early redemption of Series 16 bonds of Harel Finance & Issues

On May 26, 2026, after the reporting period, simultaneously with the approval of the financial statements, the board of directors of Harel Finance & Issues decided to carry out a full early redemption (at the initiative of Harel Finance & Issues), which will be carried out on June 30, 2026, of the Series 16 bonds of Harel Finance & Issues ("Series 16 bonds") in accordance with the terms of the Series 16 bonds that were issued under the shelf offering report.

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

As of this date, the scope of the Series 16 bonds stands at NIS 306,870,846 par value (nominal).

Payment of the early redemption will be made on the early redemption date, to holders of Series 16 bonds whose names will be registered in the register of holders of Series 16 bonds on the early redemption date, against delivery of Series 16 bond certificates, at that date to Harel Finance & Issues.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 8 - Profit (loss) from insurance and reinsurance services****For the three-month period ended March 31, 2026 (unaudited)**

	<u>Life insurance</u>	<u>Health insurance</u>	<u>Non-life insurance</u>	<u>Insurance companies abroad</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
<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	186	225	-	-	411
The change in risk adjustment (RA) for non-financial risk relating to expired risks	23	49	-	-	72
Claims and other insurance service expenses incurred	526	1,008	-	-	1,534
Experience adjustments arising from premiums received in the period relating to current or past service	1	12	-	-	13
Allocation of part of premiums relating to the recovery of cash flows for acquiring insurance	24	29	-	-	53
Total contracts for which the Premium Allocation Approach (PAA) was not applied	760	1,323	-	-	2,083
Contracts for which the Premium Allocation Approach (PAA) was applied	-	118	1,167	110	1,395
Total insurance service income	760	1,441	1,167	110	3,478
<u>Insurance service expenses</u>					
Claims and other insurance service expenses incurred	565	1,172	677	81	2,495
Changes relating to past service - adjustments to Liabilities for Incurred claims (LIC)	2	24	28	(2)	52
Losses (reversal of losses) on onerous groups of insurance contracts	5	3	-	-	8
Amortization of cash flows for acquiring insurance	24	62	238	35	359
Total insurance service expenses	596	1,261	943	114	2,914
Insurance service result before reinsurance contracts held	164	180	224	(4)	564
<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	5	16	-	-	21
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 other insurance service expenses incurred	11	95	-	-	106
Experience adjustments arising from premiums paid in the period relating to current or past service	2	(1)	-	-	1
Total contracts for which the Premium Allocation Approach (PAA) was not applied	20	116	-	-	136
Contracts for which the Premium Allocation Approach (PAA) was applied	-	1	330	17	348
Total Reinsurance expenses	20	117	330	17	484
<u>Reinsurance income</u>					
Recovery of claims on underlying insurance contracts and other insurance service expenses incurred	18	121	189	10	338
Changes relating to past service - adjustments to assets for incurred claims	16	8	50	3	77
Total Reinsurance income	34	129	239	13	415
Total income (expenses), net from reinsurance contracts held	14	12	(91)	(4)	(69)
Insurance service result	178	192	133	(8)	495

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 8 - Profit (loss) from insurance and reinsurance services (continued)**

	For the three-month period ended March 31, 2025 (unaudited)				
	Life insurance	Health insurance	Non-life insurance	Insurance companies abroad	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	176	224	-	-	400
The change in risk adjustment (RA) for non-financial risk relating to expired risks	32	49	-	-	81
Expected claims and other insurance service expenses incurred	497	1,012	-	-	1,509
Experience adjustments arising from premiums received in the period relating to current service or past service	7	17	-	-	24
Allocation of a portion of premiums relating to repayment of cashflows for insurance acquisition	14	16	-	-	30
Total contracts for which the Premium Allocation Approach (PAA) was not applied	726	1,318	-	-	2,044
Contracts for which the Premium Allocation Approach (PAA) was applied	-	123	1,238*	155	1,516
Total insurance service income	726	1,441	1,238	155	3,560
<u>Insurance service expenses</u>					
Claims and other insurance service expenses incurred	440*	1,075*	732*	117	2,364
Changes relating to past service - adjustment to liabilities for incurred claims (LIC)	(14)*	66*	87*	1	140
Losses (reversal of losses) on groups of onerous insurance contracts	12	11	(2)	-	21
Amortization of cashflows for insurance acquisition	14	47	189	37	287
Total insurance service expenses	452	1,199	1,006	155	2,812
Profit from insurance services before reinsurance contracts held	274	242	232	-	748
<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	4	16	-	-	20
The change in risk adjustment (RA) for non-financial risk arising from risks that have expired	2	7	-	-	9
Recovery of claims under underlying insurance contracts and other expected insurance service expenses incurred	20	121	-	-	141
Experience adjustments arising from premiums paid in the period relating to current service or past service	17	3	-	-	20
Total contracts for which the Premium Allocation Approach (PAA) was not applied	43	147	-	-	190
Contracts for which the Premium Allocation Approach (PAA) was applied	-	1	331	28	360
Total Reinsurance expenses	43	148	331	28	550
<u>Reinsurance income</u>					
Recovery of claims under underlying insurance contracts and other insurance service expenses incurred	65	106	165	11	347
Changes relating to past service - adjustment to assets for incurred claims	(38)	16	40	2	20
Total Reinsurance income	27	122	205	13	367
Total expenses, net for reinsurance contracts held	(16)	(26)	(126)	(15)	(183)
Profit (loss) from insurance services	258	216	106	(15)	565

* Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 abroad	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 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 arising from risks that have expired	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 service or past service	17	62	-	-	79
Allocation of a portion of premiums relating to repayment of cashflows for insurance acquisition	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 - adjustment to liabilities for incurred claims (LIC)	(91)	138	10	(8)	49
Losses (reversal of losses) on groups of onerous insurance contracts	11	26	(6)	(1)	30
Reduction in cashflows for insurance acquisition	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 coverage remaining (ARC):					
The amount of Contractual Service Margin (CSM) recognized in profit or loss for services received	14	57	-	-	71
Change in risk adjustment for non-financial risk (RA) arising from risks that have expired	8	27	-	-	35
Reversal of claims for underlying insurance contracts and other expected insurance service expenses that occurred	90	461	-	-	551
Experience adjustments arising from premiums paid in the period that relate to current service 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>					
Reversal of claims for underlying insurance contracts and other insurance service expenses that occurred	56	470	764	52	1,342
Changes relating to past service - adjustment to assets for incurred claims	89	-	(9)	(1)	79
Reversal of losses for groups of onerous underlying insurance contracts	-	6	-	-	6
Total reinsurance income	145	476	755	51	1,427
Total income (expenses), net for reinsurance contracts held	7	(87)	(614)	(62)	(756)
Insurance service profit (loss)	919	978	473	(56)	2,314

