



# Investor Presentation

Q1.2025

29.05.2025



# Agenda

**Key messages**

Results overview

Strategy

Appendix



# Largest insurance and finance group in Israel

## Comprehensive Income

To shareholders, NIS M

**543**

↑ 106% QoQ

Q1.25

## ROE

**22%**

12% Q1.24

Q1.25

## Shareholders' Equity

NIS B

**10.4**

31.3.25

## S&P Maalot

**iIAA+/Stable**

Harel Insurance

Midroog

**Aa1.il stable**

Harel Insurance

**Aa2.il stable**

Harel Investments

Maala CSR

**Platinum Plus**

Harel Investments

## Premiums and Deposits\*

NIS B

**10.7**

↑ 7.4% QoQ

Q1.25

## AUM

NIS B

**514**

↑ 0.4% vs 31.12.24

31.3.25

## Solvency Capital Ratio

Including transitional measures  
After Additional Tier 1 issuance

**182%**

31.12.24

# Key Messages

Comprehensive income after tax was NIS 543 M, and ROE was 22% in Q1 2025. Continuous premiums and AUM growth

Profit from insurance business was NIS 680 M, of which underwriting profit (insurance service result) was NIS 543 M and NIS 178 M was net investments and finance income

NIS 543 M underwriting profit, is driven by NIS 482 M CSM and RA release in life and health insurance and NIS 69 M non-life insurance underwriting profit

Continued value creation from new business: CSM from new business in growth products\* in Q1.25 was NIS 409 M, whereas total CSM release was NIS 400 M

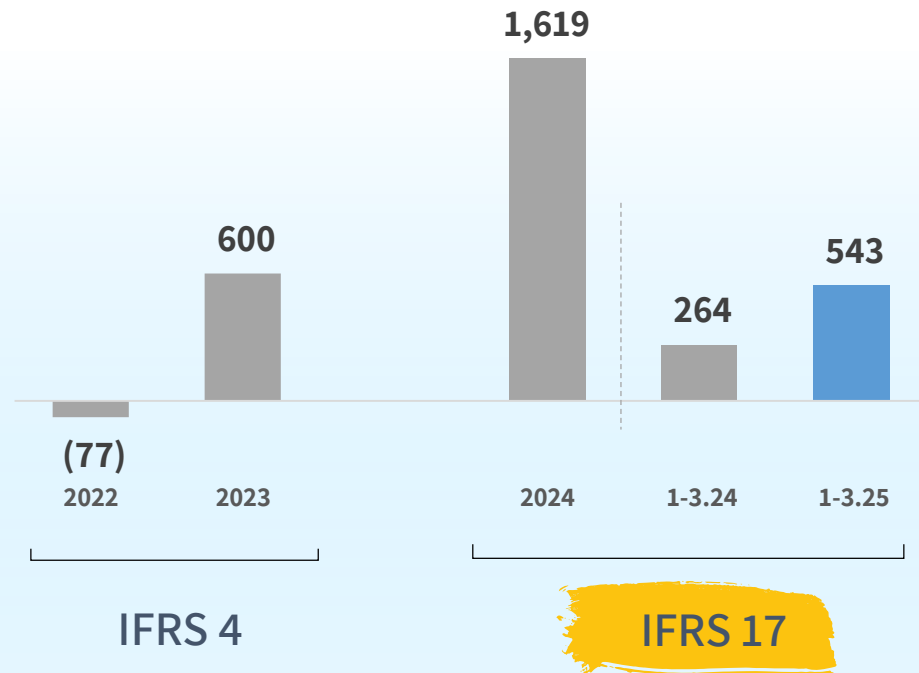
The increase in comprehensive income in the quarter compared with the corresponding quarter last year is attributable to the growth of underwriting profit and the positive effect of the interest rate curve increase

Solvency Capital Ratio including transitional measures at December 31, 2024 was 182% compared with 168% at December 31, 2023, taking into account additional Tier-1 capital issued after the report date

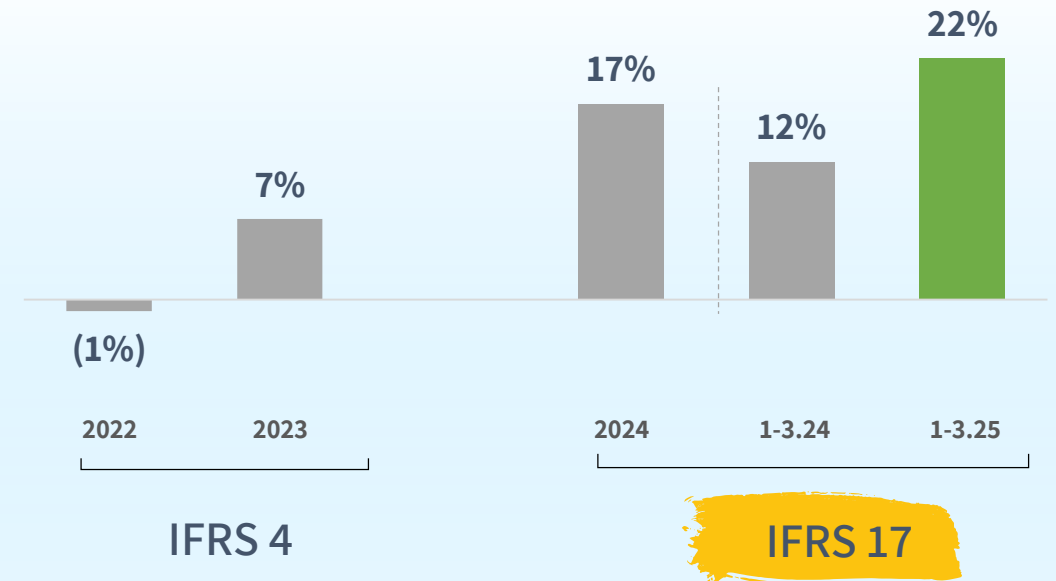
\*risk of death, medical expenses, critical illness – products the Company continues to market

# Increase in comprehensive income and ROE

Comprehensive income attributed to shareholders  
NIS M after tax



ROE



# Most of the CSM balance is comprised from growth products that the Company continues to market

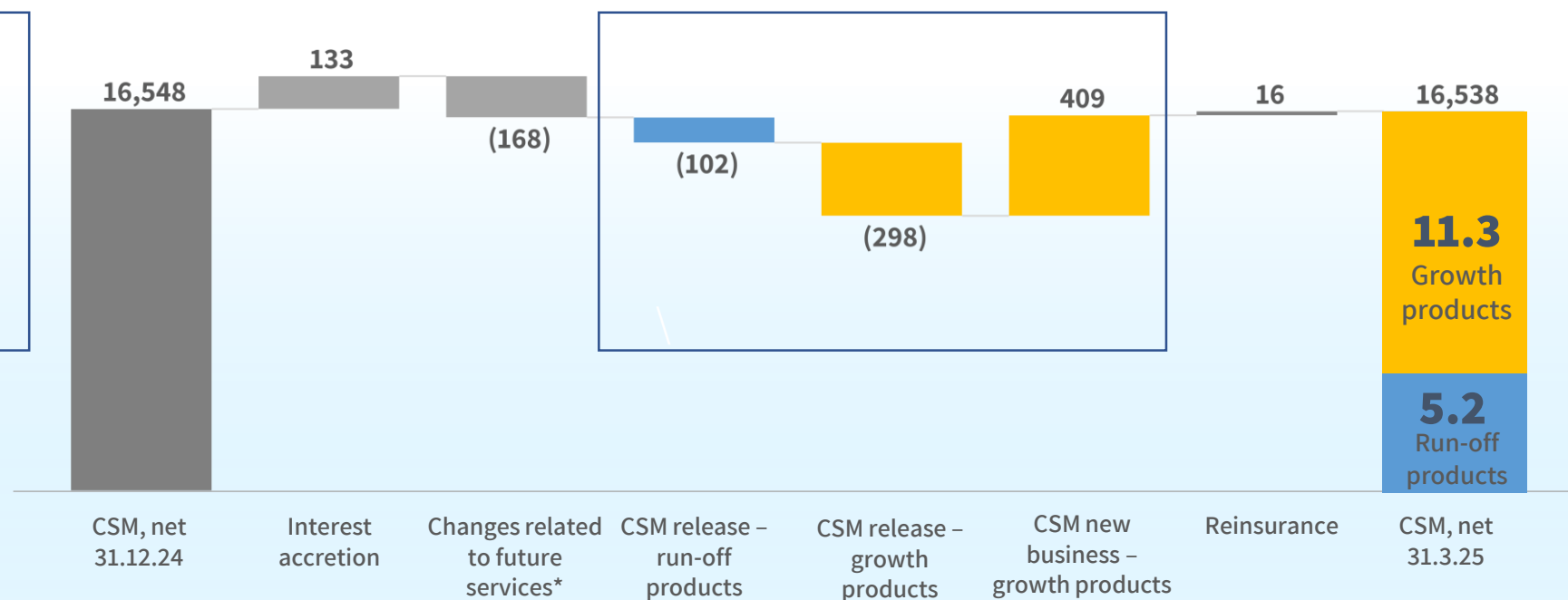
Change in CSM balance during Q1.25 NIS M/B

CSM new business to CSM release –  
growth products

**137%**

CSM new business to CSM release

**102%**



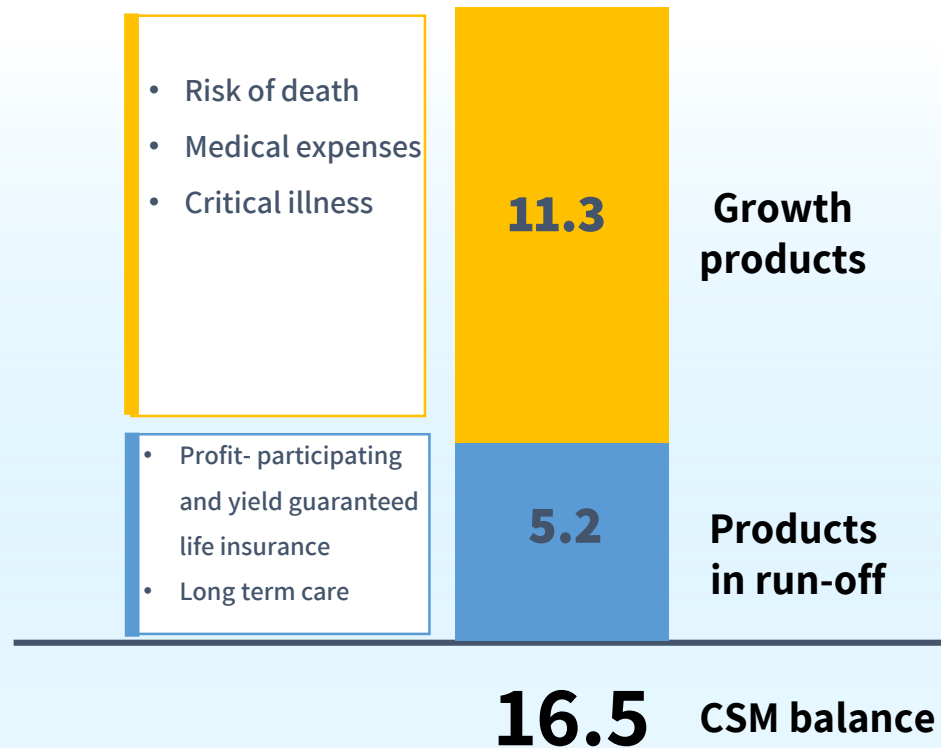
**Growth products:** risk of death, medical expenses and critical illness – products the Company continues to market

**Run-off products:** Profit participating and yield guaranteed life insurance, LTC – products the Company no longer markets

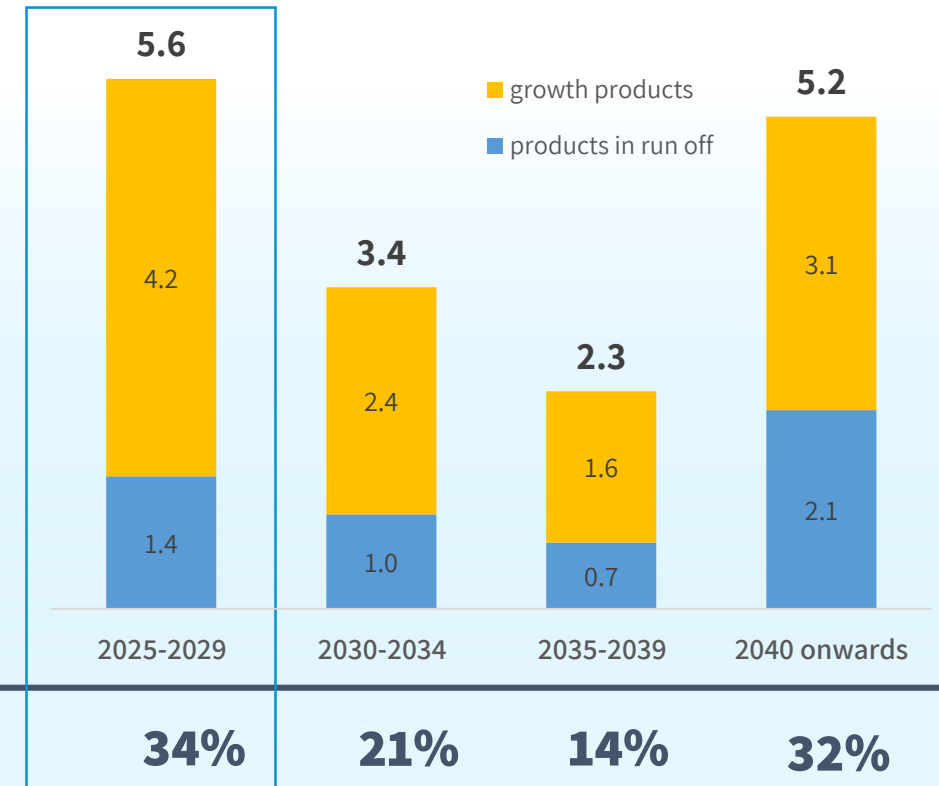
\*Changes related to future services also include experience adjustments (A/E) and financial assumptions in contracts measured under the VFA model.

