



# Financial Results and Prospective Strategic Plan

2023



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Such information is not a proven fact and is based solely on subjective assessments by management of the Company and its consultants as of the date of this presentation. Additionally, the information pertaining to the Company's strategic plan is founded on a process executed by management of the Group, with the guidance of an international strategy firm, based on the data of the Group companies, market data, professional knowhow accumulated in the Group, past experience and work assumptions concerning the activities of the Group and the relevant markets as well as expectations and assessments relating to future developments, as known to the Group on the publication date of the report, and does not take into account the implications of the adoption of International Financial Reporting Standard (IFRS) No. 17, "Insurance Contracts". The Company does not undertake to update or amend any such forecast or assessment to reflect events or circumstances that take place subsequent to the date of preparation of the presentation.

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This presentation contains solely concise information in relation to the results of the Company in the specified periods and in relation to the principals of the strategic plan of Migdal Group, as formulated and approved by it in 2023. The information contained in this presentation is not an exhaustive depiction of the Company and its operations or of the strategic plan or of any information that may be relevant to making any decision concerning an investment in the securities of the Company and in general. The presentation is not a substitute for perusal of the Company's reports to the public through the MAGNA website (including the financial statements of the Company) that contain the full information regarding the Company. In any event of contradiction or discrepancy between the information included in this presentation and the information provided in the public reports of the Company, the stated in the aforesaid financial statements and reports shall prevail. Any reference to the Company or the Group signifies the Company and the entities that are directly or indirectly held by the Company.

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This presentation contains forward-looking information, as defined in Section 32A of the Securities Law, 1968. Such information includes, inter alia, forecasts, targets, assessments and estimates (including information provided in the form of illustrations or charts or tables) relating to future events or matters, including description of risk factors that characterize the activity of the Group, developments in the economic environment and in external factors that affect its activity, the realization of various plans, forecasted profitability and dividend distributions and other future financial data, the realization of which is uncertain and is not in the control of the Company.





## Swords of Iron War

In 2023, the citizens of Israel experienced unprecedented adversities. The Swords of Iron War that broke out following the Hamas murderous terror attack on October 7 is still ongoing, as are its effects on the economy as a whole.

We extend our condolences to the families of the murdered and the fallen, wish full recovery to the wounded, pray for the safe return of the hostages and express our gratitude to the defense forces for their resolute protection of the State of Israel.

May we see better days ahead.



## Ronen Agassi

CEO of Migdal Insurance



## Yossi Bean Baruch

CEO of Migdal Holdings

“In 2023 we started implementing the strategic plan of Migdal Insurance & Finance for the coming years and created processes that will allow us to reap the fruits on our upward journey to leadership and profitable growth.

Despite the challenges of the past year, we have garnered achievements and successes, including the launch of a series of new products and tracks, boosted investments in various segments, substantial returns for plan holders and even top-returns in multiple tracks, improvement in the general insurance segment and reduction of lost management fees by upwards of NIS 0.5 billion.

Already in the fourth quarter of 2023 we enjoyed the fruits of the plan in several segments, and we are set to address the challenges in other areas.

As part of the plan that will guide us in the coming years, we have defined goals and targets for the Group as a whole.

In 2027, we expect to reach a representative profit of **approximately NIS 1 billion**, reflecting a **12%** return on capital, and achieve **regular dividend distributions**.

The successful implementation of the plan relies on **the solid foundations of Migdal Insurance & Finance**, with a track record of 90 years, a strong professional management team, outstanding managers and employees, more than 2.5 customers and AUM in excess of NIS 400 billion.

**We are confident that all these will enable us to reach our goals.”**



# Migdal

## Insurance & Finance

Rating of Migdal Insurance (Aa2.il by Midroog)



90

years of  
insurance

415 billion NIS

AUM

8.6 billion NIS

equity

4,600

employees

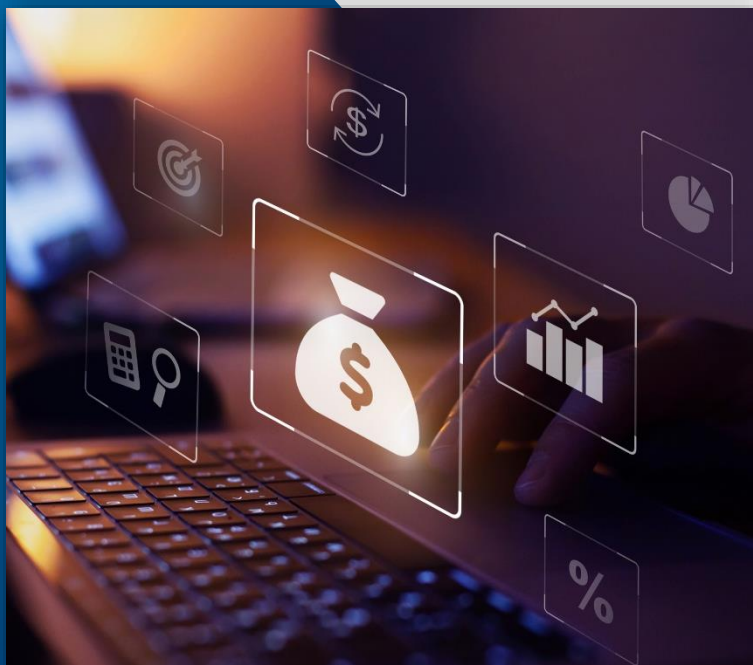
2.5 million

customers

3,300

agents

- The data relating to agents, employees and customers are effective for the end of 2023.



# Financial Results

Q4 | 2023



# Executive Summary



## Results

- **Comprehensive income in 2023 amounted to NIS 553 million**, compared to a loss of NIS 468 million last year.
- In the fourth quarter, comprehensive income totaled NIS 468 million, compared to comprehensive income of NIS 388 million in the corresponding quarter last year.
- Profit in 2023 and in the fourth quarter was due mainly to the reduction in liabilities as a result of the effect of the interest-rate increases during the year, and to the results of a study concerning annuity utilization rates and the distribution of retirement ages.
- In addition, investment gains increased as a result of higher yields on the capital markets.



