Harel Insurance Investments and Financial Services Ltd.

Follow up I March 2025

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Harel Insurance Investments and Financial Services Ltd.

Issuer's Rating	Aa2.il	Rating outlook: Stable
Series rating	Aa2.il	Rating outlook: Stable

Midroog leaves unchanged the Aa2.il rating for the issuer and Series 1 bonds issued by Harel Insurance Investments and Financial Services Ltd. ("the Company"). Rating outlook: Stable

Bonds in circulation rated by Midroog:

Bond series	Security number	Rating	Rating outlook	Final maturity date
Harel Inv Series 1	5850110	Aa2.il	Stable	December 31, 2035

Rationale

The Company's rating is supported by the holding of the controlling interest in Harel Insurance Company Ltd. ("Harel Insurance" and/or "the Insurer") (Aa1.il, stable outlook), by favorable debt service ratios for the rating and by strong financial flexibility for the rating, which is supported by a favorable interest coverage ratio (ICR) and leverage ratio for the rating, and by stable, conservative financial policy, in our opinion. The Company's liquidity profile is favorable with respect to the rating, as reflected in the debt service coverage ratio (DSCR[1] including liquid balances). The Company's holdings portfolio remains concentrated in the insurance, long-term savings and financial services sectors, where the three key investees (the Company fully controls all three) are Harel Insurance, Harel Pension and Provident Ltd. ("Harel Pension & Provident"), and Harel Finance Holdings Ltd. ("Harel Finance") which account for most of the value of the investments and loans to investees. We believe that these companies will be capable of supporting the Company's debt service over time, in view of the capital surpluses and ability to generate cashflows. The Company also has a number of additional holdings that contribute to diversification of the portfolio, including ICIC - Israel Credit Insurance Company Ltd ("ICIC"), which operates in the credit insurance and foreign trade risks sector and also provides guarantees; EMI - Ezer Mortgage Insurance Company Ltd. ("EMI Insurance"), which is fully owned (100%) by EMI Holdings; Hamazpen Shutaphim Laderech Ltd. (70%) ("Hamazpen"), which holds an extended license for providing credit and creates financing solutions for quality entrepreneurs in the medium business sector, and from December 2024 these holdings also include Gamla Harel Residential Real Estate[2] ("Gamla"), which provides finance for developers in the construction sector, as detailed below. Nonetheless, the contribution made by some of these companies to value and cashflow in the short and medium term remains uncertain at this stage. Notably, the Company has agreements with some of its investees according to which it is entitled to receive management fees in return for management and consulting services. The cashflows received in respect of these agreements provide a relatively stable source of income which supports the Company's debt servicing and liquidity.

[1] Dividends, management fees and interest from investees, net of general and administrative expenses for principal and interest payments.

[2] See a report on the Maya website dated December 12, 2024. [Hebrew]

In Midroog's baseline scenario for 2025-2026, we expect the volume of revenue sources to be in the range of NIS 540 million and NIS 670 million a year (not including consideration from the raising of bonds, should such take place). This assumption is based on continuing receipts of annual management fees, dividends from investees, interest received from Harel Insurance in respect of additional Tier-1 capital instruments issued to the Company, and the repayment of promissory notes by investees. Against these sources, we assume that annual use will be in the region of NIS 640-1,100 million[3] in the forecast range (these amounts include a dividend declared in December 2024 and distributed in January 2025; excluding this dividend, the uses for the period will be in the range of NIS 640 million and NIS 850 million), including principal and interest payments from bank corporations, principal and interest payments on bonds, general and administrative expenses, ongoing investments in investees and additional regular dividend distributions to the shareholders, in accordance with the dividend distribution policy determined by the Board of Directors (at least 30% of comprehensive income based on the consolidated annual financial statements), taking into account the dividends to be distributed by the Insurer, assuming that the liquidity buffer will be maintained. In this scenario, the annual debt service coverage ratio (DSCR + Cash), comprising liquid balances (cash and securities portfolio), is expected to continue to be favorable for the rating and to be in the range of 6.4-13.6 in the forecast years, under a pressure scenario with respect to scope of the Company's debt. This ratio confirms that the Company has a high level of liquidity and a strong ability to generate cashflows relative to foreseeable current maturities. The Company's liquidity profile is supported by significant liquid balances in the amount of NIS 2.4 billion as at September 30, 2024. These balances include a securities portfolio part of which is tradable and which, in our opinion, is characterized, for the most part, by an adequate market risk profile, together with cash and cash equivalent balances. We believe that the Company has strong financial flexibility, supported by a favorable interest coverage ratio (ICR) which is favorable for the rating and in our baseline scenario is expected to be in the range of 2.3-3.2, under a pressure scenario regarding the scope of the Company's debt. Likewise, financial flexibility is reflected in the favorable loan-to-value (LTV[4]) ratio and favorable FFO to financial debt ratio for the rating, which on average are expected to be (2%) and (1.7), respectively, in the forecast years, under a pressure scenario regarding the scope of the Company's debt and value of the holdings, while the low leverage level, in our opinion, supports the Company's ability to recycle the debt, should this be necessary. The Company's financial flexibility is positively influenced by strong accessibility to financing entities, an adequate margin from financial covenants, ownership and control of the key investees, the absence of effective covenants on the bank loans and bonds alongside material assets that are free of encumbrance.

