



SUMMARY OF FINANCIAL RESULTS

For the Period H1.23 | August 30, 2023

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THE BIG PICTURE

Data at June 30, 2023



LARGEST


INSURANCE COMPANY IN ISRAEL

19 (NIS bn, H1.23)

GROSS PREMIUMS EARNED,
Benefit Contributions and amounts received for Investment Contracts

401 (NIS bn)

ASSETS UNDER MANAGEMENT

169% At December 31, 2022

SOLVENCY RATIO
Including the transitional provisions

Aa2.il

HAREL INVESTMENTS
Midroog

iLAA+

HAREL INSURANCE
S&P Maalot

126 (NIS m, H1.23)

COMPREHENSIVE INCOME AFTER TAX
Attributed to the shareholders

93 (NIS m, Q2.23)

COMPREHENSIVE INCOME AFTER TAX
Attributed to the shareholders

8.4 (NIS bn)

SHAREHOLDERS EQUITY

PLATINA PLUS

Rating by MAALA CSR
9 years in a row

KEY HIGHLIGHTS FOR THE PERIOD

SHIFT TO PROFITABILITY

In Q2.23 shareholders' comprehensive income was NIS 93 million compared with a loss of NIS 436 million in Q2.22. In H1.23 shareholders' comprehensive income was NIS 126 million compared with a loss of NIS 110 million in H1.22

CONTINUOUS GROWTH

Premiums, benefit contributions and amounts received for investment contracts increased by 9.6% in Q2.23 and by 1.4% in H1.23. AUM increased by 10% from YE22, reaching NIS 401 billion

IMPROVING YIELDS

Real Nostro yield improved compared with the corresponding period last year. In H1.23 the real yield was zero and in Q2.23 the real yield was positive

UNDERWRITING IMPROVEMENT IN MOTOR

Compulsory motor – decline in average cost of claim, motor property – increase in average premium. Results in H1.23 were also impacted by changes in the risk-free interest curve and decline in illiquidity premium*, that led to a reduction of the liabilities.

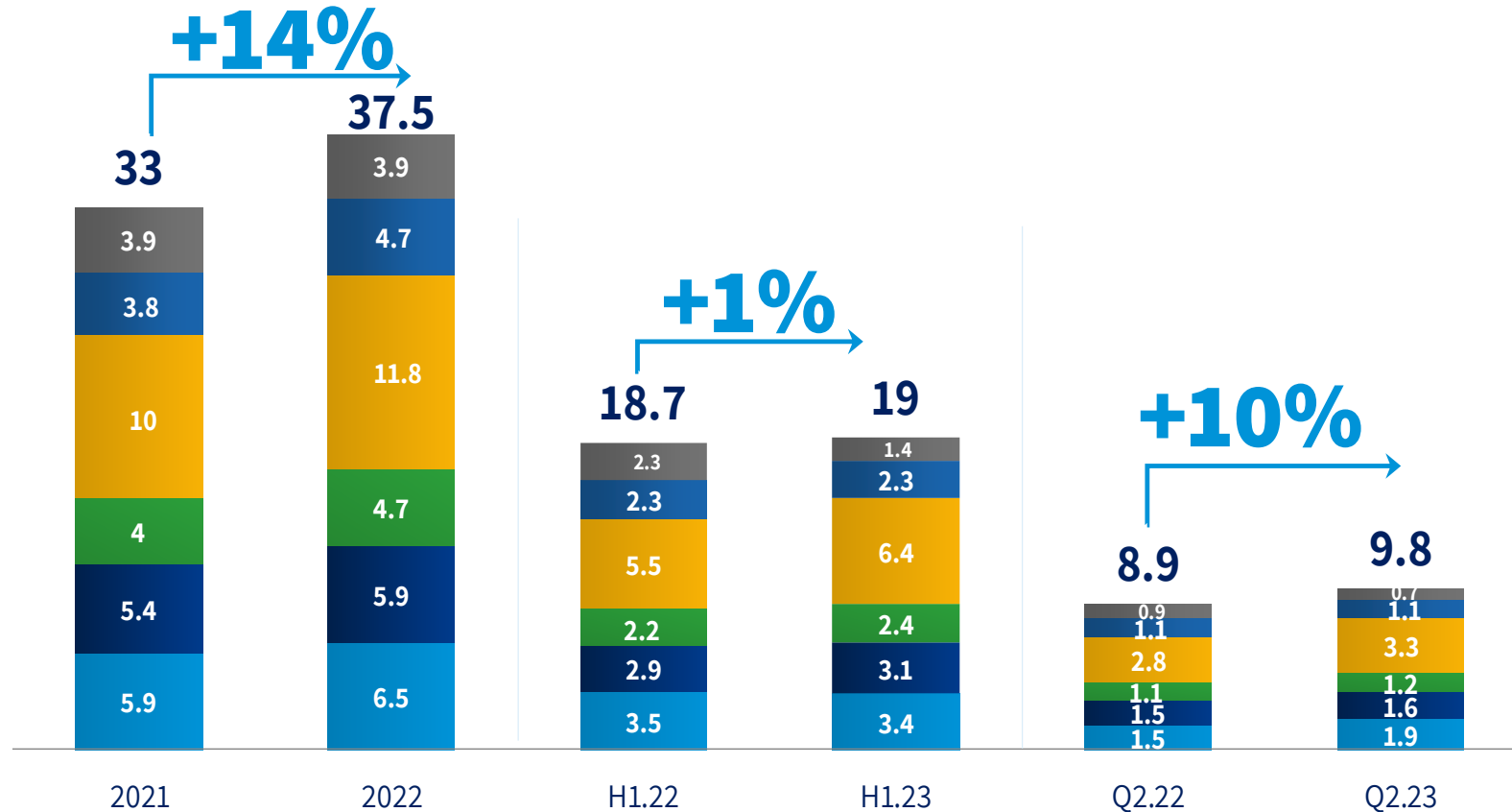
UNDERWRITING IMPROVEMENT IN HEALTH

Mainly in group policies and cover for medications, due to inclusion of additional medications in the health services basket. Q2.23 results in LTC were impacted by a decline of the risk-free interest curve and decline in illiquidity premium*

* And additional effects including changes in the difference between the fair value and book value of the non-marketable assets and actuarial changes in the corresponding quarter last year.