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

	For the three-month period ended March 31, 2026 (unaudited)				
	Life insurance and 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 (losses), net from assets held against insurance contracts and yield-dependent investment contracts	271	19	-	(9)	281
Other investment gains (losses), net:					
Interest income calculated using the effective interest method	-	-	-	216	216
Losses, net from impairment of financial assets	-	-	-	(9)	(9)
Other investment gains (losses), net	(86)	18	178	149	259
Share in profits (losses) of equity accounted investees closely related to investment activity	(3)	(3)	3	21	18
Total other investment gains (losses), net	(89)	15	181	377	484
Total investment gains, net recognized in the statement of income	182	34	181	368	765
Financing expenses, net arising from insurance contracts:					
Change in insurance contract liabilities arising from changes in fair value of underlying items of VFA contracts	257	15	-	-	272
Effects of risk mitigation option for VFA contracts	4	-	-	-	4
Interest accrued	78	86	51	-	215
Effects of changes in interest rates and other financial assumptions (including inflation)	(19)	(91)	(55)	-	(165)
Effect of the difference between discounting at current interest rate and discounting at original interest rate of FCF changes allocated to CSM	(5)	9	-	-	4
Total financing expenses, net arising from insurance contracts recognized in the statement of income	315	19	(4)	-	330
Financing income, net arising from reinsurance contracts:					
Interest accrued	2	11	15	-	28
Effects of changes in interest rates and other financial assumptions (including inflation)	-	104	(17)	-	87
Foreign exchange losses, net	-	-	2	-	2
Total financing income, net arising from reinsurance contracts recognized in the statement of income	2	115	-	-	117
Decrease in investment contract liabilities due to return component	-	-	-	6	6
Total investment and financing gains (losses), net recognized in the statement of income	(131)	130	185	374	558

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

	For the three-month period ended March 31, 2025 (unaudited)				
	Life insurance and 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 investment contracts with participation features	72	38	-	51	161
Other investment gains (losses), net:					
Interest income calculated using the effective interest method	1	-	-	154*	155
Other investment gains (losses), net	(15)	48	103*	96*	232
Share of profits of equity accounted investees closely related to investment activities	2	-	8	-	10
Total other investment gains (losses), net	<u>(12)</u>	<u>48</u>	<u>111</u>	<u>250</u>	<u>397</u>
Total investment gains, net recognized in profit or loss	<u>60</u>	<u>86</u>	<u>111</u>	<u>301</u>	<u>558</u>
Net financing expenses arising from insurance contracts:					
Changes in insurance contract liabilities arising from changes in the fair value of underlying items of VFA contracts	68	36	-	-	104
Effects of risk mitigation option for VFA contracts	2	-	-	-	2
Interest accreted	74	83	42	-	199
Effect of changes in interest rates and other financial assumptions (including inflation)	(21)	(71)	(19)*	-	(111)
Effect of the difference between current interest rate discounting and locked-in rate discounting of changes in FCF allocated to CSM	(4)	7	-	-	3
Loss on foreign exchange differences, net	-	-	(1)*	-	(1)
Total net financing expenses arising from insurance contracts recognized in profit or loss	<u>119</u>	<u>55</u>	<u>22</u>	<u>-</u>	<u>196</u>
Net financing income arising from reinsurance contracts:					
Interest accreted	2	11	13	-	26
Effect of changes in interest rates and other financial assumptions (including inflation)	-	45	(7)	-	38
Effect of the difference between current interest rate discounting and locked-in rate discounting of changes in FCF allocated to CSM	(1)	-	-	-	(1)
Loss on foreign exchange differences, net	-	-	(16)	-	(16)
Total net financing income (expenses) arising from reinsurance contracts recognized in profit or loss	<u>1</u>	<u>56</u>	<u>(10)</u>	<u>-</u>	<u>47</u>
Increase in investment contract liabilities due to return component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51)</u>	<u>(51)</u>
Total net investment and financing gain (loss) recognized in profit or loss	<u>(58)</u>	<u>87</u>	<u>79</u>	<u>250</u>	<u>358</u>

* Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

	For the year ended December 31, 2025 (audited)				
	Life insurance and 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 investment contracts with participation features	7,705	194	-	2,462	10,361
Other investment gains (losses), net:					
Interest income calculated using the effective interest method	4	-	-	741	745
Losses, net from impairment of financial assets	-	-	-	(9)	(9)
Other investment gains, net	937	698	972	692	3,299
Share of losses of equity accounted investees closely related to investment activities	(9)	(5)	(14)	(6)	(34)
Total other investment gains, net	<u>932</u>	<u>693</u>	<u>958</u>	<u>1,418</u>	<u>4,001</u>
Total investment gains, net recognized in profit or loss	<u>8,637</u>	<u>887</u>	<u>958</u>	<u>3,880</u>	<u>14,362</u>
Financing expenses, net arising from insurance contracts:					
Change in insurance contract liabilities arising from changes in fair value of underlying items of VFA contracts	7,469	102	-	-	7,571
The effects of risk mitigation option for VFA contracts	88	-	-	-	88
Interest accreted	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 losses, net	-	-	(4)	-	(4)
Total financing expenses, net arising from insurance contracts recognized in profit or loss	<u>8,223</u>	<u>406</u>	<u>428</u>	<u>-</u>	<u>9,057</u>
Financing income, net arising from reinsurance contracts:					
Interest accreted	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 profit or loss	<u>5</u>	<u>(31)</u>	<u>203</u>	<u>-</u>	<u>177</u>
Increase in investment contract liabilities due to return component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,463)</u>	<u>(2,463)</u>
Total investment and financing gains, net recognized in profit or loss	<u>419</u>	<u>450</u>	<u>733</u>	<u>1,417</u>	<u>3,019</u>

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 10 - Fair value of financial instruments**

The different levels for fair value have been defined as follows:

Level 1 – Fair value measured using quoted prices (unadjusted) in an active market for identical instruments.

Level 2 – Fair value measured using market observable inputs, directly or indirectly, that are not included in Level 1 above.

Level 3 – Fair value measured using inputs that are not based on observable market data.

In cases where a "market price" cannot be quoted for financial instruments because there is no active market in which they are traded, fair value is estimated using accepted pricing models, such as present value of future cash flow discounted at a risk-free interest rate plus a credit spread at a rate that reflects the level of risk inherent in the financial instrument. Estimation of fair value through evaluation of future cash flow and determination of the interest rate and credit spread is subjective. Therefore, for most financial instruments, fair value assessment is not necessarily an indication of the realization value of the financial instrument on the reporting date. The valuation assessment was made according to interest rates effective as of the reporting date and does not take into account the volatility of interest rates. Under the assumption of different interest rates, value estimates would be obtained that could be materially different.

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

- Securities and other marketable investments – according to 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 of non-marketable financial debt assets for which information regarding their fair value is provided for disclosure purposes only, are 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 published that it selected Ness Fair Value Ltd. as the provider that values the non-marketable debt assets of institutional entities, instead of 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 on the issuer, in order to choose 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 accounting balance sheet of the issuer or the credit rating of the instrument issued, are taken into account in order to determine the current quote spread, depending on 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 15,626 million were classified from Level 2 to Level 3;
- Designated government bonds of the Makam type – designated government bonds of the Makam type (hereinafter: "Makam Bonds") are non-marketable and non-transferable bonds, which are issued (and redeemed) under a series of agreements signed between insurance companies and the State of Israel, and are allocated according to a certain rate of insurance liabilities for insurance contracts that include a savings component that guarantees a return to the insured. The fair value calculation is performed according to the indirect approach whereby the fair value is calculated according to the amortized cost of Makam Bonds plus the excess value arising from the difference between the stated interest in Makam Bonds and the risk-free interest curve plus an illiquidity premium used in the financial statements. This calculation is similar to the calculation method performed in the solvency-based economic solvency regime. The cash flow estimate of 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) and therefore includes assumptions regarding significant data that are not observable such as surrender rate (TUR), mortality, retirement age and cancellation rates;
- Non-marketable equity instruments – the fair value of non-marketable equity instruments measured at fair value through profit or loss is determined through valuation assessments usually provided by independent external valuers. The main data in said valuation assessments include, among others, future profits, dividends, market discount rate, and profit multiples of comparable companies;

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 10 - Fair value of financial instruments (continued)

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

- Derivative financial instruments – derivative financial instruments that have an active market were valued according to market value and when there are several markets in which the instrument is traded, the valuation was made according to the most active market;
- Derivative financial instruments not traded in an active market were valued according to various models, depending on the type of derivative, used by the Company in its routine operations and taking into account the risks inherent in the financial instrument (market risk, credit risk, etc.);
- Other investments – 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 table below presents an analysis of financial assets (liabilities) held against yield dependent insurance and investment contracts measured at fair value through profit or loss.