## Growth

- **Increase in sales and in current premiums and contributions** across most lines of business.
- **Continued net positive mobility** in provident funds and pension funds.
- **Top-returns among insurance companies in most tracks.**



## Underwriting Profit

- **The underwriting profit in 2023 amounted to NIS 440 million**, compared to an underwriting profit of NIS 786 last year. In the fourth quarter, an underwriting loss of NIS 9 million was recorded, compared to an underwriting profit of NIS 211 million in the corresponding quarter last year.
- The decrease in the underwriting profit in 2023 and in the fourth quarter was due mainly to the higher volume of claims in health insurance and in loss of working capacity insurance and to the impact of the Swords of Iron War on the life insurance and health insurance segments.
- In opposition, general insurance showed improved profitability, stemming mainly from vehicle insurance.

# Executive Summary - continued



## Special Effects

- **The special effects in 2023** reduced liabilities **and increased profit** before tax by NIS 1,296 million, compared to NIS 2,209 million last year. **In the fourth quarter**, liabilities decreased and **profit increased** by NIS 592 million, similarly to the corresponding quarter last year.

The special effects in 2023 and in the fourth quarter included, inter alia:

- The raising of the interest rate during the reported year decreased liabilities and increased profit by NIS 1,007 million.
- A study concerning annuity utilization rates and the distribution of retirement ages decreased liabilities and increased profit by NIS 570 million.
- In opposition, the updating of the provision for claims in loss of working capacity insurance increased liabilities and reduced profit by NIS 280 million.



## Investments

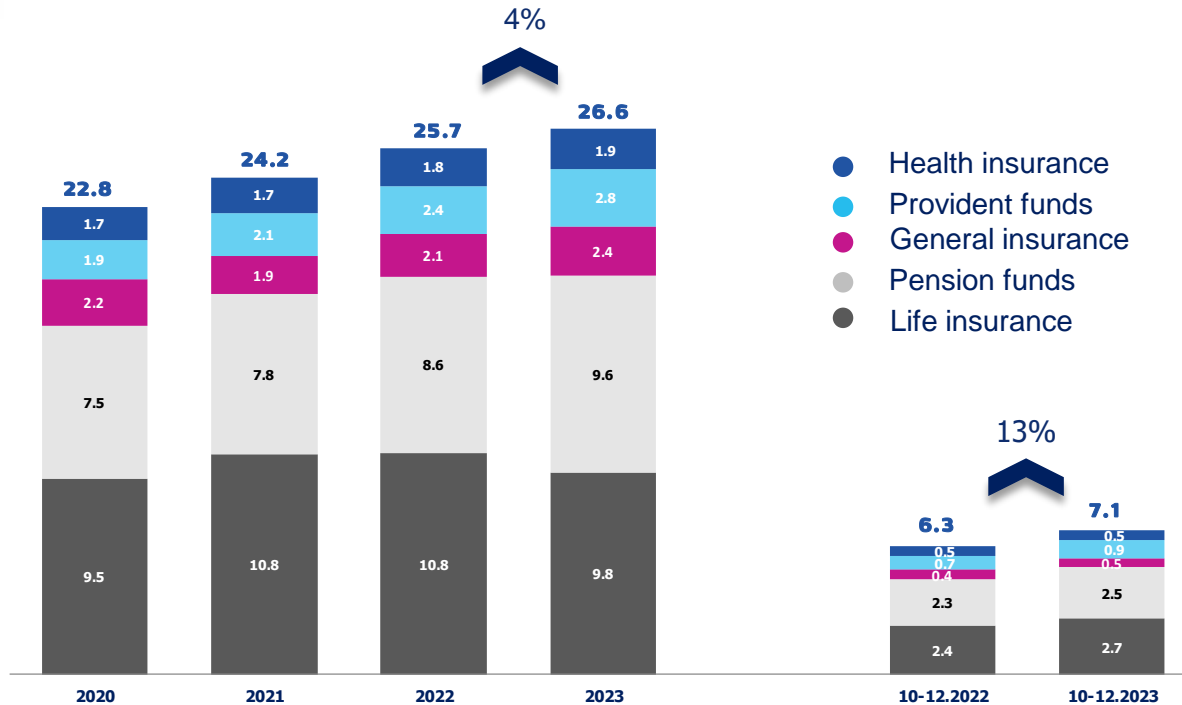
- In 2023, the contribution of investments improved by NIS 2.8 billion compared to 2022, due to the higher returns.
- **Lost variable management fees reduced by NIS 0.5 billion**, from NIS 1.5 billion at the end of 2022 to NIS 1 billion as of 31.12.2023. This downward trend continued after the balance sheet date, and shortly before the publication of the report, lost management fees total NIS 0.8 billion.