CONTINUOUS ACTIVITY GROWTH

Gross Earned Premiums, Benefit Contributions And Amounts Received For Investment Contracts (NIS bn)



H1.23 vs. H1.22:

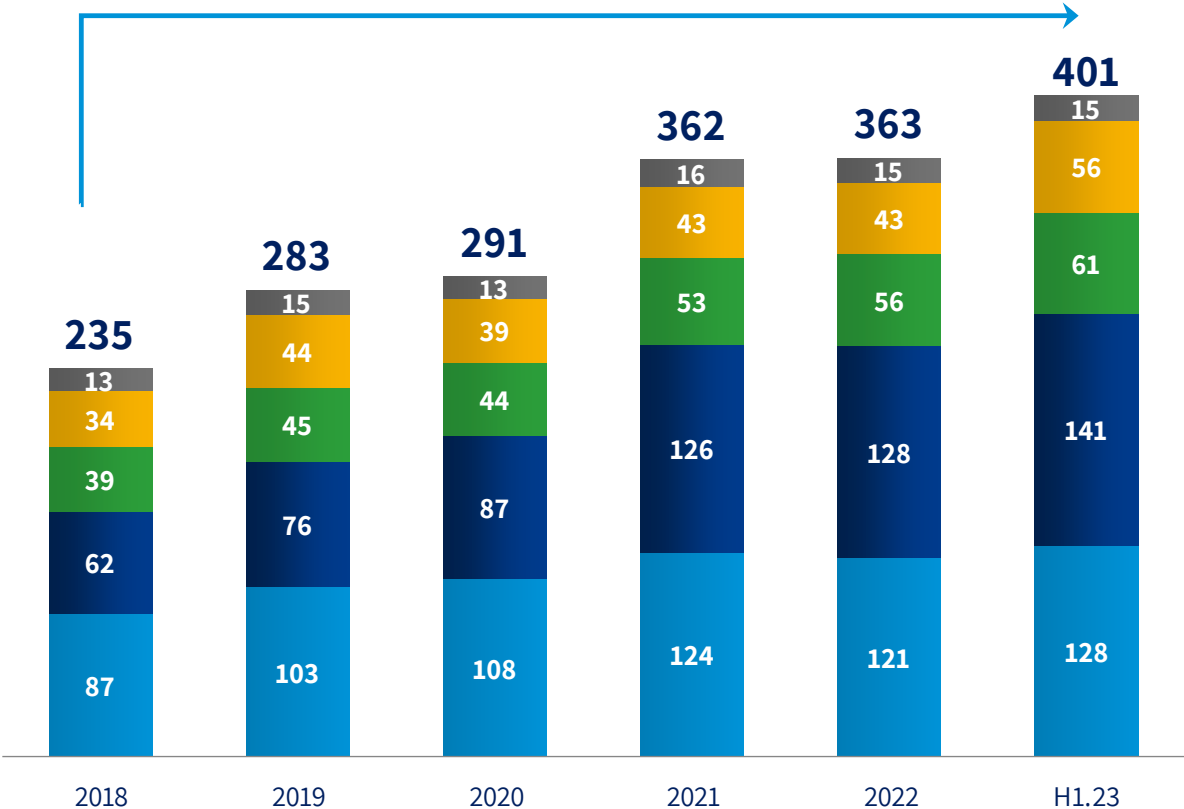
Pension and Provident Deposits	+12%
Health Insurance	+10%
Non Life Insurance	+7%
Life Assurance	(4%)