In our opinion, the Company's financial policy will remain stable and conservative and, among other things is confirmation of the conservative approach taken by the Company's management regarding the stringent management of market risks and liquidity risks over time. This policy is reflected in the defined debt and capital targets, the holding of adequate liquid assets, and at the same time defining the risk characteristics in its Nostro (proprietary) portfolio. We believe that this policy supports the

[3] These amounts do not include principal and interest payments in respect of Midroog's assumptions regarding the raising of debt, if and when it takes place

[4] The Company's leverage (LTV) is assessed as a proportion between the level of the Company's financial debt and the value of its holdings, and takes into account the Company's liquid balances.

Company’s stability and potential for coping with changes in the business environment, including unforeseen and non-recurring events.

Rating outlook

The stable rating outlook reflects our opinion that the Company’s business and financial profile will remain within the range of Midroog’s baseline scenario.

At the same time, the war that broke out in Israel on October 7, 2023, gave rise to a series of consequences in addition to uncertainty regarding the expected scope and duration of the war and its ramifications for the Israeli economy. For further information on this subject, please refer to the special report “Repercussions of the War on the credit repayment capacity of bond issuers rated by Midroog” (October 2024).[5]

Factors that might upgrade the rating:

- Improvement of the concentration characteristics in the holdings portfolio while maintaining the Company’s financial profile

Factors that might downgrade the rating

- Prolonged deterioration of the business and financial profile of the key investees
- Significant erosion of the visibility of revenues from the investees in the medium-long term
- Significant increase in the volume of debt and repayment load which could threaten the Company’s financial flexibility

[5] The report appears on Midroog’s website.[Hebrew]

Harel Insurance Investments and Financial Services Ltd. (separate financial statement) - key data (NIS million)

	Sept. 30, 2024	Sept. 30, 2023	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Investments and loans in investees	7,165	6,590	6,774	6,979	8,627	7,368
Cash and cash equivalents	167	3,167	3,092	175	202	225
Financial investments (1)	2,737	134	148	946	726	572
Total assets	10,278	10,127	10,254	9,120	9,682	8,268
Equity	8,913	8,712	8,893	8,335	8,861	7,735
Gross financial debt	1,209	1,309	1,260	587	622	454
Ratio of net debt to total investment in investees	-24%	-30%	-29%	-8%	-4%	-5%
Liquidity to debt [2]	240%	252%	257%	191%	149%	176%
Profit for period attributed to the Company’s shareholders	727	204	485	906	1,209	724
Total comprehensive income attributed to the Company’s shareholders	672	397	600	(77)	1,518	833
Dividend and interest from investees	256	1,017	1,028	317	[3] 70	43
Dividend paid [4]	(550)	(100)	(100)	(400)	(257)	-

[1] After adjustment for non-tradable debt assets

[2] Cash and cash equivalents and financial investments as a proportion of gross financial debt Notably, for the purpose of assessing liquidity ratios, Midroog performs adjustments of the underlying assets held in the securities portfolio, based on the category of underlying asset

[3] Not including a dividend received from Israel Mortgage Hlodings Ltd. in the amount of NIS 310 million in August 2021.

[4] Not including repurchases of the Company’s shares by the Company.