# 34% of the CSM balance – NIS 5.6 B - expected to be released to profit within 5 years

CSM composition by products as of 31.3.25  
NIS B

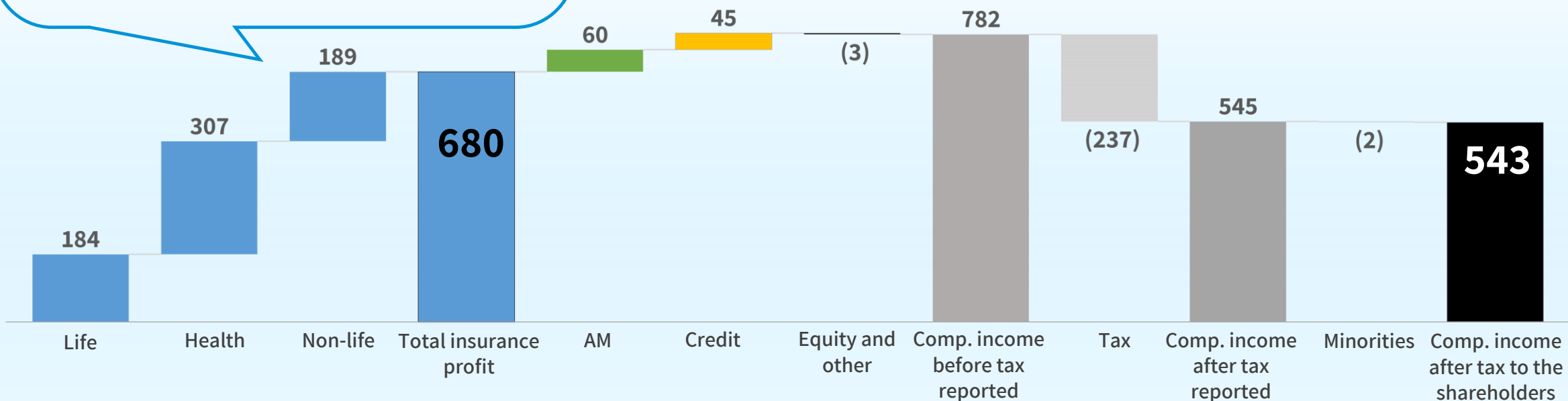


Estimate of CSM balance release  
NIS B



# Comprehensive income by business lines Q1.25 NIS M

NIS M	Q1.25	Q1.24
CSM release	400	389
RA release	82	84
Other*	34	57
Reinsurance	(42)	(88)
Non-life, net	69	25
<b>Underwriting profit (insurance service result)</b>	<b>543</b>	<b>467</b>
<b>Net investments and finance income (loss)</b>	<b>178</b>	<b>(186)</b>
<b>Operating expenses</b>	<b>(41)</b>	<b>(43)</b>
<b>Total insurance profit</b>	<b>680</b>	<b>238</b>



\*Other: Includes experience adjustments (A/E – actual vs expected) and changes in loss component (LC)



# Agenda

Key messages

**Results overview**

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Appendix

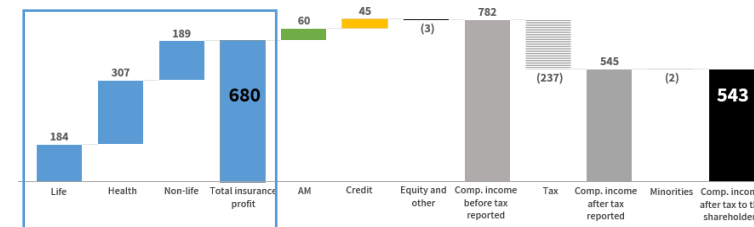


# Analysis of total insurance profit Q1.25 NIS M

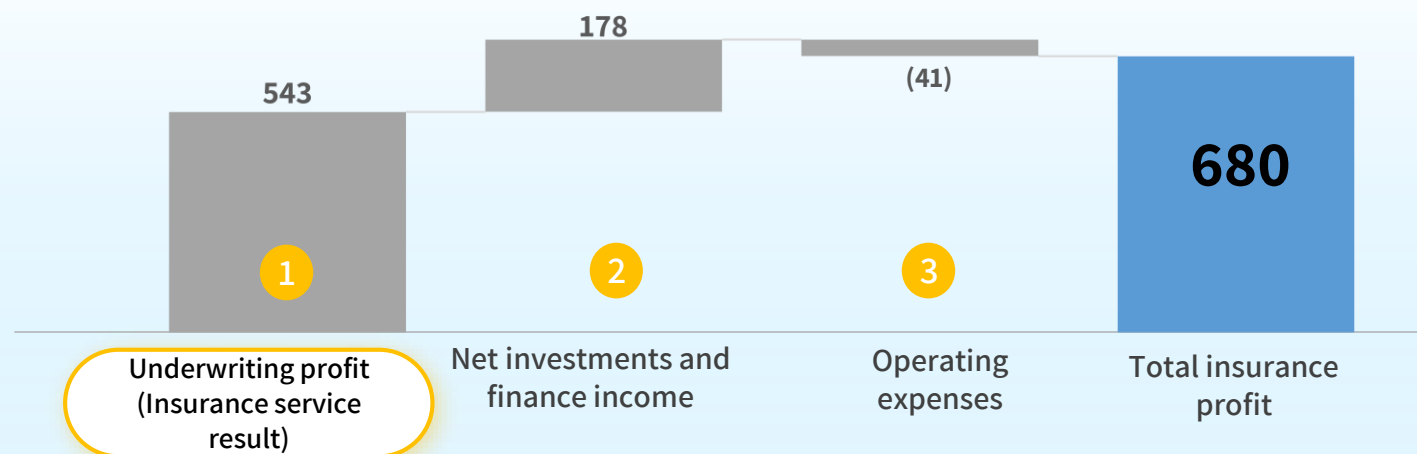
## Total insurance profit includes:

- 1 **Underwriting profit – Insurance service result:** Total underwriting profit from insurance services, including life, health and non-life. Comprised mostly of CSM and RA release in life and health, and underwriting profit from non-life.
- 2 **Net investments and finance income (loss)**
- 3 **Operating income (expenses):** Operating expenses which are not included in fulfillment cashflows for insurance contracts (Non- CSM)

Comprehensive income by business line NIS M



Total insurance profit breakdown NIS M



# Underwriting profit mostly includes CSM and RA release in life and health and profit from non-life insurance

Total insurance profit breakdown NIS M

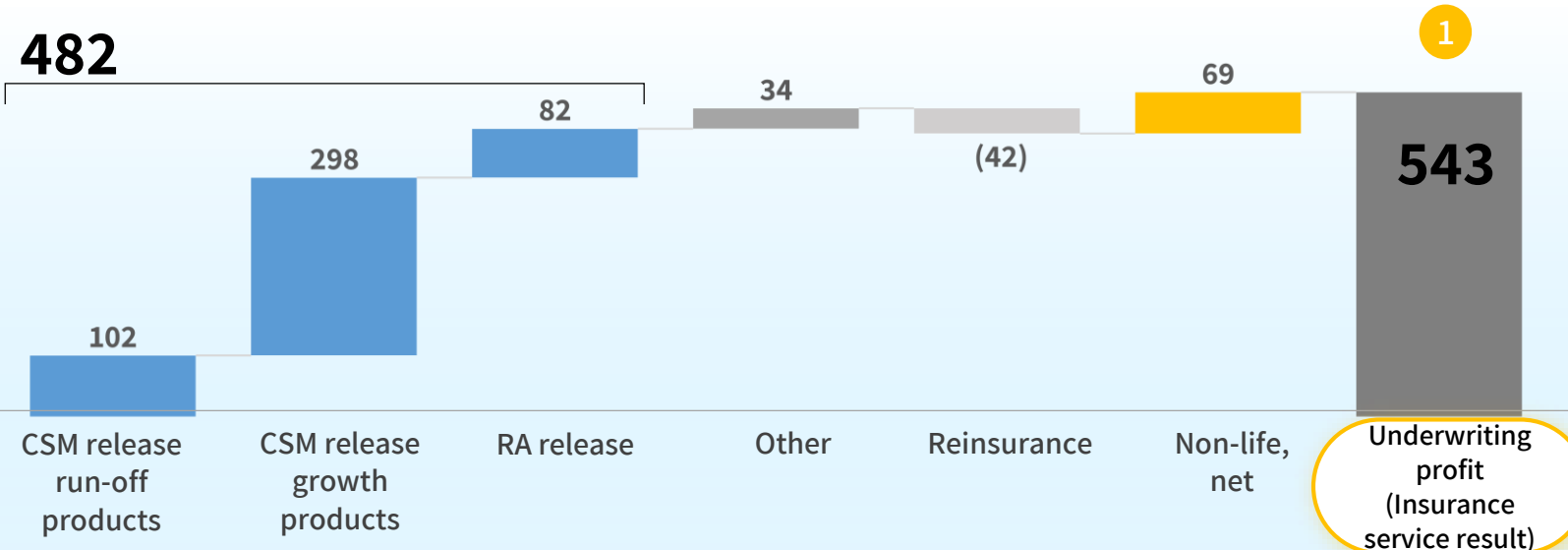


## 1 Underwriting profit – insurance service result:

- **Total CSM + RA release = 482.** CSM and RA are central components of the underwriting profit, with relatively low volatility
- **Run-off products:** Yield guaranteed and profit-participating life insurance and LTC
- **Growth products:** risk of death, medical expenses, critical illness
- **Other:** Includes experience adjustments (A/E – actual vs expected) and changes in loss component (LC)
- **Reinsurance:** refers to the life and health sectors and reflects the reinsurers share in the results
- **Non- life** profit is presented net of reinsurance

See appendix for more detailed definitions

Composition of underwriting profit (insurance service result) NIS M



	CSM release run-off products	CSM release growth products	RA release	Other	Reinsurance	Non-life, net	Underwriting profit (Insurance service result)
Q1.25	102	298	82	34	(42)	69	543
Q1.24	91	298	84	57	(88)	25	467
change	11	0	(2)	(23)	46	44	76

# Impact of interest yield curve change in Q1.25

## 2 Net investments and finance income (loss)

### • Investment income from nostro portfolio

- Nostro returns during the reporting period were positive but lower compared to the corresponding quarter last year

### • Investment income (loss) related to savings policies and investments contracts, net of changes in insurance contracts liabilities due to changes in fair value and in yield component

### • Interest accretion for the time value of money

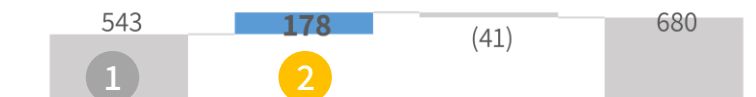
### • Change in yield curve and illiquidity premium

- The yield curve used for calculating insurance liabilities increased during the reporting period. This had a positive net impact of NIS 178 million, compared to the change in the yield curve during the corresponding period last year, which resulted in a negative net impact of NIS 374 million