■ LIFE ASSURANCE
 ■ NON-LIFE INSURANCE*
 ■ PROVIDENT FUND CONTRIBUTIONS

*Including results of overseas insurance segment

■ HEALTH INSURANCE
 ■ PENSION FUNDS CONTRIBUTIONS
 ■ AMOUNTS RECEIVED FOR INVESTMENT CONTRACTS

ABOVE NIS 400 BILLION AUM



■ INSURANCE
 ■ PENSION FUNDS
 ■ PROVIDENT FUNDS
 ■ MUTUAL FUNDS
 ■ PORTFOLIO MANAGEMENT AND OTHER*

*Including financial assets issued by the group and managed in portfolios

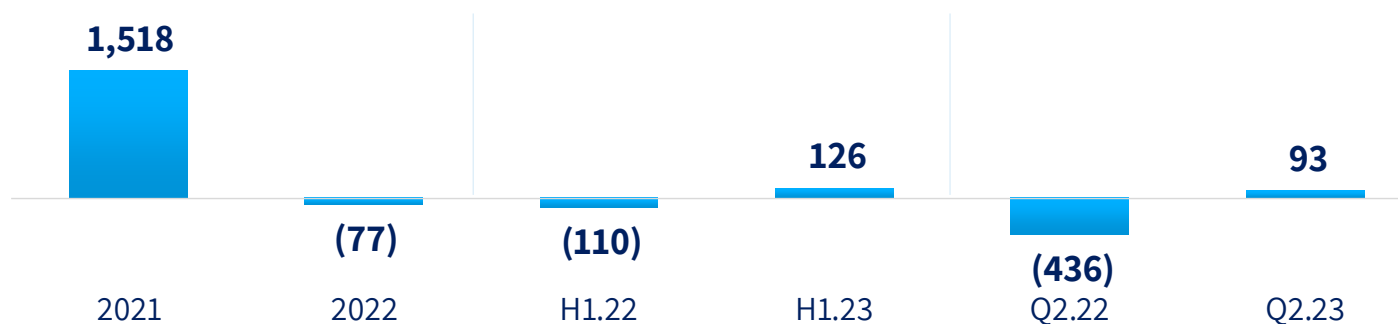
Continuous Growth in AUM

+71%
since 2018

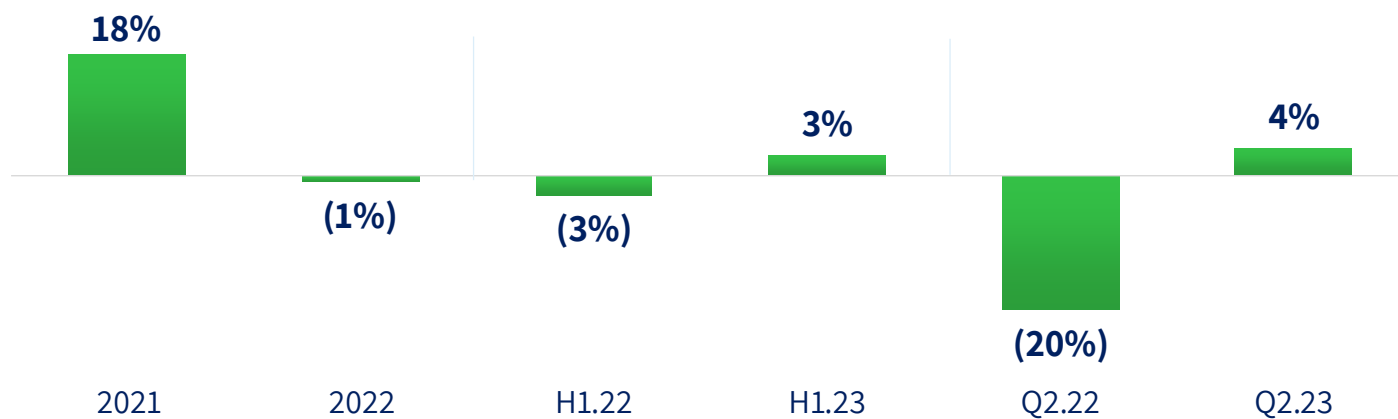


SHIFTING TO PROFITABILITY IN Q2.23 AND IN H1.23

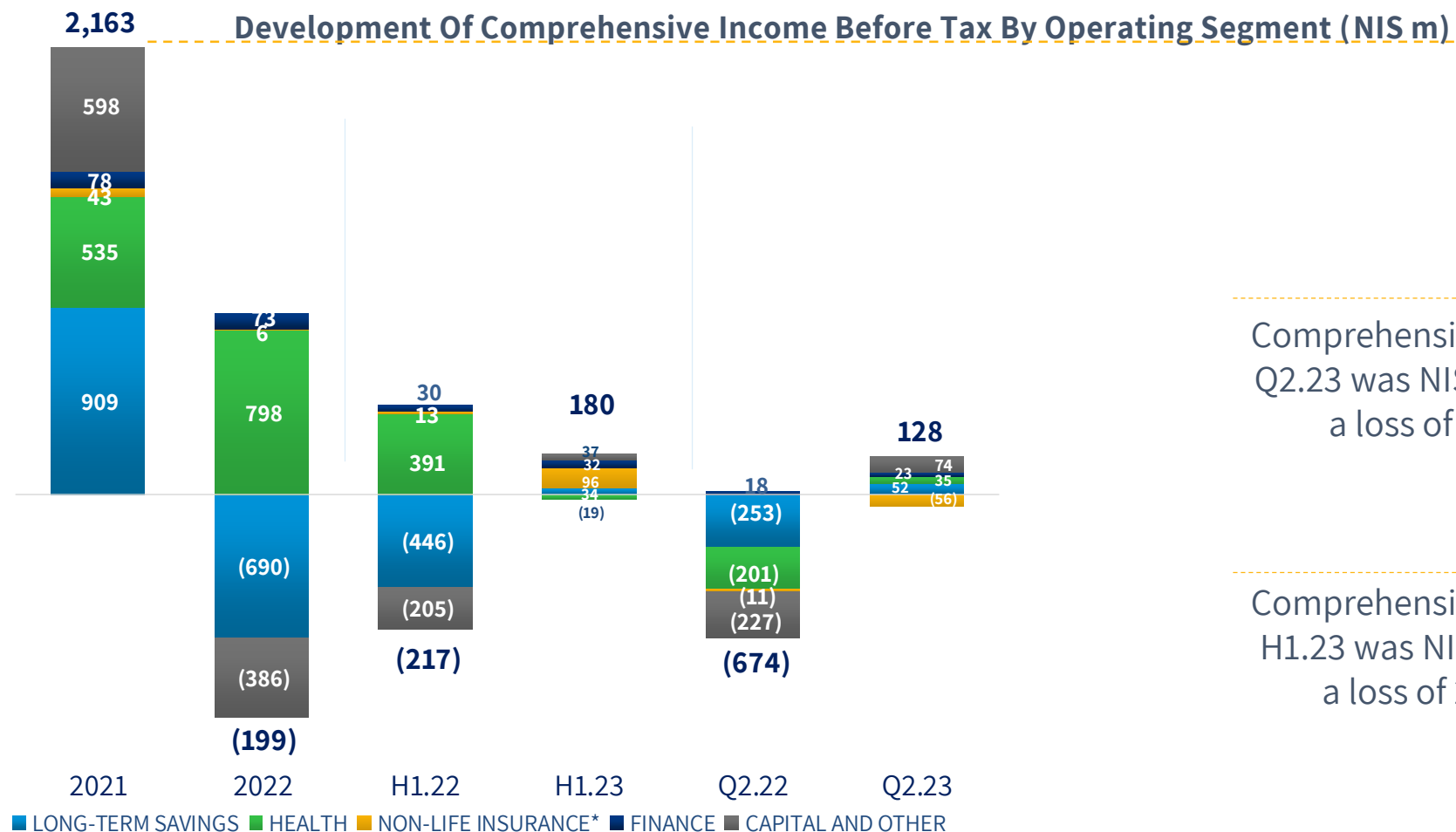
Comprehensive Income (Loss) After Tax Attributed To The Shareholders (NIS m)



Return on Equity (In Annual Terms)



COMPREHENSIVE INCOME BEFORE TAX



*Including results of overseas insurance segment

Q2.23

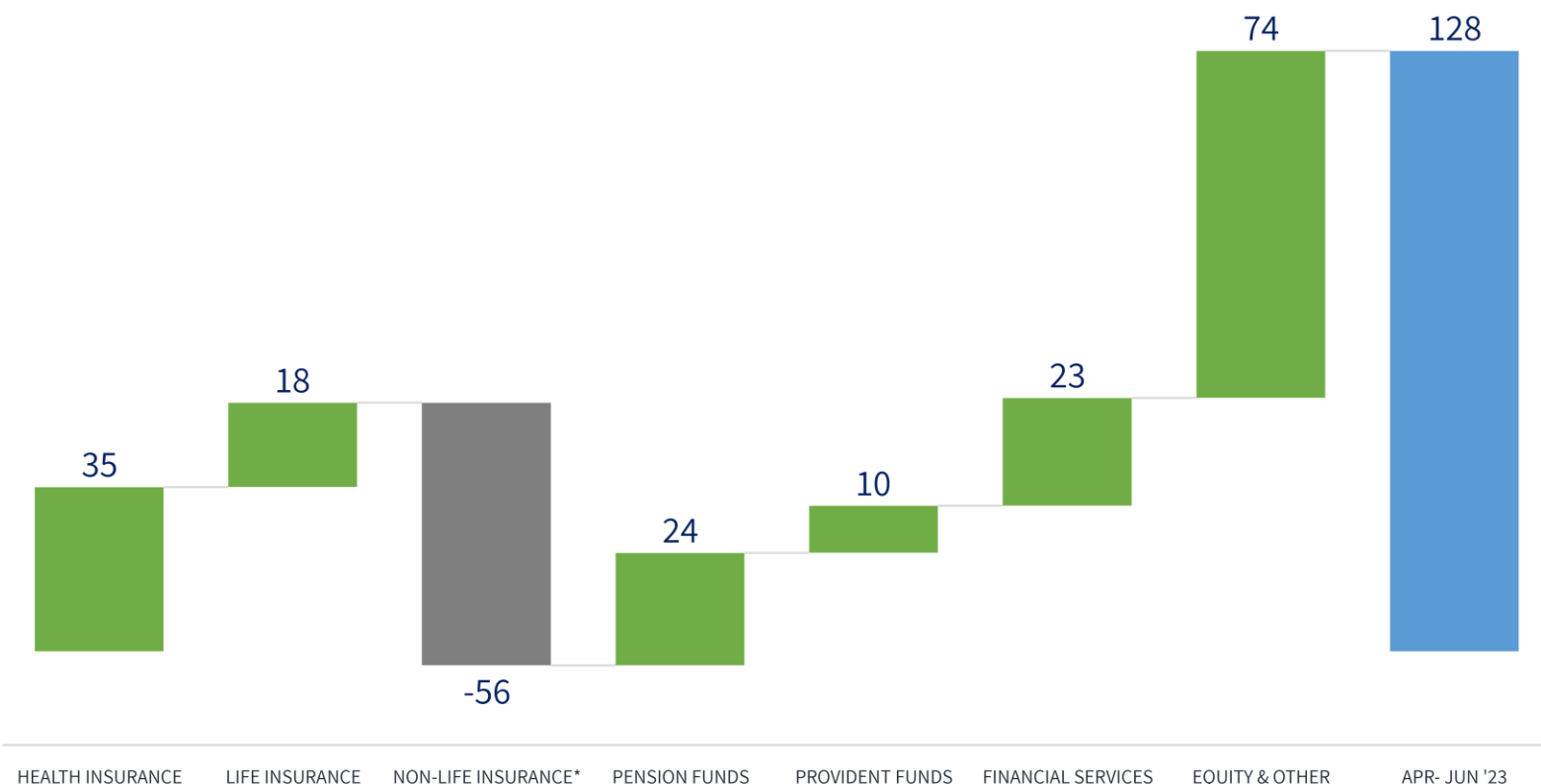
Comprehensive Income Before Tax in Q2.23 was NIS 128 m, compared with a loss of NIS 674 m in Q2.22