Rating Rationale

The holdings portfolio is highly concentrated in the financial services sector where the controlling interest in Harel Insurance is a material consideration in the rating

The Company has a holdings portfolio which is concentrated in the insurance, long-term savings and financial services sectors, where the three key investees (all three are fully controlled by the Company) are Harel Insurance, Harel Pension & Provident and Harel Finance, which at December 31, 2023 account for 65%, 14% and 9%, respectively, of the value of the investments and loans to investees in the Company's book. This is similar to 66%, 15% and 8%, respectively, of the value of the investments and loans to investees in the Company's books at December 31, 2022, where the Company's portfolio has a relatively concentrated profile, with respect to both value and cash flows, in the insurance and long-term savings sectors. According to Midroog's baseline scenario, these underlying assets are expected to continue to form the key component of value and cash flows in 2025-2026.

The Financial Strength Rating (FSR) of Harel Insurance (Aa1.il, outlook stable) reflects a strong, stable business profile characterized by significant market segments in all the insurance sectors, relatively good diversification of lines of business, adequate control of the distribution network and a broad, diverse customer base, all of which support the potential to generate income throughout the economic cycle. Additionally, the profitability of Harel Insurance is reasonable for its rating. In this context we note that in 2023 and in the first nine months of 2024 the profitability ratios of Harel Insurance improved significantly, partly as a result of improved underwriting profitability, mainly in the health and motor property lines of business, and to a lesser degree also in other non-life in lines of business, in light of the implementation of the strategic plan which includes optimization of the existing portfolio and the improvement of underwriting profitability, together with the growth of investment profit compared with recent years, that supports the building up of the capital buffer. The risk profile is commensurate with the rating and is characterized by relatively low product risk. The capital adequacy of Harel Insurance is commensurate with the rating, as reflected in significant capital surpluses relative to the Solvency II Directive, which are higher than the average for the benchmark group.[6] This is despite significant dividend distributions made in the past two years, alongside a liquidity profile which is reasonable for the rating, but supported by a relatively long duration of liabilities, where the financial flexibility is commensurate with the rating and supported by a wide margin with respect to the regulatory capital requirements.

In the long-term savings sector, the Company operates principally through Harel Pension & Provident. Total AUM in this sector is NIS 251 billion at September 30, 2024. The AUM includes pension fund assets in the amount of NIS 178 billion and provident fund assets in the amount of NIS 73 billion, at that date. The Group's financial arm is managed by Harel Finance which operates through subsidiaries that it holds and that engage, among other things, in the management of investment portfolios, the issue and management of mutual funds, alternative investments and the rendering of financial services to various entities. At September 30, 2024, Harel Finance has AUM of NIS 100 billion, 30% higher than the volume of AUM at September 30, 2023 (NIS 77 billion). Harel Finance presented income of NIS 377

[6] The Phoenix Insurance Company Ltd., Migdal Insurance Company Ltd., Clal Insurance Company Ltd. and Menora Mivtachim Insurance Ltd.

million and pre-tax profit of NIS 72 million in the first nine months of 2024. The Company has a number of other holdings that contribute to diversification of the portfolio, including Hamazpen, in which it has a 70% holding, which has an extended license to provide credit and creates financing solutions for quality entrepreneurs in the business management and credit sectors for medium businesses, including providing mezzanine loans. Nonetheless, at this stage such activity is insignificant at Group level, although should Hamazpen's operations continue to grow, we expect that the Company might continue to invest in it in coming years. Additionally, in September 2024, Harel Credit Holdings Ltd., a wholly owned subsidiary ("the Buyer"), Harel Finance Mergers Ltd., a wholly owned subsidiary ("the Target Company"), and Gamla Harel Residential Real Estate Ltd., entered into an agreement in which the Buyer will acquire all the shares of Gamla (100%) by way of a reverse triangular merger between the Target Company and Gamla. Gamla provides financing for developers in the construction industry, where most of the finance is for the purpose of making up the equity required for the developers in order to obtain project financing for construction projects. On December 12, 2024, the Company announced that with the fulfillment of the suspensive conditions, the Merger Transaction was completed.[7] In the past, credit activity was presented within the Company's different operating segments, but from the annual financial statements for 2023, the Company presents credit activity in a new operating segment - the credit segment. Notably, the Company holds 50% of ICIC which insures credit and foreign trade risks and also provides guarantees. Furthermore, the Company has additional holdings in insurance companies overseas, including Interasco Societe Anonyme General Insurance Company (94%), which operates in Greece, and Turk Nippon Sigorta A.S. (100%), which operates in Turkey.