	<u>As at March 31, 2026 (unaudited)</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Financial assets:				
Non-marketable debt instruments	-	-	8,902	8,902
Marketable debt instruments	20,500	2,544	-	23,044
Equity instruments	19,685	274	1,947	21,906
Other investments	12,378	333	10,688	23,399
Total financial assets	52,563	3,151	21,537	77,251
Financial liabilities:				
Derivative instruments	285	628	-	913
Total financial liabilities	285	628	-	913
	<u>As at March 31, 2025 (unaudited)</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Financial assets:				
Non-marketable debt instruments	-*	9,020*	1,066	10,086
Marketable debt instruments	19,612	4,070	-	23,682
Equity instruments	10,530	55	2,205	12,790
Other investments	14,573	122	11,777	26,472
Total financial assets	44,715	13,267	15,048	73,030
Financial liabilities:				
Derivative instruments	207	821	-	1,028
Total financial liabilities	207	821	-	1,028
	<u>As at December 31, 2025 (audited)</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
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

* Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 10 - Fair value of financial instruments (continued)****A. Financial instruments held against yield dependent contracts****2. Financial instruments measured at fair value in Level 3**

	For the three-month period ended March 31, 2026 (unaudited)			
	Financial assets			Total financial assets
	Non-marketable debt instruments	Equity instruments	Other investments	
NIS million	NIS million	NIS million	NIS million	
Balance as at January 1, 2026	965	1,968	10,733	13,666
Total gains (losses) recognized:				
In profit or loss (*)	(45)	12	105	72
Interest and dividend receipts	(82)	(4)	(154)	(240)
Purchases	488	21	246	755
Sales	-	(50)	(195)	(245)
Redemptions	(414)	-	(47)	(461)
Transfers to Level 3**	7,990	-	-	7,990
Balance as at March 31, 2026	8,902	1,947	10,688	21,537
(*) Recognized in the item gains (losses) from investments, net of assets held against insurance contracts and yield-dependent investment contracts				
Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as at March 31, 2026:				
Gains (losses) from investments, net of assets held against insurance contracts and yield-dependent investment contracts	(45)	(3)	105	57

** 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 classified from Level 2 to Level 3

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 March 31, 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 at January 1, 2025	872	2,137	11,382	14,391
Total gains (losses) recognized:				
In profit or loss (*)	20	46	539	605
Interest and dividend receipts	(13)	(9)	(382)	(404)
Purchases	214	41	507	762
Sales	-	(10)	(268)	(278)
Redemptions	(27)	-	(1)	(28)
Balance as at March 31, 2025	1,066	2,205	11,777	15,048
(*) Recognized in the item gains (losses) from investments, net of assets held against insurance contracts and investment contracts with participation features				
Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as at March 31, 2025:				
Gains from investments, net of assets held against insurance contracts and investment contracts with participation features	39	46	538	623

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 at 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 at December 31, 2025	965	1,968	10,733	13,666
(*) Recognized in the item gains (losses) from investments, net of assets held against insurance contracts and investment contracts with participation features				
Total gains (losses) for the period included in profit or loss in respect of assets and liabilities held as at December 31, 2025:				
Gains (losses) from investments, net of assets held against insurance contracts and investment contracts with participation features	10	(166)	(99)	(255)

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 March 31, 2026 (unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Financial assets:				
Non-marketable debt instruments excluding designated bonds	-	2,090	8,066	10,156
Designated bonds	-	-	6,543	6,543
Marketable debt instruments	9,785	1,078	-	10,863
Equity instruments	3,312	175	1,238	4,725
Other investments	1,354	166	4,297	5,817
Total financial assets	14,451	3,509	20,144	38,104

Financial liabilities:

Derivative instruments	1,124	2,497	-	3,621
Total financial liabilities	1,124	2,497	-	3,621

	As of March 31, 2025 (unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS million	NIS million	NIS million	NIS million
Financial assets:				
Non-marketable debt instruments excluding designated bonds	-	14,912*	521	15,433
Designated bonds	-	-	6,594	6,594
Marketable debt instruments	10,165	351	-	10,516
Equity instruments	1,716	20	1,061	2,797
Other investments	1,699	188	4,387	6,274
Total financial assets	13,580	15,471	12,563	41,614

Financial liabilities:

Derivative instruments	4,430*	3,699*	-	8,129
Total financial liabilities	4,430	3,699	-	8,129

* Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 of 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 excluding 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 at Level 3

	For the three-month period ended March 31, 2026 (unaudited)				
	Financial assets				
	Non-marketable debt instruments excluding designated bonds	Designated bonds	Equity instruments	Other investments	Total financial assets
	NIS million	NIS million	NIS million	NIS million	NIS million
Balance as at January 1, 2026	383	6,658	1,049	4,144	12,234
Total gains (losses) recognized in profit or loss (*)	(2)	(115)	14	143	40
Interest and dividend receipts	(64)	-	-	(59)	(123)
Purchases	798	-	232	125	1,155
Sales	-	-	(57)	(56)	(113)
Redemptions	(685)	-	-	-	(685)
Transfers to Level 3**	7,636	-	-	-	7,636
Balance as at March 31, 2026	8,066	6,543	1,238	4,297	20,144

(*) Recognized in 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 at March 31, 2026:

Gains (losses) from investments, net from assets held against non-yield dependent insurance contracts and investment contracts, equity and other liabilities

(2)	(115)	14	143	40
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** With the commencement of use of the new valuation provider Ness Fair Value Ltd., as described above, total investments in non-marketable debt instruments in the amount of NIS 7,636 million were reclassified from Level 2 to Level 3

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 at Level 3 (continued)**

	For the three-month period ended March 31, 2025 (unaudited)				
	Financial assets				
Non- marketable debt instruments except designated bonds	Designated bonds	Equity instrument s	Other investments	Total financial assets	
NIS million	NIS million	NIS million	NIS million	NIS million	
Balance as at January 1, 2025	440	6,638	1,014	4,232	12,324
Total gains (losses) recognized in profit or loss (*)	47	(44)	38	208	249
Interest and dividend receipts	-	-	(3)	(192)	(195)
Purchases	58	-	12	216	286
Sales	- **	-	-	(77)	(77)
Redemptions	(24) **	-	-	-	(24)
Balance as at March 31, 2025	521	6,594	1,061	4,387	12,563
(*) Recognized in 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 at March 31, 2025:					
Gains from investments, net from assets held against non-yield dependent insurance contracts and investment contracts , equity and other liabilities	-	-	6	197	203

** Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 at Level 3 (continued)

	<u>For the year ended December 31, 2025 (audited)</u>				
	<u>Financial assets</u>				
	<u>Non- marketable debt instruments except designated bonds</u>	<u>Designated bonds</u>	<u>Equity instruments</u>	<u>Other investments</u>	<u>Total financial assets</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Balance as at 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 at December 31, 2025	<u>383</u>	<u>6,658</u>	<u>1,049</u>	<u>4,144</u>	<u>12,234</u>

(*) Recognized in gains (losses) from other investments, net

Total gains (losses) for the period included in profit or loss for assets and liabilities held as at December 31, 2025:

Gains (losses) from investments, net from assets held against non-yield dependent insurance contracts and investment contracts, equity and other liabilities

<u>(4)</u>	<u>427</u>	<u>13</u>	<u>385</u>	<u>821</u>
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Notes to the Condensed Consolidated Interim Financial Statements (continued)**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 approximates, their fair value.

