



Summary of Financial Results

Q3.2024

November 28, 2024

Agenda

Key messages

Strategy

Financial overview

IFRS17 disclosure

Appendix

Largest insurance and finance group in Israel

Premiums and Deposits*

NIS B

10.7 31.2

Q3.24

9M.24

Shareholders' Equity

NIS B

8.9

30.9.24

AUM

NIS B

490

30.9.24

S&P Maalot

iLAA+/Stable

Harel Insurance

Midroog

Aa1.il stable

Harel Insurance

Aa2.il stable

Harel Investments

Maala CSR

Platinum Plus

Harel Investments

Comprehensive Income

NIS M

547 672

Q3.24

9M.24

ROE

25% 10%

Q3.24

9M.24

Solvency Capital Ratio

Including transitional measures

185%

30.6.24

*Gross premiums earned and contributions to pension funds and provident funds and amounts received for investment contracts

Key Messages 9M.24

Growth in Q3.24 profit

● **Q3.24 comprehensive income is NIS 547 M and ROE is 25%**, compared with NIS 271 income in Q3.23. **9M.24** comprehensive income is NIS **672** M compared with NIS 397 M in 9M.23

Growth in adjusted profit

● **Total adjusted profit** from insurance, asset management and credit **increased** by NIS **195** M to NIS **1,216** M in 9M.24, with growth in profit in all business segments

30% growth in underwriting profit to NIS 884 M

● Main **underwriting improvements** are in **long-term health**, LTC and in motor property. Those were partially offset by decline in underwriting results in PHI and risk (partially due to the War)

Increase in Solvency Capital Ratio

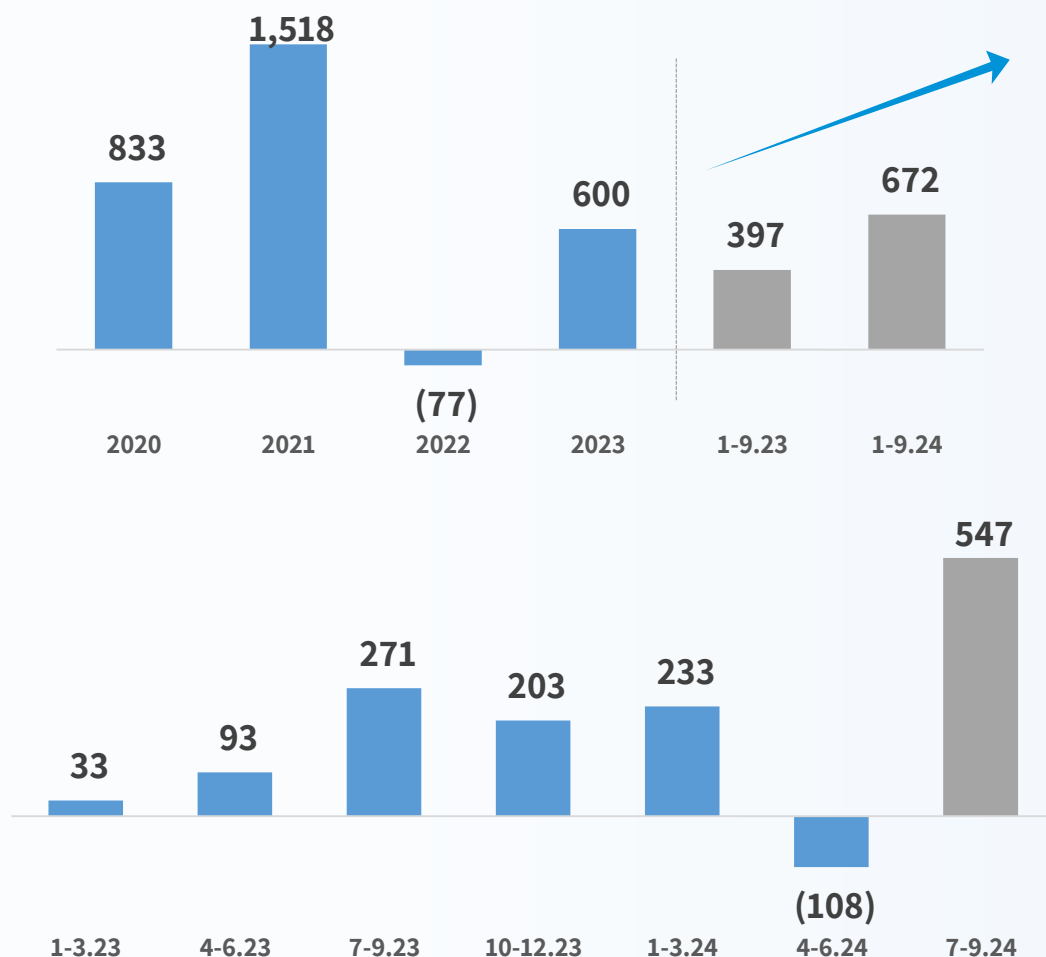
● Solvency Capital Ratio with transitional measures **rose to 185%** at June 30, 2024 compared with 168% at December 31, 2023. Solvency Capital Ratio without transitional measures **rose to 167%** compared with 138% at December 31, 2023

Initial disclosure on IFRS17

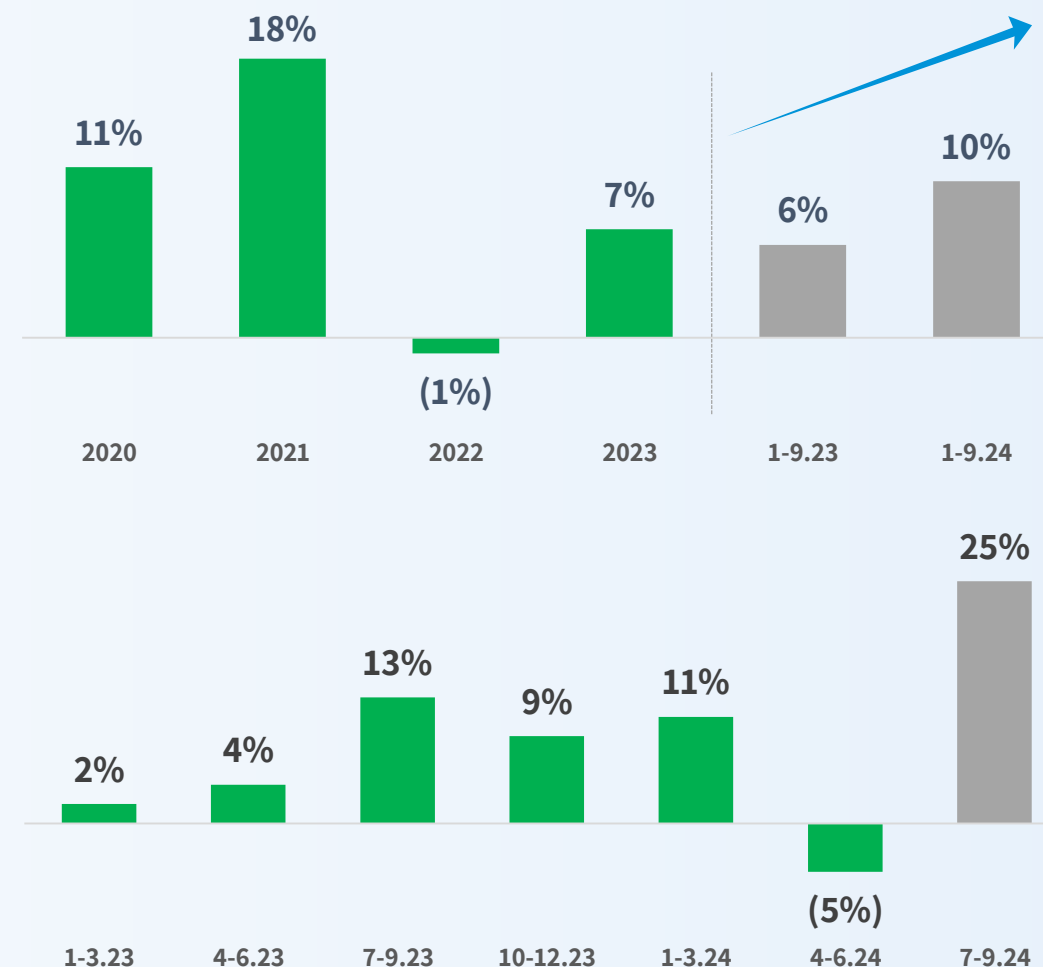
● At transition date (January 1st 2024) Harel Insurance and Harel Investments equity is expected to increase by about NIS 300 M. In addition, CSM balance is expected to be at NIS 16 B before tax and RA balance is expected to be about NIS 3 B before tax, upon transition

Q3.2024: Growth in comprehensive profit

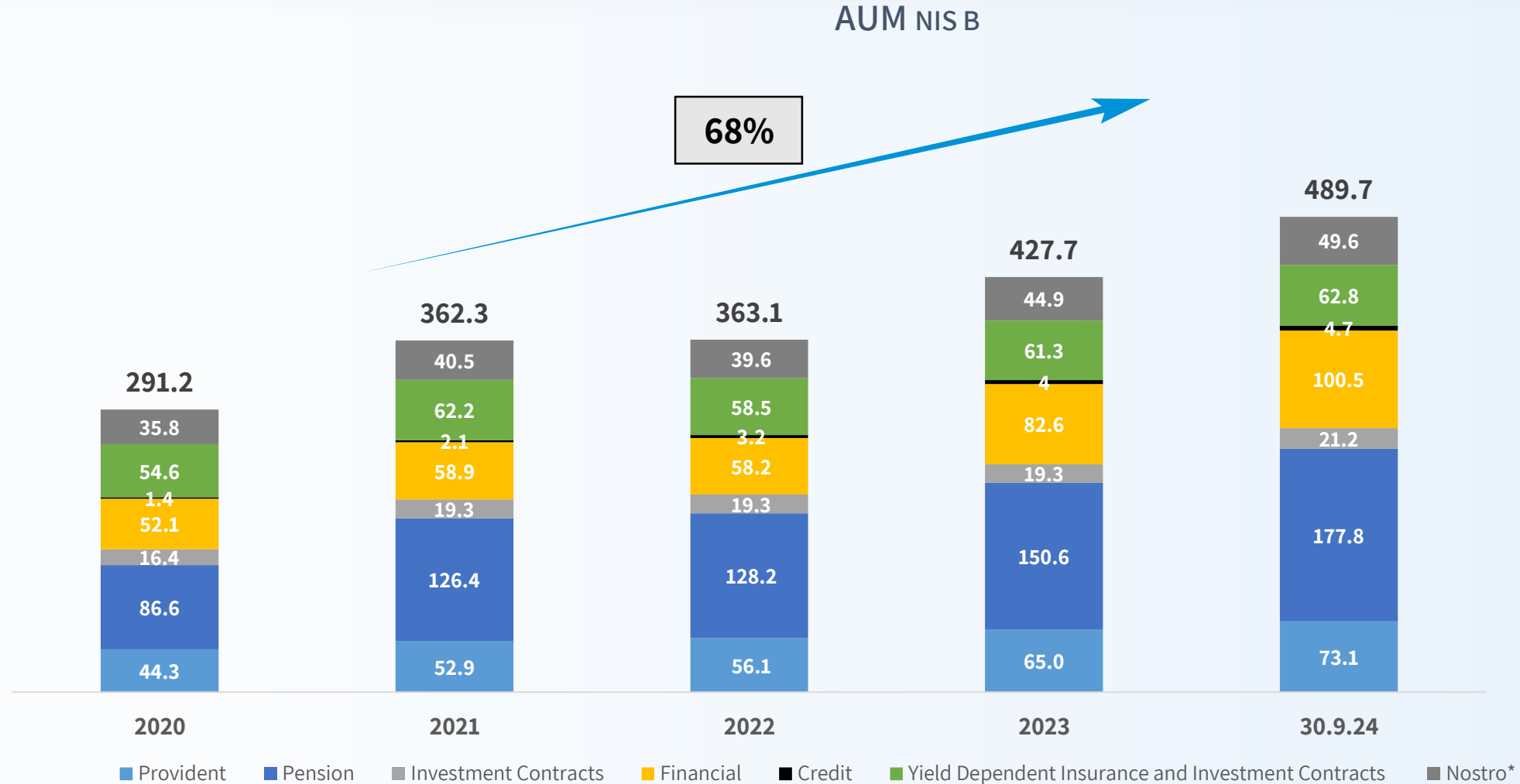
Comprehensive Income attributed to shareholders
NIS M after tax



