

# Press Release

November 28, 2024

## Financial Statements | Q3 2024

**Harel Investments has published its financial statements and reports on significant growth in business performance**

**Comprehensive income in Q3.24 was NIS 547 M, reflecting 25% ROE;**

**Comprehensive income for 9M.24 was NIS 672 M, a 70% increase compared with corresponding period last year**

**As part of the initial implementation of IFRS 17 in 2025, the Company is expected to recognize a CSM balance of NIS 16 B and a RA balance NIS 3 B. Additionally, the equity of Harel Investments and Harel Insurance is expected to grow by NIS 300 M at January 1, 2024**

**The CSM reflects the Company's leadership in life and health risk products.**

**Further improvement of underwriting profit<sup>1</sup> from insurance business, which grew by 30% to NIS 884 M in 9M.24 is a result of strategy implementation**

**The Solvency Ratio of Harel Insurance, with transitional provisions, rose to 185% at June 30, 2024, compared with 168% at December 31, 2023. Excluding the transitional provisions, the ratio rose to 167%, compared with 138% at December 31, 2023**

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<sup>1</sup> The Company's underwriting profit includes an assumed real nostro yield of 3% on insurance business profitability, excluding special effects that are not part of the normal course of the Company's business, including the effects of interest and actuarial changes

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## Key emphases:

- In Q3 2024, **comprehensive income after tax increased to NIS 547 M**, reflecting 25% ROE, compared with comprehensive income after tax of NIS 271 M in the corresponding quarter last year. Results for the quarter were affected by underwriting improvement, an improvement of the real, Nostro yield, compared with a negligible yield in the corresponding quarter last year. Additionally, results for the quarter were influenced by a **revision of the actuarial assumptions** that reduced the insurance liabilities in life insurance.
- In the first nine months of 2024, **comprehensive income after tax increased to NIS 672 M**, reflecting 10% ROE, compared with comprehensive income after tax of NIS 397 M in the corresponding period last year. The increased profit for the period is attributable to continuing underwriting improvement in the different operating segments and to a real, positive Nostro yield in the period, and was achieved despite the effects of the Swords of Iron War, in the amount of NIS 46 M before tax.
- **Implementation of the strategic plan continued**, with the focus on improved profitability in insurance business, asset management and diversification of the sources of income, leading to **improved profit in all operating segments** in the first nine months of 2024 compared with the corresponding period last year: underwriting improvement of **NIS 202 M** in profit from insurance business to NIS 884 M (up 30%), improvement of **NIS 40 M** in asset management to NIS 203 M (up 17%), and an improvement of **NIS 15 M** in the credit segment to **NIS 91 M** (up 20%).  
An underwriting improvement was also recorded in Q3 2024 compared with the corresponding quarter last year in all operating segments: improvement of **NIS 15 M** in profit from insurance business to NIS 285 M, improvement of **NIS 11 M** in asset management to NIS 71 M, and an improvement of **NIS 4 M** in the credit sector to NIS 32 M.
- **Earned premiums, gross, benefit contributions and amounts received for investment contracts** increased by 7.3% to NIS 31.2 B in the first nine months of 2024, compared with the corresponding period last year. These **increased by 5.7% to NIS 10.7 B** in Q3 2024, compared with the corresponding quarter last year.
- Further growth of the Group's **AUM**, which at September 30, 2024, increased by 14% from the beginning of the year to **NIS 490 B**, and by 19% compared with September 30, 2023.
- At September 30, 2024, Harel Investments had equity of NIS 9 B, this after the distribution of dividends of NIS 550 M and a share repurchase of NIS 115 M.
- The Company has completed the share repurchase plan in the amount of NIS 100 M approved in January 2024, and it approved a further repurchase plan of NIS 100 M.
- **The real Nostro yield in the period was positive, compared with a negligible yield in the corresponding period last year.** The negative effect of investment income (the difference between the real assumed yield of 3% and the yield actually attained) in the Reporting Period was NIS 591 M, compared with a negative effect of NIS 776 M in the corresponding period last year.
- In the Reporting Period, the **effects of the interest rate** led to a reduction of the insurance liabilities by NIS 227 M. This contrasts with a reduction of NIS 394 M in these liabilities in the corresponding period last year.
- The solvency ratio of Harel Insurance, with transitional provisions, rose to 185% at June 30, 2024, compared with 168% at December 31, 2023. Excluding the transitional provisions, the solvency ratio of Harel Insurance rose to 167% at June 30, 2024, compared with 138% at December 31, 2023. The capital surplus of Harel Insurance without the transitional provisions was NIS 5.1 B.