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

	As at March 31, 2026 (unaudited)	
	Carrying value	Fair value
	NIS million	NIS million
Non-marketable financial assets:		
Deposits with banks and financial institutions	14,237	14,213
Loans	3,699	3,415
Total financial assets	17,936	17,628
Financial liabilities:		
Loans from banks	755	736
Loans from non-banks	100	100
Liability for reverse purchase (REPO)	200	200
Loans from other related parties	114	115
Bonds	20,663	19,983
Structured bonds	85	85
Commercial paper	450	450
Short-term credit from banking and other corporations	1,569	1,569
Financial guarantees	26	5
Other liabilities	18	18
Total financial liabilities	23,980	23,261
As at March 31, 2025 (unaudited)		
	Carrying value	Fair value
	NIS million	NIS million
Non-marketable financial assets:		
Deposits with banks and financial institutions	9,426	9,314
Loans	2,306*	2,342*
Total financial assets	11,732	11,656
Financial liabilities:		
Loans from banks	682	647
Loans from non-banks	200	200
Loans from other related parties	169	169
Bonds	15,614	15,366
Commercial paper	100	100
Short-term credit from banking and other corporations	900	901
Financial guarantees	64	57
Other liabilities	20	20
Total financial liabilities	17,749	17,460

*Reclassified

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 10 - Fair value of financial instruments (continued)****C. Financial instruments measured at fair value for disclosure purposes only**

	<u>As of December 31, 2025 (audited)</u>	
	<u>Carrying amount</u>	<u>Fair value</u>
	<u>NIS million</u>	<u>NIS million</u>
Non-marketable financial assets:		
Deposits with banks and financial institutions	13,110	13,111
Loans	2,982	475
Total financial assets	16,092	13,586
Financial liabilities:		
Loans from banks	668	643
Loans from non-banks	100	100
Repurchase obligation (REPO)	32	32
Loans from other interested parties	105	105
Bonds	19,526	19,638
Structured bonds	176	177
Commercial paper	350	350
Short-term credit from banking and other corporations	1,574	1,573
Financial guarantees	61	56
Other liabilities	17	17
Total financial liabilities	22,609	22,691

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 11 - Contingent liabilities, guarantees and commitments**A. Contingent liabilities**

There exists 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 and 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).

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

On March 17, 2024, Harel Insurance received a restitution demand whereby Harel Insurance and Shirbit Insurance Company Ltd. (whose insurance activity was merged into Harel Insurance) are required to return premium amounts in cases where more than one compulsory motor insurance policy was issued by the companies for the same vehicle. The restitution demand is the result of an audit conducted by the Capital Market, Insurance and Savings Authority at several insurance companies. From a preliminary examination, it appears that the restitution amounts are not expected to be material.

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. 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, 41, 42, 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

1. In January 2008, a lawsuit 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 a lawsuit 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 conducting a mediation process.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

2. In May 2013, a lawsuit 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 conducting a mediation process.
3. In April 2014, a lawsuit 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 conducting a mediation process.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

4. In July 2014, a request for approval of a claim as a class action lawsuit was filed at the Central District Court-Lod against the subsidiary Harel Pension and Provident and against four other managing companies of pension funds (hereinafter together: "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 conducting a mediation process. 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 and Provident will pay the group members, as defined in the settlement arrangement, a one-time compensation amount 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

5. In September 2015, a lawsuit and request for its approval as a class action were filed at the Central District Court-Lod 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 conducting a mediation process. 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, a lawsuit 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

7. In June 2018, a lawsuit 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. 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, a lawsuit and request for its approval as a class action were filed at the Central District Court-Lod 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

9. In June 2019, a lawsuit 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 lawsuit and request deal with the same cause of action dealt with by a previous lawsuit 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.
10. In May 2020, a lawsuit and request for its approval as a class action were filed at the Tel Aviv District Court against the subsidiary Harel Pension and 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 conducting a mediation process.
11. In April 2020, a lawsuit 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 Additional Proceeding judgment 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 11 - Contingent liabilities, guarantees and commitments (continued)****A. Contingent liabilities (continued)**

12. In April 2020, a lawsuit 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 Additional Proceeding judgment 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, a lawsuit and request for its approval as a class action were filed at the Central District Court-Lod 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, a lawsuit 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 abroad, 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 abroad 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.
15. In December 2020, a lawsuit and request for its approval as a class action were filed at the Tel Aviv-Jaffa District Court against the subsidiary Harel Pension and Provident. The subject of the lawsuit is the claim that Harel Pension and 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 and 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 and 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 conducting a mediation process.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 11 - Contingent liabilities, guarantees and commitments (continued)****A. Contingent liabilities (continued)**

16. In March 2021, a lawsuit 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 conducting a mediation process.
17. In March 2021, a lawsuit 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 conducting a mediation process.
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.
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 lawsuit 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 lawsuit 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 11 - Contingent liabilities, guarantees and commitments (continued)****A. Contingent liabilities (continued)**

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.
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 and 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 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 concerns the claim that Harel Insurance allegedly transfers money to its policyholders by means of checks, instead of bank transfer or credit card credit, allegedly contrary to the law. The plaintiff quantifies the total damage alleged for all members of the group she seeks to represent at over NIS 3 million. In October 2025, a motion for approval of a settlement arrangement was filed with the court, whereby an arrangement was agreed for refunding Harel Insurance customers who were transferred money for insurance premiums by means of checks that were not cashed and were not credited by other means.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 11 - Contingent liabilities, guarantees and commitments (continued)****A. Contingent liabilities (continued)**

30. 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.
31. 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.
32. 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 additional insurance companies (hereinafter together: "the defendants"). The lawsuit concerns the claim that the defendants allegedly refuse to provide lifting towing services to policyholders holding policies that include service certificates for providing vehicle towing services, allegedly without disclosure in the text of the service certificates. The plaintiffs estimate the total damage alleged for all members of the group they seek to represent at NIS 80 million. In November 2024, the court determined that the discussion should be split by filing separate certification motions, ordered the deletion of the certification motion 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 to 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 to order the return of the file to the District Court. In June 2025, a Supreme Court judgment was given determining that the file will be returned to the District Court to discuss the withdrawal arrangement. In January 2026, the parties filed with the court a consensual motion for compensated withdrawal from the motion for class action certification. The motion is subject to court approval.
33. 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 11 - Contingent liabilities, guarantees and commitments (continued)****A. Contingent liabilities (continued)**