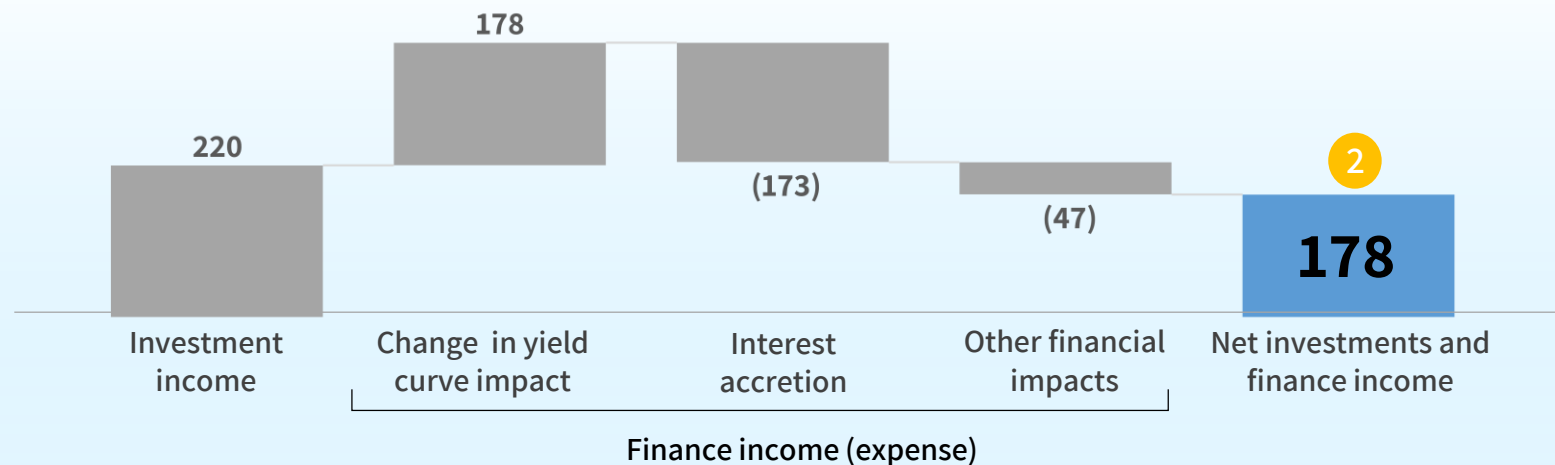
### • Other financial impacts - including inflation impact

See appendix for more detailed definitions

Total insurance profit breakdown NIS M



Composition of net investments and finance income NIS M



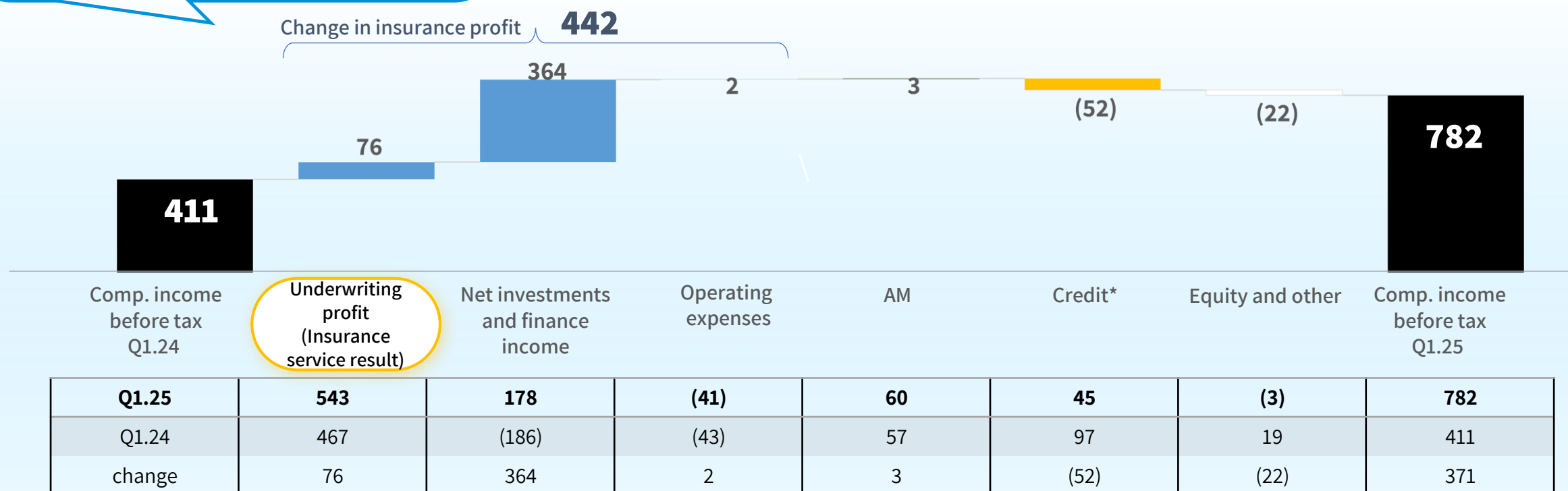
	Q1.25	220	178	(173)	47	178
	Q1.24	479	(374)	(175)	(116)	(186)
	change	(259)	552	2	69	364

# Increase in comprehensive income in Q1.25

## Total insurance profit Q1.25 vs Q1.24

NIS M	Q1.25	Q1.24	change
Health	307	8	299
Life	184	91	93
Non-life	189	139	50
<b>Total</b>	<b>680</b>	<b>238</b>	<b>442</b>

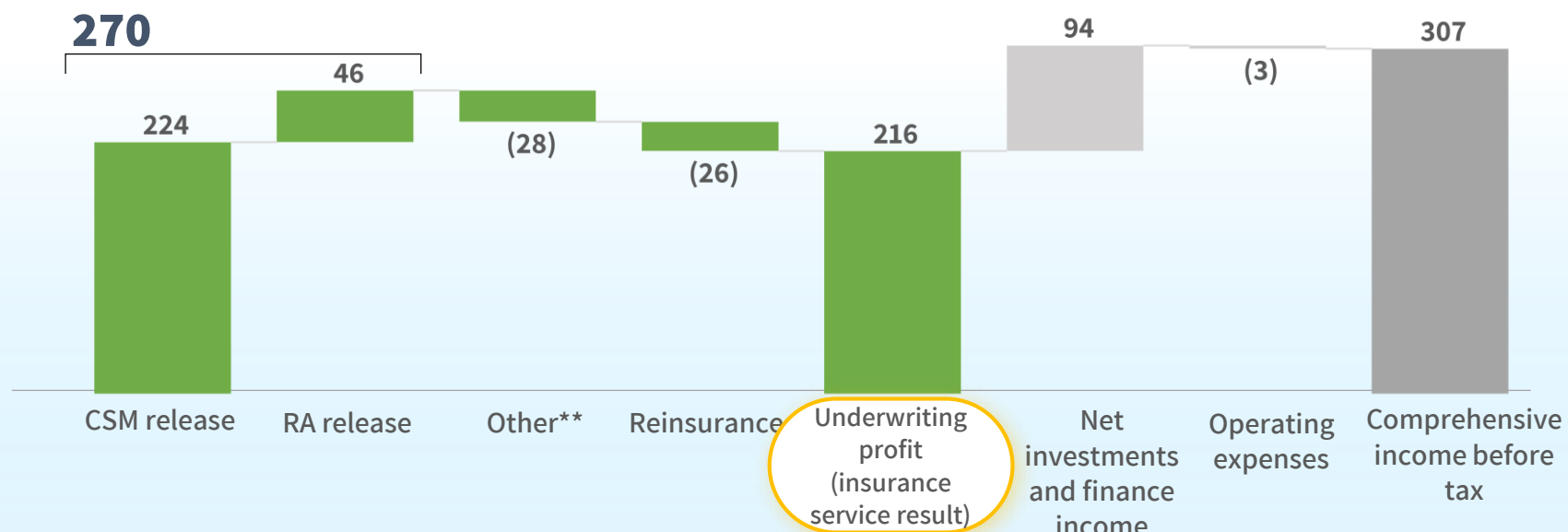
Change in comprehensive income in Q1.25 vs Q1.24 NIS M before tax



\* After adjustment for the effect of changes in fair value, profit in the credit segment increased to NIS 50 M in Q1.25 compared with NIS 38 M in Q1.24

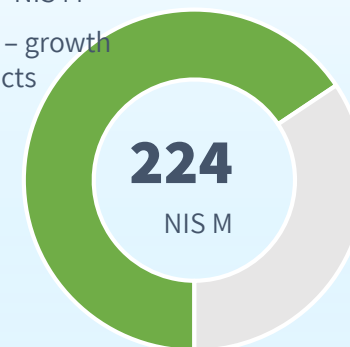
# Health profit is driven by CSM and RA release

Health: Comprehensive income sources Q1.25 NIS M



Most of the CSM release in Health stems from growth products\*:

**147** NIS M  
CSM release – growth products



Q1.25	224	46	(28)	(26)	216	94	(3)	307
Q1.24	195	45	39	(51)	228	(221)	1	8
change	29	1	(67)	25	(12)	315	(4)	299

\*Medical expenses, critical illness and personal accidents

\*\*Other: Includes experience adjustments (A/E – actual vs expected) and changes in loss component (LC)

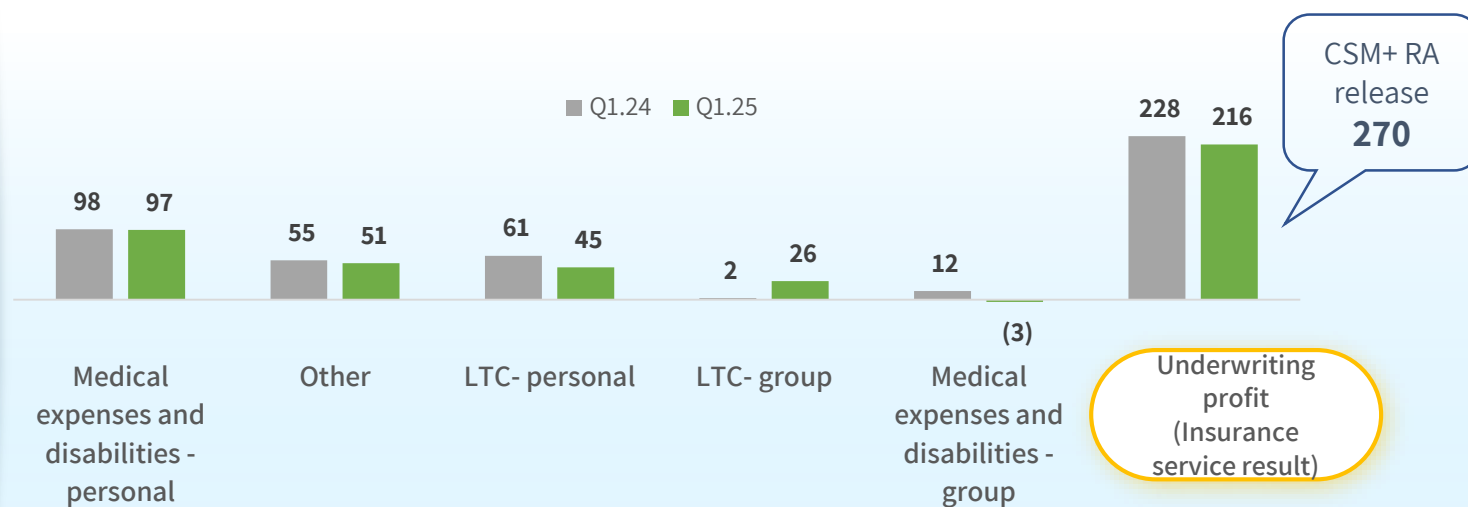
# Underwriting profit drivers in health: personal medical expenses and other

**Personal lines medical expenses:** Results in the current quarter and the corresponding quarter last year were positively impacted by the continued activity growth. In addition, there was an underwriting improvement in the cover for transplants, ambulatory care and personal accidents due to fewer claims and a decrease in claim amounts paid (A/E), that was offset by an increase in the number of claims in the medications cover

**Personal long-term care:** Results in the corresponding period were impacted by a decrease of the insurance liabilities (decrease in the IBNR reserve) in light of a shorter period from the date of occurrence of the insured event until the claim is filed

**Group long-term care:** Results were positively impacted by a reduction in cost of claims versus the experience (A/E). In addition, the result reflect net operating income inline with new agreement with Clalit HMO members, according to which, the fund bears the insurance growth

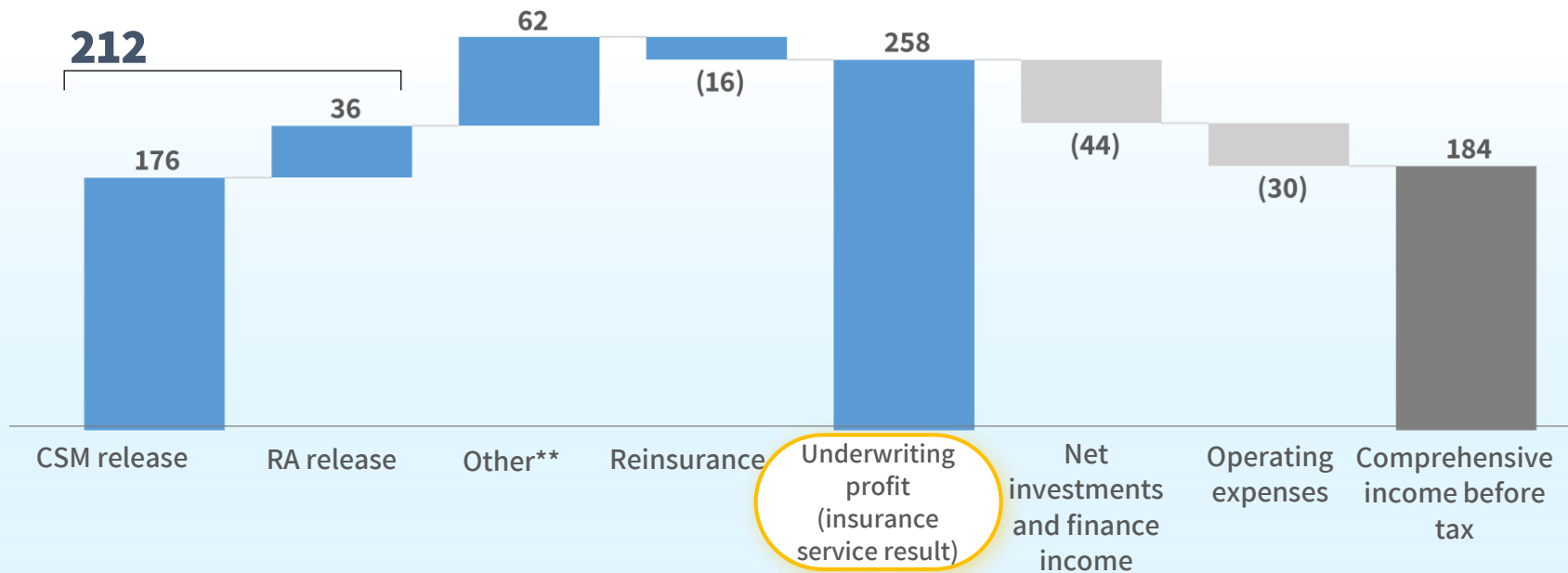
Health: Breakdown of underwriting profit Q1.25 vs Q1.24 NIS M