H1.23





Comprehensive Income Before Tax in H1.23 was NIS 180 m compared with a loss of 217 million in H1.22

KEY DRIVERS OF Q2.23 PROFIT

Composition Of Comprehensive Income Before Tax (NIS m)



*Including results of overseas insurance segment

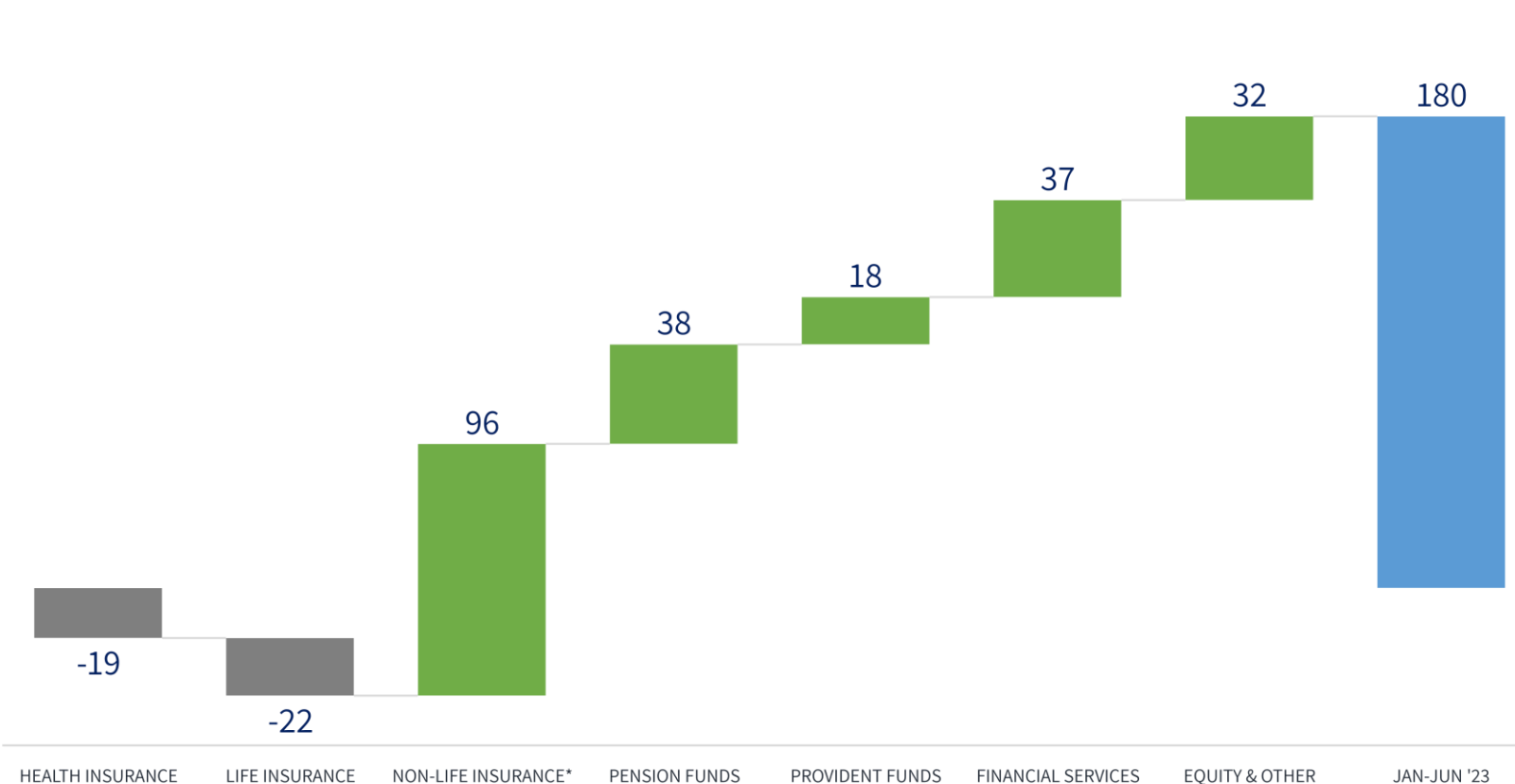
-  Improved real yields in Nostro portfolio compared with corresponding period in 2022
-  Provision for impairment of real estate assets abroad amounted to NIS 111 m, affecting the real yields
-  Underwriting improvement in motor property, group policies and medications cover in the health segment, partially offset by increase in amounts of ambulatory care claims
-  Changes in the risk-free interest curve and a decrease of the illiquidity premium** led to an increase of the non-life and in health liabilities totaled NIS 104 million before tax.

*Including results of overseas insurance segment

**And additional effects including changes in the difference between the fair value and book value of the non-marketable assets in the corresponding quarter last year.

KEY DRIVERS OF H1.23 PROFIT

Composition Of Comprehensive Income Before Tax (NIS m)



*Including results of overseas insurance segment

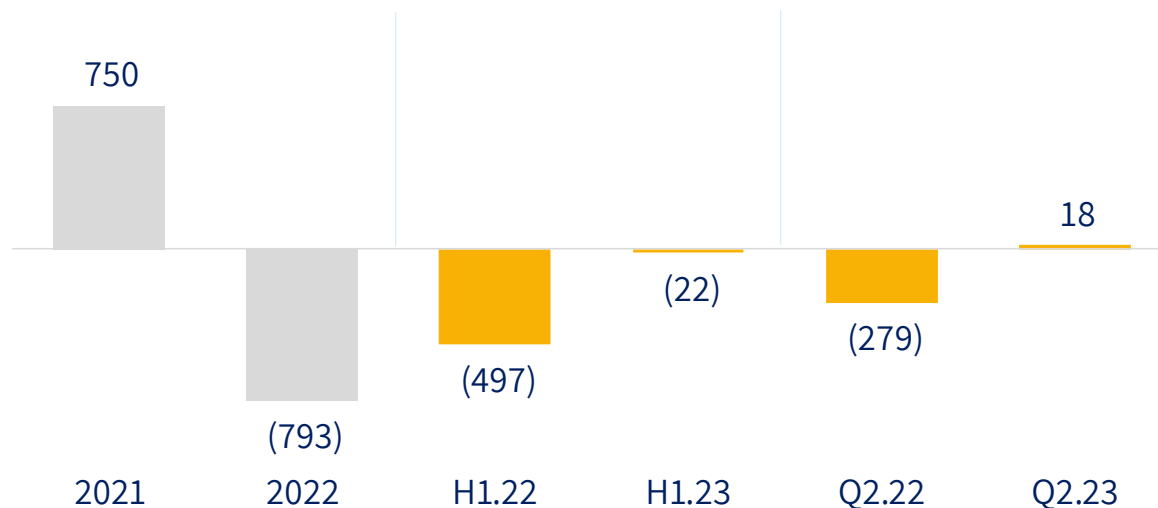
- Improved real yields in Nostro portfolio compared with corresponding period in 2022
- Provision for impairment for real estate assets abroad amounted to NIS 111 m, affecting the real yields
- Underwriting improvement in compulsory motor and motor property, group policies and medications cover in the health segment, partially offset by increase in ambulatory care claims amount
- Changes in the risk-free interest curve and a decrease of the illiquidity premium** led to decrease in non-life and health liabilities totaled NIS 82 million before tax

*Including results of overseas insurance segment

**And additional effects including changes in the difference between the fair value and book value of the non-marketable assets in the corresponding quarter last year.