34. 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.
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 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.
36. 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.
37. 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.
38. 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 and Provident and against an old pension fund "H.A.L Pension Fund" (hereinafter: "H.A.L Pension Fund") managed by Harel Pension (hereinafter: "the defendants"). The lawsuit concerns the claim that H.A.L Pension Fund should be compelled to index the pension paid to members and pensioners of plan A, as defined in the class action certification motion, despite the fact that currently indexing is allegedly done only regarding the pension of members and pensioners of plan B, as defined in the class action certification motion, including by uniting the two existing regulations in H.A.L fund into one regulation. The plaintiff estimates the total damage alleged for all members of the group he seeks to represent, against both defendants together, at NIS 346 million. Following the parties' request, in July 2025 the court ordered the Commissioner to submit his position regarding the certification motion. In December 2025, the Commissioner's position was submitted according to which the certification motion should be rejected and instead Harel Pension and Provident should be allowed to make a decision independently as a trustee according to law.
39. In March 2025, a lawsuit and a motion for class action certification were filed with the Ramla Magistrate's Court against Marpet Ltd., in which the Company is the controlling shareholder (hereinafter: " Marpet t"). The lawsuit concerns the claim that Marpet charges payment for video call service with a veterinarian after operating hours, 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 is less than NIS 2.5 million. In December 2025, the parties filed a motion for compensated withdrawal from the certification request. The motion is subject to court approval.
40. 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

41. 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.
42. 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.
43. 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.
44. 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.
45. 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.
46. 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 11 - Contingent liabilities, guarantees and commitments (continued)**A. Contingent liabilities (continued)****Lawsuits filed during the reporting period**

47. In January 2026, 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 within the "track reform" of the Capital Market, Insurance and Savings Authority, whereby, among other things, institutional entities were prohibited from maintaining an investment track that follows only one index, Harel Insurance allegedly changed an investment track in a savings-type life insurance policy unilaterally, allegedly without the savers' consent and without full disclosure regarding the nature of the change and contrary to the policy provisions and law. The plaintiff estimates the total damage alleged for all members of the group he seeks to represent at NIS 125 million.
48. In March 2026, a lawsuit and a motion for class action certification were filed with the Tel Aviv Regional Labor Court against the subsidiary, Harel Pension and Provident. The lawsuit concerns the claim that the "Harel Pension" pension fund managed by Harel Pension and Provident ("the pension fund"), allegedly collects the full monthly premium for insurance coverage also for the period prior to the date of joining or renewal of insurance coverage during the month, allegedly contrary to law and contrary to the pension fund regulations. The plaintiff estimates the total damage alleged for 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.
49. In March 2026, 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 when an insurance event occurs within apartment contents insurance, Harel Insurance pays an amount lower than stated in the policy, 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 she seeks to represent, but estimates that it exceeds NIS 2.5 million.
50. In March 2026, 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 raise insurance premiums without obtaining the positive consent of the policyholders and without effective notification, all allegedly contrary to law. The plaintiffs do not quantify the total damage alleged for all members of the group they seek to represent but estimate that it exceeds NIS 2.5 million.

Lawsuit filed after the reporting period

51. In May 2026, a lawsuit and a motion for class action certification were filed with the Nazareth District Court against the subsidiary, Harel Insurance. The lawsuit concerns the claim that Harel Insurance allegedly refrains from paying interest and linkage for insurance benefits to its policyholders and third parties, from the day the cause arose until the date of actual full payment, allegedly 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 11 - Contingent liabilities, guarantees and commitments (continued)****A. Contingent liabilities (continued)****Summary table:**

Below is a summary table of the amounts claimed within pending motions for class action certification, lawsuits approved as class actions and other substantive claims against the Company and/or subsidiaries, as specified by the plaintiffs in the pleadings filed on their behalf. It is clarified that the claimed amount does not necessarily constitute a quantification of the exposure amount estimated by the Company, as these are estimates on behalf of the plaintiffs whose validity is to be determined within the legal proceeding.

Type	Number of claims	Claimed amount in NIS million
<u>Lawsuits approved as class action:</u>		
An amount relating to the Company and/or subsidiaries was specified	5	1,265
The lawsuit relates to several companies and no specific amount was attributed to the Company and/or subsidiaries	1	48
No lawsuit amount was specified	3	
<u>Pending requests for approval of class action lawsuits:</u>		
An amount relating to the Company and/or subsidiaries was specified	8	2,922
The lawsuit relates to several companies and no specific amount was attributed to the Company and/or subsidiaries	6	3,782
No lawsuit amount was specified	28	

The total provision amount for the claims filed against Group companies as detailed above for March 31, 2026, March 31, 2025 and December 31, 2025 amounts to approximately NIS 265 million, approximately NIS 219 million and approximately NIS 259 million, respectively.

As of March 31, 2026, out of the total provision amount, approximately NIS 242 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 March 31, 2025 - approximately NIS 203 million, as of December 31, 2025 - approximately NIS 236 million).

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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 abroad 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 abroad, 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 11 - Contingent liabilities, guarantees and commitments (continued)**C. Lawsuits that reached conclusion after the reporting period**

1. 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 and 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 abroad, 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 abroad, free of charge, which will be available for use by the eligible group members in accordance with the details in the settlement agreement.

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

1. Further to Note 30(d)(1) to the 2025 Annual Report, disputes arose between the parties regarding certain practical and operational issues relating to the implementation of the settlement agreement in the class action, including whether a return should be added to the refund amount for the period between the reduction date (as defined in the settlement agreement) of the policy factor component and the actual date of the refund (the "Indexation Issue"); and whether, in calculating the refund rate applicable to the savings component, additional risk coverages purchased in addition to the plan should be taken into account (the "Refund Rate Calculation Issue"). In April 2025, the parties filed with the Court a status update and a motion for clarification regarding the disputed issues (the "Motion for Clarification"). On August 14, 2025, the Attorney General's Office submitted its position regarding the Motion for Clarification (the "Attorney General's Position"), according to which the Motion for Clarification, in its current form, should be denied and, among other things, with respect to the Indexation Issue, the required return should be added through the actual refund date; and with respect to the Refund Rate Calculation Issue, the additional risk coverages purchased should not be taken into account in calculating the refund rate applicable to the savings component. On September 21, 2025, a hearing was held before the Court, during which the Court accepted the position of the Attorney General's Office and the plaintiffs with respect to the Refund Rate Calculation Issue and ruled that the additional coverages should not be considered in calculating the savings component rate. In addition, the Court accepted the position of the Attorney General's Office and the plaintiffs with respect to the Indexation Issue and ruled that 90% of the returns should be added through the actual refund date. In October 2025, the plaintiffs filed a motion with the Court for instructions regarding the method of calculating the refund rate, and in November 2025, the defendants filed a motion for an extension of the deadlines for implementation of the settlement agreement (the "Two Motions"). In December 2025, the position of the Attorney General's Office was received, according to which the plaintiffs' motion regarding the method of calculating the refunds should be granted and the defendants' motion to postpone the deadlines established for implementation of the settlement agreement should be denied. In January 2026, the parties requested that the Court suspend its ruling on the Two Motions, as the parties were engaged in discussions that might render a ruling on the motions unnecessary. In April 2026, the plaintiffs notified the Court that no agreement could be reached and requested a ruling on the Two Motions. In May 2026, the Court issued its decision on the Two Motions, ruling that the plaintiffs' motion regarding the method of calculating the refunds was granted, while the defendants' motion was partially denied, such that the defendants were required to complete the refund process as soon as possible and no later than 75 days from the date of the decision.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 12 - Capital requirements in subsidiaries and equity**Capital requirements in subsidiaries**

1. Economic solvency regime based on Solvency II

Harel Insurance:

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").