ROE

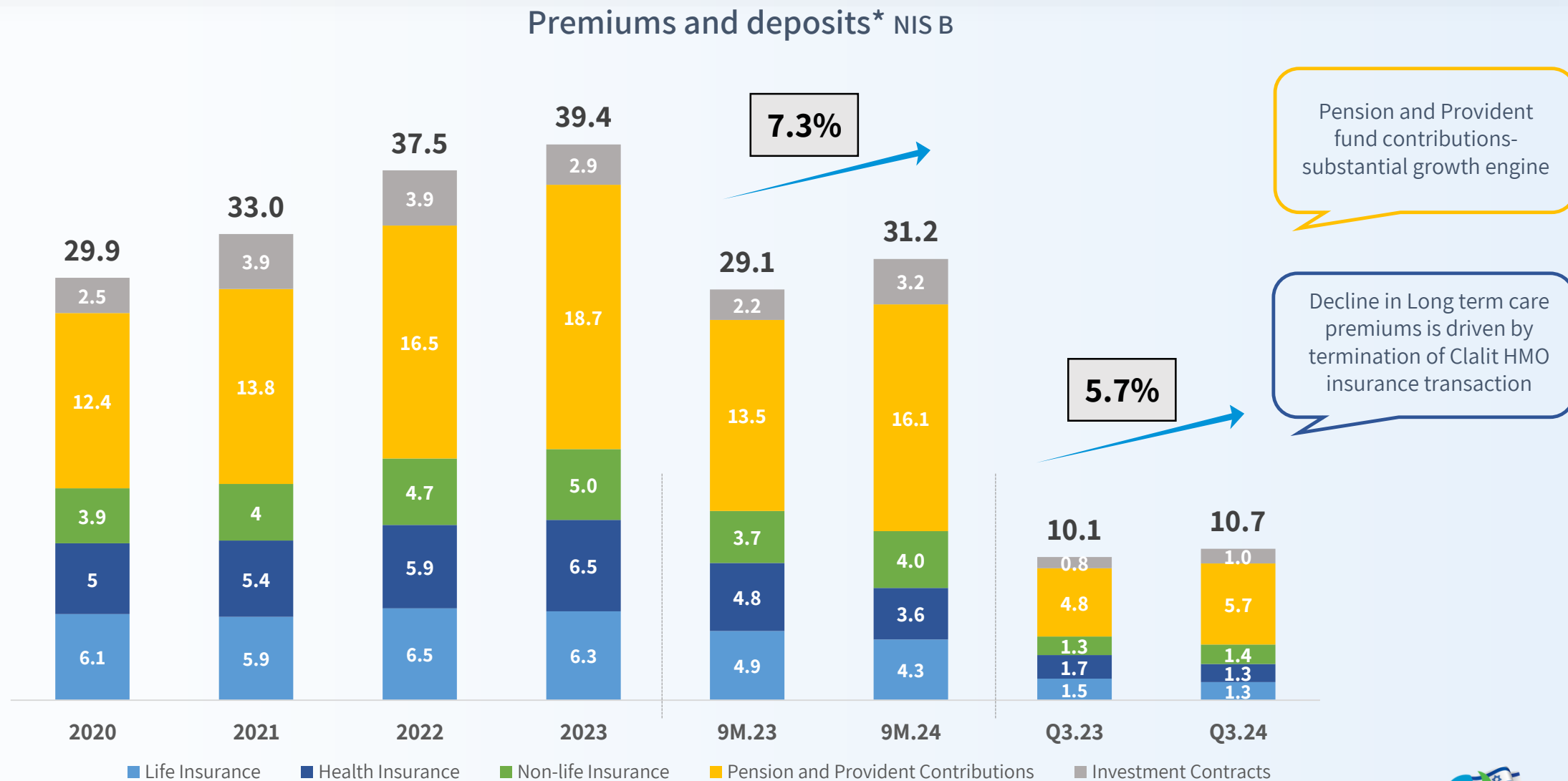


9M.24: Growth in AUM



*Nostro includes certificates of deposit issued by Harel Finance. Of this amount, the Nostro of Harel Insurance is NIS 35.7 B
 Managed assets in customers' portfolios included under financial services, include financial assets issued by the Group and managed in portfolios

9M.24: Leading in premiums and deposits



Agenda

Key messages

Strategy

Financial overview

IFRS17 disclosure

Appendix

Strategic Focus

**Improving
Profitability**

and

**Diversifying
Revenues**

Leveraging scale for material and permanent
improvement of insurance profitability and revenue
diversification

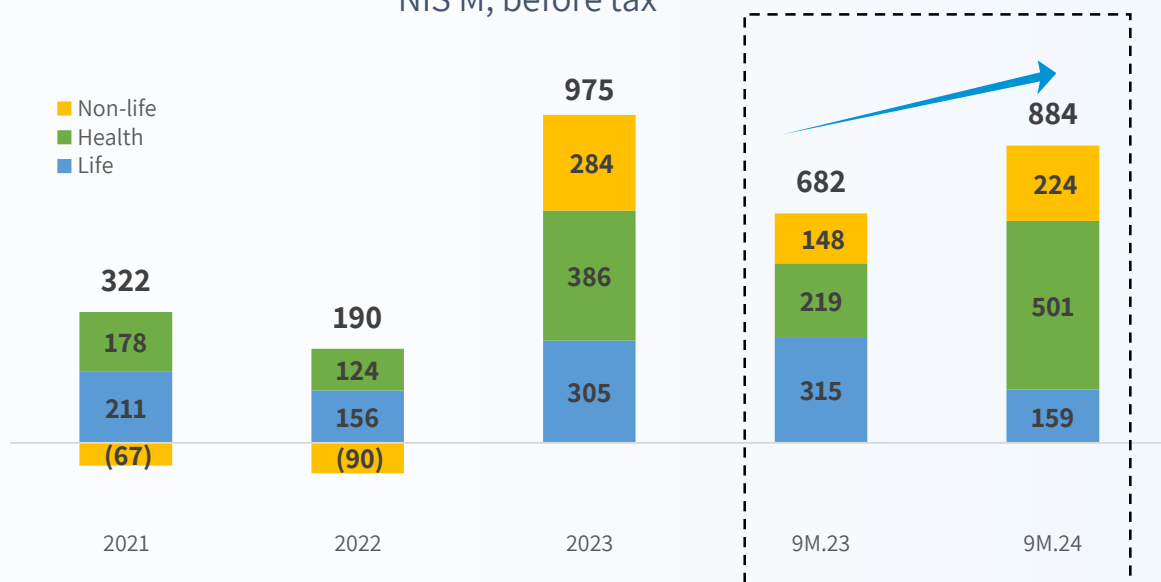
Our targets:

Harel 2026

Advancing towards achieving 2026 targets in underwriting and in adjusted profit inline with strategic focus

Increase in insurance underwriting profit compared with previous periods

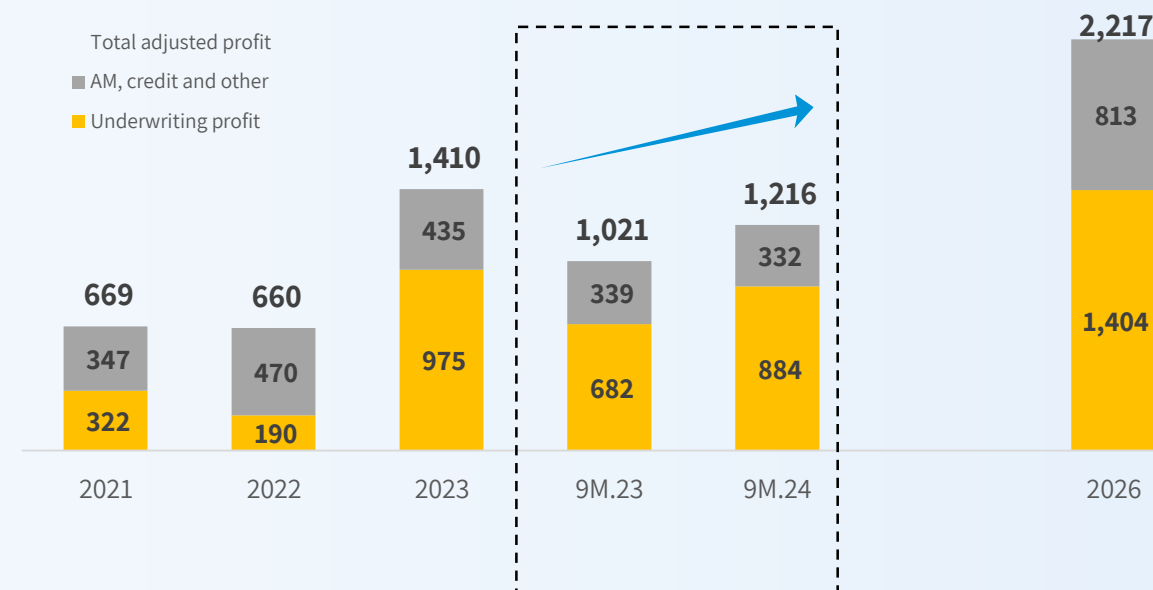
NIS M, before tax



Significant presence across all insurance business lines

Increase in total adjusted profit from core business

NIS M, before tax

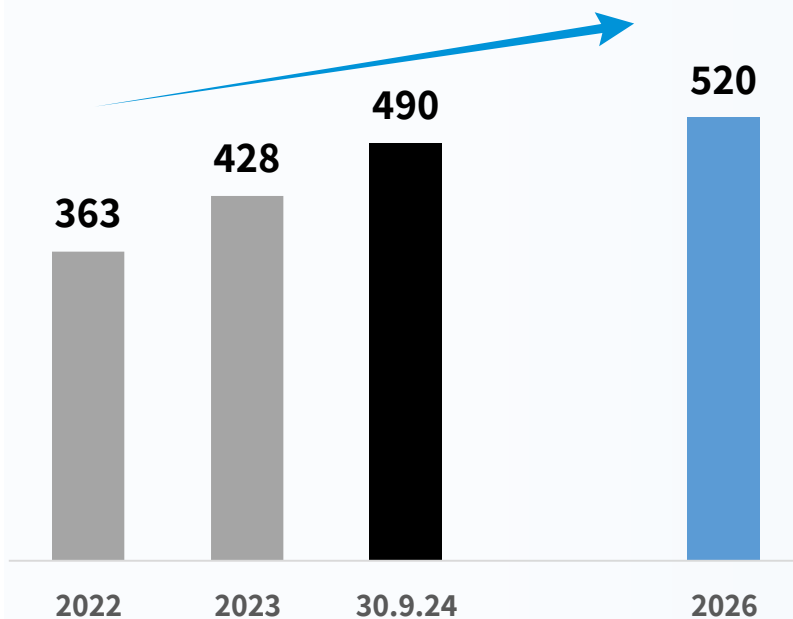


Continuous growth in adjusted profit in core activities, as a result of consistent execution of the strategic plan towards achieving the targets

