

Financial Results

- Update on the Strategic Plan
- IFRS17



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The data presented in this presentation are effective as of December 31, 2024, or for the period from January 1, 2024 to December 31, 2024 or for the period from October 1, 2024 to December 31, 2024, unless explicitly stated otherwise.

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“We concluded 2024 with a substantial improvement across all lines of business, resulting in comprehensive income of close to NIS 1 billion - almost double the amount reported in 2023. This high profitability is a direct result of the successful implementation of the strategic plan, which was translated into efficient operational measures, enabling us to accelerate the timelines we set for ourselves in all the strategic goals that we published last year.

For each of our lines of business, we identified and set our sights on multiple future moves that will enable us to maintain the forward momentum of the Group in 2025.

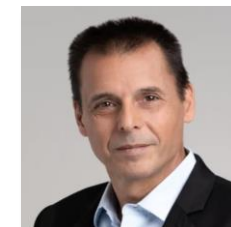
The performance of the insurance sector in 2024 was outstanding, and Migdal shined this year. This allowed us, among other things, to resume the collection of variable management fees already in December 2024, much earlier than anticipated. We are optimistic that the macroeconomic factors will continue to support economic growth and provide a tailwind to our constructive approach.

This year, IFRS17 came into effect, and we published the first pro forma data, for the first half of 2024, as required. While the reporting language is new, the Group remains solid in its activity, advantages, capability and potential, as reflected in the results. Under the new standard, comprehensive income is expected to reach NIS 890 million in the first half of 2024, representing a return on capital of 26.1%, as well as an increase of close to NIS 1 billion, before tax, in the contractual service margin (CSM).

In addition, at the beginning of 2025 the Board of Directors of Migdal Insurance determined that the minimum capital requirement for dividend distribution will be an economic solvency ratio of 115%, without the deployment period transition provisions. As of June 30, 2024, Migdal Insurance's economic solvency ratio was 98%, without implementation of the deployment period transition provisions, and 129% with their implementation. The calculation of the ratios does not include the effect of the stochastic model that is implemented for the first time on December 31, 2024. As of June 30, 2024, the effects of the model's application is an increase of 9% and 11%, without implementation of the deployment period transition provisions and with their implementation, respectively.

We are confident that we will continue to see continuous significant improvement in our results that will contribute to the success of the Group.

We would like to take this opportunity to thank all of the managers and employees of the Group for their dedicated and professional work and unwavering contribution to the success of the Group.



Ronen Agassi
CEO of Migdal Insurance



Yossi Ben Baruch
CEO of Migdal Holdings

9.6 billion NIS

Equity

485 billion NIS

AUM

91

Years of insurance

3,800

Agents

2.6 million

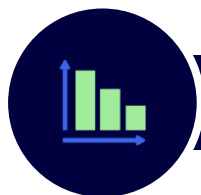
Customers

4,500

Employees

Rating of Migdal Insurance Company Ltd. (Aa2.il by Midroog)

The above data are effective as of December 31, 2024



Results

Comprehensive income

- Comprehensive income in the fourth quarter totaled NIS 508 million, compared to comprehensive income of NIS 468 million in the corresponding quarter last year.
- In 2024, comprehensive income totaled NIS 1,002 million, compared to comprehensive income of NIS 553 million in 2023.

Underwriting profit

- Since the beginning of 2024, the underwriting profit increased across all lines of business.
- The underwriting profit in the fourth quarter totaled NIS 198 million, compared to a loss of NIS 9 million in the corresponding quarter last year.
- The underwriting profit in 2024 doubled to NIS 884 million, from NIS 440 million last year.



Growth

- Increase in sales and premiums, investment contracts and contributions across all lines of business in the fourth quarter.
- Continued net positive mobility in pension funds.
- AUM growth: Increase of 27% in the pension funds, 26% in the provident funds and 24% in the mutual funds, compared to 2023.



Solvency Ratio

- The solvency ratio without the transition provisions **increased to 98%** as of June 30, 2024, compared to 78% as of December 31, 2023.
- The solvency ratio with the transition provisions **increased to 129%** as of June 30, 2024, compared to 123% as of December 31, 2023.
- Most of the increase stems from the effect of the increase in the interest curve and the updating of demographic assumptions in relation to annuity realization rates.
- Migdal Insurance applies the stochastic model, for the first time, in the calculation of the solvency ratio as of December 31, 2024. The estimated effect of the implementation of the stochastic model on the economic solvency ratio as of June 30, 2024 is an increase of 9% and 11%, without and with the deployment period transition provisions, respectively.