Risk-based solvency ratio:

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 limit for tier 2 capital.

On April 10, 2025, the Commissioner of the Capital Market, Insurance and Savings published a circular regarding "Calculation of deduction in the transitional period in the economic solvency regime under IFRS 17" (hereinafter: "deduction update circular"), which updated the method of calculating the deduction recognized in the transitional period for insurance reserves, against the background of the entry into force of IFRS 17. Harel Insurance implemented the provisions of the deduction circular starting from the economic solvency ratio report as of June 30, 2025, in accordance with the Commissioner's requirements.

According to the deduction update circular, calculation of the maximum deduction for the transitional period will be performed on the basis of fixed deduction rates determined as of December 31, 2024 and pre-approved by the Commissioner, for each homogeneous risk group, and will apply throughout the remaining transitional period. The new maximum deduction rate is derived from the multiplication of the fixed deduction rate by the amount of BE and RA components, minus the addition of foreign bond value (for guaranteed return portfolio) to the reporting date, for each homogeneous risk group. The maximum deduction for each reporting period will be equal to the sum of deductions of all homogeneous risk groups, which is reduced on a straight line between December 31, 2019 until the end of 2032

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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)

In accordance with the deduction update circular, the deduction rates determined constitute the maximum rates, and the requirements for recalculation of the deduction and limitation of the deduction amount by the Commissioner were cancelled. However, it was determined that the company and the board of directors are required to examine periodically the adequacy of the deduction amount, and to ensure that its value is calculated in a prudent and conservative manner, while meeting the criteria set in the Commissioner's letter of principles. Additionally, it was determined that the Commissioner will be entitled to limit the amount of the deduction if he finds that its implementation does not suit the expected growth rate in the solvency ratio, or when the deduction leads to an unreasonable reduction in insurance reserves.

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.

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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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 excess capital 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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

Capital requirements in subsidiaries (continued)

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

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.

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.

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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

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)**EMI's solvency ratio: (continued)**

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, during 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.

On January 14, 2025, Harel Insurance's board of directors approved the update to the capital management plan and at this stage, threshold rules for dividend distribution were determined, including a minimum economic solvency ratio, considering transitional provisions, at a rate of 135% and a minimum solvency ratio, without considering provisions in the transitional period at a rate of 115%. On March 25, 2026, Harel Insurance's board of directors approved an update to the threshold rules for dividend distribution, without considering transitional provisions in the transitional period, from a rate of 115% to 118%.

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

4. Capital requirements in management companies

- A. Subsidiaries that manage mutual funds and investment portfolios are required to maintain minimum capital in accordance with the Securities Authority guidelines. The companies operate on an ongoing basis to comply with this requirement. As of March 31, 2026, the subsidiaries comply with these requirements.

- B. Subsidiaries that manage pension funds and provident funds are subject to capital requirements set by the Commissioner. As of March 31, 2026, the subsidiaries comply with these requirements.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 12 – Capital requirements in subsidiaries and equity (continued)**Equity**

1. Share buyback programs

- A. On October 30, 2025, the Company's board of directors approved an additional share buyback program of the Company's shares in the scope of up to NIS 100 million, which will be executed from time to time as determined by the Company's management that was authorized by the board of directors to purchase securities, at its discretion and within the period set for executing the program. During the reporting period, the Company purchased a total of 129,953 shares at a cost of approximately NIS 17,088,443 thousand.
- B. On March 25, 2026, the Company's board of directors approved an additional share buyback program of the Company's shares in the scope of up to NIS 100 million, which will be executed from time to time as determined by the Company's management that was authorized by the board of directors to purchase securities, at its discretion and within the period set for executing the program. During the reporting period, no purchases were made under the program.

2. Dividend distribution policy

The Company:

On March 25, 2026, the Company's board of directors approved an update to the Company's dividend distribution policy according to which the Company will distribute dividends on a semi-annual basis, while maintaining a distribution policy of at least 40% of comprehensive income according to its consolidated financial statements.

Harel Insurance:

On March 25, 2026, the Company's subsidiary board of directors – Harel Insurance, approved an update to the dividend distribution policy according to which Harel Insurance will distribute dividends on a semi-annual basis, at a rate of at least 45% of comprehensive income according to Harel Insurance's consolidated reports, as long as Harel Insurance meets minimum targets for solvency ratio based on Solvency 2. On March 25, 2026, Harel Insurance's board of directors approved an update to the threshold rules for dividend distribution, without considering transitional provisions in the transitional period, from a rate of 115% to 118%.

See also Note 13d in the annual reports.

Notes to the Condensed Consolidated Interim Financial Statements (continued)**Note 12 – Capital requirements in subsidiaries and equity (continued)****Equity (continued)**

3. Dividends

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million
Declared and paid	-	-	400
Declared and not yet paid as of the reporting date	531	-	-

A. Dividend distribution

On March 25, 2026, the Company's Board of Directors approved a cash dividend distribution of NIS 2.58 per share totaling approximately NIS 531 million. The Board's decision regarding the dividend distribution was made after considering the Company's financial results in accordance with the financial statements. The Board was presented with distributable profits, capital surpluses of the Company's subsidiaries, and the Group's cash requirements under various scenarios. The Board examined the Company's compliance with the profit test and solvency test set forth in Section 203(a) of the Companies Law. Following this examination, the Board approved the Company's compliance with the distribution test. The dividend was paid after the reporting period, on April 20, 2026, in cash.

B. Dividend received from Harel Insurance

On March 25, 2026, the Board of Directors of Harel Insurance approved a dividend distribution of NIS 800 million. The Board's decision was made after considering Harel Insurance's financial results, the amount of Harel Insurance's distributable surpluses, and examining capital surpluses and compliance with solvency requirements. The Board of Directors of Harel Insurance also examined compliance with the profit test and solvency test set forth in Section 203(a) of the Companies Law, and following this examination, the Board of Directors of Harel Insurance approved compliance with the distribution test. The dividend was paid after the reporting period, on April 16, 2026, in cash.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

Note 13 - Material events during the reporting period

1. Completion of transaction for acquisition of additional shares of Le'Atid by Harel Insurance

In July 2025, the Board of Directors of Harel Insurance approved entering into an agreement to acquire an additional 10.5% of the issued share capital of Le'Atid for 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 conditions precedent. Following completion of the transaction, Harel Insurance holds 89.5% of the shares of Le'Atid.

Note 14 - Material events after the reporting period

1. 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) Re-appointment of the auditing accountant and authorization of the Company's Board of Directors to determine his remuneration; (3) Re-appointment of the directors serving in the Company, who are not external directors, for continued service as directors in the Company; (4) Appointment of Naim Najjar for an additional term as external director in the Company. The general meeting approved the matters that were on its agenda.

2. Regarding the issuance of commercial paper by Gamla, see Note 7.
3. Regarding the sale of Series 21 bonds of Harel Finance & Issues that were purchased by the Company, see Note 7.
4. Regarding a possible issuance of Series 24 bonds) of Harel Finance & Issues, see Note 7.
5. Regarding the decision on full early redemption of Series 16 bonds of Harel Finance & Issues, see Note 7.



HAREL INSURANCE INVESTMENTS AND FINANCIAL SERVICES LTD.