LIFE ASSURANCE | IMPROVED YIELDS LED TO IMPROVED PROFITABILITY

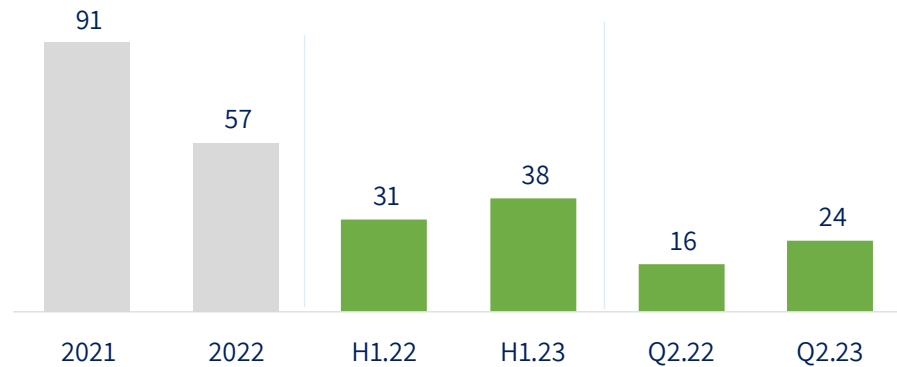
Life Assurance: Profit (Loss) Before Tax (NIS m)



- In H1.23 premiums amounted to NIS 3.4 billion, down 3.6% compared with the corresponding period last year, due to a decrease of non-recurring deposits
- The improved profitability in Q2.23 and H1.23 is mainly attributable to improved real Nostro yields
- Variable management fees are still not collected due to negative yields on profit-sharing policies. The estimate for management fees that are not collected was NIS 308 million as of Q2.23 report publication date, compared with NIS 415 million at December 31, 2022.

PENSION AND PROVIDENT | CONTINUOUS GROWTH IN AUM

Pension: Profit Before Tax(NIS m)

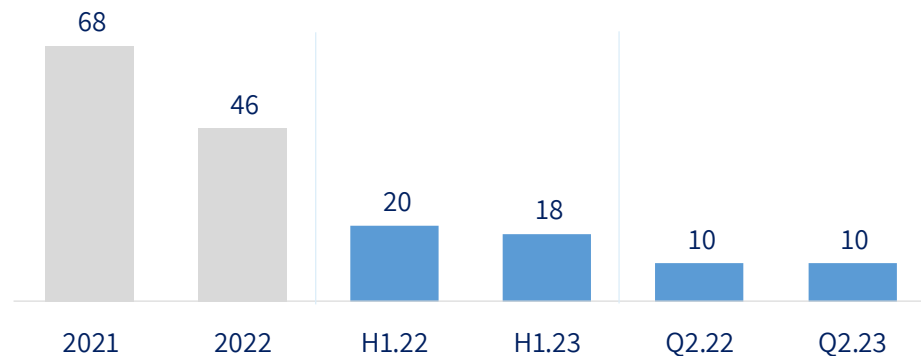


141 NIS bn
AUM
+10% from YE22

Pension:

Continuous growth in AUM. In H1.23 Benefit contributions increased by 17% compared with H1.22 and amounted to NIS 6.4 bn

Provident: Profit Before Tax(NIS m)



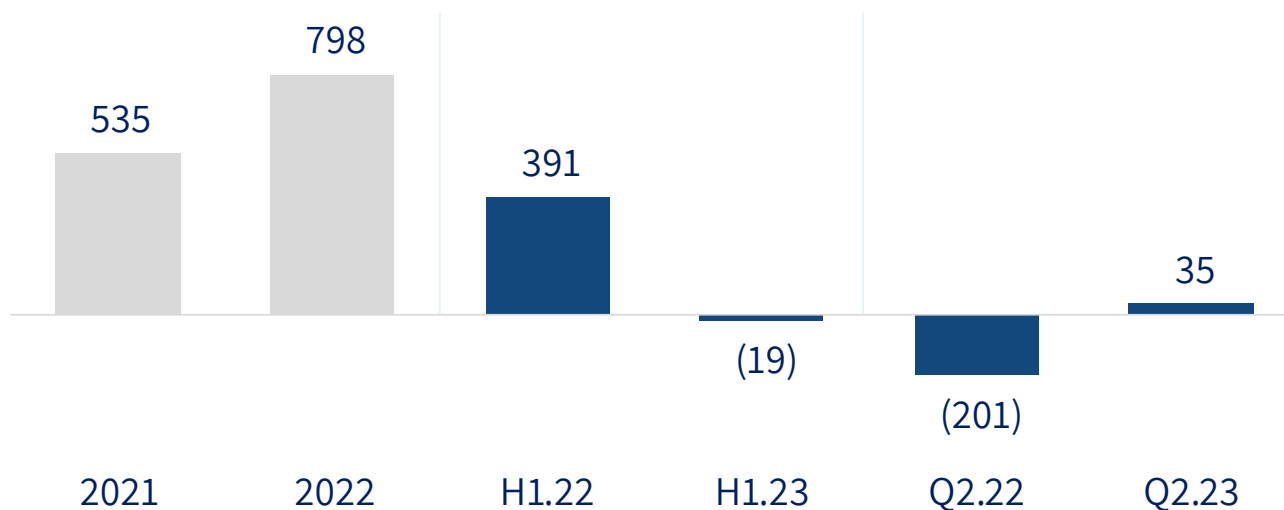
61 NIS bn
AUM
+8.7% from YE22

Provident:

AUM continued to grow, benefit contributions amounted to NIS 2.3 billion in H1.23, similar to H1.22