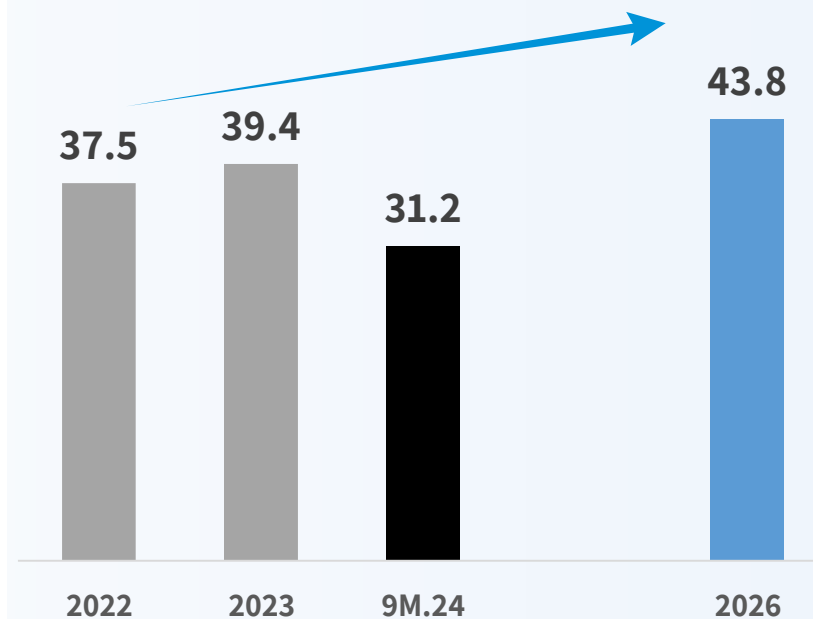
Our targets:

Harel 2026

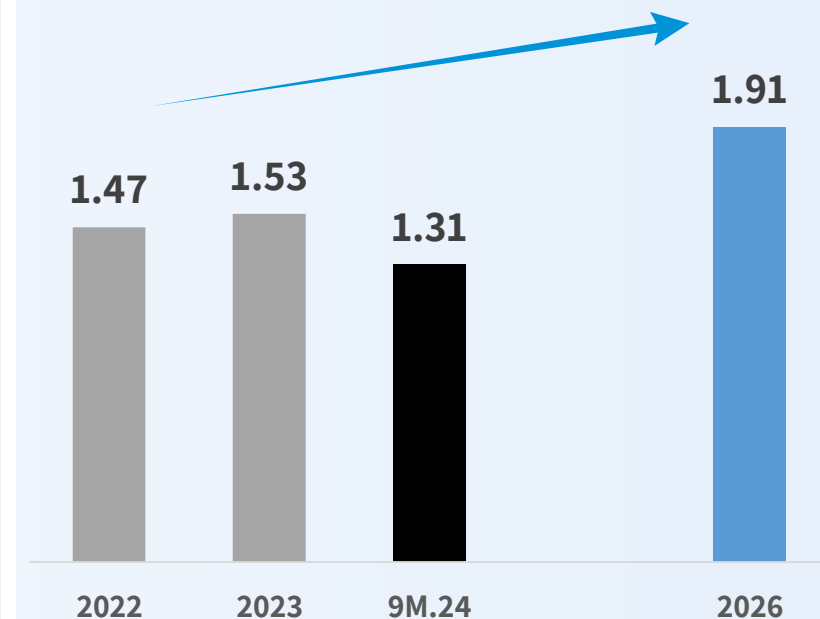
AUM NIS B



Premiums and Deposits* NIS B



Fee Income NIS B



See Appendix for key forecast assumptions

*Gross premiums earned and contributions to pension funds and provident funds and amounts received for investment contracts

Agenda

Key messages

Strategy

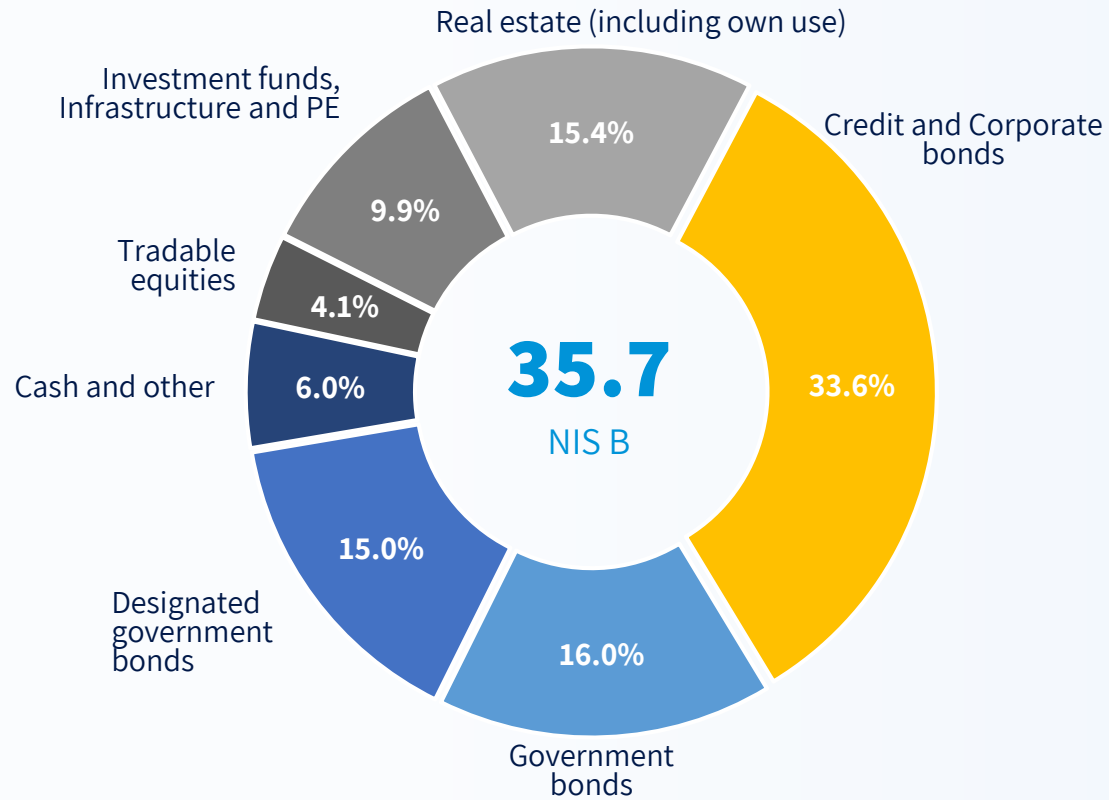
Financial overview

IFRS17 disclosure

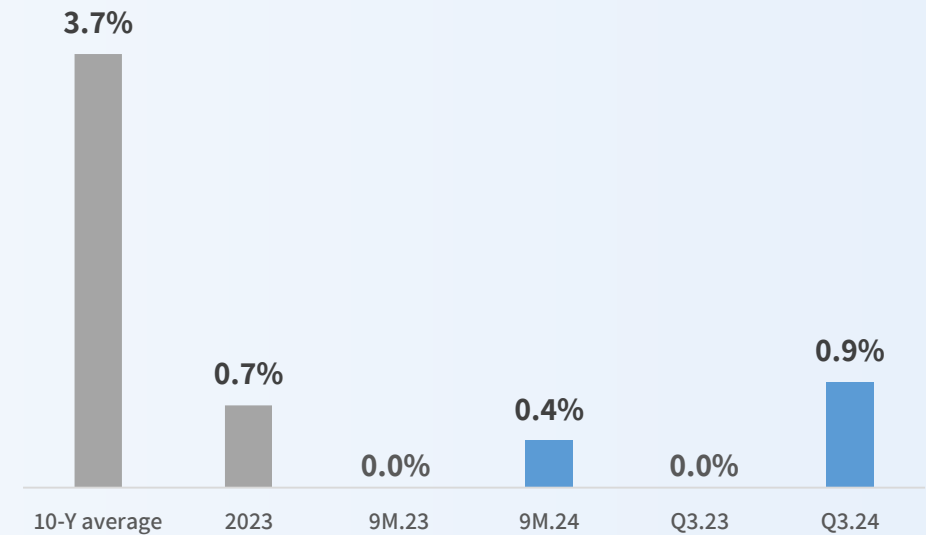
Appendix

Harel Insurance: Nostro portfolio breakdown and return

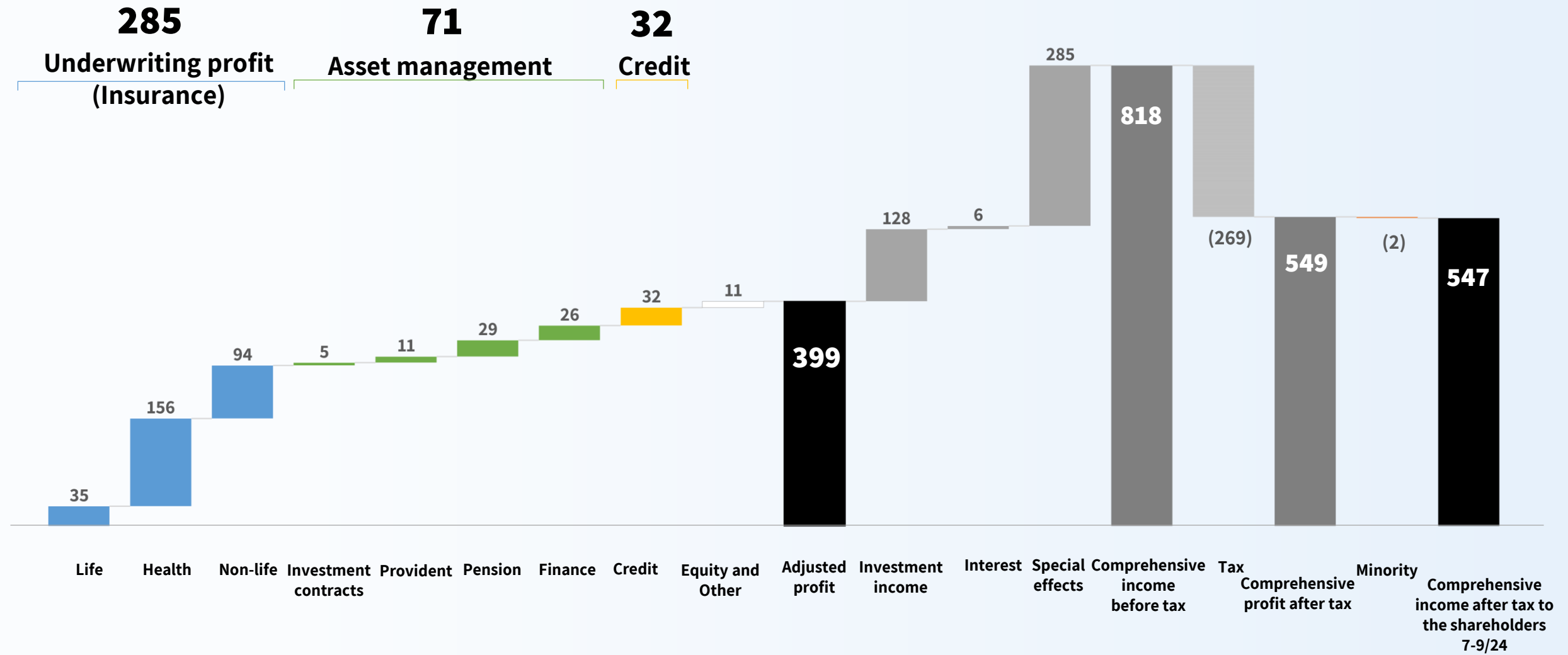
Breakdown of nostro portfolio by asset classes (30.9.24)