# 17% Increase in Premiums and Contributions in 2020-2023

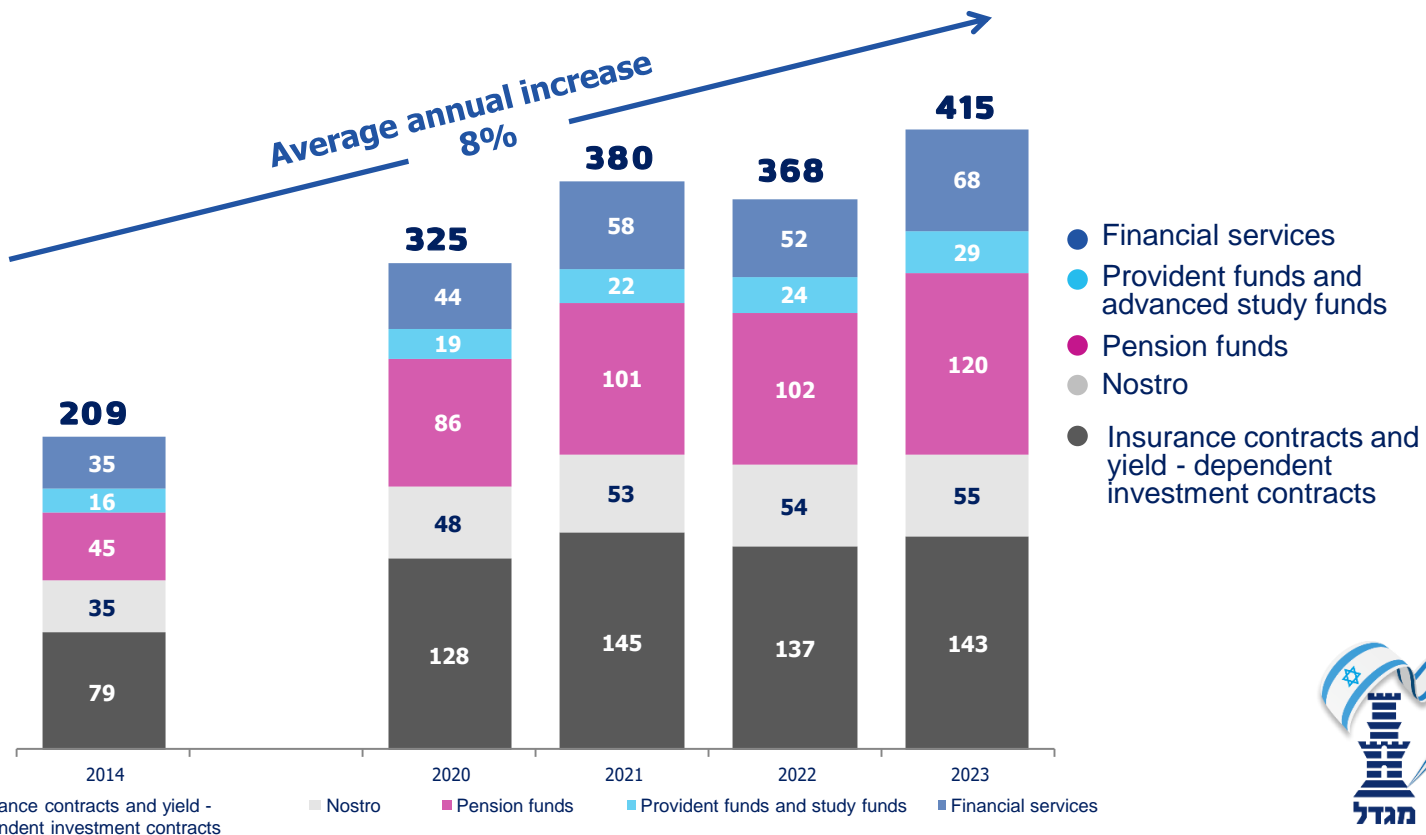
Gross premiums, receipts on investment contracts and contributions (in NIS billions)



The reduction in life insurance in 2023 is due to a decrease in the one-time receipts on the backdrop of the interest-rate increases during the year.



# AUM Doubled Over the Past Decade



■ Insurance contracts and yield - dependent investment contracts

■ Nostro

■ Pension funds

■ Provident funds and study funds

■ Financial services

\* In NIS billions



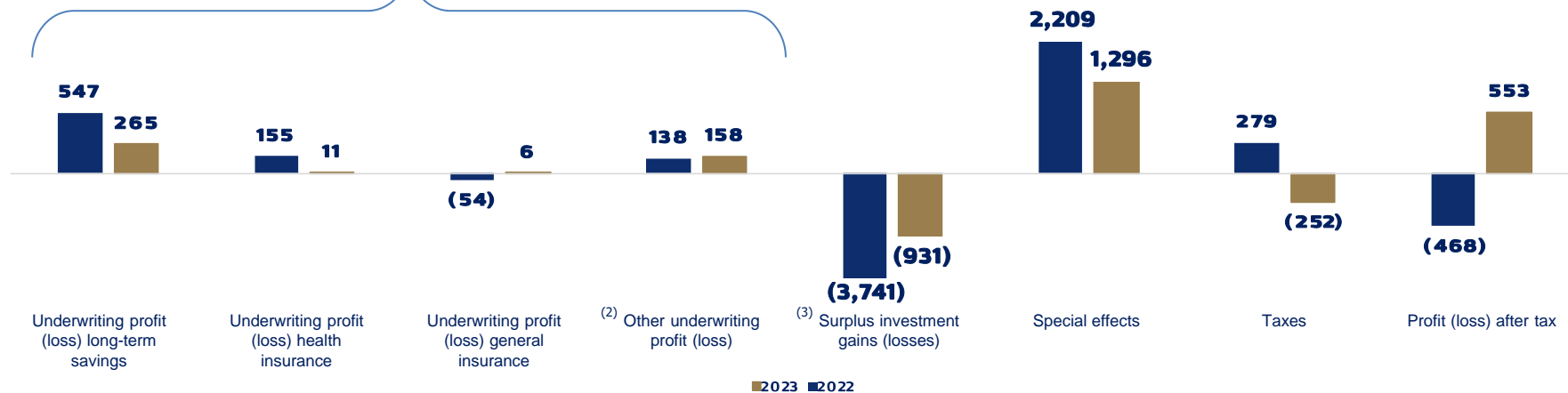


# Principal Business Results in 2023

(In NIS millions)



Total underwriting profit (loss) <sup>(1)</sup> in the period NIS 440 million compared to NIS 786 million in corresponding period last year



(1) Profit from insurance activity in the main lines of business of the Group, including income from investments based on real returns assumptions (constant in all reporting periods) set by Migdal Insurance, in the range of 2%-4.5% a year in the various areas of activity, excluding any special effects.

(2) Other underwriting profit - profit from the activity of the agencies and from financial services.

(3) Excess/shortage of profit on investments in relation to the aforesaid return assumptions.