**Other:** Includes, among other, critical illness, personal accidents and short term health coverage

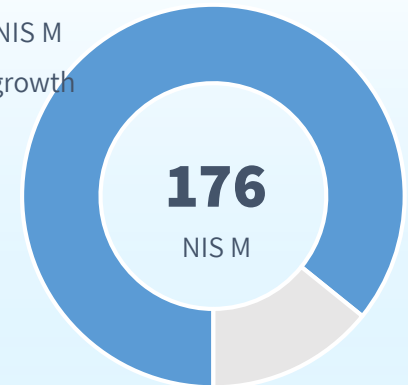
# Life profit is driven by CSM and RA release

Life: Comprehensive income sources Q1.25 NIS M



Most of the CSM release in Life stems from growth products\*:

**151** NIS M  
CSM release – growth products



	Q1.25	176	36	62	(16)	258	(44)	(30)	184
Q1.24		194	39	18	(37)	214	(92)	(31)	91
change		(18)	(3)	44	21	44	48	1	93

\*risk of death

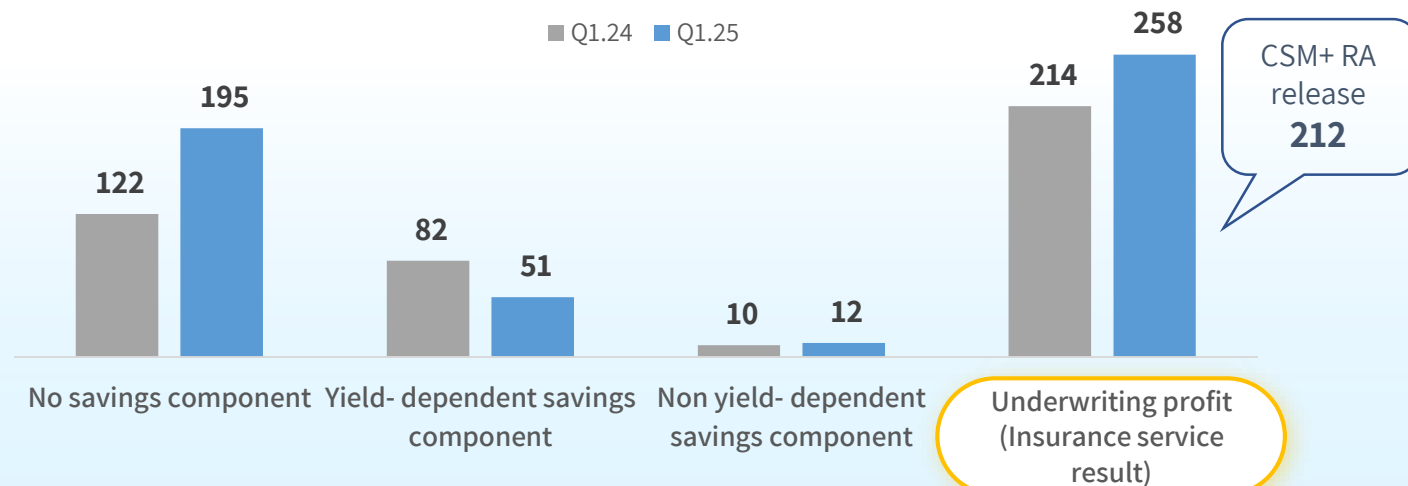
\*\*Other: Includes experience adjustments (A/E – actual vs expected) and changes in loss component (LC)



# Key driver of underwriting profit: growth in profit from risk products

- Results in the corresponding period last year were affected by an increase in the number of claims as a result of the War of NIS 30 M and by an update of insurance liabilities (IBNR) in risk of death cover due to increase in activity and amounts insured
- Results in the current quarter and the corresponding quarter last year were positively impacted by the continued growth in risk product activity (policies without savings component)
- Underwriting improvement in cover for work disability (PHI) in relation to experience (A/E) is lower in this quarter compared with improvement in the corresponding period last year in light of an increase in the claim value

Life: Breakdown of underwriting profit Q1.25 vs Q1.24 NIS M



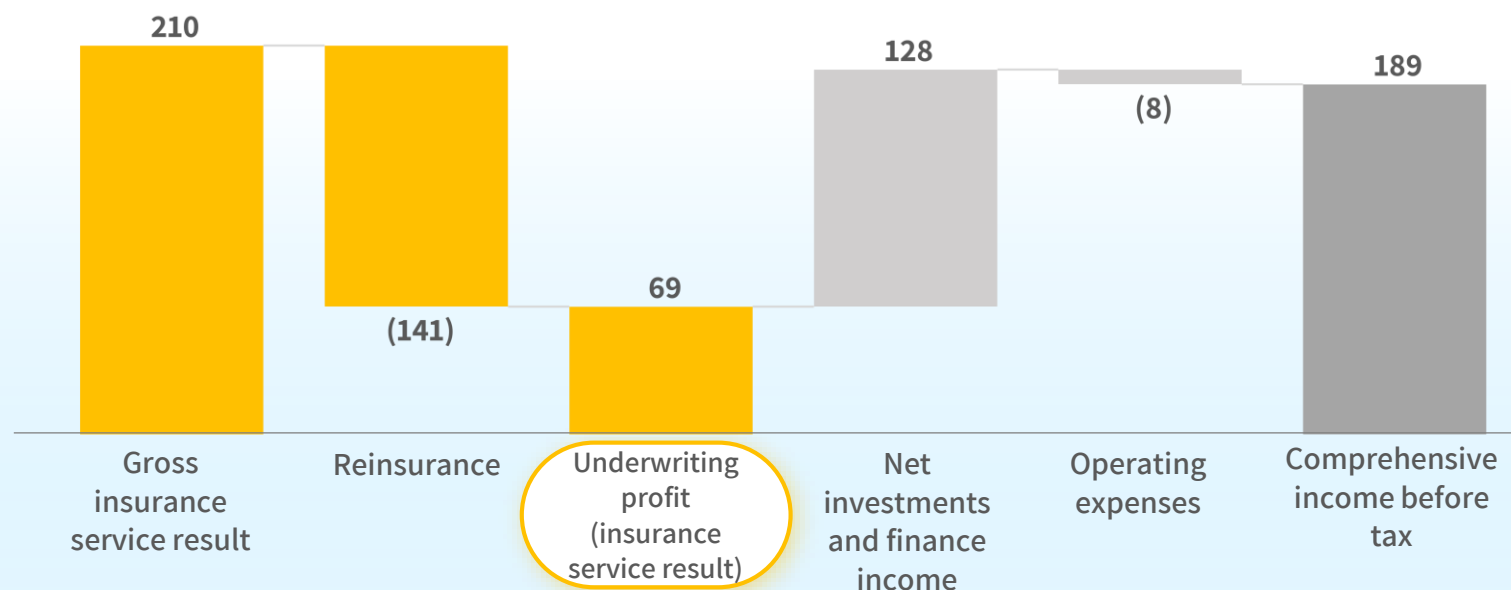
- No savings component** – risk of death- personal and group and PHI
- Yield-dependent savings component** – policies sold between 1991-2003 and in 2004 onwards
- Non yield-dependent savings component** – policies sold until 1990 (yield guaranteed)

# Positive impact from underwriting and investments and finance income

Non-life: Comprehensive income by segments Q1.25 NIS M

	Q1.25	Q1.24	change
Compulsory motor	43	7	36
Motor property	41	38	3
Other	104	104	0
Insurance overseas	1	(10)	11
<b>Total</b>	<b>189</b>	<b>139</b>	<b>50</b>

Non-life: Comprehensive income sources Q1.25 NIS M



	Q1.25	210	(141)	69	128	(8)	189
Q1.24		202	(177)	25	127	(13)	139
change		8	36	44	1	5	50

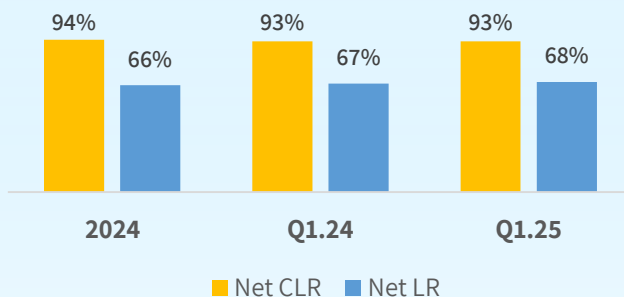
# Improvement in underwriting profit in non-life in Q1.25

**Compulsory motor:** Results in Q1.24 were negatively impacted by a negative development in respect of prior years

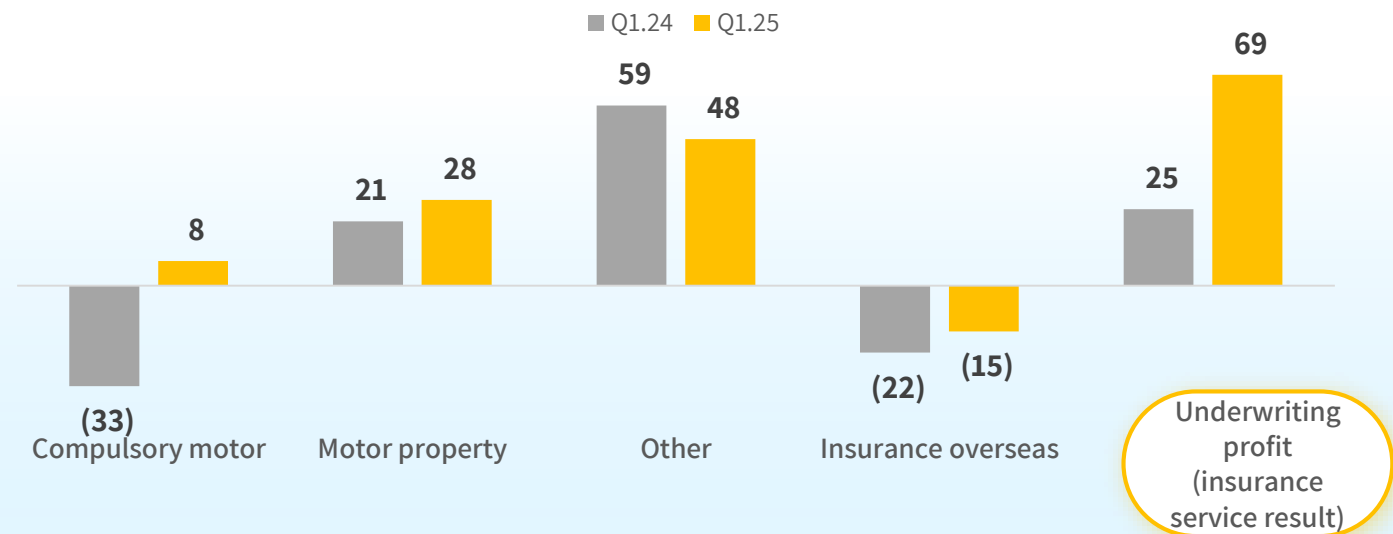
**Motor property:** Decrease in the average cost of claim and decrease in claims frequency compared with the corresponding period last year

**Other:** Results were impacted by negative development from prior years

## Net Loss Ratio in motor property



## Non-life: Breakdown of underwriting income Q1.25 NIS M



**Other:** includes mostly business insurance, home insurance, professional liabilities, contractors insurance and sale law guarantees