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## Results by the Group's operating segments:

### Insurance business:

In the Reporting Period, the Company's underwriting profit from insurance business was NIS 884 M, compared with NIS 682 M in the corresponding period last year.

### Health insurance:

- **Underwriting profit in health insurance rose by NIS 282 M in the first nine months of 2024 to NIS 501 M**, compared with the corresponding period last year. This is mainly the result of improved underwriting in the personal lines health sector - cover for transplants, ambulatory care and personal accidents and as a consequence of a decrease of the insurance liabilities in the personal lines and group long-term care sectors in view of the shorter interval between the occurrence of the insured event and filing the claim. Underwriting profit in Q3 rose by NIS 70 M to NIS 156 M, compared with the corresponding quarter last year.
- In the first nine months of 2024, **comprehensive income before tax in health insurance was NIS 287 M**, compared with NIS 56 M in the corresponding period last year. Comprehensive income in Q3 was NIS 192 M, compared with NIS 83 M in the corresponding quarter last year.

### Life insurance:

- In the first nine months of 2024 **underwriting profit in life insurance was NIS 159 M**, as against underwriting profit of NIS 315 M in the corresponding period last year. The results were affected by an increase of NIS 42 M in the number of personal lines and group claims due to the Swords of Iron War. Additionally, the underwriting improvement resulting from the continuing growth of activity in risk products was offset in Q3 by a deterioration of the underwriting results in view of the increase in the number of claims in cover for work disability and an increase of the IBNR reserve for cover for risk of death due to an increase of activity and sums insured. Underwriting profit in Q3 was NIS 35 M, as against NIS 93 M in the corresponding quarter last year.
- In the first nine months of 2024, **comprehensive income before tax in life insurance was NIS 107 M**, as against NIS 109 M in the corresponding period last year. Comprehensive income in Q3 was NIS 327 M, compared with NIS 131 M in the corresponding quarter last year. Comprehensive income in the quarter was affected by a revision of the actuarial assumptions to reflect the Company's experience regarding the possibility of taking an annuity in line with different annuity tracks, an effect which reduced the insurance liabilities in life insurance by NIS 305 M in Q3.

### Non-life insurance:

- **Underwriting profit in non-life insurance rose by NIS 76 M to NIS 224 M** in the first nine months of 2024, compared with the corresponding period last year. This is mainly the result of improved underwriting in the motor property (CASCO) and other property sectors, that was partially offset by a deterioration of underwriting in the compulsory motor sector resulting from a negative development in respect of previous years, mainly for groups with which the agreements terminated in February 2024. This effect was partially offset by the continuing decrease in the average cost of claim. Underwriting profit in Q3 rose by NIS 3 M to NIS 94 M, compared with the corresponding quarter last year.
- In the first nine months of 2024, **comprehensive income before tax in non-life insurance was NIS 348 M**, compared with 194 M in the corresponding period last year. Comprehensive income in Q3 was NIS 165 M, compared with NIS 111 M in the corresponding quarter last year.

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## Asset management:

Adjusted profit<sup>2</sup> from **asset management**, increased by 17% to **NIS 203 M** in the first nine months of 2024, compared with NIS 174 M in the corresponding period last year. This is mainly due to the increase of AUM in pension and provident and to further amounts raised and improved profitability in Harel Finance. Adjusted profit in Q3 was NIS 71 M compared with NIS 60 M in the corresponding quarter last year.

At September 30, 2024, AUM in the asset management segment increased by 17% to NIS 373 B compared with NIS 318 B at December 31, 2023.