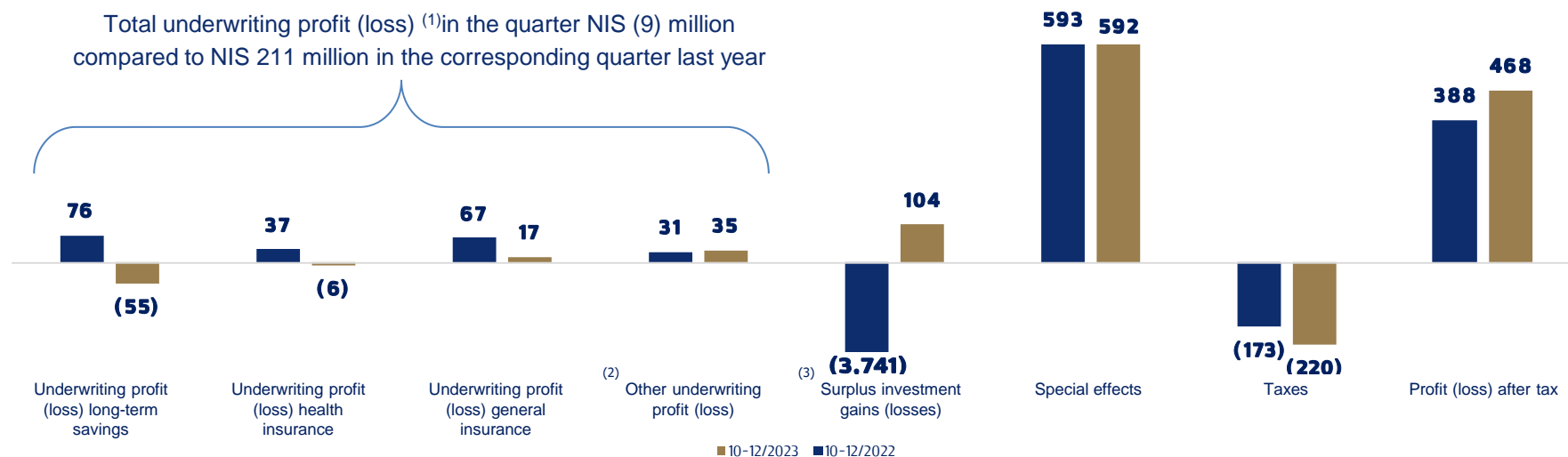


# Principal Business Results in Q4

(In NIS millions)



Total underwriting profit (loss) <sup>(1)</sup> in the quarter NIS (9) million compared to NIS 211 million in the corresponding quarter last year



(1) Profit from insurance activity in the main lines of business of the Group, including income from investments based on real returns assumptions (constant in all reporting periods) set by Migdal Insurance, in the range of 2%-4.5% a year in the various areas of activity, excluding any special effects.

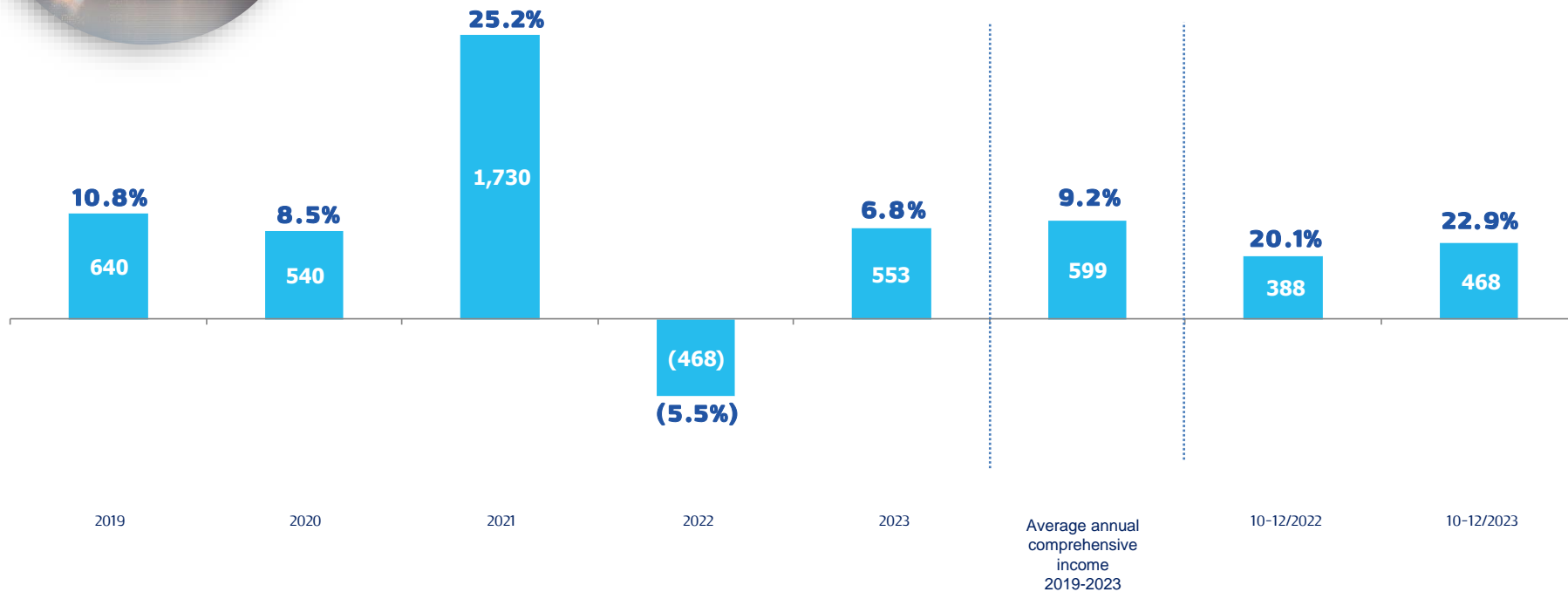
(2) Other underwriting profit - profit from the activity of the agencies and from financial services.

(3) Excess/shortage of profit on investments in relation to the aforesaid return assumptions.