# Asset Management

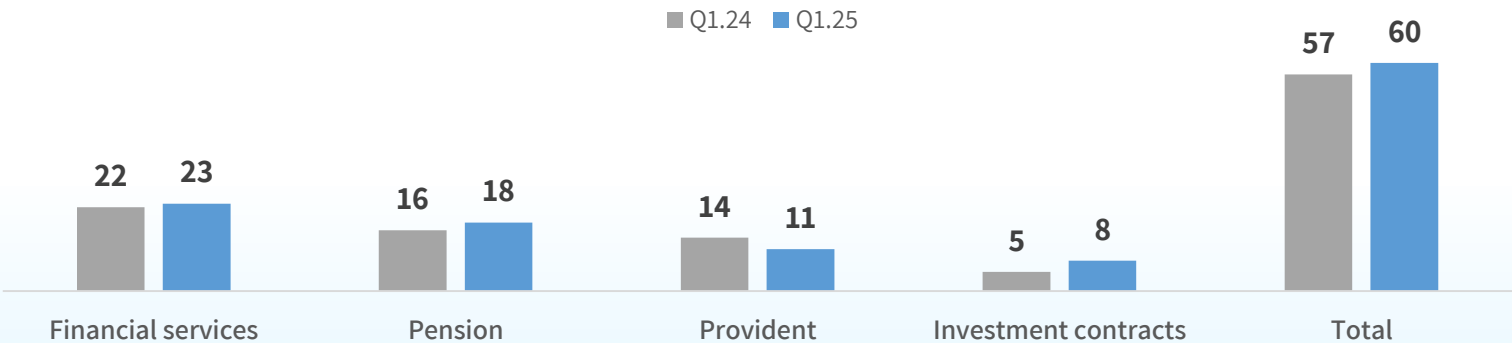
## AUM growth continues

**Pension and provident:** Results were affected by an increase in management fees driven by AUM growth, partially offset by an increase in marketing and other acquisition costs

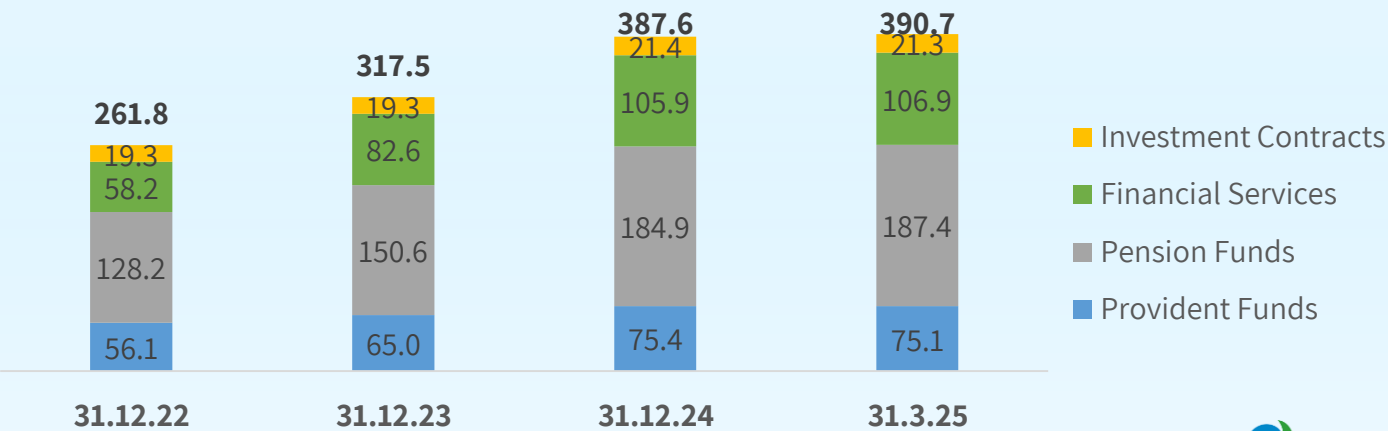
**Financial services by Harel Finance Investment House:**

**Increase in profit before tax** in light of the positive trend in the capital markets. Additionally, the results were affected by increased profitability in the mutual funds as a result of AUM growth

AM: Breakdown of comprehensive income NIS M before tax



AUM NIS B



# Diverse and growing credit activity, Gamla and EMI are included

Profitability in the quarter was affected by continuous growth in the credit portfolio

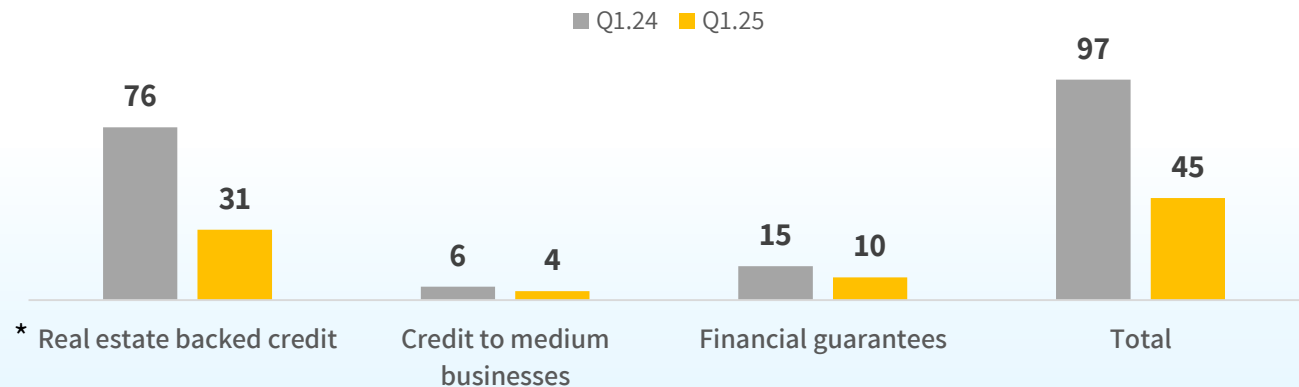
Additionally, Q1.25 and Q1.24 profit was affected by changes in the fair value of the financial assets in Harel 60+ and in development property finance. In Q1.25 the result was a loss of NIS 5 M compared with profit of NIS 59 M in Q1.24

**\*After adjustment for the effect of changes in fair value, profit in the credit segment increased to NIS 50 M in Q1.25 compared with NIS 38 M in Q1.24**

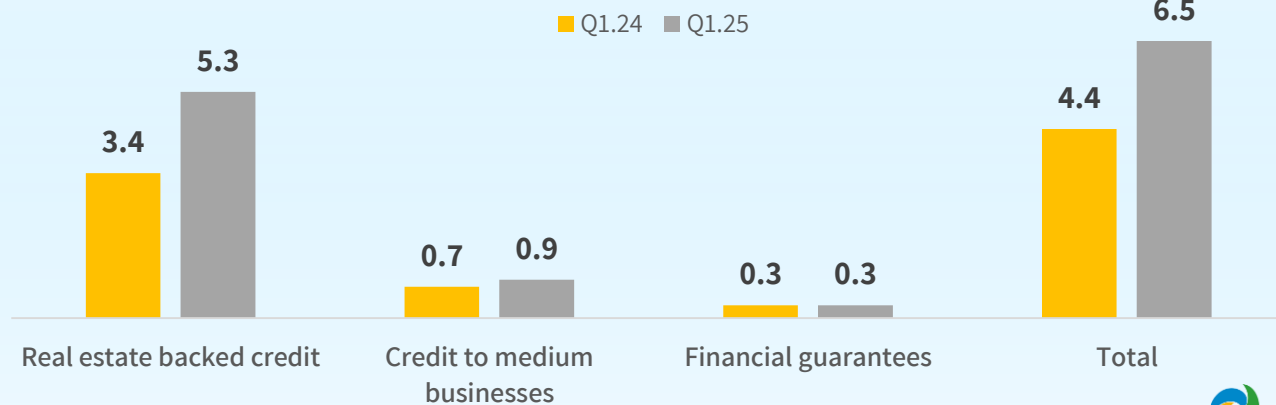
The credit sector includes the following activities:

1. **Real-estate backed credit:** Development property finance, Harel 60+ and from this quarter, **Gamla Harel**
2. **Credit for medium businesses:** Hamazpen
3. **Financial guarantees:** Guarantees for mortgage portfolios, additional financial guarantees and from this quarter - **EMI**, which provides credit insurance for residential mortgages. In the past, this was presented within the non-life insurance segment

Comprehensive income NIS M before tax



Total loans NIS B



# Harel Insurance: Solvency Capital Ratio is 182% as of 31.12. 24

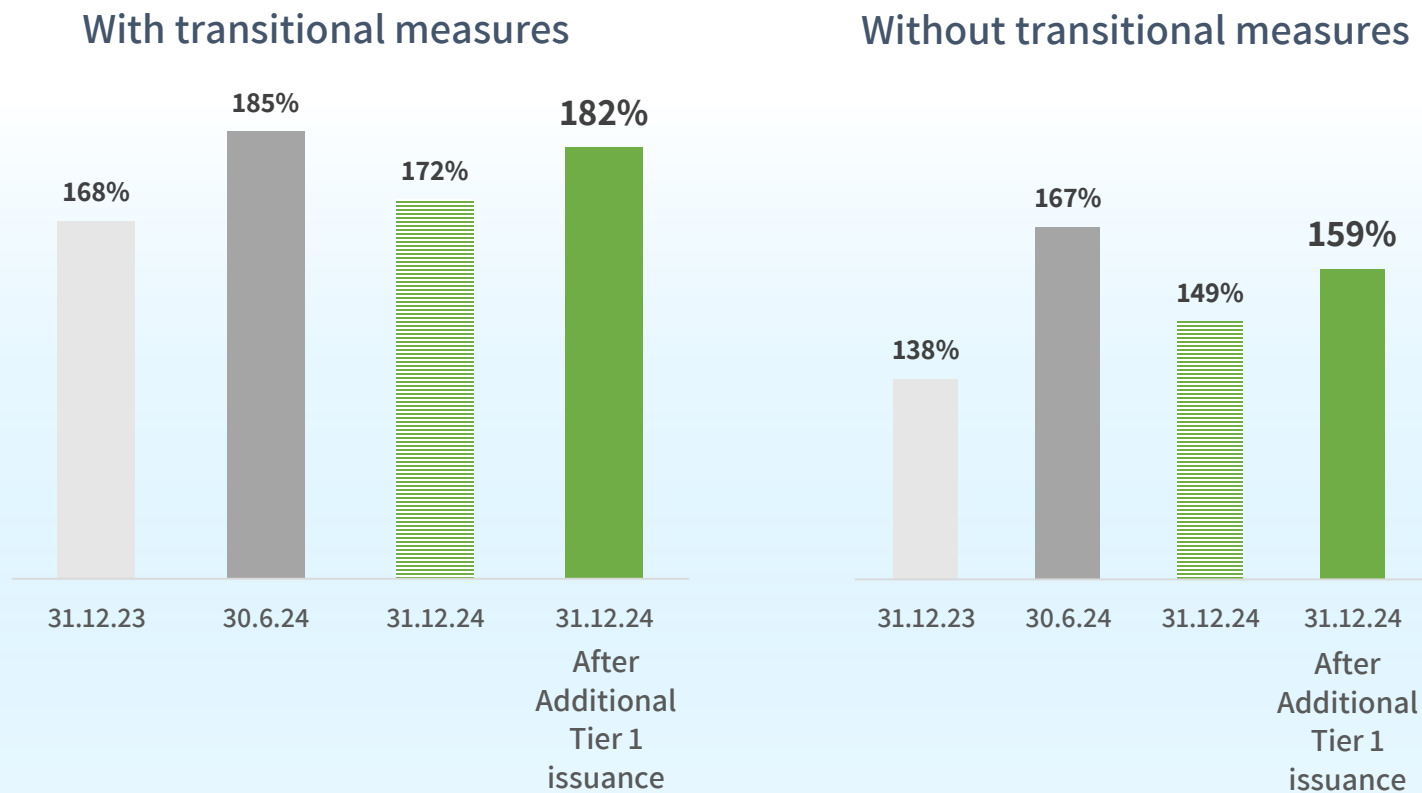
## Solvency Capital Ratio at Harel Insurance

Solvency Capital Ratio of Harel Insurance at December 31, 2024 **without transitional measures was 159%**, considering Additional Tier 1 issuance after the report date