HEALTH | UNDERWRITING IMPROVEMENT IN GROUP POLICIES AND MEDICATION COVER

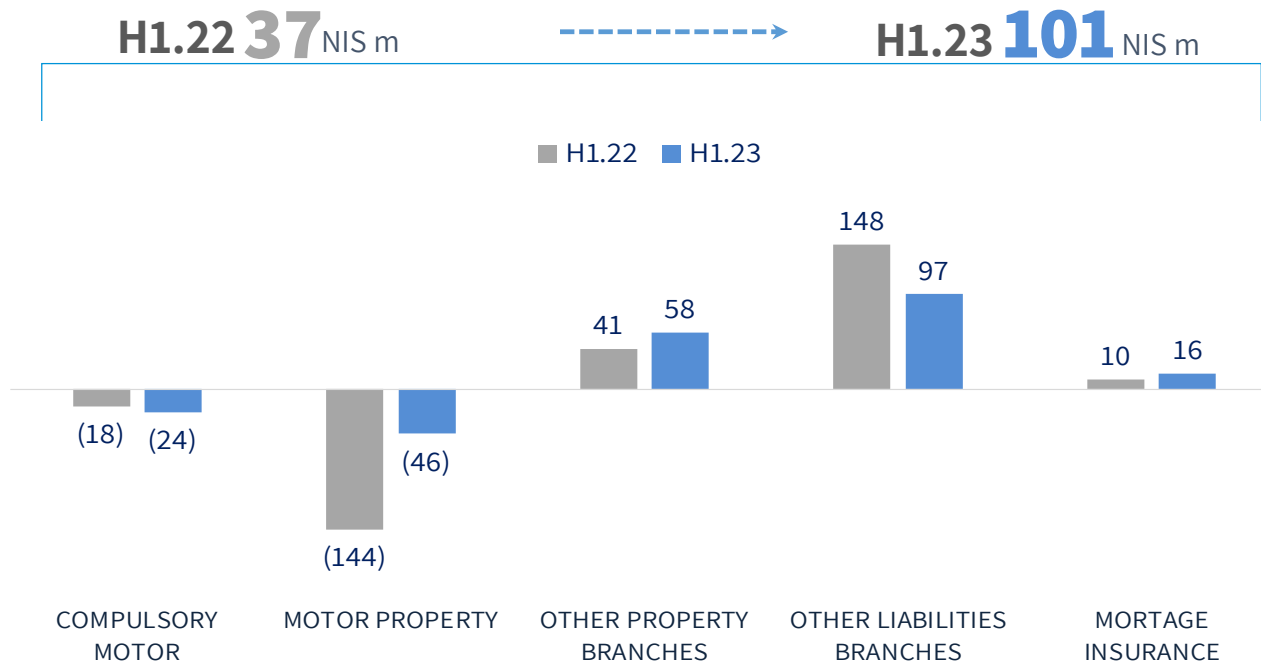
Health Insurance : Profit (Loss) Before Tax (NIS m)



- In H1.23 premiums grew by 9.7% to NIS 3.2 billion, compared with H1.22
- Q2.23 profitability was impacted by improved underwriting in group policies and in medications cover as additional medications were included in the health services basket. This was partially offset by an increase in the number of claims in ambulatory care cover
- In Q2.23 changes in the risk-free interest curve and decrease of the illiquidity premium* resulted in a NIS 54 million increase of the LTC sector insurance liabilities
- H1.22 profitability was positively affected by a significant decrease of 764 million in the LTC sector liabilities, due to sharp increase of the risk-free interest curve, including an increase in illiquidity premium*

NON-LIFE | UNDERWRITING IMPROVEMENT IN MOTOR

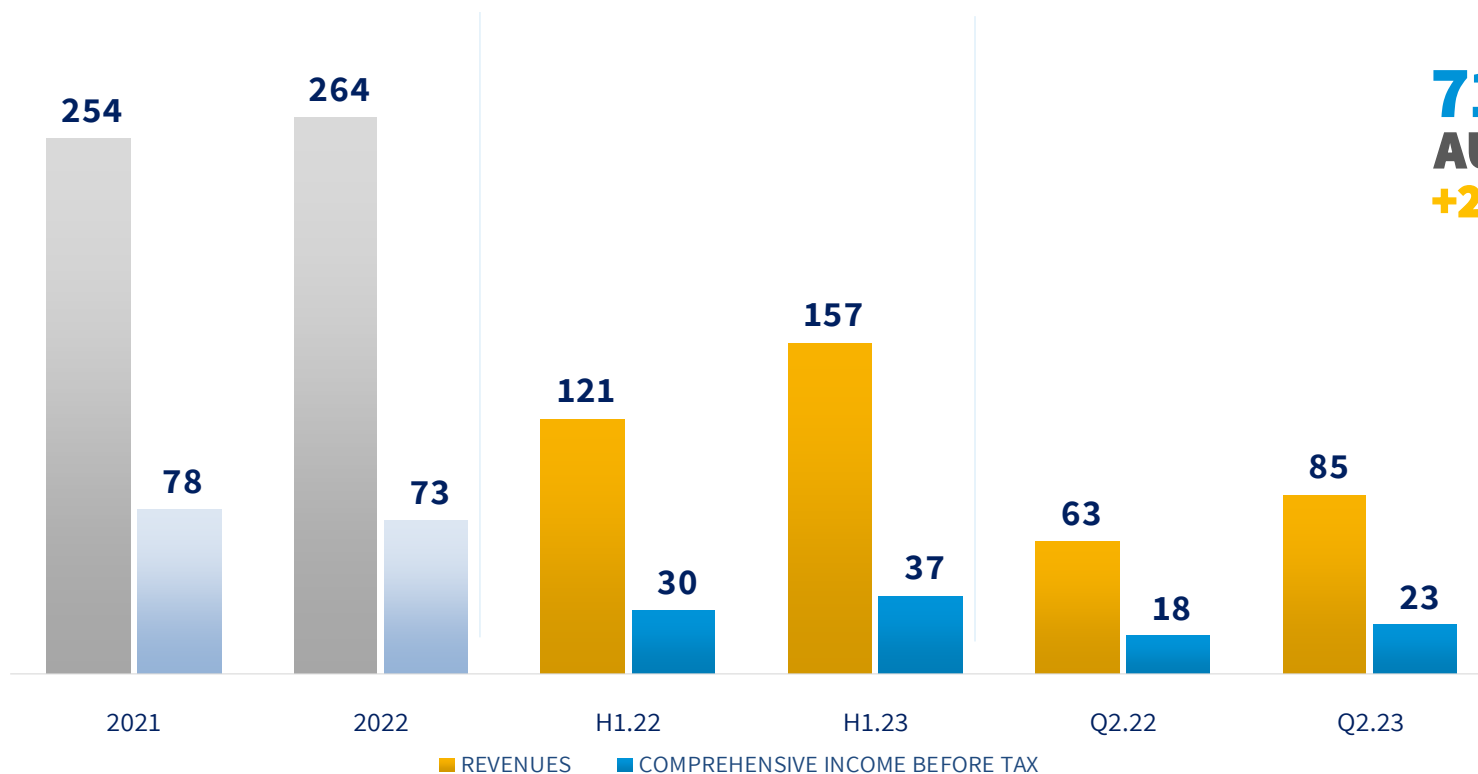
Non-Life Insurance : Profit (Loss) Before Tax (NIS m)



- In H1.23 premiums grew 6.9% to NIS 2.4 billion compared with the corresponding period last year
- **H1.23 underwriting improvement: In compulsory motor** was due to the portfolio optimization and decrease in average cost of claim. In **motor property** was due to an increase in average premium and reduction in premium deficiency provision
- In H1.23 total impact of changes in the risk-free interest curve and decrease of the illiquidity premium* resulted in a decrease of NIS 136 million in insurance liabilities compared with decrease of NIS 385 million in H1.22
- Compulsory motor: in H1.23 total impact of changes in the risk-free interest curve and decrease of the illiquidity premium* resulted in a decrease of NIS 33 million in insurance liabilities compared with decrease of NIS 125 million in H1.22

FINANCIAL SERVICES | GROWTH IN AUM, REVENUES AND PROFITABILITY

Financial Services: Revenues and Profit Before Tax (NIS m)



71 NIS bn
AUM
+22% from YE22

56 NIS bn
Mutual Funds
+30.8% from YE22

15 NIS bn
Portfolio Management and Other*
-2.7% from YE22

Growth in Mutual Funds AUM is largely attributed to growth in Money Market Funds

*Including financial assets issued by the Group and managed in portfolios, in the amount of NIS 4.2 billion, NIS 4.4 billion and NIS 4.3 billion at June 30, 2023, June 30, 2022 and December 31, 2022, respectively