# Comprehensive Income and Return on Capital

Return on capital (annualized) in the quarter and the period

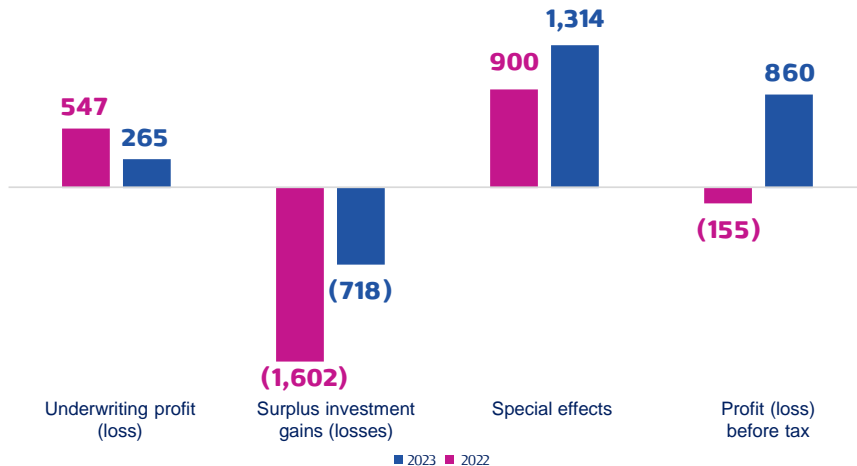


Income in NIS millions and annualized return, after retroactive application of the figures for 2019 due to regulatory circular.

# Long-Term Savings

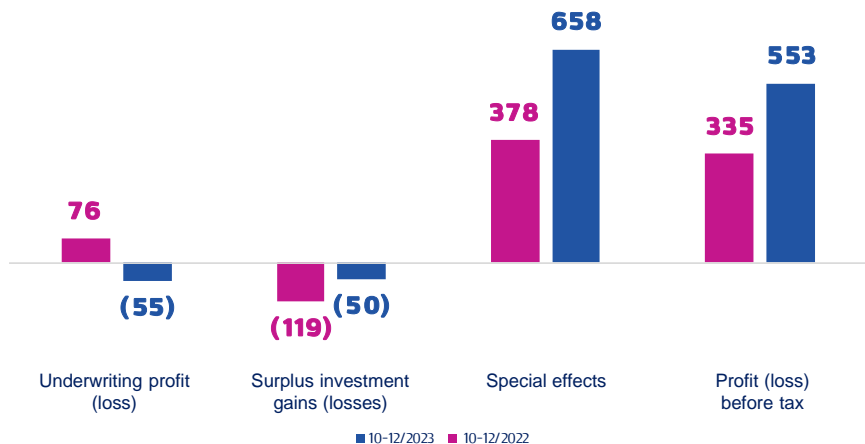
Sources of Comprehensive Income (Loss) Before Tax in 2023  
(In NIS millions)

- The decrease in the underwriting profit was due mainly to the impact of the Swords of Iron War on the life insurance segment, totaling NIS 80 million, and to the erosion of profitability in loss of working capacity insurance.
- Special effects include a decrease in liabilities due to the effect of a study concerning annuity utilization rates and the distribution of retirement ages, in an amount of NIS 570 million. In opposition, liabilities increased as a result of the updating of the provision for claims in loss of working capacity insurance, by an amount of NIS 280 million, in retention.
- An increase of 18% in new sales in pension and 14% in new sales of provident funds.
- Continued net positive mobility in provident funds and net positive mobility in pensions in the reported period.



# Long-Term Savings

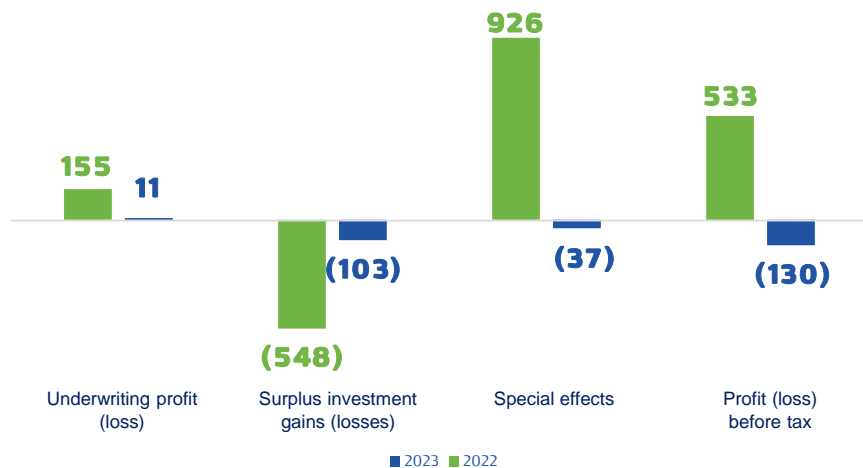
Sources of Comprehensive Income (Loss) Before Tax in Q4  
(In NIS millions)



# Health insurance

## Sources of Comprehensive Income (Loss) Before Tax in 2023 (In NIS millions)

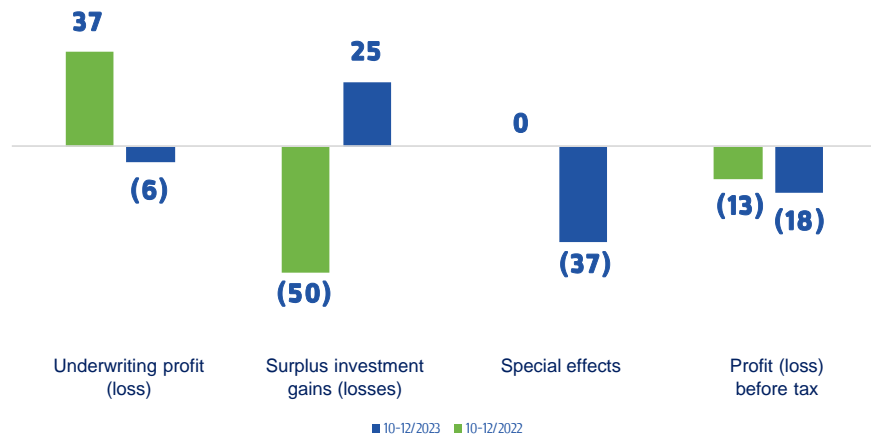
- The decrease in the underwriting profit was due mainly to an increase in claims.
- 6% increase in premiums.
- In the first quarter of 2024, the Company launched new health insurance products, in accordance with the reform.