## Pension and provident:

- In the first nine months of 2024, **comprehensive income before tax in pension and provident increased by 19% to NIS 101 M**, compared with NIS 85 M in the corresponding period last year. Most of the improvement is attributable to the continuing growth of AUM. Comprehensive income in Q3 was NIS 35 M, compared with NIS 29 M in the corresponding quarter last year.
- AUM in the Group's pension funds and provident funds was NIS 178 B and NIS 73 B, respectively, at September 30, 2024, compared with NIS 151 B and NIS 65 B, respectively at December 31, 2023.

## Financial services - through Harel Finance Investment House:

- In the first nine months of 2024, **comprehensive income before tax in financial services activity increased by 24% to NIS 72 M**, compared with comprehensive income before tax of NIS 58 M in the corresponding period last year. Most of the improvement is attributable to the further amounts raised and improved profitability. Comprehensive income in Q3 was NIS 26 M, compared with NIS 21 M in the corresponding quarter last year.
- At September 30, 2024, the volume of assets managed by Harel Finance **increased by 22% to NIS 101 B**, compared with NIS 83 B at December 31, 2023.

## Credit:

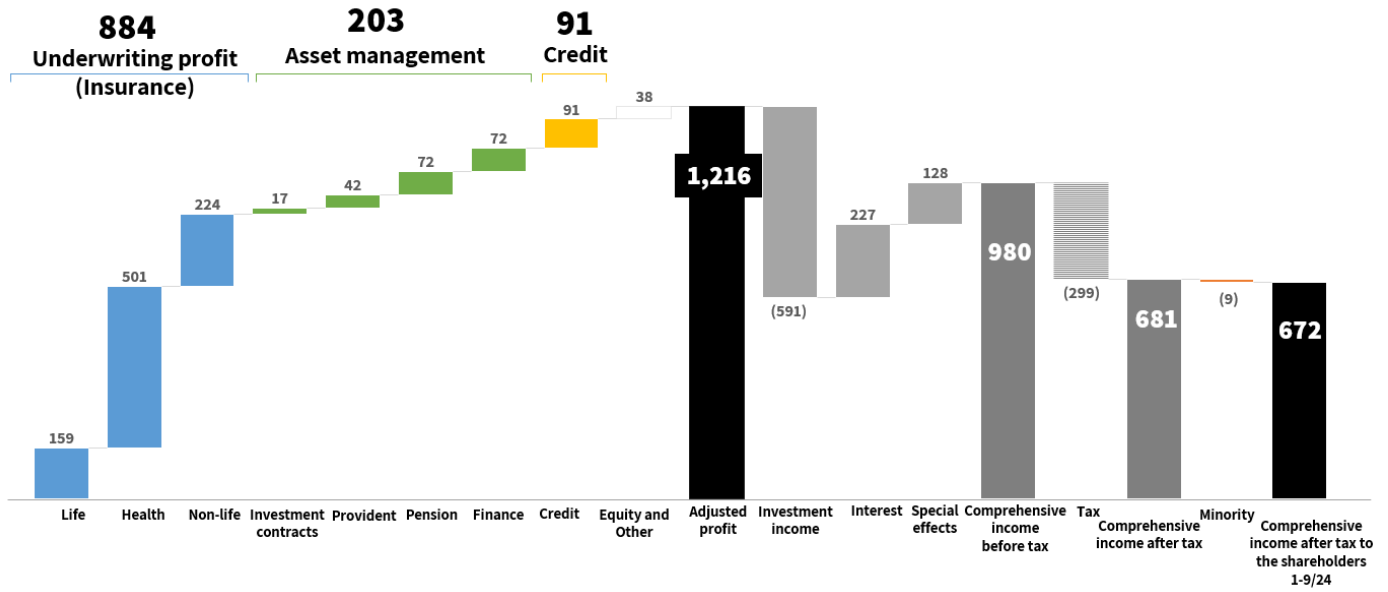
- The activity covered by the credit segment that was presented separately for the first time in the 2023 annual financial statements includes the following: Hamazpen, development property project financing, providing financial guarantees and development and operating services for mortgage portfolios insured by third parties; Harel 60+ that provides credit for mortgages and reverse mortgages - loans to borrowers aged 60 or more with a lien on their home.
- In the first nine months of 2024, **comprehensive income before tax in the credit sector increased by 20% to NIS 91 M**, compared with NIS 76 M in the corresponding period last year. The improved profit is partially attributable to the continued growth of activity in the managed credit portfolio. Comprehensive income in Q3 was NIS 32 M, compared with NIS 28 M in the corresponding quarter last year.
- **The credit portfolio grew by 19% to NIS 4.70 B**, compared with NIS 3.95 B at the end of 2023.