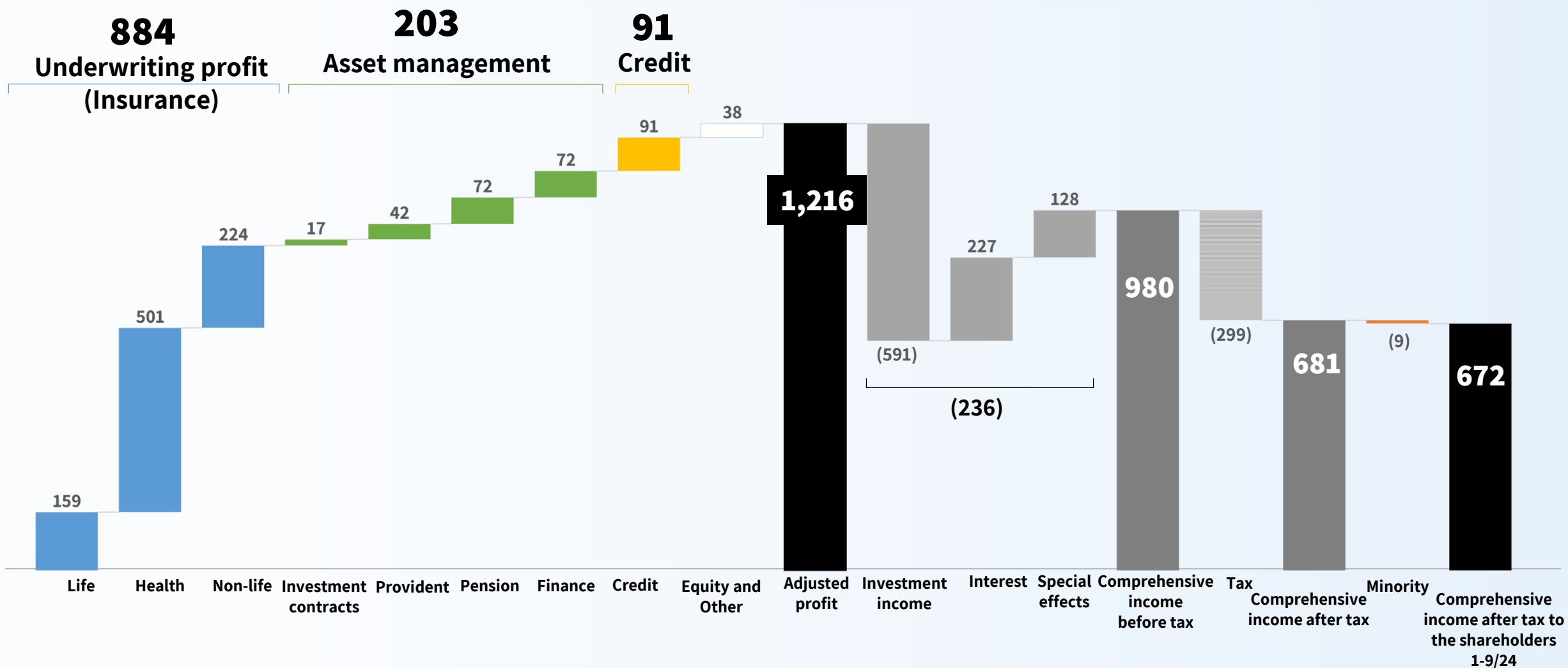
Real nostro return



Composition of comprehensive income Q3.2024 NIS M



Composition of comprehensive income 9M.2024 NIS M



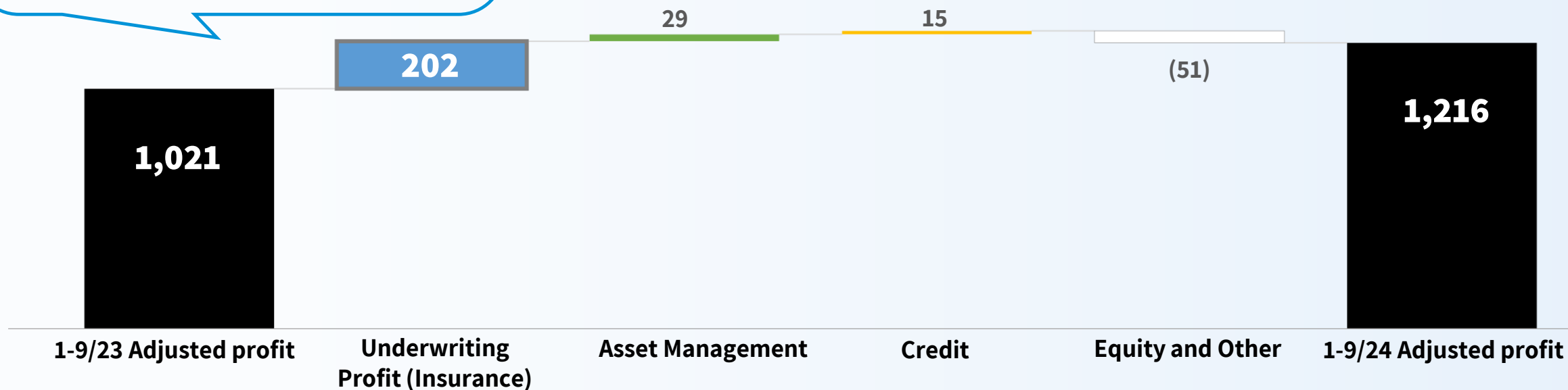
Underwriting profit in Life, Health, Non-life segments and profit in Equity segment are calculated assuming 3% real return, excluding special effects. See Appendix for full list of assumptions

9M.24: Growth in adjusted profit vs 9M.23

Underwriting Improvement 9M.24 vs 9M.23

NIS M	1-9/24	1-9/23	change
Health	501	219	282
Life	159	315	(156)
Non-life	224	148	76
Total	884	682	202

Change in adjusted profit in 9M.24 vs 9M.23 NIS M before tax



	1-9/24	1-9/23	Asset Management	Credit	Equity and Other	
1-9/24	884	682	203	91	38	1,216
1-9/23			174	76	89	1,021

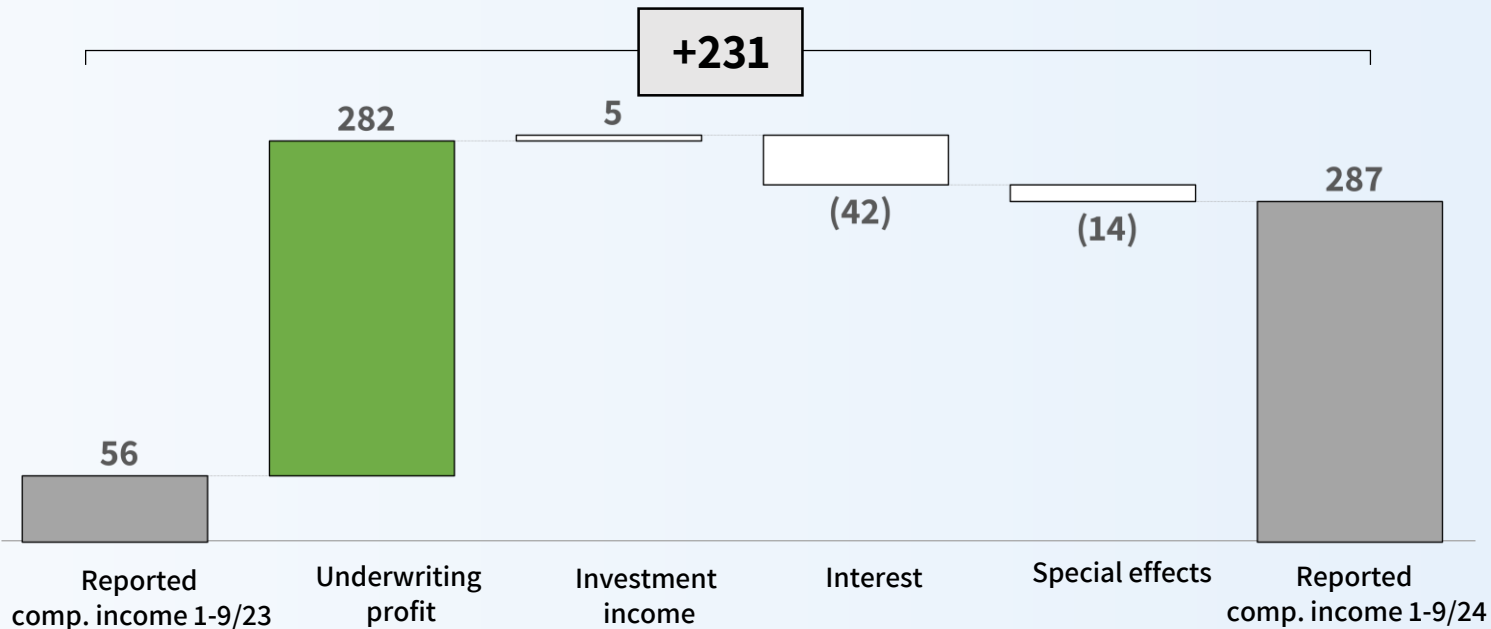
Underwriting profit in Life, Health, Non-life segments and profit in Equity segment are calculated assuming 3% real return, excluding special effects. See Appendix for full list of assumptions

Increase in comprehensive income due to underwriting improvement

Change in Comprehensive Income before tax:

- Growth in underwriting profit mainly in group long-term care and long-term health led to an improvement in comprehensive income
- Real positive nostro yield in 9M.24 compared with a real zero yield in the corresponding period last year
- Interest had no impact in the period in contrast with positive impact in the corresponding period last year

Health: Change in comprehensive income 9M.24 vs 9M.23 NIS M before tax



1-9/24	501	(200)	0	(14)	287
1-9/23	219	(205)	42	0	56
7-9/24	156	36	0	0	192
7-9/23	86	(99)	96	0	83

Underwriting profit in Life, Health, Non-life segments and profit in Equity segment are calculated assuming 3% real return, excluding special effects. See Appendix for full list of assumptions

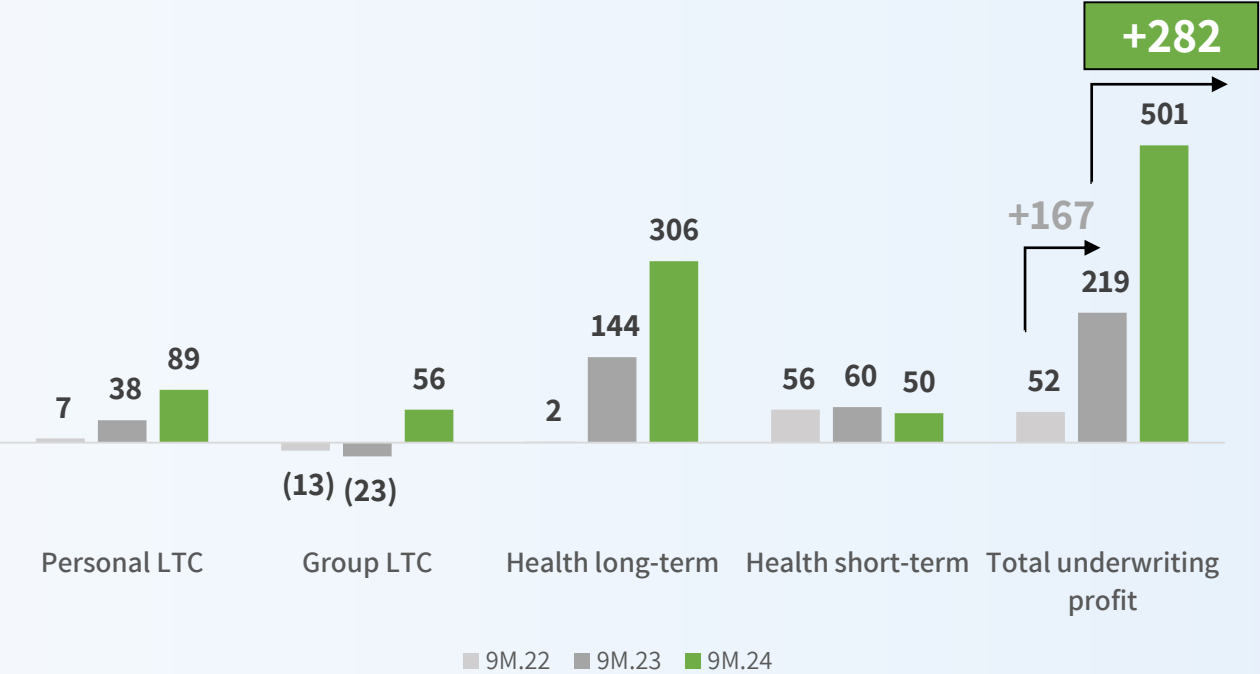
Improvement in LT Health and in Long-Term Care

NIS 282 M underwriting improvement:

- **Long-term health:** underwriting improvement in cover for transplants, ambulatory care and personal accidents, due to fewer claims and a decrease in claim amounts paid
- **LTC: personal lines and group:** Decrease of insurance liabilities (decrease in the IBNR reserve) due to shorter period from date of the insured event until claim is filed

The results reflect the termination of the transaction with Clalit HMO members in the LTC sector, and its operation under a new format, in which the reserve fund bears the full risk for the policyholders, starting from January 1, 2024.