# Health insurance

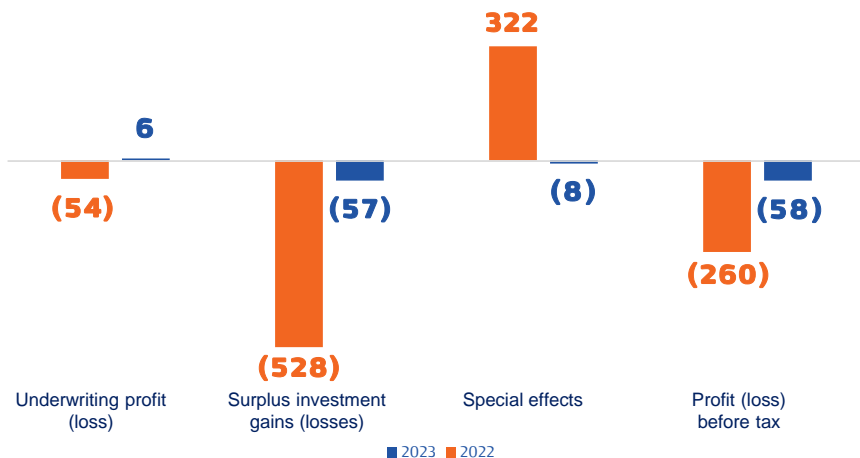
Sources of Comprehensive Income (Loss) Before Tax in Q4  
(In NIS millions)



# General insurance

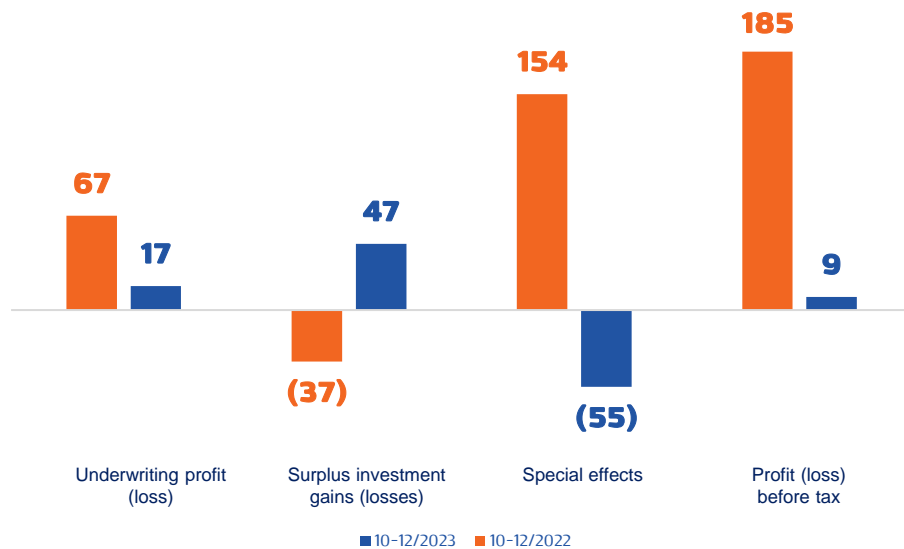
Sources of Comprehensive Income (Loss) Before Tax in 2023  
(In NIS millions)

- Transition to an underwriting profit, mainly as a result of the reduction of the underwriting loss in vehicle insurance.
- The improved results are due, inter alia, to the implementation of the strategic plan.
- 15% in premiums, mainly as a result of the increase in the average premium in vehicle property insurance and the increase in premiums in liability and other property insurance segments.



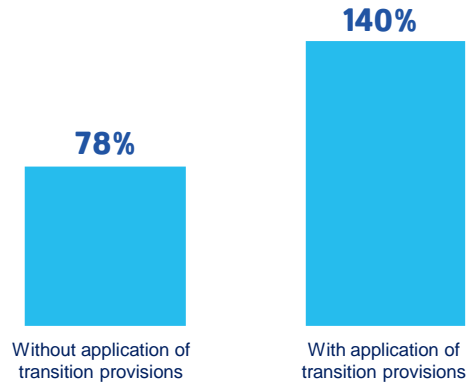
# General insurance

Sources of Comprehensive Income (Loss) Before Tax in Q4  
(In NIS millions)



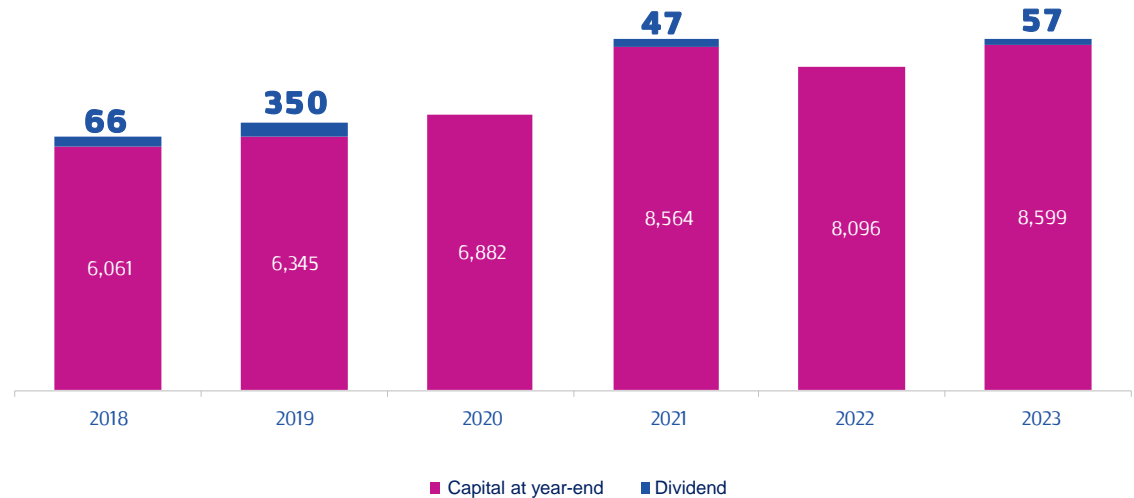
# Capital and dividend distribution

(in NIS millions)



## Solvency II - Solvency Ratio

(as of 30.06.2023)