- Capital surplus is NIS 5.9 B

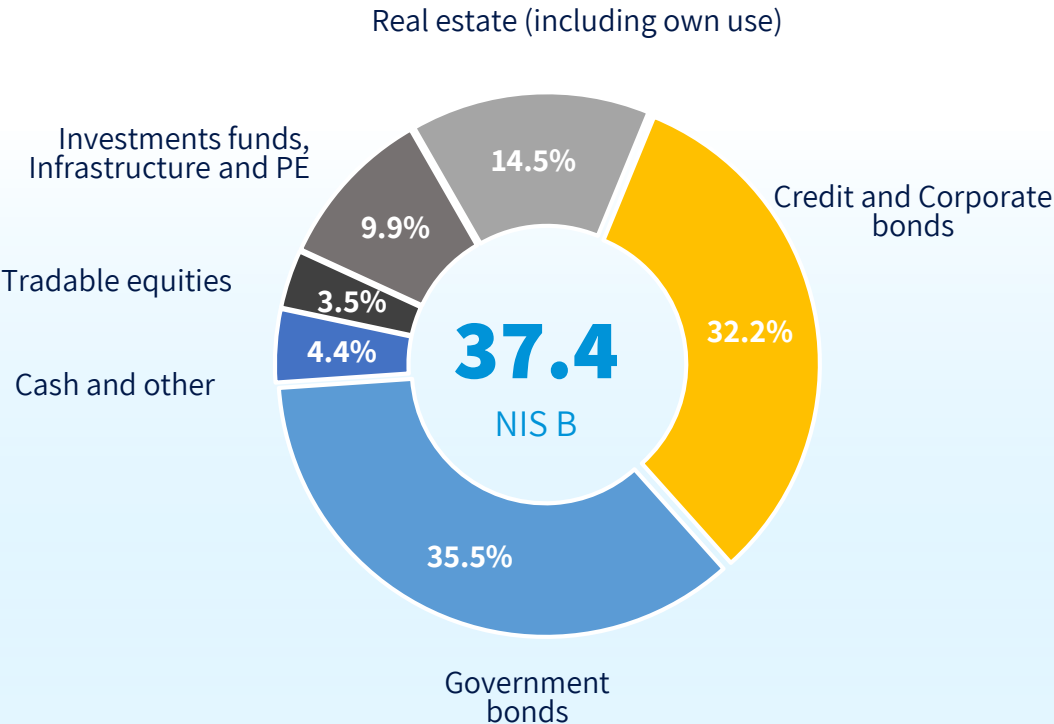
Solvency Capital Ratio of Harel Insurance at December 31, 2024 **with transitional measures was 182%** considering Additional Tier 1 issuance after the report date

- Capital surplus is NIS 8.0 B

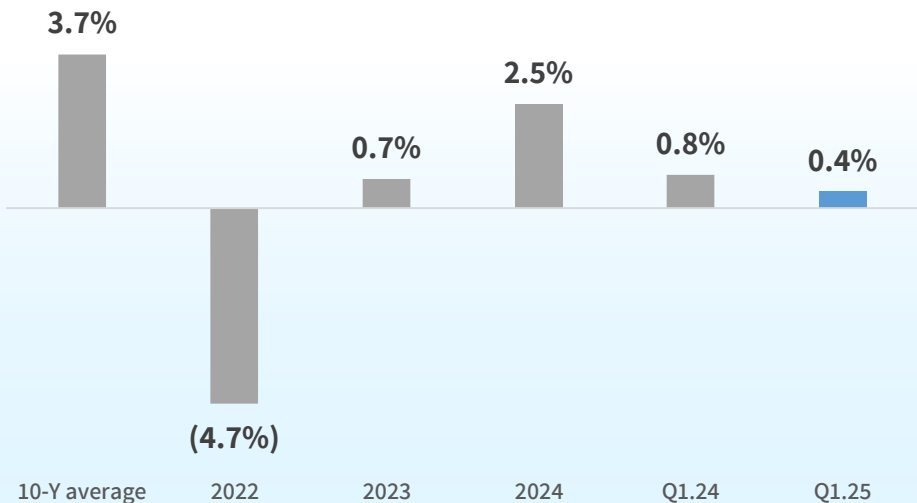


# Harel Insurance: Nostro portfolio breakdown and return

Breakdown of Nostro portfolio by asset classes (31.3.25)



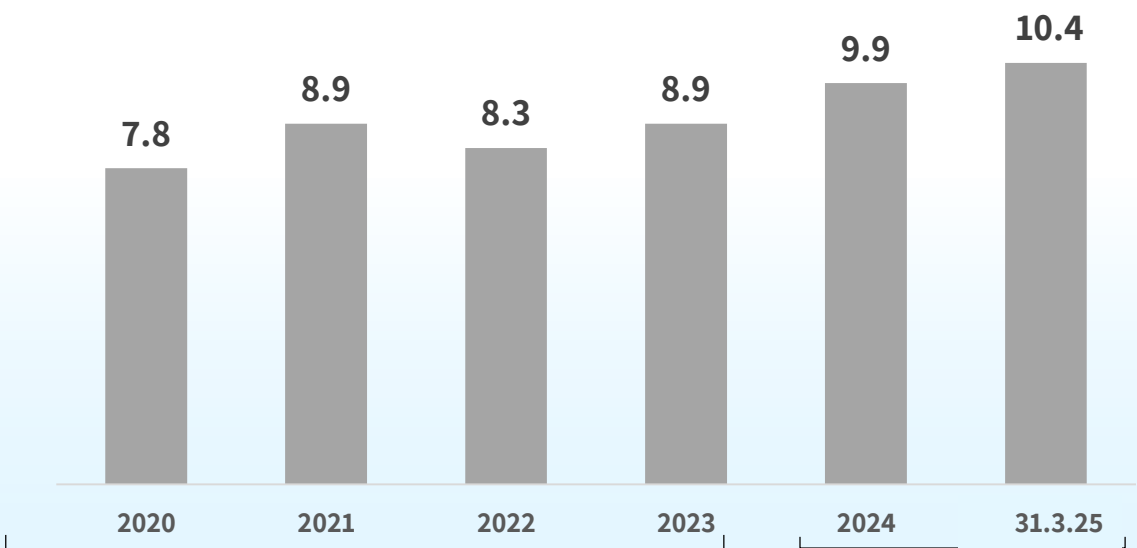
Real Nostro return



Harel Insurance Nostro portfolio: Assets held to cover insurance liabilities in Life, Non-life and Health Insurance and against Equity.

# Harel Investments: Financial stability and consistent dividend policy

Shareholders' Equity NIS B



IFRS 4

IFRS 17

## Dividend Policy

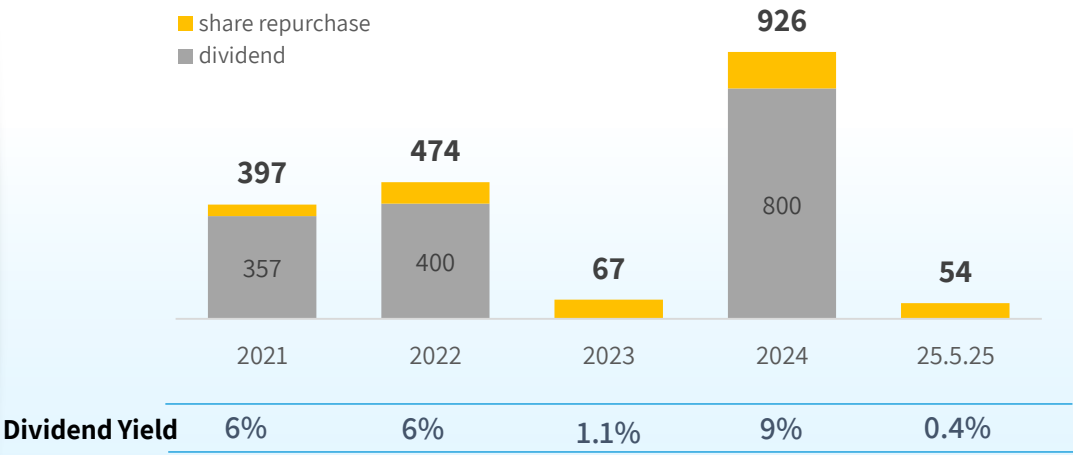
> 35%

Harel Insurance\*

> 30%

Harel Investments

Dividend in Harel Investments including share repurchase NIS M



In 2021-2024 Harel executed 3 share repurchase plans, each of NIS 100 M  
In November 2024, the Company approved additional NIS 100 M share repurchase plan

In March 2025, The Company approved additional NIS 100 M to its share repurchase plan.  
Total share repurchase plan will amount at NIS 200 M

\*Dividend payout from annual comprehensive income based of 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 40 m in 2021, NIS 74 m in 2022, NIS 67 m in 2023 and NIS 126 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 and at 31.12.2024 the Company announced a NIS 250 M dividend



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# Strategic Focus

Improving  
Profitability

and

Diversifying  
Revenues

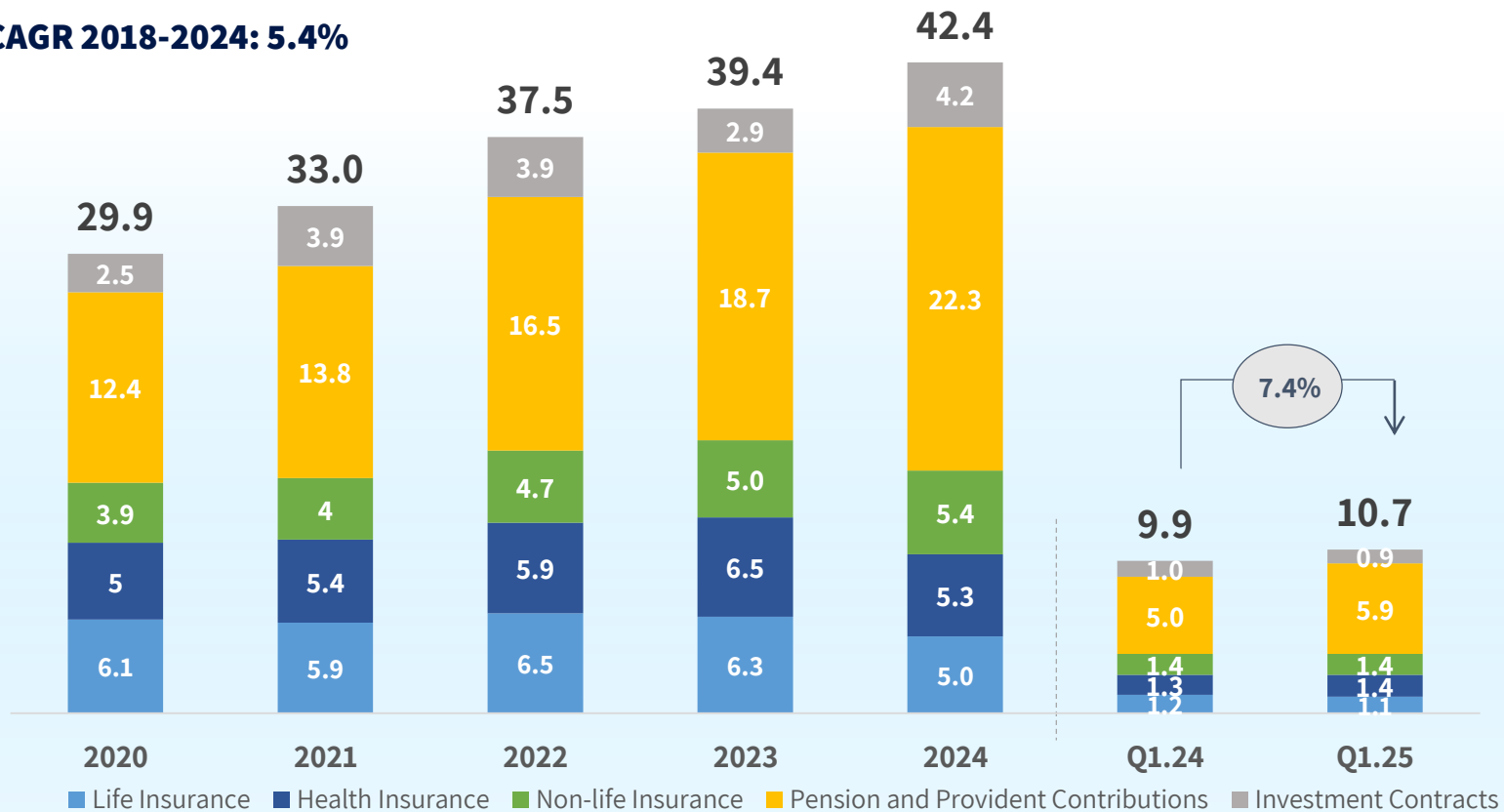


Leveraging scale for material and permanent  
improvement of insurance profitability and revenue  
diversification