Health: Breakdown of underwriting profit NIS M



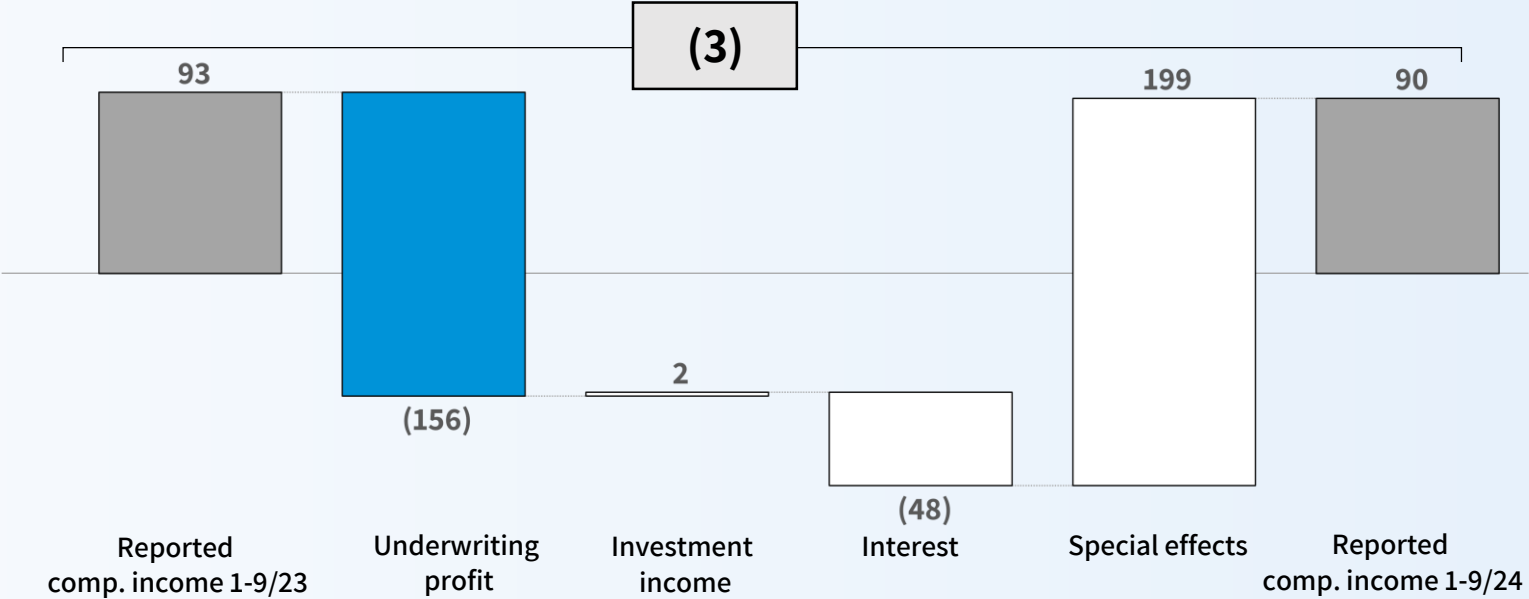
Underwriting profit in Life, Health, Non-life segments and profit in Equity segment are calculated assuming 3% real return, excluding special effects. See Appendix for full list of assumptions

Positive impact due to assumptions update and weaker underwriting results in P.H.I

Change in Comprehensive Income before tax:

- Update of actuarial assumptions to correspond with the Company’s experience regarding an option to take annuity based on the different annuity options led to a reduction of NIS 305 M before tax in Q3.24 in the reserve
- Weaker underwriting results mostly in cover for P.H.I., offset by improvement in underwriting due to a continuous increase in the risk products activity (mostly critical illness)
- Real positive nostro yield in 9M.24 compared with real zero yield in the corresponding period last year

Life: Change in comprehensive income 9M.24 vs 9M.23 NIS M before tax



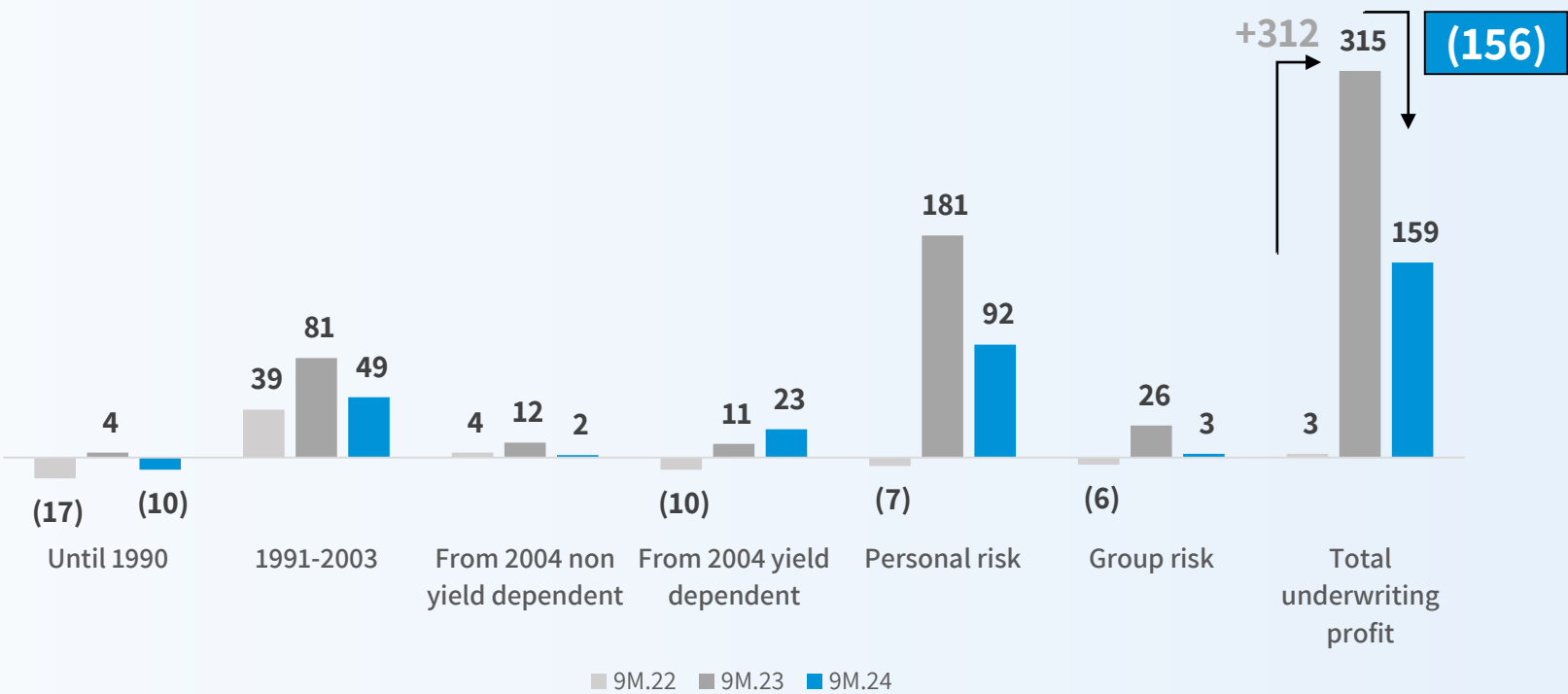
1-9/24	159	(396)	128	199	90
1-9/23	315	(398)	176	0	93
7-9/24	35	(18)	0	305	322
7-9/23	93	(143)	176	0	126

War impact on risk profitability and increase in P.H.I claims

NIS 156 M decrease in underwriting profit:

- Increase in the cost of claims in risk of death as a result of the War. In 9M.24, the effect of the War amounted to NIS 42 M (NIS 3 M in Q3.24)
- Increase in the number and amounts of claims in P.H.I. cover and increase of IBNR reserve in cover for risk of death due to growth of activity and sums insured. This decrease was offset by improvement in underwriting due to continuous growth of risk products activity (mostly critical illness)
- The shortfall* in variable management fees on profit-sharing policies was reduced significantly and amounted to NIS 42 M at the time of publication of the financial statements.

Life: Breakdown of underwriting profit NIS M



Underwriting profit in Life, Health, Non-life segments and profit in Equity segment are calculated assuming 3% real return, excluding special effects. See Appendix for full list of assumptions

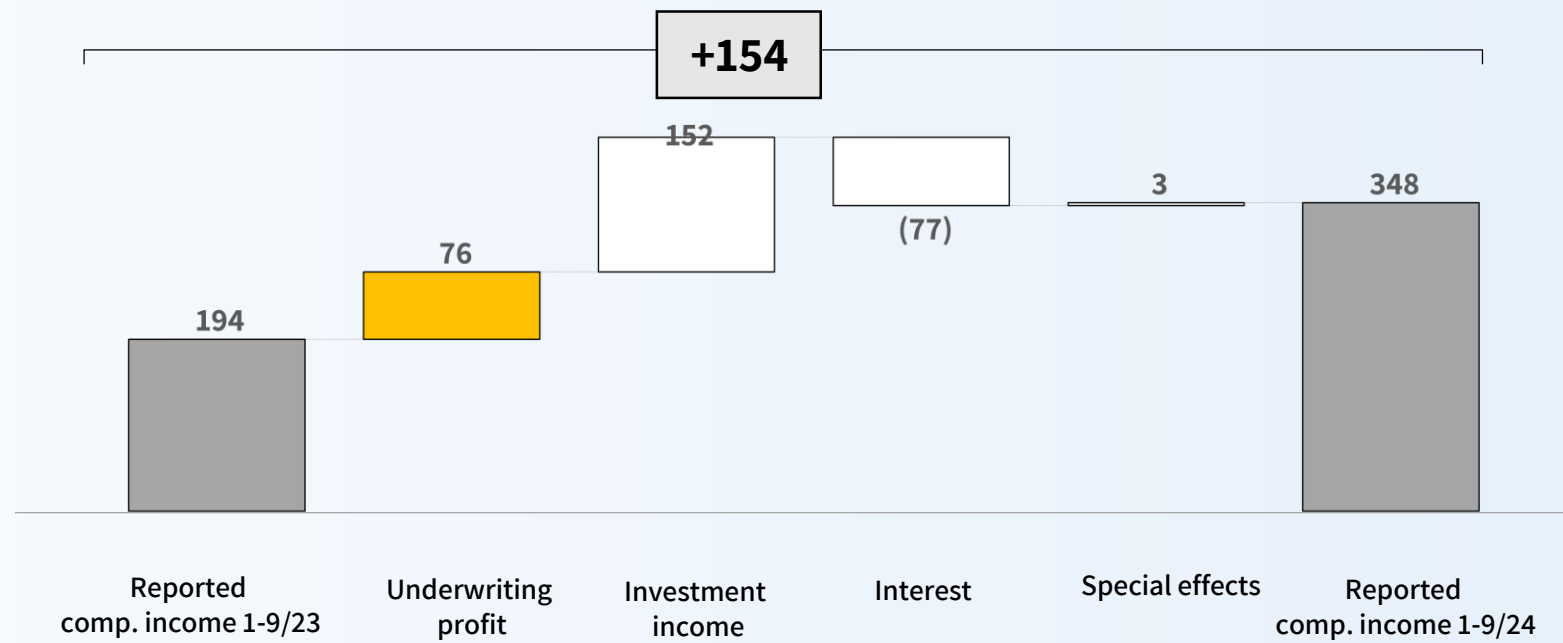
* Estimate for management fees that will not be collected due to the real aggregate negative yield