# From the Media...

## חברות הידיוג והרזיוג תחזיקן אך הבורסה והבנקים יזנקו: "לא רלוונטיות למשקעים"

בני ארבעה החברות יחזיקו בעמדותיהן, אך הבורסה והבנקים יזנקו: "לא רלוונטיות למשקעים"

חברת הידיוג והרזיוג	שינוי
הידיוג	1.1%
הרזיוג	1.1%
הידיוג והרזיוג	1.1%
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## הפגיעה מהמלחמה עדיין לא מגולמת בשוק החוב המקומי

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## הגדלנו חשיפה לבנקים וגדלנו: כך פעל מנהל השקעות בניו ביז'ס של דידוח

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**MIGDAL**  
מגדל מגדילה חשיפה לתשתיות בחו"ל: השקיעה 550 מיליון שקל בשתי עסקות



## כחשאוות האג"ח גבוהות משובר בכנסה

מספרים מרשימים: כחשאוות האג"ח גבוהות משובר בכנסה. המספרים מרשימים: כחשאוות האג"ח גבוהות משובר בכנסה. המספרים מרשימים: כחשאוות האג"ח גבוהות משובר בכנסה.

הדומנות האחרונה בין שני המספרים היא שניהם גבוהים. המספרים מרשימים: כחשאוות האג"ח גבוהות משובר בכנסה.

Table with 3 columns: Category, Value, and Change. Includes data for 'מספרים מרשימים' and 'הדומנות האחרונה'.

## כשאג"ח ממלכתיות צונחת ב-18% בחודש, קשה לראות כנס סולידי

האחרון של ישראל הלכו חשוכים - 18% צנחה ממלכתיות צונחת ב-18% בחודש, קשה לראות כנס סולידי.

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## לא מורתעת מההאטה: מגדל רוכשת 90% מתיק משכנתאות נוסף של בנק ירושלים

הבנק ירושלים הודיע כי מכרה למרות המאטה את 90% מתיק משכנתאות נוסף של בנק ירושלים.

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## "כל הכוכבים הסתדרו בשבוע האחרון - וזה נתן אות פתיחה לראלי בשוק"

השבוע האחרון של השנה הסתיים בצל פתיחה לראלי בשוק. כל הכוכבים הסתדרו בשבוע האחרון.



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## השוק

השוק האחרון של השנה הסתיים בצל פתיחה לראלי בשוק. כל הכוכבים הסתדרו בשבוע האחרון.

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## תחזיות ורדות על אף הירידות והאטה - האם כראי להשקיע במניות התשתית?

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## יחודו לבנות: האם לחברות תשתית יש פוטנציאל להצפת ערך?

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"**BACK TO BASICS**"

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Path to Renewed Profitable Growth

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## Mission

Clear and immediate actions to accelerate growth, significantly improve profitability and return on capital, and regain business leadership



## Goal

2027:  
Annual representative profit of close to NIS 1 billion  
12% return on capital  
Regular dividend distributions

These goals are based on the following principal assumptions: achievement of the real returns targets set by the Group in its various operating segments, which would, inter alia, enable Migdal Insurance, by 2027, to collect variable management fees; AUM growth, inter alia through improvement of Migdal Insurance's mobility balance in long-term savings and increase the volume of new sales; improvement of the underwriting profit in the core activities of Migdal Insurance; and with regard to Migdal Insurance's solvency ratio - increasing the capital recognized for solvency through an additional raising of Tier-2 capital and the implementation of the stochastic model were also taken into account. It is hereby clarified that these goals are based on the existing accounting regime (IFRS 4), and that upon the transition to the new accounting regime (IFRS 17), the necessary adjustments will be made.



# The Starting Point - 2023

6.8%

Return on capital

553

Net profit after tax

(In NIS millions)

440

Underwriting profit

(In NIS millions)

415

AUM

(In NIS billions)

0

Dividend from Migdal

78%

June 2023

Solvency ratio  
excluding spreading  
provisions

**Market Share** | Significant erosion of the market shares in a significant portion of activities  
**Migdal Stock** | Migdal's price-to-book ratio is lower than that of the 5 largest insurance companies



# New Management Team with Top-Tier Professional and Specialized Expertise

## Senior management is dedicated to the strategic plan and its implementation over time

Accordingly, it has converted a significant portion of its wages to options under a 3-year plan



# The Strategic Initiatives

## Three Building Stones:

- 1** Reinforcement of core activities and profitable growth
- 2** Enhancing effectiveness and cutting back costs
- 3** Placing the customer at the center in a dynamic environment

# 1

## Reinforcement of Core Activities and Profitable Growth

### **Growth and leadership in pensions, provident funds and finance**

Growth in pension and provident fund products, and significant enhancement of the growth in finance products, through a series of action that will boost sales capabilities, improve operational response and optimize pricing, with emphasis on enhancement of the return on capital.

### **Optimization of the distribution channels**

Implementation of an integrative sales and distribution strategy that addresses the distribution channels of all products, and creating a growth platform for pivotal products.

### **Transformation in general insurance and its positioning as a growth engine**

- Honing the underwriting model and process in general insurance to significantly improve the value proposition to customers.
- Transformation of the claim management process, to facilitate the expedient, accurate and effective pay-out of claims.

### **Retention**

Increasing employee retention rates in pensions and life and health insurance products through a series of actions, including innovative value propositions to customers and agents and improvement of the retention processes.

# 2

## Enhancing effectiveness and cutting back costs

Enhancing effectiveness and cutting back costs using four principal leverages:

### Digitalization

Improvement and expansion of processes and customers' and agents' digital journey, for improved experience and a more effective service.

### Automation and integration of new technological capabilities

Automation and integration of advanced tools (such as AI) to streamline input-intensive operational and service processes.

### Process standardization and optimization

Streamlining work processes, aiming for operational excellence and the institution of a culture of excellence and constant improvement.

### Adjustment of the operation model

Adjustment of the operation model to the changing needs, for a more efficient and effective organization.