The scope of the Insurer's distribution is dependent on exogenous factors but is supported by a broad margin with respect to the regulatory restrictions; the Company's activity to diversify the holdings portfolio, together with the receipt of annual management fees, support the stability and visibility of the revenues from investees

The structure of the insurance companies liabilities and regulatory capital comprises several levels that take precedence over the Company's financial debt. The most senior debt is the insurers' obligation towards policyholders and below this are the subordinated debts. A dividend may only be distributed to service the Company's financial debt, when there is a measure of certainty that the insurer is able to service its liabilities in accordance with the seniority ranking. The insurance and long-term savings sector is highly regulated, with frequently changing regulations the purpose of which is to preserve the financial strength and stability of the insurance companies while at the same time striving to improve the rights of the insureds. The activity of Harel Insurance is therefore governed by numerous limitations and control mechanisms, including in connection with the distribution of dividends and management of sources of capital. Accordingly, the Company's ability to control the distribution of dividends from the Insurer is also dependent on exogenous factors and is therefore limited to a certain extent. One of the main conditions for a potential distribution is compliance with a solvency ratio of at least 100% according to the Solvency II Circular (without taking into account the transitional period

[7] See a report on the Maya website dated December 12, 2024. [Hebrew]

and without adjustment for equity risk) and subject to the target solvency ratio determined by the Insurer's Board of Directors. Under the capital management plan of Harel Insurance, threshold conditions were defined for the distribution of dividends, where in January 2025 the Board of Directors approved an update to the minimum economic solvency ratio for distribution of a dividend without taking the transitional measures for the transitional period (TMTP) into account, from 110% to 115%.[8] The minimum economic solvency ratio target for a dividend distribution taking into account the TMTP remained unchanged at 135%. Additionally, in February 2021, the Board of Directors of Harel Insurance approved a dividend distribution policy according to which Harel Insurance will distribute dividends of at least 35% of the comprehensive income in its annual consolidated financial statements, and in compliance with the aforementioned threshold conditions. Accordingly, the solvency ratios of Harel Insurance at June 30, 2024 were 185% (taking into account the TMTP) and 167% (without taking into account the TMTP). These ratios represent a significant margin over and above both the regulatory requirement and the targets of the Board of Directors. At the same time, we expect that Harel Insurance will continue to distribute dividends based on its defined policy, insofar as it remains in compliance with the minimum ratios defined by the Insurer's board of directors.

At September 30, 2024, the capital surpluses of Harel Pension & Provident were NIS 533 million, compared with required capital[9] of NIS 286 million at that date. These surpluses support our assessment that Harel Pension & Provident will continue to provide an ongoing annual cashflow in the forecast range. Additionally, we believe that it is possible to receive ongoing annual cash flows from the current activity of EMI Insurance, which is fully held (100%) by EMI Holdings. Notably, during the course of 2024, EMI distributed a dividend in the amount of NIS 50 million. The Company also has agreements with some of its investees, securing its entitlement to receive management fees in consideration of management and consulting services in various sectors. The agreements are in force from January 1, 2009 and they may be cancelled at the end of each calendar year. We expect that the Company will continue to collect management fees (mainly from Harel Insurance and Harel Pension & Provident) in the amount of NIS 120-140 million a year, forming a relatively strong source of income and supporting the Company's debt servicing and liquidity capabilities.

The debt service ratio is favorable for the rating, and supported by annual management fee agreements and substantial liquid balances

In our opinion, the structure of the repayment schedule in the short—to-medium term will continue to be satisfactory relative to the incoming flow and liquid balances, and to support the debt service ratios. At September 30, 2024, the Company has a (separate) debt of NIS 1.2 billion consisting of bank loans and Series 1 bonds in circulation, where current maturities (principal and interest) will be in the range of NIS 140-145[10] million per year, in the forecast range. In Midroog's baseline scenario for 2025-2026, we expect the volume of revenue sources to be in the range of NIS 540 million and NIS 670

[8] See a report on the Maya website dated January 15, 2025. [Hebrew]

[9] Under the investment regulations for management companies, they must hold liquid assets of at least 50% of the required capital.