# Growth in premiums and deposits

Premiums and deposits\* NIS B

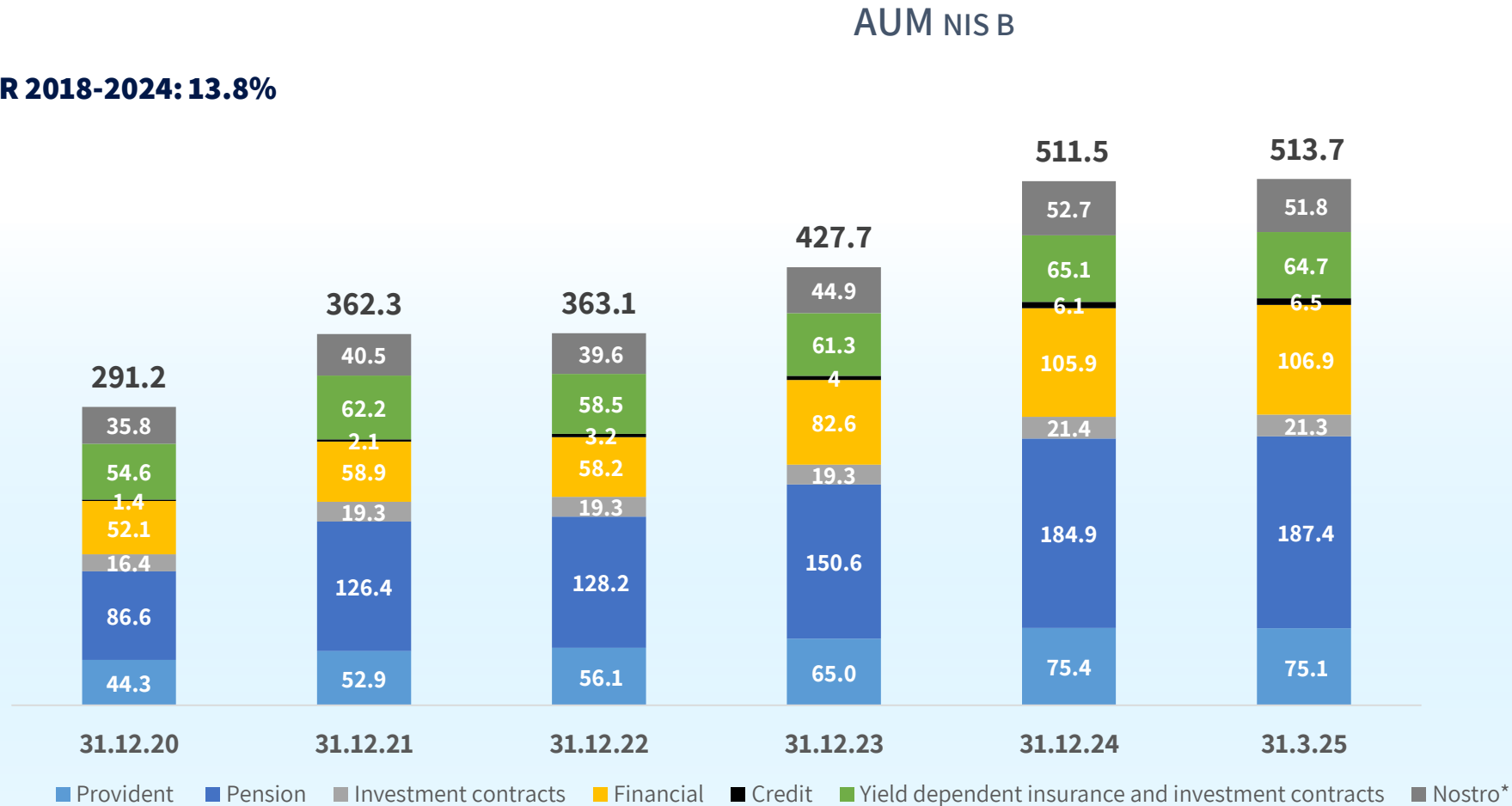
**CAGR 2018-2024: 5.4%**



Pension and Provident fund contributions- substantial growth engine

# Continuous growth in AUM

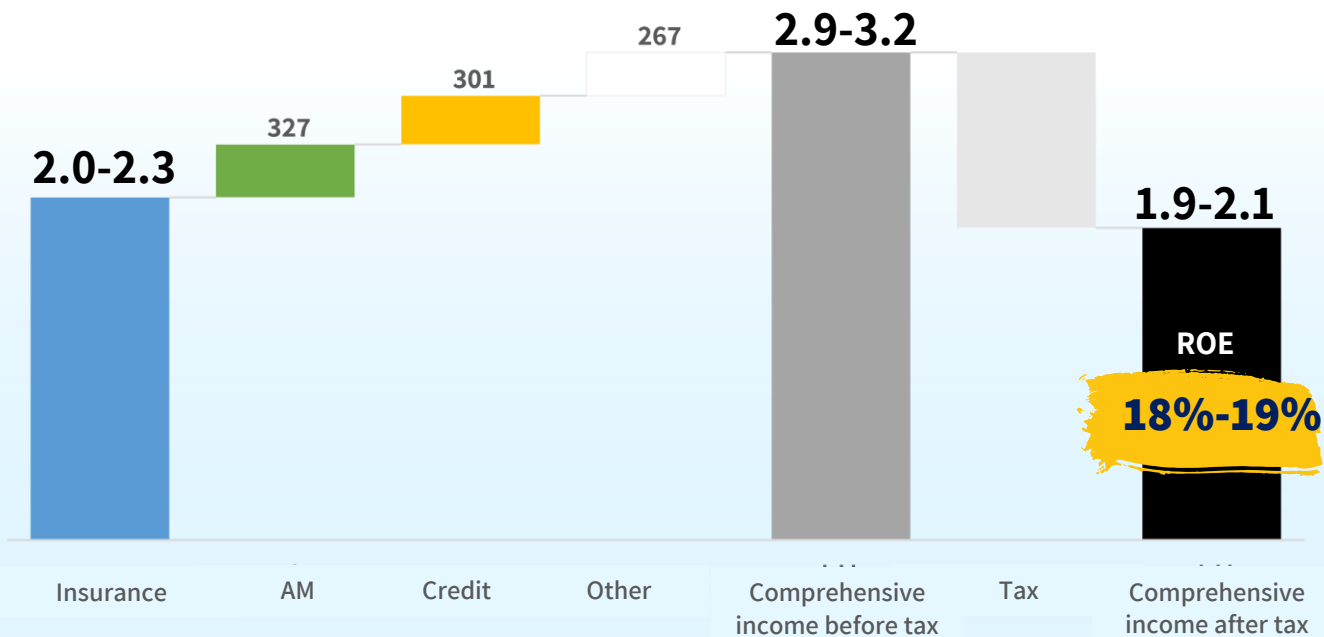
**CAGR 2018-2024: 13.8%**



\*Nostro includes certificates of deposit issued by Harel Finance. Of this amount, the Nostro of Harel Insurance is NIS 37.4 B  
 Managed assets in customers' portfolios included under financial services, include financial assets issued by the Group and managed in portfolios

# Strategic focus

Comprehensive Income after tax 2026 NIS M/B



The impact on targets is driven by IFRS17 implementation and continuous execution of the strategic plan:



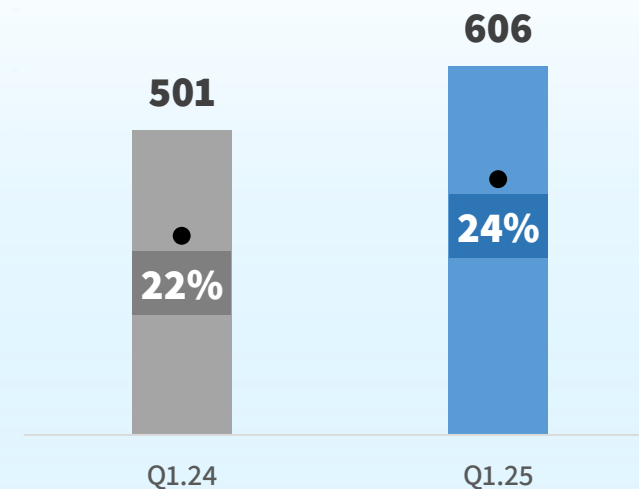
# Updated calculation principles – to follow strategic targets implementation

Updated calculation principles:

- The adjusted net investments and finance income is calculated based on **the nominal risk-free interest rate at the beginning of the period, plus a 2% spread, which reflects the composition of the nostro investment portfolio**
- Special effects outside the normal course of the Company's business, such as amortization of excess costs accumulated during business combinations and extraordinary expenses resulting from the implementation of the strategic plan - were excluded from adjusted profit

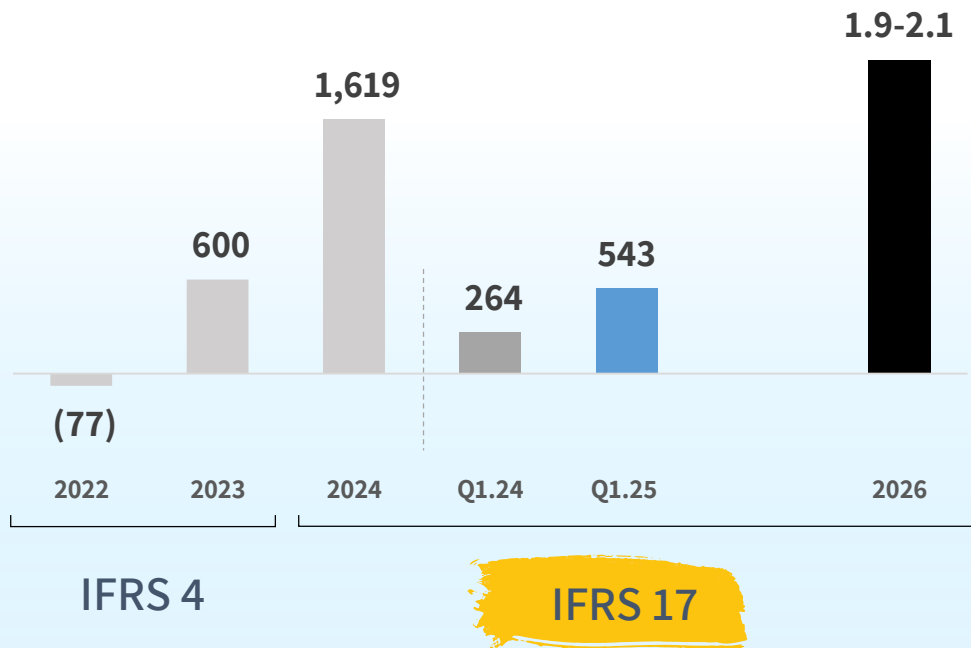
**The purpose of calculating the adjusted profit according to the principles outlined above is to reflect the Company's operational results with reduced volatility and to enable to follow the implementation of the strategic plan**