# 3

## Placing the customer at the center in a dynamic environment

**Migdal will work to improve the focus on the customer, using two principal leverages:**

### **Customer services transformation**

Improvement of the service by adjusting the structure and processes of the service and operational centers to the needs of the customers. Leveraging the automation and digitalization processes to Allow customers independent, easy and transparent access to operations.

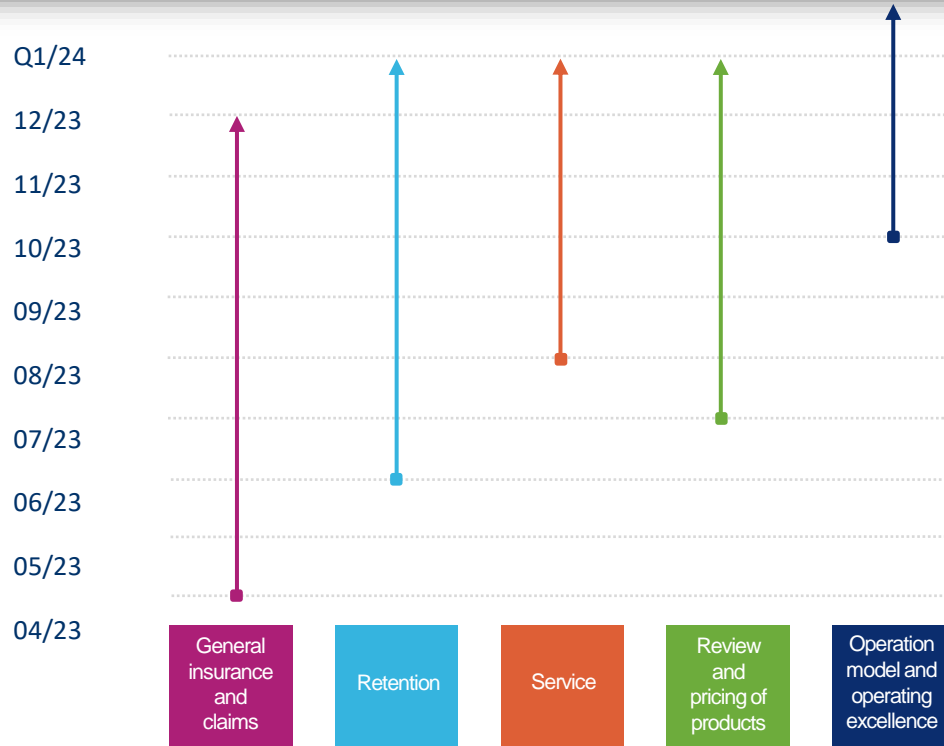
### **Adjustment of the value propositions and the service to the needs of the agents and the customers**

Creation of suitable value propositions for customers and agents in order to significantly improve Migdal's positioning in the market and increase sales.

# Implementation in Progress

## Projects for 2024

- House agencies
- Organizational culture
- Distribution channels
- Closed product portfolio

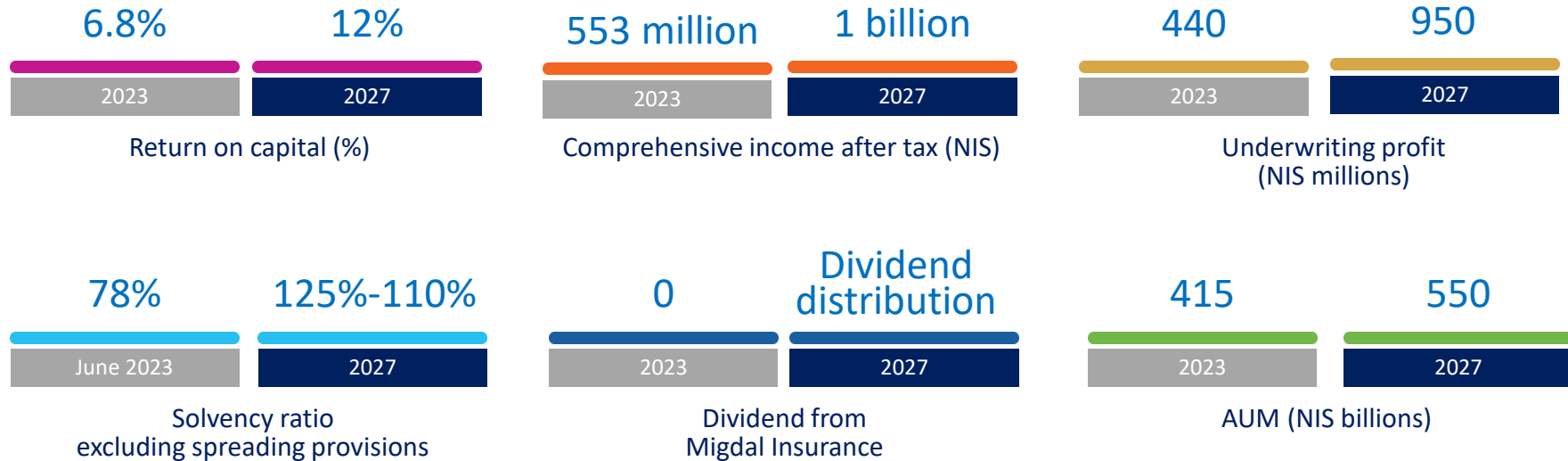




# Glimpse to the Future: Migdal in 2027



# Goal: doubling profitability within 4 years, reinforcing the capital base and achieving regular dividend distributions



## Market Share | Increasing the market share in each of the operating segments

These goals are based on the following principal assumptions: achievement of the real returns targets set by the Group in its various operating segments, which would, inter alia, enable Migdal Insurance, by 2027, to collect variable management fees; AUM growth, inter alia through improvement of Migdal Insurance's mobility balance in long-term savings and increase the volume of new sales; improvement of the underwriting profit in the core activities of Migdal Insurance; and with regard to Migdal Insurance's solvency ratio - increasing the capital recognized for solvency through an additional raising of Tier-2 capital and the implementation of the stochastic model were also taken into account. It is hereby clarified that these goals are based on the existing accounting regime (IFRS 4), and that upon the transition to the new accounting regime (IFRS 17), the necessary adjustments will be made.



# Thank You