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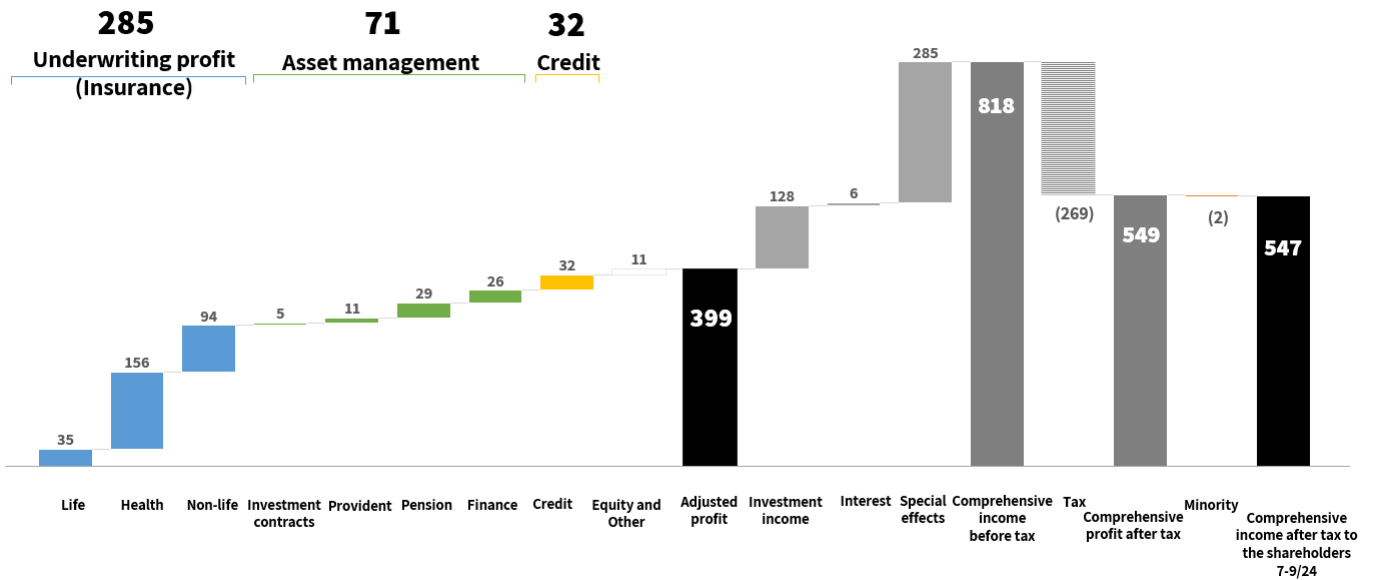
<sup>2</sup> Special effects include extraordinary expenses that are not part of the normal course of business and after subtracting retained costs created in the course of business combinations. Special effects are attributed to the pension and provident sectors and amounted to NIS 12.7 M in the first nine months of 2024

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Information about the Company's sources of comprehensive income after tax in the Reporting Period (NIS M):