Adjusted comprehensive income after tax and ROE  
Q1.25 vs Q1.24 NIS M

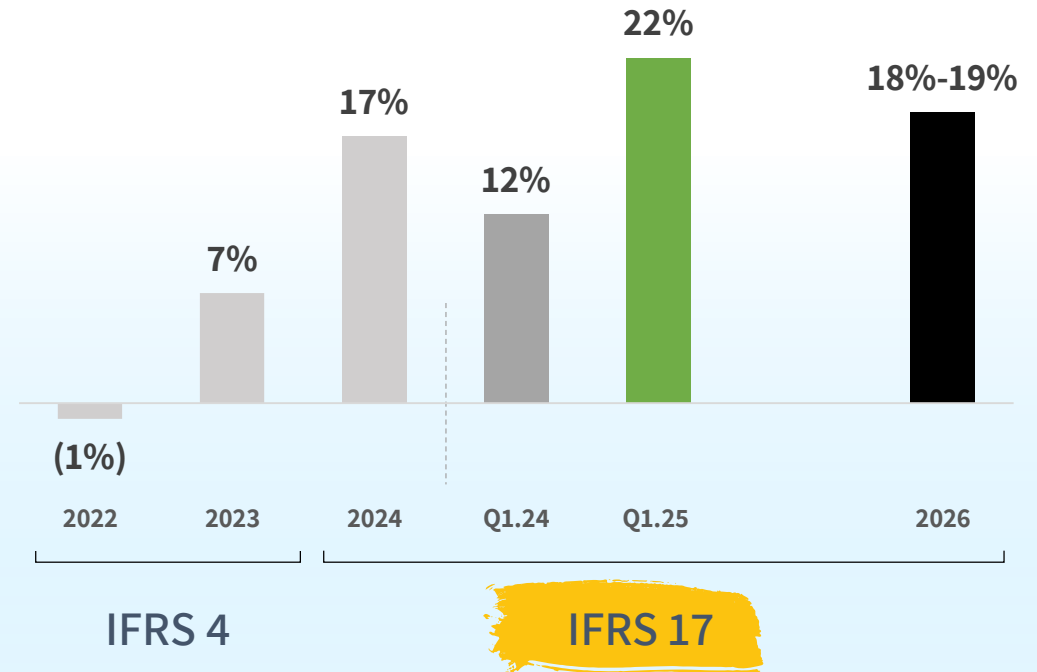


# Implementation of the strategic targets

Comprehensive income target  
NIS M/B after tax



ROE target



# Agenda

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Results overview

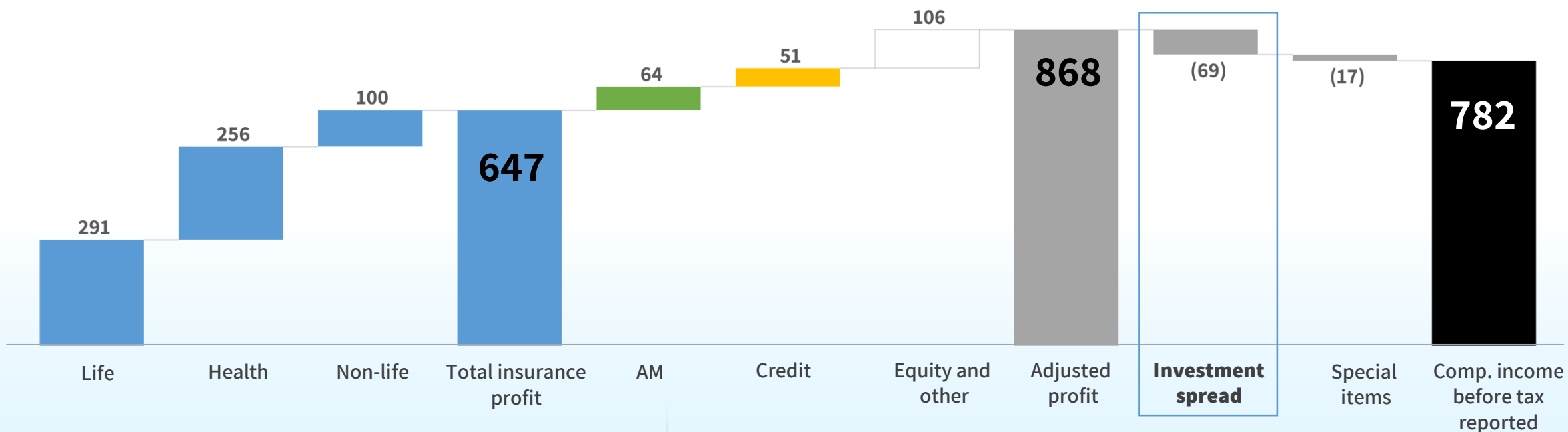
Strategy

**Appendix**



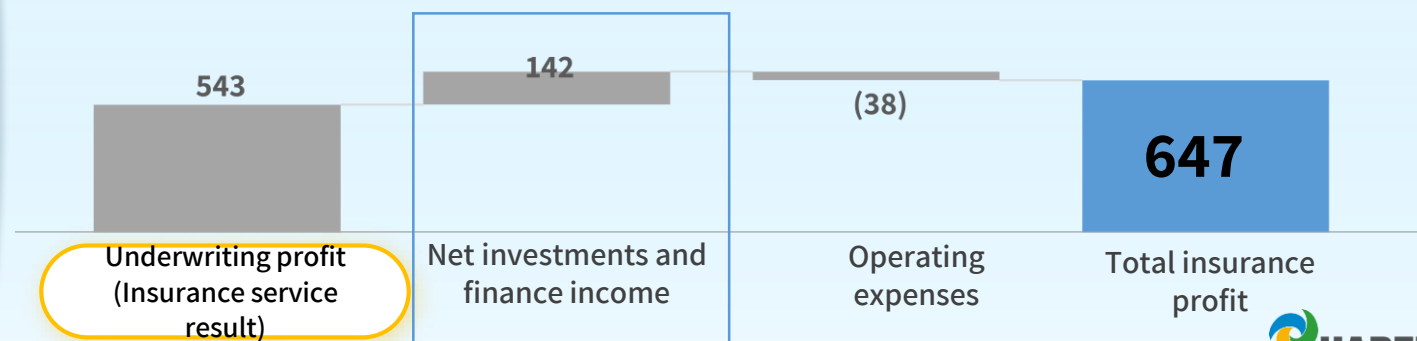


# Adjusted profit by business lines based on 2% spread Q1.25 NIS M



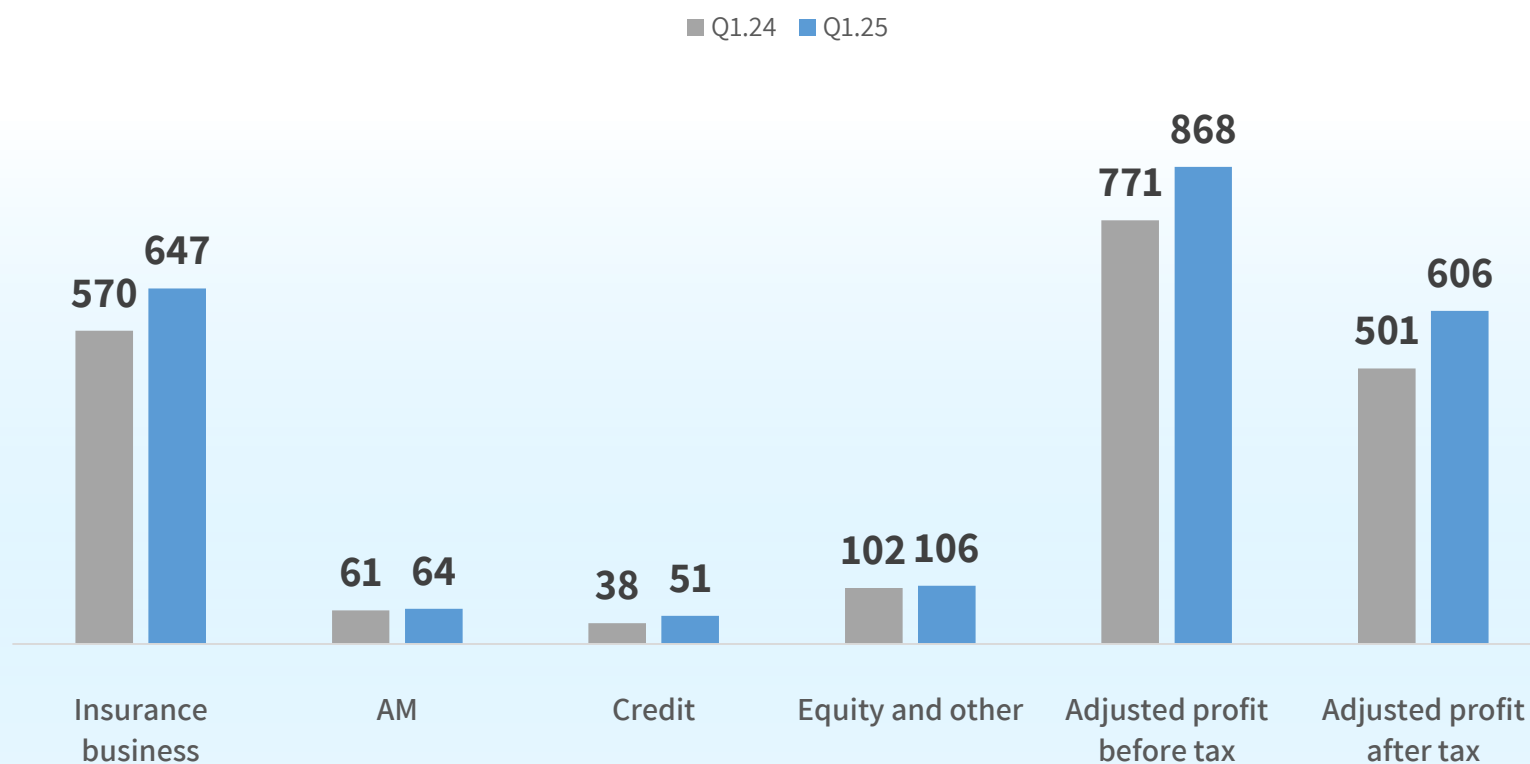
- **Investment spread** – the gap between the reported net investments and finance income, and the calculated net investments and finance income based on the nominal growth-free interest rate plus a 2% spread. The spread is above the growth-free yield curve plus illiquidity premium
- **Adjusted profit calculation has no impact on underwriting profit. It affects only the net investments and finance income**

## Total insurance profit breakdown NIS M



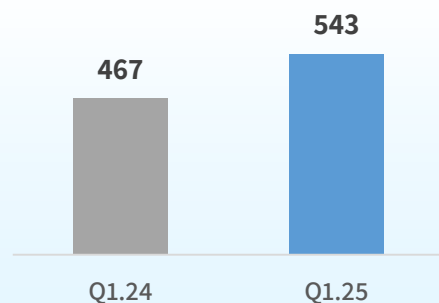
# Increase in adjusted profit based on 2% spread in Q1.25 vs Q1.24

Adjusted comprehensive income after tax by business lines Q1.25 vs Q1.24  
NIS M



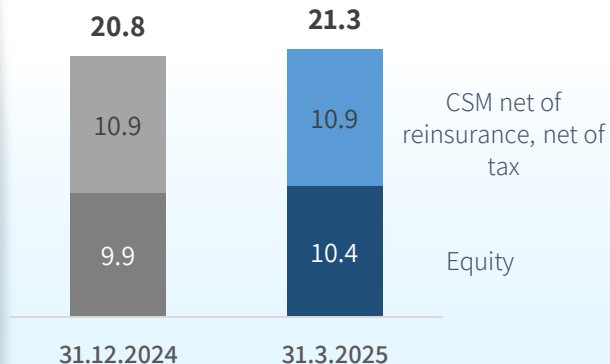
# Additional indicators under IFRS 17

**Underwriting Profit**  
(Insurance Service Result)  
NIS M



**Underwriting profit** - insurance service result in life insurance, health insurance and non-life insurance

**Comprehensive equity\***  
NIS B

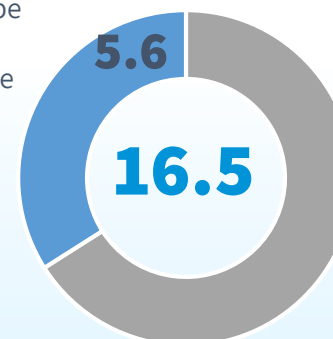


**Comprehensive equity** - amount of accounting equity and CSM net of reinsurance and net of tax

**CSM balance**  
NIS B

**34%**

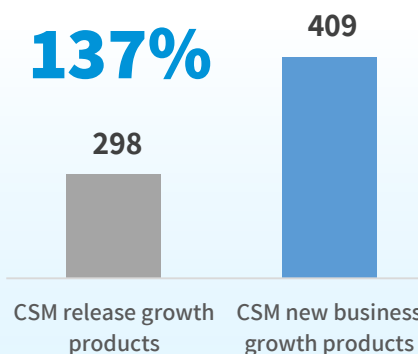
Expected to be released to profit over the next 5 years



CSM – The Contractual Service Margin, represents the expected profit from the insurance contract to be recognized over the service period

**Profit of NIS 5.6 B is expected to be released over the next 5 years**

**CSM new business to CSM release – growth products**  
NIS M



CSM new business and CSM release relate to those same products: risk of death, medical expenses, critical illness  
**New business CSM is added to the CSM balance thus increasing the balance of profits from insurance contracts expected to be released to profit**

# Reminder: P&L structure in IFRS 17

Net investments and finance income (loss)  <b>441</b>	<b>543</b>	<b>Insurance service result</b>	<b>Underwriting profit</b>
		+	
	<b>641</b>	<b>Profit (loss) from investments</b>	Investment income from the nostro portfolio, saving policies + investment contracts, which presented separately. Investment income from AM and credit is also presented under this section. However the expenses related to these segments are included in “profit (loss) other”
		+	
	<b>(200)</b>	<b>Profit (loss) from finance</b>	Changes in insurance contract liabilities arising from changes in risk free interest rate yield curve and/or in the illiquidity premium, interest accretion related to movement along the curve after a period has elapsed, CPI changes and other Deduction of investment income attributed to the saving policies + investment contacts, which was included in investment activity
		+	
	<b>(202)</b>	<b>Profit (loss) other – mostly from non-insurance</b>	Insurance - operating expenses which are not included in fulfillment cashflows for insurance contracts (Non- CSM) Non- Insurance – Fees and commission from agencies, income and expenses for asset management (Pension, Provident, and Financial Services) and credit Results of agencies and others.
<hr/>			
	<b>782</b>	<b>Profit (loss) for the period before tax</b>	

# Reminder: Insurance service result composition

<b>400</b>	<b>CSM release (new and existing business)</b>	For insurance service under the contract in life and health insurance provided in the period
<b>82</b>	<b>RA release</b>	Reflects the compensation for assuming the insurance risk – released when the insurance service is provided and the risk diminishes
<b>34</b>	<b>Differences between actual vs. expected (for past services) and Onerous contracts</b>	Actual vs expected variance – relates to experience adjustments during the current period mostly in respect of claims, premiums and expenses. Loss from onerous contract is recognized immediately in P&L (those contracts don't generate CSM)
<b>(42)</b>	<b>Reinsurance result – life and health</b>	Income less expenses from reinsurance
<b>69</b>	<b>Non-life result, net of reinsurance</b>	
<b>543</b>	<b>Insurance service result</b>	Slide 11 Underwriting profit

# Composition of net investments and finance income (loss) - insurance

Investment income (loss)	220	Investment income from Nostro portfolio	Investment income from nostro portfolio (assets backing life, health and non-life liabilities and equity)
		Investment income from saving policies and investment contracts	Investment gains attributed to the saving policies and investment contracts are classified under investment income. However, the deduction of these gains—reflecting the adjustment of insurance liabilities due to the investment returns—is reported under finance activities
Finance income (loss) (42)	(173)	Interest accretion	Interest accretion on net insurance contract liabilities reflects the movement along the relevant yield curve after a period has elapsed
	178	Change of the risk free yield curve and illiquidity premium	Changes in insurance contract liabilities arising from changes in the risk-free yield curve and in the illiquidity premium.
	(47)	Other financial impacts	Including changes in inflation and other
178		Investments and finance income (loss)	Slide 12

# Our Global Partners







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# Thank You

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