EQUITY AND DIVIDENDS

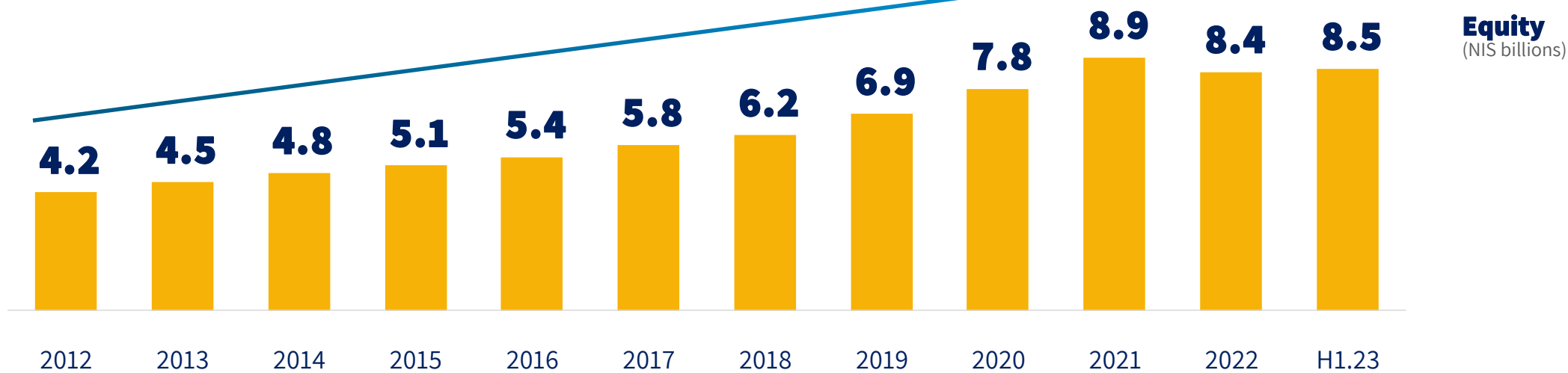
Dividend Policy

35%

From annual profit in Harel Insurance

30%

From annual profit in Harel Investments



2.9
NIS BN

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	H1.23
Dividend (incl. shares buyback) (NIS millions)	64	308	320	235	171	461	214	236	-	397	474	30
Dividend yield (incl. Shares buyback) (In %)	2	8	8	6	6	10	4	4	-	6	6	0.4

Dividend (incl. shares buyback)
(NIS millions)

Dividend yield (incl. Shares buyback)
(In %)

As of the date of Q2.23 results publication, the company completed about 45% from its share buyback program, announced last year

CAPITAL SURPLUS | HAREL INSURANCE

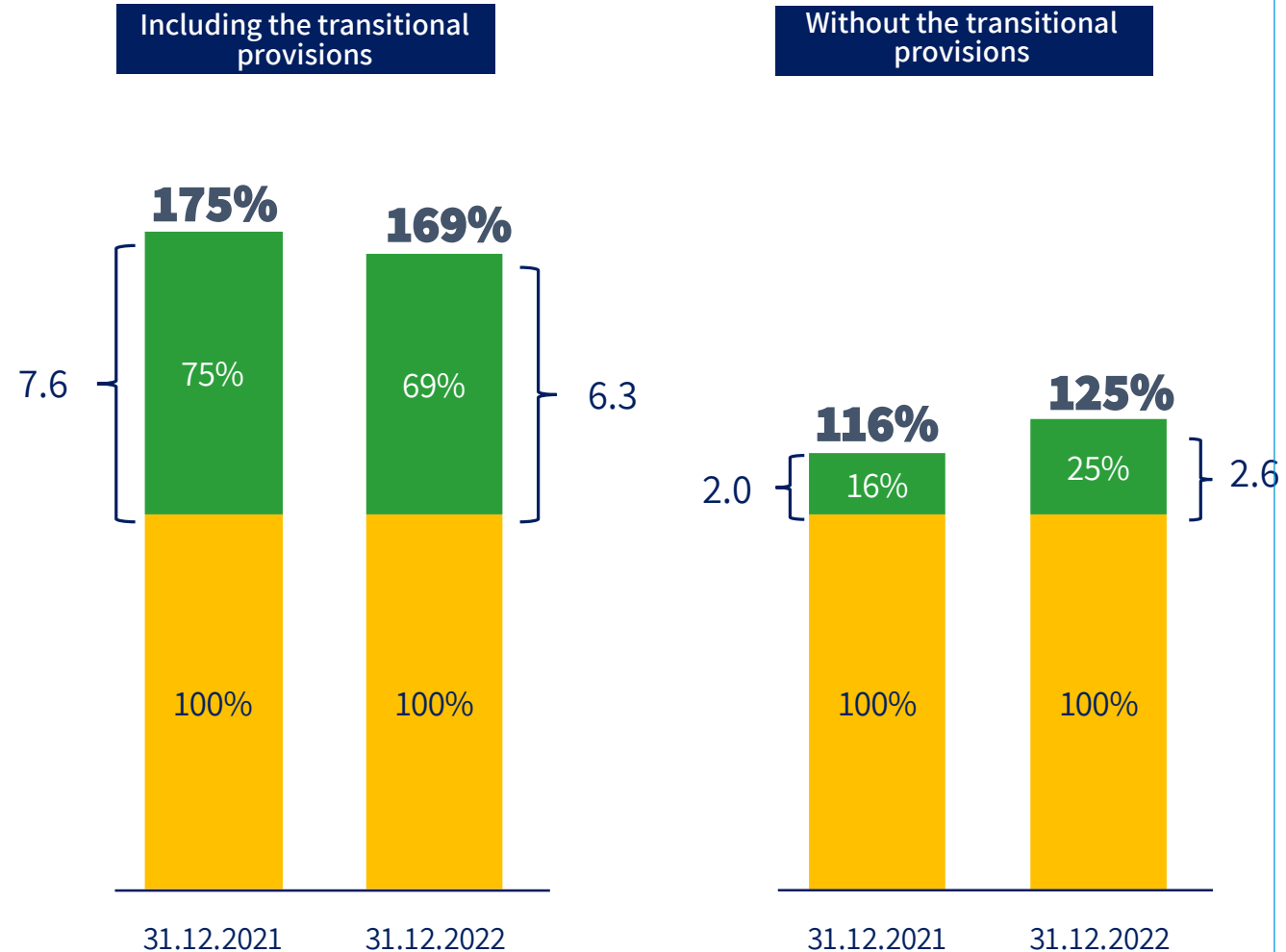
Harel Insurance is governed by a Solvency II based economic solvency regime

In accordance with the Commissioner's directives, the economic solvency ratio at December 31, 2022, was published on May 29, 2023

The capital surplus of Harel Insurance at December 31, 2022, including the transitional provisions, is NIS 6.3 billion and 169% compared with December 31, 2021, when the ratio was 175%

The capital surplus of Harel Insurance at December 31, 2022, without the transitional provisions, is NIS 2.6 billion and 125%, an increase of 9% compared with December 31, 2021, when the ratio was 116%

The model in its current format is extremely sensitive to changes in market and other variables, such as changes in the interest rate, changes in investment income, revised actuarial assumptions and changes relating to the activity of Harel Insurance