[10] These amounts do not include principal and interest payments in respect of Midroog's assumptions regarding the raising of debt, if and when it takes place

million a year (not including consideration from the raising of bonds, if raised). This assumption is based on continuing receipts of annual management fees of an amount similar to previous years, dividends from investees in the amount of NIS 380-510 million per year, interest received from Harel Insurance in respect of additional Tier-1 capital instruments issued to the Company and the repayment of promissory notes by investees. Against these sources, we anticipate that annual use will be in the region of NIS 640-1,100 million per year in the forecast range[10] (the scope of these uses includes a dividend declared in December 2024 and distributed in January 2025; excluding this, the uses for the period will be in the range of NIS 640 million to NIS 850 million), including principal and interest payments from bank corporations in the amount of NIS 34 million per year, principal and interest payments on bonds in the amount of NIS 110 million per year, general and administrative expenses in the amount of NIS 50 million per year, and further investments in investees and regular dividend distributions to the shareholders in accordance with the dividend distribution policy determined by the Company's Board of Directors (at least 30% of comprehensive income based on the consolidated annual financial statements), and taking into account the dividends to be distributed by the Insurer, assuming that the liquidity buffer is maintained. In Midroog's baseline scenario, which takes into account our assumption regarding the raising of debt, the annual debt service coverage ratio (DSCR + Cash), including liquid balances, is expected to continue to be favorable for the rating and to be in the range of 6.4-13.6 in the forecast years, under a pressure scenario with respect to scope of the Company's debt. This ratio confirms that the Company has a high level of liquidity and a strong ability to generate a flow of income relative to the projected current maturities.

Strong financial flexibility, expressed in a favorable interest and leverage coverage ratio for the rating

We believe that the Company has strong financial flexibility, supported by a favorable interest coverage ratio (ICR) for the rating. In Midroog's baseline scenario, under a pressure scenario with respect to the scope of the Company's debt, this ratio is expected to be within a range of 2.3-3.2. As mentioned, at September 30, 2024, the Company has a gross debt of NIS 1.2 billion in addition to which it has liquid balances in the amount of NIS 2.4 billion at that date. The Company therefore has a negative (net) financial debt which supports its financial flexibility. Accordingly, the Company has a favorable loan-to-value (LTV)[11] ratio and favorable FFO to financial debt ratio for the rating , which are expected to be in the range of (2%) and (1.7), respectively, on average, in the forecast years, under a pressure scenario regarding the scope of the Company's debt and value of the holdings, while the low leverage level, in our opinion, supports the Company's ability to recycle the debt, should this be necessary. Notably, the Company's financial flexibility is also positively influenced by strong accessibility to financing entities, a significant margin from the financial covenants, ownership and control of the key investees, the absence of effective covenants on the bank loans and bonds as well as material assets that are free of encumbrance.

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[11] The Company's leverage (LTV) is assessed as a proportion between the level of the Company's financial debt and the value of its holdings, and takes into account the Company's liquid balances.

In our opinion, the Company's financial policy will remain stable and conservative and, among other things is confirmation of the conservative approach taken by the Company's management regarding the stringent management of market risks and liquidity risks over time. This policy is reflected in the definition of debt and capital targets, the holding of adequate liquid assets, while defining the risk characteristics in the Company's Nostro (proprietary) portfolio. We believe that this policy supports the Company's stability and potential for coping with changes in the business environment, including unforeseen and non-recurring events.

The liquidity profile is favorable for the rating in the long term and supported by significant liquid balances

At September 30, 2024, the Company has substantial liquid balances of NIS 2.4 billion, accounting for 200% of the gross debt at that date and 600% of the anticipated debt servicing (principal and interest) over the next two years, under a pressure scenario with respect to the Company's volume of debt. The liquidity buffer consists mainly of a securities portfolio, part of which is tradable and in our opinion is characterized, for the most part, by an adequate market risk profile, together with cash and cash equivalent balances. The liquidity balances form an adequate security buffer against erosion of the visibility of the dividends or non-recurring and unforeseen events. Based on our above assumption regarding the volume of the anticipated sources and uses, the Company is expected to maintain a strong liquidity buffer in the range of between NIS 0.9 billion and NIS 1.5 billion in the forecast range. Likewise, we anticipate that liquidity as a percentage of gross debt will remain higher than 100%, reflecting a relatively low level of liquidity risk