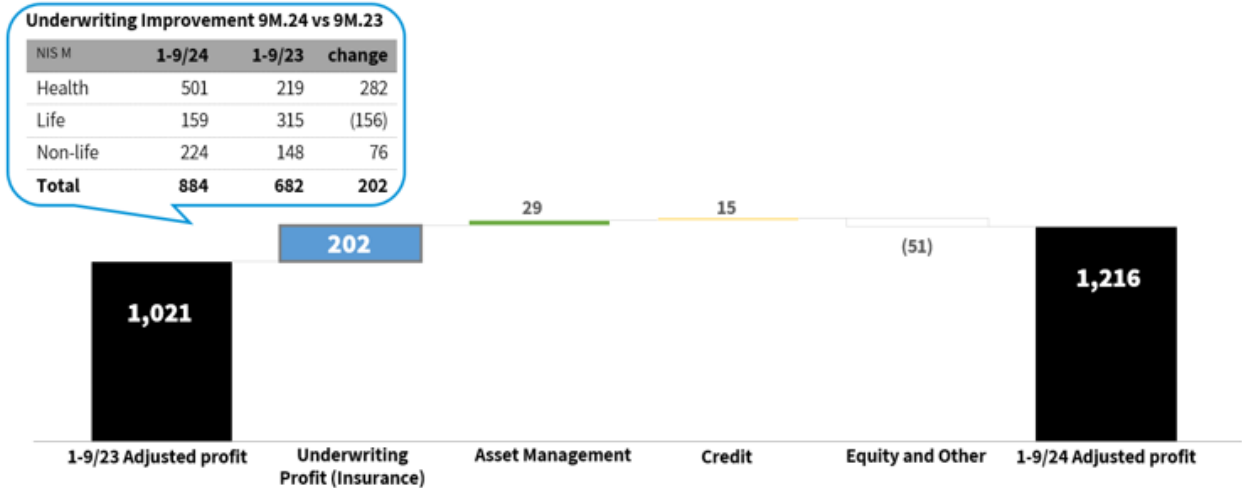


Information about the Company's sources of comprehensive income after tax in Q3 (NIS M):

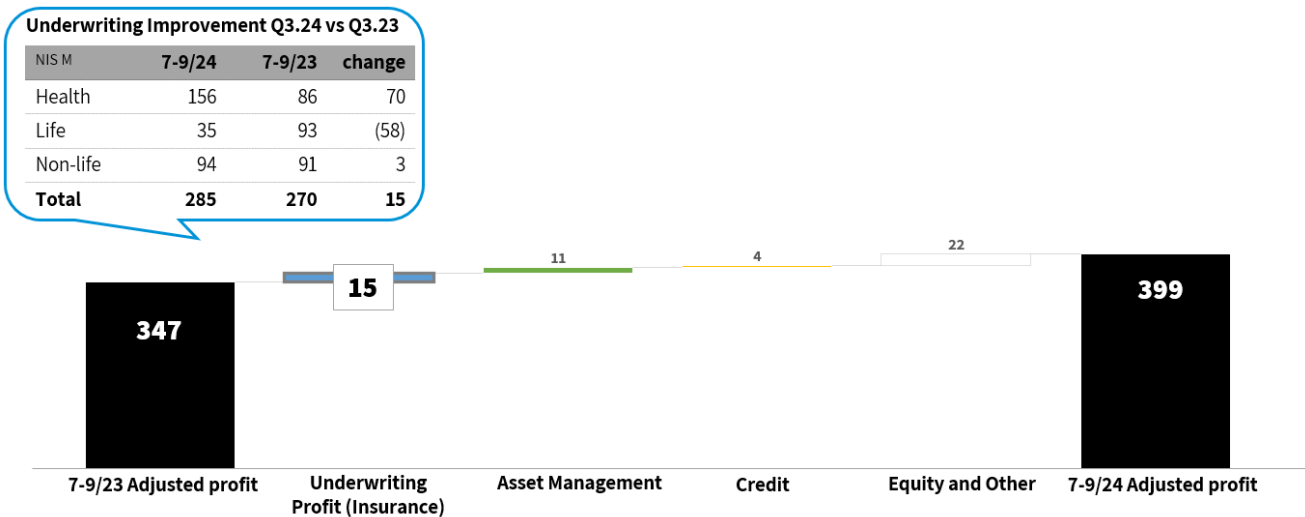


# Press Release

Following is an analysis of the change in the Company's adjusted profit in the Reporting Period compared with the corresponding period last year (NIS M):



Following is an analysis of the change in the Company's adjusted profit in Q3, compared with the corresponding quarter last year: (NIS M):



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## Addendum: Financial data for the Group:

### Gross earned premiums, benefit contributions and amounts received for investment contracts

	9M.24	9M.23	Change	Q3.24	Q3.23	Change
Life insurance	4,296	4,894	-12.2%	1,280	1,523	-16.0%
Health insurance**	3,645	4,815	-24.3%	1,276	1,675	-23.8%
Non-life insurance*	4,023	3,685	9.2%	1,386	1,300	6.6%
<b>Total earned premiums, gross</b>	<b>11,964</b>	<b>13,394</b>	<b>-10.7%</b>	<b>3,942</b>	<b>4,498</b>	<b>-12.4%</b>
<b>Pension benefit contributions</b>	<b>11,565</b>	<b>10,037</b>	<b>15.2%</b>	<b>4,160</b>	<b>3,595</b>	<b>15.7%</b>
<b>Provident benefit contributions</b>	<b>4,489</b>	<b>3,519</b>	<b>27.6%</b>	<b>1,580</b>	<b>1,246</b>	<b>26.8%</b>
<b>Amounts received for investment contracts</b>	<b>3,213</b>	<b>2,151</b>	<b>49.4%</b>	<b>1,040</b>	<b>801</b>	<b>29.8%</b>
<b>Total</b>	<b>31,231</b>	<b>29,101</b>	<b>7.3%</b>	<b>10,722</b>	<b>10,140</b>	<b>5.7%</b>

\*Including the insurance companies overseas segment

\*\* The premium decrease is attributable to termination of the group long-term care agreement with Clalit HMO members under the old system and application of the new outline, from the beginning of 2024 for 12 months, in which the reserve fund bears full insurance risk. Consequently, beginning in 2024, premiums are not recorded for the aforementioned agreement

### Comprehensive income (loss) before tax by segment

	9M.24	9M.23	Q3.24	Q3.23
Life insurance	107	109	327	131
Provident	39	29	10	11
Pension	62	56	25	18
<b>Total long-term savings</b>	<b>208</b>	<b>194</b>	<b>362</b>	<b>160</b>
<b>Health insurance</b>	<b>287</b>	<b>56</b>	<b>192</b>	<b>83</b>
<b>Non-life insurance</b>	<b>378</b>	<b>206</b>	<b>179</b>	<b>118</b>
<b>Insurance companies overseas</b>	<b>(30)</b>	<b>(12)</b>	<b>(14)</b>	<b>(7)</b>
<b>Financial services</b>	<b>72</b>	<b>58</b>	<b>26</b>	<b>21</b>
<b>Credit*</b>	<b>91</b>	<b>76</b>	<b>32</b>	<b>28</b>
<b>Equity and agencies</b>	<b>(26)</b>	<b>(16)</b>	<b>41</b>	<b>(21)</b>
<b>Total</b>	<b>980</b>	<b>562</b>	<b>818</b>	<b>382</b>

\*From the annual financial statements for 2023, the Company presents the results of credit sector activity as a separate segment. Comparative figures were restated

### AUM

	September 31, 2024	September 31, 2023	December 31, 2023
Yield-dependent insurance contracts and investment contracts	84.0	80.4	80.6
Pension funds	177.8	144.3	150.6
Provident funds and education funds	73.1	62.3	65.0
Mutual funds	82.6	62.7	67.7
Portfolio management and other*	17.9	14.6	14.9
<b>Total for insureds and members</b>	<b>435.4</b>	<b>364.3</b>	<b>378.8</b>
Nostro**	54.3	47.3	48.9
<b>Total</b>	<b>489.7</b>	<b>411.6</b>	<b>427.7</b>

\*Including financial assets issued by the Group and managed in portfolios in the amount of NIS 6.4 B, NIS 4.1 B and NIS 4.2 B at September 30, 2024, September 30, 2023 and December 31, 2023, respectively

\*\*Including certificates of deposit issued by Harel Finance in the amount of NIS 14.2 B, NIS 8.6 B and NIS 9.4 B at September 30, 2024, September 30, 2023 and December 31, 2023, respectively



# Press Release

Harel Group, the Board of Directors, Management and employees support the defense forces and stand with the families of the hostages, hoping and praying for their safe and speedy return home.

We offer our condolences to the bereaved families and feel the pain of their terrible loss. At this time, Harel Group expresses its resounding faith in the resilience of the State of Israel and the strength of the Israeli economy. As a leading Israeli company, we will continue to support and contribute to our country and society, from a position of solidarity and national responsibility. Together we will overcome the challenges facing us and continue to build a better future for all of us in Israel.