**SEPARATE FINANCIAL INFORMATION FROM THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2026

Financial Information from the Condensed Consolidated Interim Statements of Financial Position

	<u>March 31</u>		<u>December 31</u>
	<u>2026</u>	<u>2025</u>	<u>2025</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Assets			
Intangible assets	2	2	2
Fixed assets	13	15	14
Investments in equity accounted investee companies	9,237	7,731	9,568
Loans to investee companies	1,387	1,382	1,416
Investment property	39	38	38
Receivables and debit balances	866	80	153
Assets for employee benefits	32	25	32
Other financial investments			
Marketable debt assets	916	455	962
Non-marketable debt assets	35	33	36
Shares	821	460	573
Other	452	1,221	492
Total other financial investments	2,224	2,169	2,063
Cash and cash equivalents	174	296	146
Total assets	13,974	11,738	13,432
Equity			
Share capital and premium	432	405	426
Treasury shares	(699)	(441)	(681)
Capital reserves	177	256	162
Retained earnings	12,280	10,150	12,261
Total equity	12,190	10,370	12,168
Liabilities			
Deferred tax liabilities	24	21	38
Employee benefit liabilities	45	43	45
Payables and credit balances	635	138	110
Current tax liabilities	14	3	4
Financial liabilities	1,066	1,163	1,067
Total liabilities	1,784	1,368	1,264
Total liabilities and equity	13,974	11,738	13,432

Yair Hamburger
Chairman of the Board of
Directors

Nir Cohen
CEO

Arik Peretz
CFO

Financial Information from the Condensed Consolidated Interim Statements of Financial Position

Date of approval of the financial statements: May 26, 2026

Financial Information from the Condensed Consolidated Interim Statements of Income

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Investment gains, net and financing income	25	26	233
Management fee income	35	35	136
Total income	60	61	369
General and administrative expenses	15	14	59
Financing expenses, net	11	12	48
Total expenses	26	26	107
Company's share in profits of investee companies	521	462	2,775
Profit before income taxes	555	497	3,037
Income taxes	5	2	47
Profit for the period attributable to shareholders of the Company	550	495	2,990

Financial Information from the Condensed Consolidated Interim Statements of Comprehensive Income

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Profit for the period	550	495	2,990
Other comprehensive income (loss) items that after initial recognition as part of comprehensive income have been or will be reclassified to profit or loss			
Foreign currency translation differences for foreign operations	(1)	2	(12)
Income taxes relating to other items of other comprehensive loss	-	-	3
Group's share in comprehensive income (loss) of investee companies	(22)	23	(68)
Total other comprehensive income (loss) for the period that after initial recognition as part of comprehensive income has been or will be reclassified to profit or loss, net of tax	(23)	25	(77)
Other comprehensive income items that will not be reclassified to profit or loss			
Revaluation reserve for fixed asset items in investee companies	35	32	36
Remeasurement of defined benefit plan	-	-	6
Income taxes on other comprehensive income items that will not be reclassified to profit or loss	-	(9)	(1)
Other comprehensive income for the period that will not be reclassified to profit or loss, net of tax	35	23	41
Other comprehensive income (loss) for the period, net of tax	12	48	(36)
Total comprehensive income for the period attributable to shareholders of the Company	562	543	2,954

Financial Information from the Condensed Consolidated Interim I Statements of Changes in Equity

	<u>Share capital and premium</u>	<u>Foreign currency translation reserve</u>	<u>Capital reserve for share-based payment</u>	<u>Treasury shares</u>	<u>Capital reserve for transaction s with non- controlling interests</u>	<u>Capital reserve for revaluation of fixed assets</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
For the three-month period ended March 31, 2026 (unaudited)								
Balance as of January 1, 2026	426	(209)	36	(681)	(77)	412	12,261	12,168
Comprehensive income (loss) for the period								
Profit for the period	-	-	-	-	-	-	550	550
Other comprehensive income (loss)	-	(13)	-	-	-	25	-	12
Total comprehensive income (loss) for the period	-	(13)	-	-	-	25	550	562
Transactions with shareholders recorded directly in equity								
Dividend distributed	-	-	-	-	-	-	(531)	(531)
Share-based payment	-	-	15	-	-	-	-	15
Purchase of treasury shares	-	-	-	(18)	-	-	-	(18)
Exercise of options	6	-	(6)	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	(1)	-	-	(1)
Dividend to holders of non-controlling interests	-	-	-	-	(5)	-	-	(5)
Balance as of March 31, 2026	432	(222)	45	(699)	(83)	437	12,280	12,190

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	Treasury shares	Capital reserve for transaction s with non- controlling interests	Capital reserve for revaluation of fixed assets	Retained earnings	Total
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
For the three-month period ended March 31, 2025 (unaudited)								
Balance as of January 1, 2025	-	(143)	40	(430)	(49)	398	9,655	9,863
Comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	495	495
Other comprehensive income	-	25	-	-	-	23	-	48
Total comprehensive income for the period	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>495</u>	<u>543</u>
Transactions with shareholders recorded directly in equity								
Issuance of put option	-	-	-	-	(25)	-	-	(25)
Share-based payment	-	-	3	-	-	-	-	3
Purchase of treasury shares	-	-	-	(11)	-	-	-	(11)
Non-controlling interests in consolidated companies	-	-	-	-	(3)	-	-	(3)
Exercise of options	13	-	(13)	-	-	-	-	-
Balance as of March 31, 2025	<u>405</u>	<u>(118)</u>	<u>30</u>	<u>(441)</u>	<u>(77)</u>	<u>421</u>	<u>10,150</u>	<u>10,370</u>

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	Treasury shares	Capital reserve for transaction s with non- controlling interests	Capital reserve for fixed asset revaluation	Retained earnings balance	Total
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
For the year ended December 31, 2025 (audited)								
Balance as of January 1, 2025	392	(143)	40	(430)	(49)	398	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	<u>-</u>	<u>(66)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>2,992</u>	<u>2,954</u>
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)
Transfer from capital reserve for fixed asset revaluation to retained earnings	-	-	-	-	-	(14)	14	-
Non-controlling interests in consolidated companies	-	-	-	-	(3)	-	-	(3)
Exercise of options	34	-	(34)	-	-	-	-	-
Balance as of December 31, 2025	<u>426</u>	<u>(209)</u>	<u>36</u>	<u>(681)</u>	<u>(77)</u>	<u>412</u>	<u>12,261</u>	<u>12,168</u>

Financial Information from the Condensed Consolidated Interim Statements of Cash Flows

	Appendix	For the three-month period ended March 31		For the year ended December 31
		2026	2025	2025
		(unaudited)	(unaudited)	(audited)
		NIS million	NIS million	NIS million
Cash flows from operating activities				
Before income taxes	A	162	21	111
Taxes paid		(9)	(12)	(31)
Net cash provided by operating activities		153	9	80
Cash flows from investing activities				
Investment in investee companies, net		1	(13)	(133)
Investment in fixed assets		(1)	-	(2)
Proceeds from disposal of fixed assets		1	-	1
Dividend and interest from investee companies		30	6	444
Financial investments, net		(153)	361	590
Repayment (granting) of loans and capital notes granted to investee companies		29	12	(14)
Net cash from (used in) investment activities		(93)	366	886
Cash flows from financing activities				
Repurchase of the Company's own shares		(18)	(11)	(251)
Repayment of loans from banks		(13)	(13)	(27)
Repayment of liability notes		-	-	(92)
Repayment of lease liabilities		(1)	(1)	4
Dividend to shareholders		-	(250)	(650)
Net cash used for financing activities		(32)	(275)	(1,016)
Net increase (decrease) in cash and cash equivalents		28	100	(50)
Balance of cash and cash equivalents at beginning of period		146	196	196
Balance of cash and cash equivalents at end of period		174	296	146