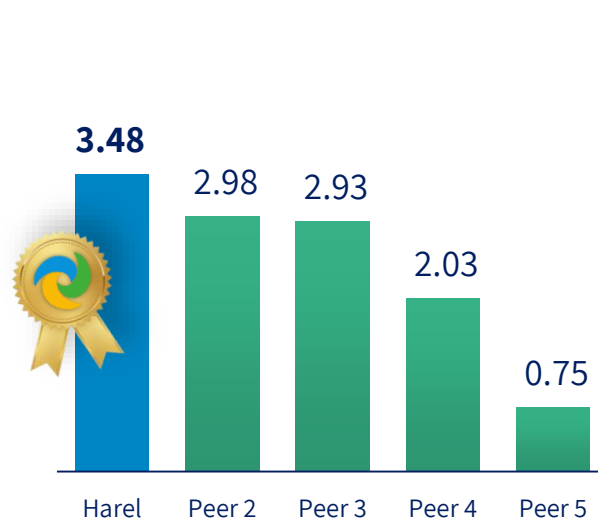


In June 2023, Harel Insurance Board of Directors approved a dividend of NIS 450 million, which was distributed in July 2023.

SOLVENCY AND ECONOMIC VALUE | LEADING THE INSURANCE MARKET

VNB To New Business Premium

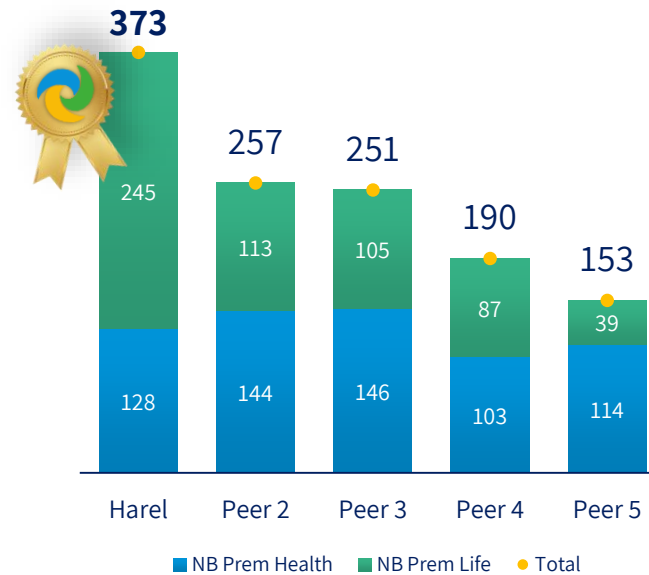
(December 2022, NIS bn)



Harel Insurance has the highest VNB to new business premiums among the Israeli peers

Annualized New Business Premium

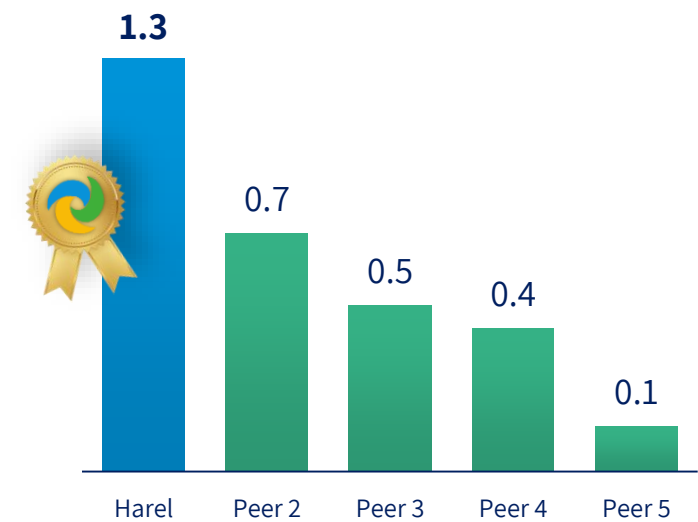
(December 2022, NIS m)



Harel Insurance has the highest annualized new business premiums among the Israeli peers

VNB**

(December 2022, NIS bn)



Harel Insurance has the highest VNB among the Israeli peers

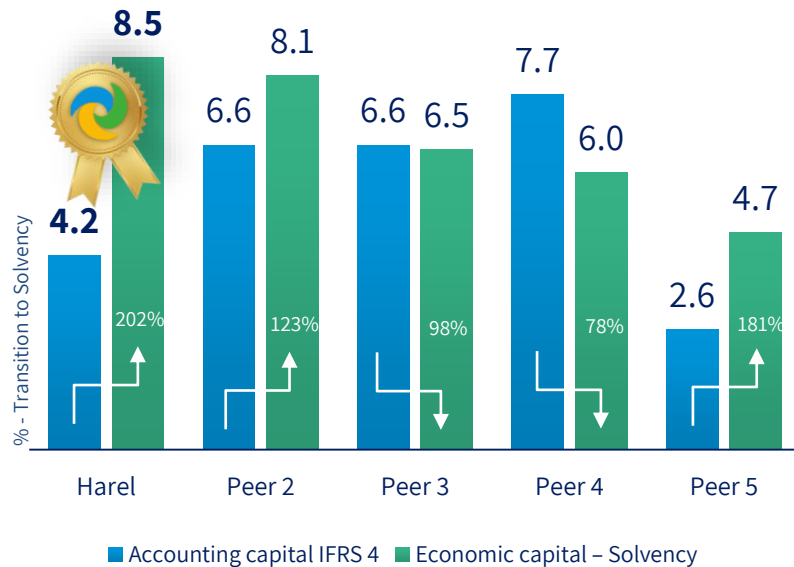
* Source of data [EY InsurTool](#). The data presented regarding the other companies were not reviewed independently by the Company, and the Company is therefore not responsible for their correctness.

** VNB - economic value of new business in health and life assurance products

SOLVENCY AND ECONOMIC VALUE | LEADING THE INSURANCE MARKET

Equity I Basic Tier 1

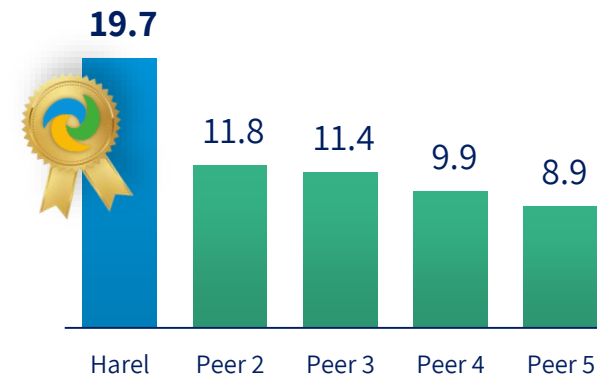
(December 2022, NIS bn)



Harel Insurance has the highest gap between economic and accounting capital among the Israeli peers

VIF**

(December 2022, NIS bn)



Harel Insurance has the highest VIF among the Israeli peers

* Source of data [EY InsurTool](#). The data presented regarding the other companies were not reviewed independently by the Company, and the Company is therefore not responsible for their correctness.

** VNB - economic value of the Company's in health and life assurance products

In June 2023, Harel Insurance Board of Directors approved a dividend of NIS 450 million, which was distributed in July 2023.

OUR GLOBAL PARTNERS





**THANK
YOU**