Increase in comprehensive income due to underwriting and investment income

Change in Comprehensive Income before tax

- Underwriting improvement mostly in motor property and other property
- Positive real nostro yield in 9M.24 compared with zero yield in corresponding period last year
- Lower interest rate impact in 9M.24 compared with 9M.23

Non-life: Change in comprehensive income 9M.24 vs 9M.23 NIS M before tax



1-9/24	224	34	99	(9)	348
1-9/23	148	(118)	176	(12)	194
7-9/24	94	68	6	(3)	165
7-9/23	91	(16)	40	(4)	111

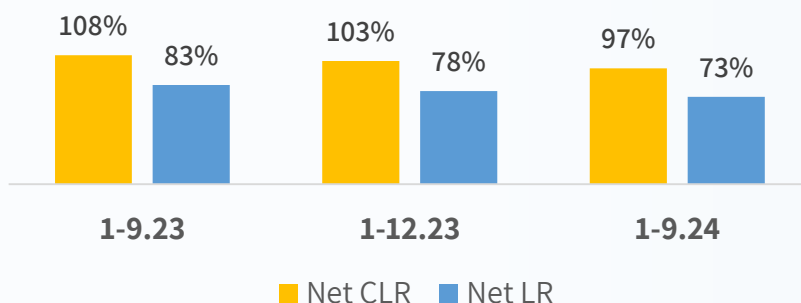
Underwriting profit in Life, Health, Non-life segments and profit in Equity segment are calculated assuming 3% real return, excluding special effects. See Appendix for full list of assumptions

Underwriting improvement, mainly in motor property

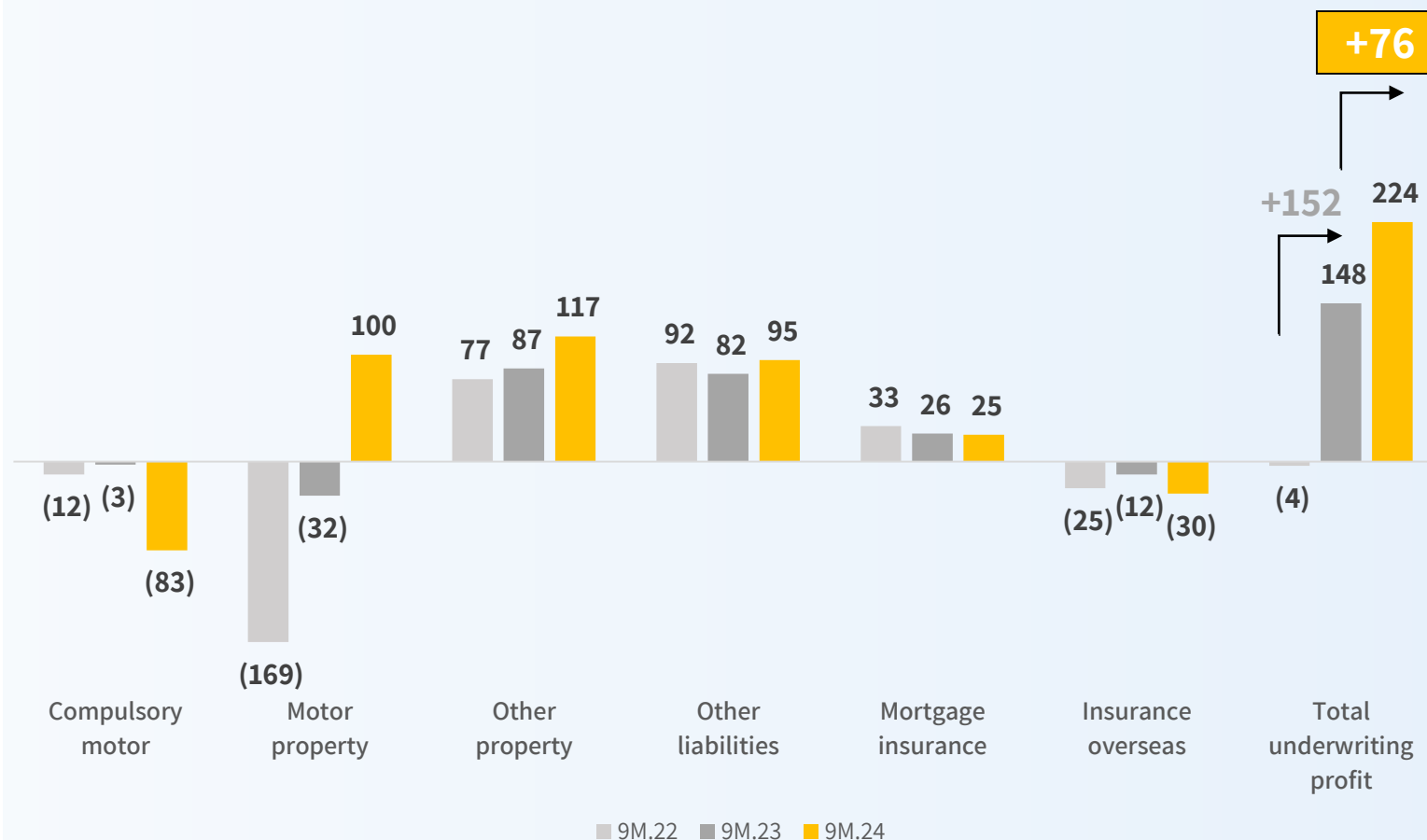
NIS 76 M underwriting improvement:

- **Compulsory motor:** decline in underwriting profitability due to negative developments in previous years, mainly for groups whose contracts terminated as of February 2024, partially offset by continuing decline in average cost of claim – mostly in first half of the year
- **Motor property:** Increase in average premium and decline in average cost of claim
- **Other property:** Underwriting improvement in other property sectors due to activity growth

Continuous improvement in Net Loss Ratio in motor property:



Non-life: Breakdown of underwriting profit NIS M



Underwriting profit in Life, Health, Non-life segments and profit in Equity segment are calculated assuming 3% real return, excluding special effects. See Appendix for full list of assumptions

Profit increases due to AUM growth

Change in adjusted profit*:

- **Pension and Provident:** increase in management fees driven by increase in AUM, partially offset by and increase in marketing and other acquisition costs

AUM NIS B	30.9.24	31.12.23	% change
Pension	177.8	150.6	18%
Provident	73.1	65.0	12.4%

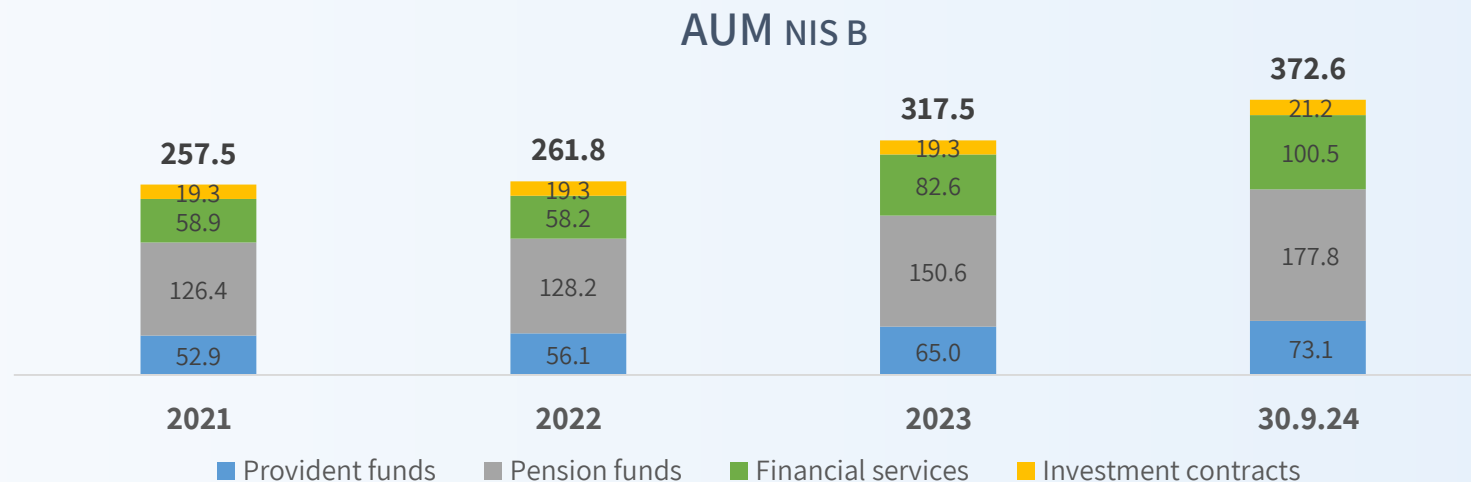
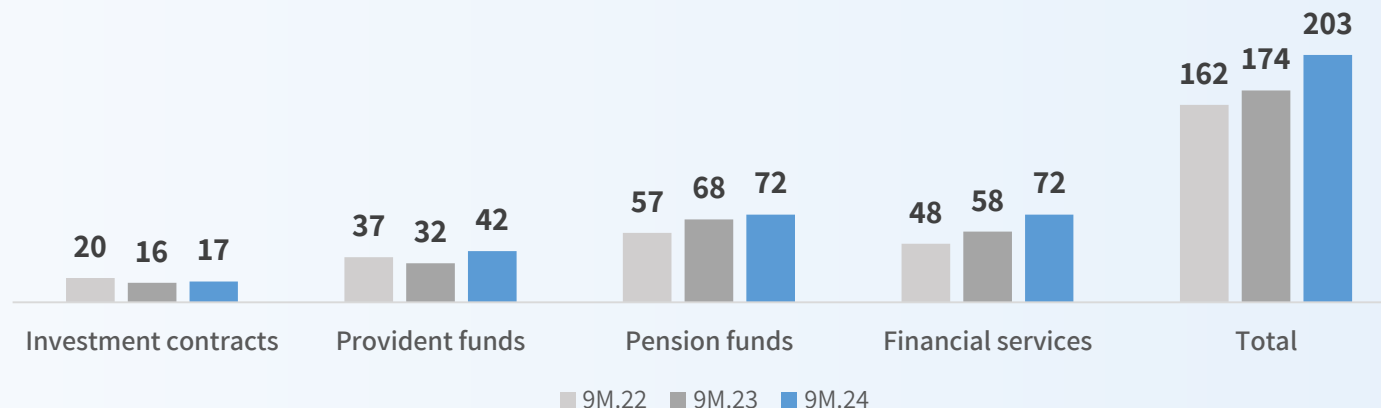
➤ Financial Services by Harel Finance Investment House:

24% increase in profit due to further inflows and profitability improvement

AUM increased to above NIS **100 B**

AUM NIS B	30.9.24	31.12.23	% change
Harel Finance	100.5	82.6	22%

AM: Breakdown of adjusted profit NIS M before tax



*Adjusted profit includes special effects, which 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.
Total special effects attributed to pension and provident was NIS 12.7 in 9M.24

Diverse and growing credit activity, towards completion of Gamla acquisition

Change in Comprehensive Income:

- The increase in comprehensive income in 9M.24 compared with 9M.23 is due to credit portfolio growth

The credit segment consists of the following:

Hamazpen: loans to medium sized businesses

Development property financing

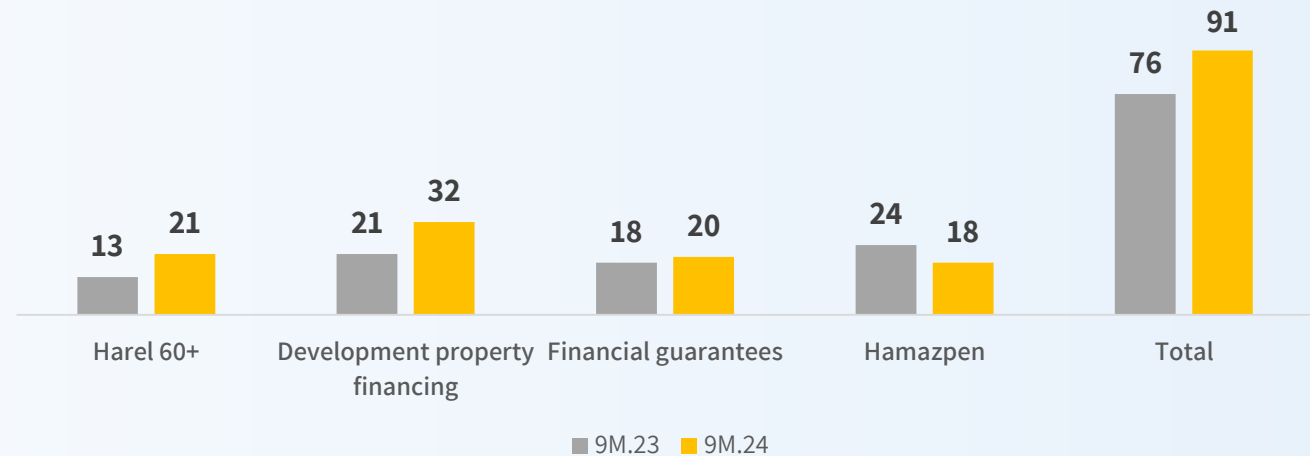
Financial guarantees and operation of mortgage loans insured by third parties

Harel 60+: Mortgages and “Reverse” Mortgages – loans to borrowers above 60 with collateral

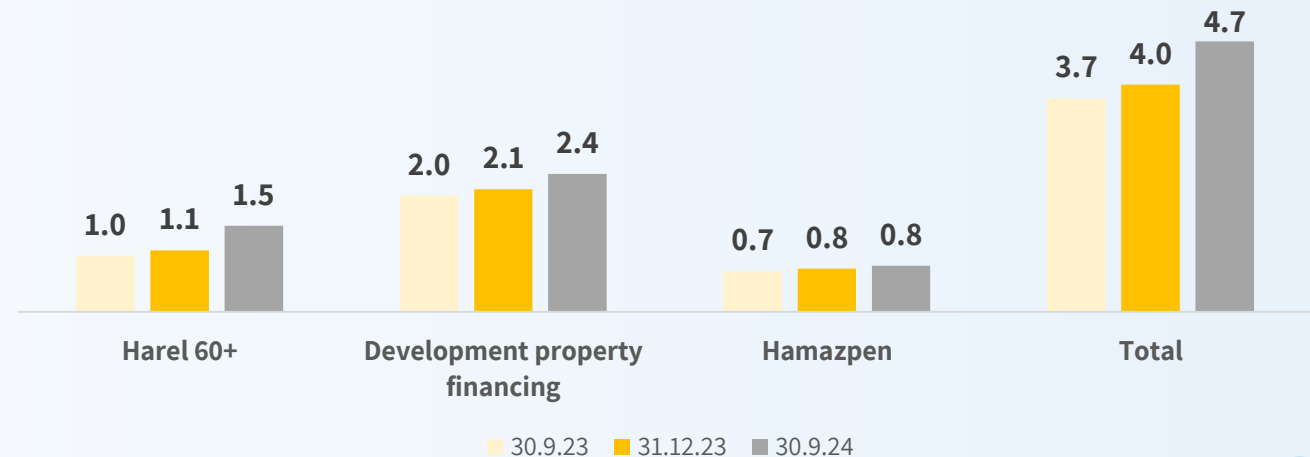
Acquisition of all shares of Gamla Harel Residential Real Estate Ltd:

- All material approvals for completion of the transaction have been received
- Gamla's net profit in 9M.24 was NIS 34.5 M and its loan book was NIS 1,206 M at September 30, 2024

Comprehensive income NIS M before tax



Total loans NIS B



Harel Insurance: Increase in Solvency Capital Ratio

➤ **The Solvency Capital Ratio** of Harel Insurance at June 30, 2024 **without transitional measures increased to 167%** and capital surplus is NIS 6.0 B, compared with 138% at December 31, 2023.

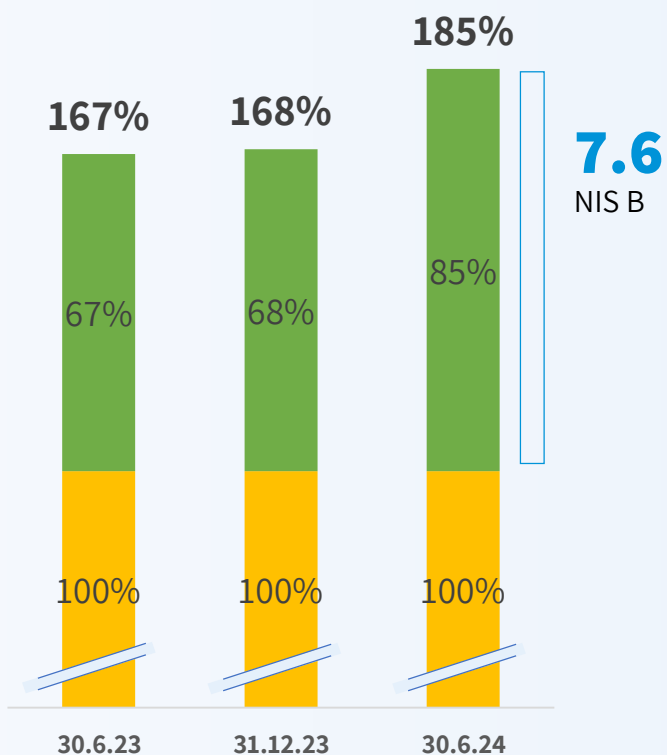
➤ **The Solvency Capital Ratio** of Harel Insurance at June 30, 2024 **with transitional measures increased to 185%** and capital surplus is NIS 7.6 B, compared with 168% at December 31, 2023.

➤ The Solvency Capital Ratio at 30.6.24, was affected, among other things, by the following*:

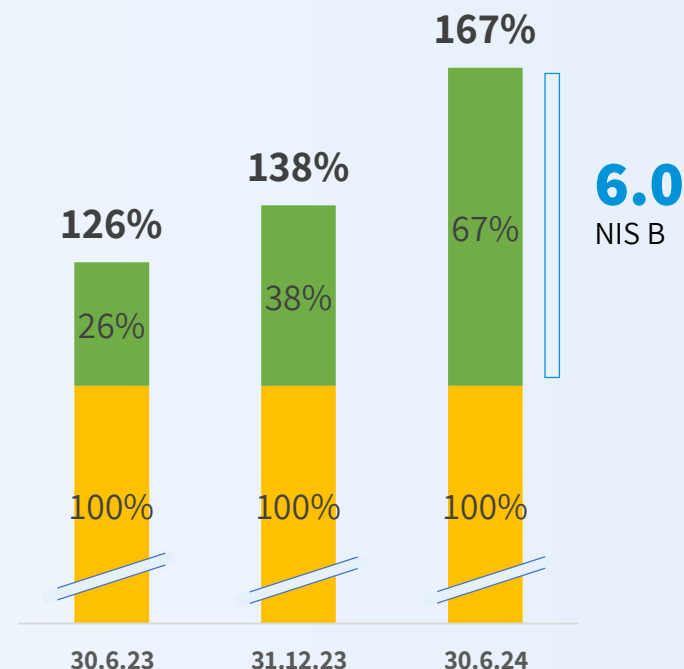
- NIS 200 M dividend distribution in August 2024
- Material increase in shekel risk free linked interest curve led to a reduction in the value of some of insurance liabilities and to reduction in capital requirements in some of the insurance scenarios, and in contrast – to a reduction in the value of debt assets.

Solvency Capital Ratio at Harel Insurance

With transitional measures



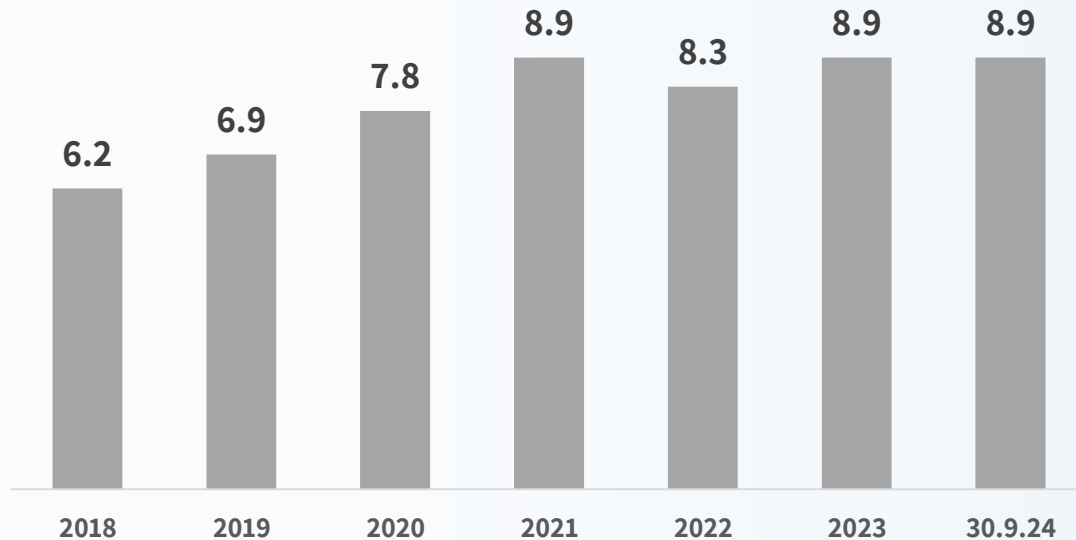
Without transitional measures



*The capital position of Harel Insurance is affected by the Company's ongoing business development, dividend distribution, changes in market variables, updates in actuarial studies, ongoing model updates and recalculation of the Deduction. For information about the key changes during the first half of 2024 compared with comparative figures, see Section 2 in the Economic Solvency Ratio Report
In June 2023, the minimum solvency ratio was updated to 110% from 105% excluding transitional measures and 135% including transitional measures

Harel Investments: Financial stability and consistent dividend policy

Shareholders' Equity NIS B

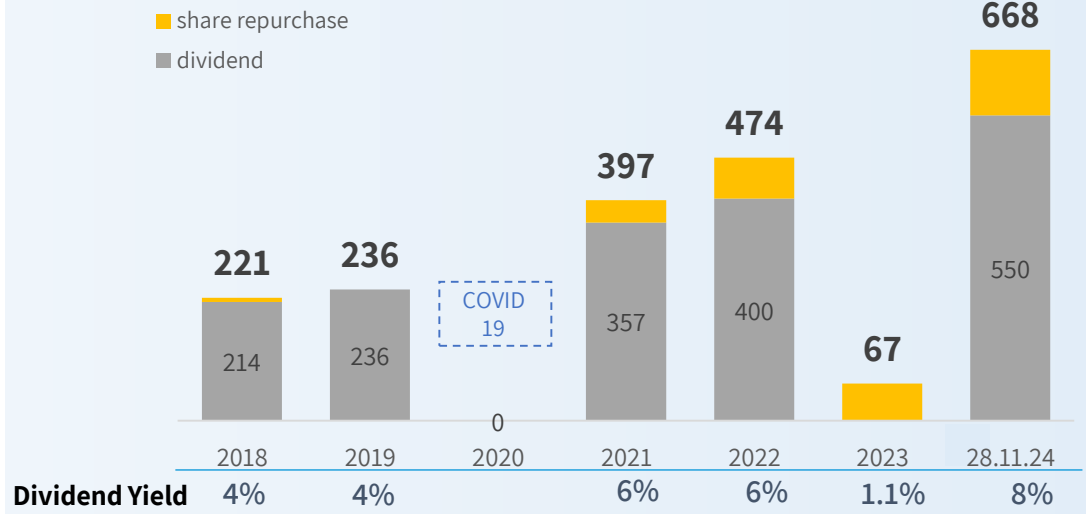


Dividend Policy

>35%
Harel Insurance*

>30%
Harel Investments

Dividend in Harel Investments including share repurchase NIS M



Share repurchase: In 2021-2024 Harel executed 2 share repurchase plans, each of NIS 100 M. In January 2024 another NIS 100 M plan was approved and completed.