Additional rationale

ESG considerations

In our opinion, ESG considerations have a moderate effect on the Company's rating. Midroog believes that the Company has a low level of exposure to environmental and company risks, while the Company's exposure to corporate governance risk is relatively low in view of its low-risk financial policy. The Company's financial policy is expressed in a low level of leverage and a distribution policy that balances the interests of shareholders with those of the debt (bond) holders, based on the defined dividend distribution policy (distribution of at least 30% of comprehensive income according to the annual consolidated financial statements), and a measured scope of investments and expansions. The Company has a compliance and enforcement officer who is responsible for enforcement among the Group's investees and it also has a data security unit which protects the Company against cyber attacks.

Rating matrix

Category	Parameters	As at September 30, 2024 Measurement [1]	Score	Midroog outlook [1] Measurement	Score
Holdings portfolio profile	Credit risk profile of the investees	-	Aa.il	-	Aa.il
	Visibility of cash flows from the investees and limitations on dividend distribution	-	Aa.il	-	Aa.il
	Characteristics of the portfolio concentration	-	Baa.il	-	Baa.il
Financial profile	Financial debt ratio adjusted to adjusted asset value	<0%	Aaa.il	<0%	Aaa.il
	ICR	>6	Aaa.il	2.7	A.il
	FFO to financial debt	<5	Aaa.il	<5	Aaa.il
	Financial flexibility	-	Aa.il	-	Aa.il
	DSCR+CASH	>3	Aaa.il	>3	Aaa.il
	Financial policy	-	Aa.il	-	Aa.il
Derived rating					**Aa2.il**
Actual rating					**Aa2.il**

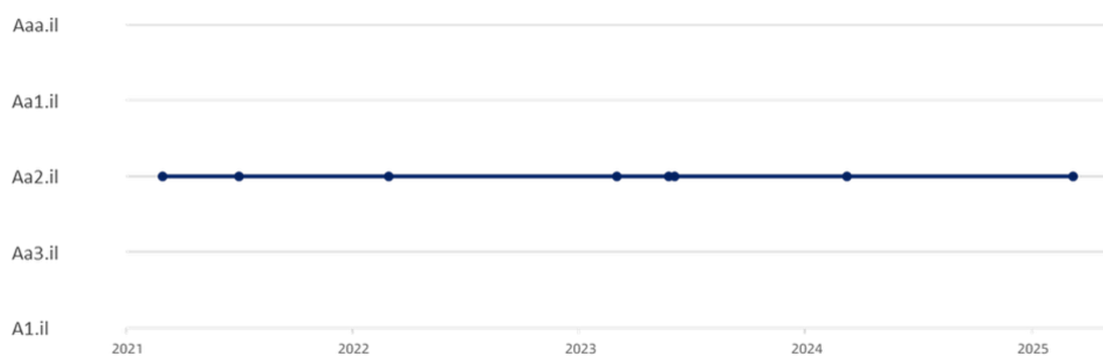
[1] The indicators presented in the table are after Midroog's adjustments and are not necessarily the same as those presented by the Company. Midtoog's outlook includes its assessments of the issuer based on Midroog's baseline scenario rather than the issuer's assessments.

About the Company

Harel Insurance Investments and Financial Services Ltd. is a public company whose shares have been traded on the Tel Aviv Stock Exchange since 1982. The principal shareholders in the Company are Yair Hamburger, Gideon Hamburger and Nurit Manor ("the Controlling Shareholders"), holding 49.1% of the voting rights and the issued share capital of the Company. The Controlling Shareholders hold the Company principally through G.Y.N. Financial Consulting & Management 2017 Limited Partnership ("G.Y.N. Partnership") which is fully owned by them, which they hold, as limited partners, through private companies under the full ownership of each of the Controlling Shareholders, and they also hold the general partner in G.Y.N. Partnership. The Company is a holding company which operates mainly in the different sectors of insurance and long-term savings through subsidiaries. In the insurance industry, the Company operates mainly through Harel Insurance (100%), ICIC - Israel Credit Insurance Company Ltd. (50%), and E.M.I. Insurance (100%). The Company has additional holdings in insurance companies overseas - Interasco Societe Anonyme General Insurance Company (94%), which operates in Greece, and Turk Nippon Sigorta A.S. (100%), which operates in Turkey. In the long-term savings sector, the Company operates through the following subsidiaries: Harel Pension & Provident (100%), which manages pension funds, provident funds and education funds; Tzva Hakeva Savings Fund - Provident Funds Management Company Ltd. (held indirectly and fully through Harel Insurance) which manages a designated education fund for IDF career soldiers and pensioners; LeAtid Pension Funds Management Company Ltd. (in which Harel Insurance has an indirect holding of 79%), which manages an old pension fund.