Financial Information from the Condensed Consolidated interim Statements of Cash Flows (continued)

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(unaudited)	(unaudited)	(audited)
	NIS million	NIS million	NIS million
Appendix A - Cash flows from operating activities			
Profit for the period attributable to equity holders of the Company	550	495	2,990
Items that do not involve cash flows			
Company's share in profits of equity accounted investees	(496)	(462)	(2,775)
Gains, net from financial investments	(1)	(7)	(138)
Change in fair value of investment property	(1)	(2)	(2)
Finance expenses, net	2	2	13
Income taxes (tax benefit)	5	2	47
Depreciation and amortization	1	1	3
Changes in other balance sheet items			
Receivables and debit balances	110	8	36
Payables and credit balances	(8)	(17)	(61)
Employee benefit liabilities, net	-	1	(2)
Total adjustments required to present cash flows used for operating activities	(388)	(474)	(2,879)
Total cash flows from operating activities	162	21	111

Notes to the Condensed Separate Interim Financial Statements

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 consolidated interim financial statements as of March 31, 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 and 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	- 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.

Notes to the Condensed Separate Interim Financial Statements

Note 2 – Material relationships, engagements and transactions with investee companies

1. During the reporting period, Harel Mutual Funds Ltd., a subsidiary of Harel Finance, a wholly owned company of the Company, made partial repayment of a capital note in the amount of NIS 25 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, after the reporting period, the board of directors of Harel Credit Holdings decided on a dividend distribution of approximately NIS 12.6 million. The dividend was paid on April 14, 2026.
6. On May 3, 2026, after the reporting period, Marpet (a subsidiary held by the Company at a rate of 51%) distributed a dividend in a total amount of NIS 5.3 million (the Company's share is NIS 2.7 million). The dividend was paid on May 8, 2026.

Note 3 - Material events during the reporting period

1. Regarding the confirmation 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 13 to the Condensed Consolidated Interim Financial Statements.
5. Regarding the dividend distribution by the Company, see Note 13 to the Condensed Consolidated Interim Financial Statements.
6. Regarding the plan to repurchase shares, see Note 13 to the Condensed Consolidated Interim Financial Statements.

Note 4 - Material events after the reporting period

1. Regarding the dividend received from Marpet, see Note 2.
2. Regarding the dividend received from Harel Credit Holdings, see Note 2.
3. Regarding the Company's annual and special general meeting, see Note 14 to the Condensed Consolidated Interim Financial Statements.
4. Regarding the sale of Series 21 bonds of Harel Finance & Issues Ltd. which were purchased by the Company, see Note 7 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 pursuant to regulation 38C(a):

Management, under the oversight of the board of directors of Harel Insurance Investments and Financial Services Ltd. (hereinafter - the Company), is responsible for defining and maintaining adequate 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 manager of the Group's investments, Deputy CEO and Manager 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 controls and procedures existing controls that were planned by the CEO and the most financial senior office holder in the financial area or under their oversight, or by whoever actually performs the said functions, under oversight of the Company's board of directors and which are intended to provide a reasonable measure of assurance as to the reliability of the financial statements pursuant to the provisions of the law, and to ensure that information which the Company is required to disclose in reports it publishes pursuant to legal requirements is collected, processed, summarized and reported at the time 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 office holder in the financial area or to whoever actually performs the said functions, in order to allow making decisions 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 Institutional Circular 2010-9-7 from November 2010 "Internal control over Financial Reporting - certifications, reports and disclosures";
- Financial Institutional Circular 2010-9-6 from November 2010 "Management's Responsibility for the Internal Control over Financial Reporting - Amendment" (amendment to Institutional Entities Circular 2009-9-10);
- Financial Institutional Circular 2009-9-10, from June 2009 "Management's Responsibility for the Internal Control over Financial Reporting".

In the annual report concerning the effectiveness of the internal control over financial reporting and disclosure which was attached to the periodic report for the period ended on December 31, 2025 (hereinafter - the last annual report on internal control), the board of directors and management assessed the internal control in the Company; based on this assessment, the board of directors and management of the Company concluded that the aforementioned internal control, as of December 31, 2025, is effective.

Prior 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 internal control, as presented in the framework of the last annual report on internal control;

As of the date of the report, based on the assessment of effectiveness of internal control in the last annual report on internal control, and based on information submitted to management and the board of directors as mentioned 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 the first quarter of 2026 (hereinafter - the reports);
2. Based on my knowledge, the reports contains no misstatement of a material fact nor do they omit any statement of a material fact necessary to ensure that the presentations that 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 included in the reports reasonably reflect, in all material respects, the financial position, results of operations and cash flows of the Company as of 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 Company's auditors, the board of directors and to the audit and Financial Reports committees of the Company:
 - A. Any significant deficiencies and material weaknesses in the determination or application of internal control over financial reporting and disclosure which are reasonably likely to adversely affect the Company's ability to collect, process, summarize or report financial information so as to cast doubt on the reliability of financial reporting and preparation of financial statements in accordance with legal requirements;
 - B. Any fraud, whether material or immaterial, that involves the General Manager (CEO) or anyone directly subordinate to him or involves other employees who hold a significant role in 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 supervision of controls and procedures, designed to ensure that material information relating to the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is made known to me by others in the Company and in the consolidated companies, particularly during the period of preparation of the reports;
 - B. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my supervision of controls and procedures, designed to ensure with reasonable certainty the reliability of financial reporting and preparation of financial statements in accordance with legal requirements, including in accordance with generally accepted accounting principles;
 - C. No event or matter that occurred during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report has been brought to my attention, which 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.

May 26, 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 reports of Harel Insurance Investments and Financial Services Ltd. (hereinafter - the Company) for the first quarter of 2026 (hereinafter - "the reports" or "the Interim Reports");
2. Based on my knowledge, the interim financial statements and other financial information included in the Interim Reports do not include any misstatement of a material fact or omit to state a material fact necessary to ensure that the statements they contain, in light of the circumstances under which such statements were made, not misleading with respect to the period covered in the reports;
3. 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;
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 internal control over financial reporting and disclosure insofar as it relates to the interim financial statements and other financial information included in the Interim Reports, which are reasonably likely to adversely affect the Company's ability to collect, process, summarize or report financial information so as to cast doubt on the reliability of financial reporting and preparation of financial statements in accordance with legal requirements; and -
 - B. Any fraud, whether material or immaterial, that involves the General Manager (CEO) or anyone directly subordinate to him or involves other employees who hold a significant role in 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 of controls and procedures, designed to ensure that material information relating to the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is made known to me by others in the Company and in the consolidated companies, particularly during the period of preparation of the reports;
 - B. Defined controls and procedures, or ensured that such controls and procedures are determined and in place under my supervision of controls and procedures, designed to ensure with reasonable certainty the reliability of financial reporting and preparation of financial statements in accordance with legal requirements, including in accordance with generally accepted accounting principles;
 - C. No event or matter that occurred during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report, relating to the interim financial statements and any other financial information included in the Interim Reports, has been brought to my attention, that might alter in my assessment, 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 the responsibility of any other person, under any law.

May 26, 2026

Arik Peretz
CFO