In November 2024, the Company approved additional NIS 100 M share repurchase plan.

*Dividend payout from annual comprehensive income based on Harel Insurance financial statements, as long as the company is compliant with minimum solvency ratio for dividend distribution. Dividends paid include share repurchases of the following amounts: NIS 7 m in 2018, NIS 40 m in 2021, NIS 74 m in 2022, NIS 67 m in 2023 and NIS 118 m in 2024. At 28.3.2024 the Company announced a NIS 350 M dividend. At 29.8.2024 the Company announced a NIS 200 M dividend.

Agenda

Key messages

Strategy

Financial overview

IFRS17 disclosure

Appendix

Impact of IFRS17 implementation on opening balances at transition date: January 1st, 2024

RA
Risk Adjustment

~3
NIS B
Net of reinsurance, before tax

CSM
Contractual Service Margin

~16
NIS B
Net of reinsurance, before tax

Equity

Increase of
~300
NIS M

Key highlights:

- The CSM reflects the profits from insurance contracts which will be recognized **over the period when the insurance service is provided**
- The CSM of the **existing** book of life and health is calculated **once** upon transition
- The CSM from existing book (together with **New Business CSM**) is expected to gradually **unwind into P&L** and to become a material component of the underwriting profitability of the insurance company
- The magnitude of the CSM reflects Harel's leadership in risks products in life and health segments
- The RA reflects the compensation required by the insurer for undertaking the insurance risk – uncertainty regarding time and size of the cash flows. RA is expected to gradually **unwind into P&L as well** and will be a additional component of the underwriting profitability of the insurance company

Notably, Harel Insurance has not yet completed all the controls and reviews relating to this data, and some changes may be made in the aforesaid data prior to the actual date of application.

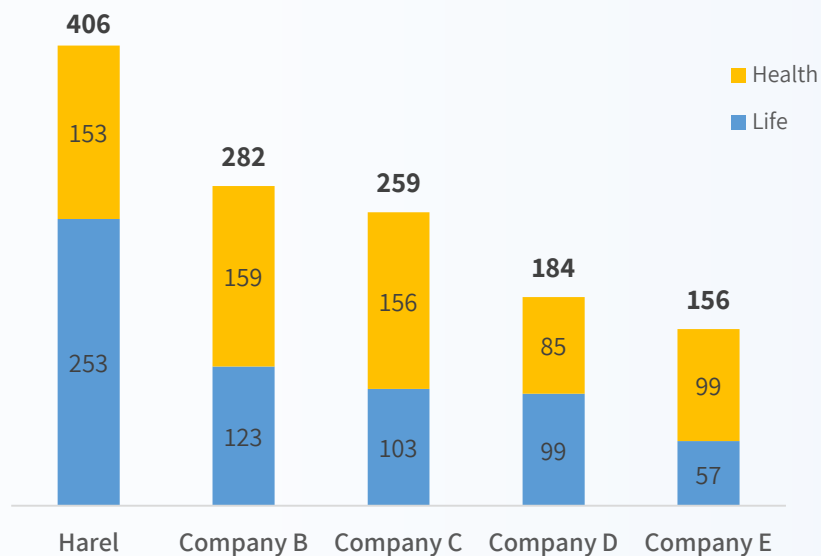
The said information is included in the data sent to the Capital Market Authority, in accordance with the Roadmap published by the Authority for the adoption of IFRS 17 and in the quantitative impact studies (QIS) designed to help Harel Insurance and the Capital Market Authority to evaluate the extent to which Harel Insurance and the Authority are prepared for application of the new standards, while providing assistance in the decision making process. Consequently, there may be adjustments to the data, in part based on the Authority's instructions or as a result of further deployment by Harel Insurance for application of the Standard, including as an outcome of discussions with the external auditors. See full disclaimer in the appendix.

Harel is leading in New Business Premiums in Life and Health

Annualized premium new business – life and health

2023

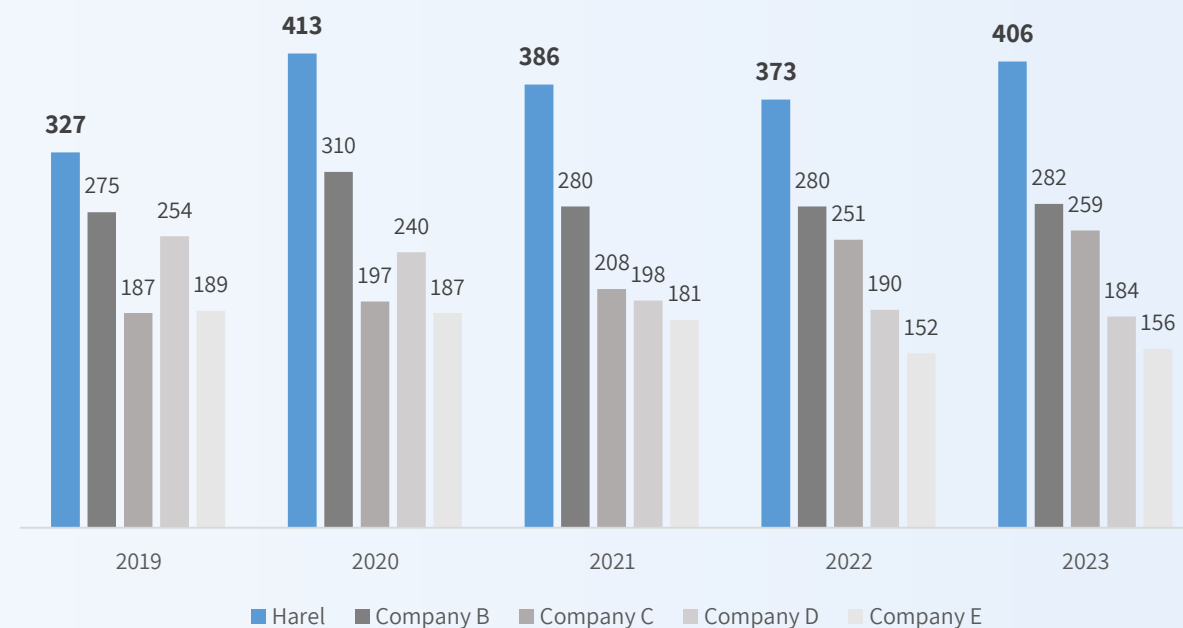
NIS M



Annualized premium new business – life and health

2019-2023

NIS M



Source of data: [EYInsurtool](https://www.einsurtool.com/). The data presented regarding the other companies were not reviewed independently by the Company, and the Company is therefore not responsible for their correctness. Companies B-E: Clal, Menora, Migdal, Phoenix

To Summarize

Strategy implementation

A material and permanent improvement in underwriting profitability, mainly in accuracy and controls in the claims systems and greater use of automation and digitization – leading to increase in comprehensive income to NIS 672 M in 9M.24

Increase in adjusted profit

Increased in 9M.24 in all operating segments - insurance, asset management and credit, amounting to NIS 1,216 M compared with NIS 1,021 M in corresponding period

LT health and motor property

Most of the underwriting improvement is the result of improved profitability in long-term health, LTC and motor property, partially offset by decline in underwriting profitability in PHI and risk of death (partly due to the War)

2026 targets

We are progressing in achieving the 2026 targets, thanks to consistent implementation of our strategy while leveraging Harel's leading position in the insurance industry and strong presence in all sectors

IFRS17 implementation

The initial impact is increase in equity and recognition of CSM and RA at the transition date. Both CSM and RA will be gradually released to P&L over the period when the insurance service is provided



Thank You

For further information:

<https://pr.harel-group.co.il/>

Agenda

Key messages

Strategy

Financial overview

IFRS17 disclosure

Appendix

Calculation Principles

Insurance

Life Insurance
Health Insurance
Non-life Insurance

Underwriting Profit: profit from the above insurance operations and presented assuming 3% real investment return, excluding special effects.

In Life segment, the profit includes financial margin in yield guaranteed policies, including a 3% yield assumption on the free portion of the portfolio, variable fees in profit participating portfolio, based on the above return assumption and fixed management fees

Special effects: Profit or loss outside of normal course of company's business, including actuarial changes, excess cost amortization, interest rate impact and others as stipulated in the Company's Financial Statements

Investment Income: the difference between the assumed 3% real return and actual return. In addition, investment income includes adjustment of variable fees as calculated based on the 3% return assumption compared with variable fees as collected

Key forecast assumptions: Real Nostro return of 3.0%, change in CPI 3.0%, implementation of strategic plan to improve profitability and diversify revenues. Premium growth is consistent with industry growth assuming that Harel's share is maintained. 9M.24 and 2026 premiums do not include Group LTC premiums for Clalit HMO contract. Increase in AUM reflects the past deposits development (continuous growth in pension and provident funds). Fees include 124 M variable fees in 2026, in 2022-2023 and in 9M.24 variable fees were not collected. Dividend inline with existing policy. Assumed tax rate is 34.746%. Actual performance may differ from forecast, due to changes in capital market returns, marco data including growth and inflation, regulatory changes and other variables.

Asset Management

Pension Funds
Provident Funds
Finance
Investment Contracts

In line with actual
performance, excluding special
effects

Credit and Other

Hamazpen
Development Property Financing
Harel 60+
Financial Guarantees
Agencies
Equity

In line with actual
performance, excluding special
effects

Our Global Partners





Legal disclaimer and forward looking statement

This presentation was prepared solely for the purpose of convenience and brevity and it contains partial information in relation to the Company's results in the periods specified therein. This presentation should not be construed as an offer to purchase the Company's securities or an invitation to accept such offers, and it is intended solely to provide information as part of the explanations provided about the Company. The presentation is not a recommendation or opinion to invest in the Company's securities. The presentation does not replace the need to peruse the reports published by the Company (including the Company's financial statements), that include complete information about the Company.

In any case of a contradiction between the information in the presentation and the detailed information in the Company's reports, the information in the Company's reports shall prevail.

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Disclaimer regarding IFRS17 disclosure

Notably, Harel Insurance has not yet completed all the controls and reviews relating to this data, and some changes may be made in the aforesaid data prior to the actual date of application.

The said information is included in the data sent to the Capital Market Authority, in accordance with the Roadmap published by the Authority for the adoption of IFRS 17 and in the quantitative impact studies (QIS) designed to help Harel Insurance and the Capital Market Authority to evaluate the extent to which Harel Insurance and the Authority are prepared for application of the new standards, while providing assistance in the decision making process. Consequently, there may be adjustments to the data, in part based on the Authority's instructions or as a result of further deployment by Harel Insurance for application of the Standard, including as an outcome of discussions with the external auditors.

Application of the Standard may also be subject to changes or adjustments following clarifications or updates in the international financial reporting standards, changes in current practice abroad and the practice being formulated in Israel, regulatory changes, tax changes or changes and adjustments in various estimates prepared by Harel Insurance based on professional discretion. The above data should therefore not be treated as binding data or results. The information contained above is therefore forward-looking information, according its definition in the Securities Law, 1968.

It is stipulated that the above data neither address nor affirms the full impact of the new standards, including to the extent there are any, on the relevant tax regime and on the Solvency II based economic solvency ratio of Harel Insurance (with and without transitional provisions). These matters have yet to be fully arranged, they are beyond the full control of Harel Insurance and are under review at the date of publication of the report