In the financial services and capital market sector, the Company operates through the subsidiary Harel Finance and its subsidiaries. In the credit sector the Company operates through the subsidiary Hamazpen Shutaphim Laderech Ltd. (70%) that creates innovative financing solutions for quality entrepreneurs providing credit to medium businesses, including the provision of mezzanine loans; through a subsidiary fully owned by Harel Insurance, Harel 60+ Ltd. (100%), that provides ordinary mortgage loans, as well as "reverse mortgage" loans to borrowers aged 60 or more in the form of a lien on their homes; within the framework of development property finance activity carried out by Harel Insurance; and the provision of financial guarantees and entrepreneurial and operating services for mortgage portfolios guaranteed by third parties through Harel Insurance and EMI Insurance.

Rating history



Related reports

Harel Insurance Investments and Financial Services Ltd. – related reports

Harel Insurance Company Ltd. – related reports

Rating for holding companies – Methodology Report, January 2021

Rating for Life insurance, Health and Non-life Companies - Methodology Report, May 2022

Guidelines for assessing environmental, social and corporate governance risks as part of a credit rating – Methodology Report, February 2022

Special Report: "Repercussions of the Swords of Iron War on the Credit Repayment Capacity of Issuers Rated by Midroog", October 2024

Adjustments to financial statements and presentation of key financial indices in rating the corporations – Methodology Report, December 2024

Table of affiliations and holdings

Midroog Rating Scales and Definitions

The reports are published (in Hebrew) on Midroog's website www.midroog.co.il

General Information

Date of rating report:	March 23, 2025
Date of previous rating update:	March 13, 2024
Publication date of initial rating:	February 24, 2021
Name of rating initiator:	Harel Insurance Investments and Financial Services Ltd.
Rating paid for by:	Harel Insurance Investments and Financial Services Ltd.

Information from the issuer

Midroog's rating relies, among other things, on information received from authorized parties at the issuer.

Local Long-term Rating Scale

Aaa.il	**Issuers or issues rated Aaa.il demonstrate, in Midroog's judgment, have the highest creditworthiness relative to other local issuers.**
Aa.il	**Issuers or issues rated Aa.il demonstrate, in Midroog's judgment, very high creditworthiness relative to other local issuers.**
A.il	**Issuers or issues rated A.il demonstrate, in Midroog's judgment, high creditworthiness relative to other local issuers.**
Baa.il	**Issuers or issues rated Baa.il demonstrate, in Midroog's judgment, moderate creditworthiness relative to other local issuers and may possess certain speculative characteristics.**
Ba.il	**Issuers or issues rated Ba.il demonstrate, in Midroog's judgment, weak creditworthiness relative to other local issuers and may possess speculative characteristics.**
B.il	**Issuers or issues rated B.il demonstrate, in Midroog's judgment, very weak creditworthiness relative to other local issuers and possess speculative characteristics.**
Caa.il	**Issuers or issues rated Caa.il demonstrate, in Midroog's judgment, excessively weak creditworthiness relative to other local issuers and possess very significant speculative characteristics.**
Ca.il	**Issuers or issues rated Ca.il demonstrate, in Midroog's judgment, extremely weak creditworthiness and are very near insolvency, with some prospect of recovery of principal or interest.**
C.il	**Issuers or issues rated C.il demonstrate, in Midroog's judgment, the weakest creditworthiness and are usually insolvent, with little prospect of recovery of principal or interest.**

Note: Midroog appends numeric modifiers 1, 2, and 3 to each rating classification from Aa.il to Caa.il. The modifier "1" indicates that the debenture ranks in the higher end of its rating category, which is denoted by letters. The modifier "2" indicates a mid-range ranking and the modifier "3" indicates a ranking in the lower end of that category, which is denoted by letters.