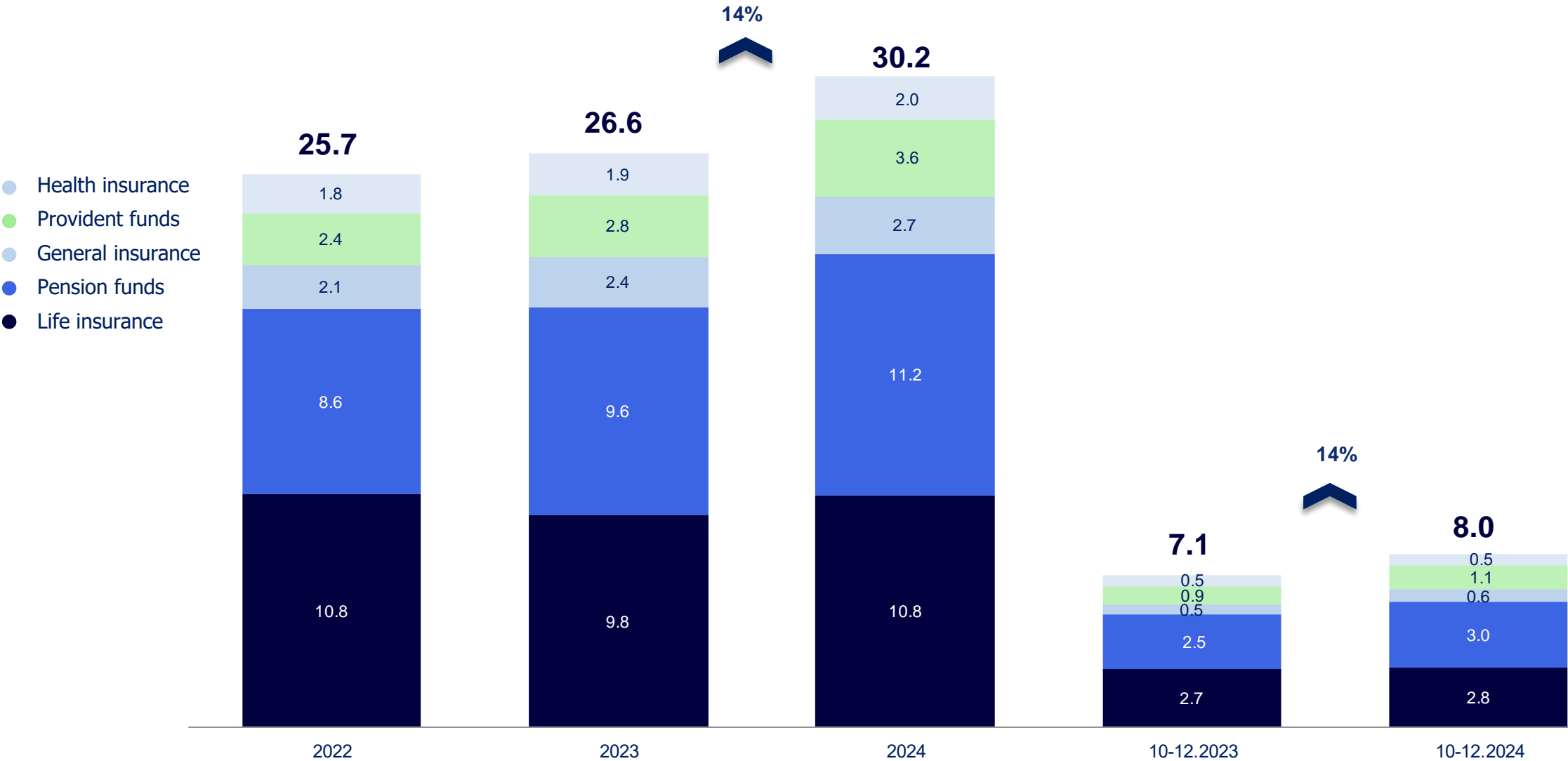


Investments

- Surplus investment gains totaled NIS 747 million in the fourth quarter, compared to NIS 104 million in the corresponding quarter last year. The improvement is due, inter alia, to positive yields on the capital market, a change in the mix of the nostro portfolio, and the resumed collection of variable management fees in the participating portfolio.
- In the fourth quarter, Migdal Insurance began to collect variable management fees in a total amount of NIS 135 million, for the first time since the end of 2021.

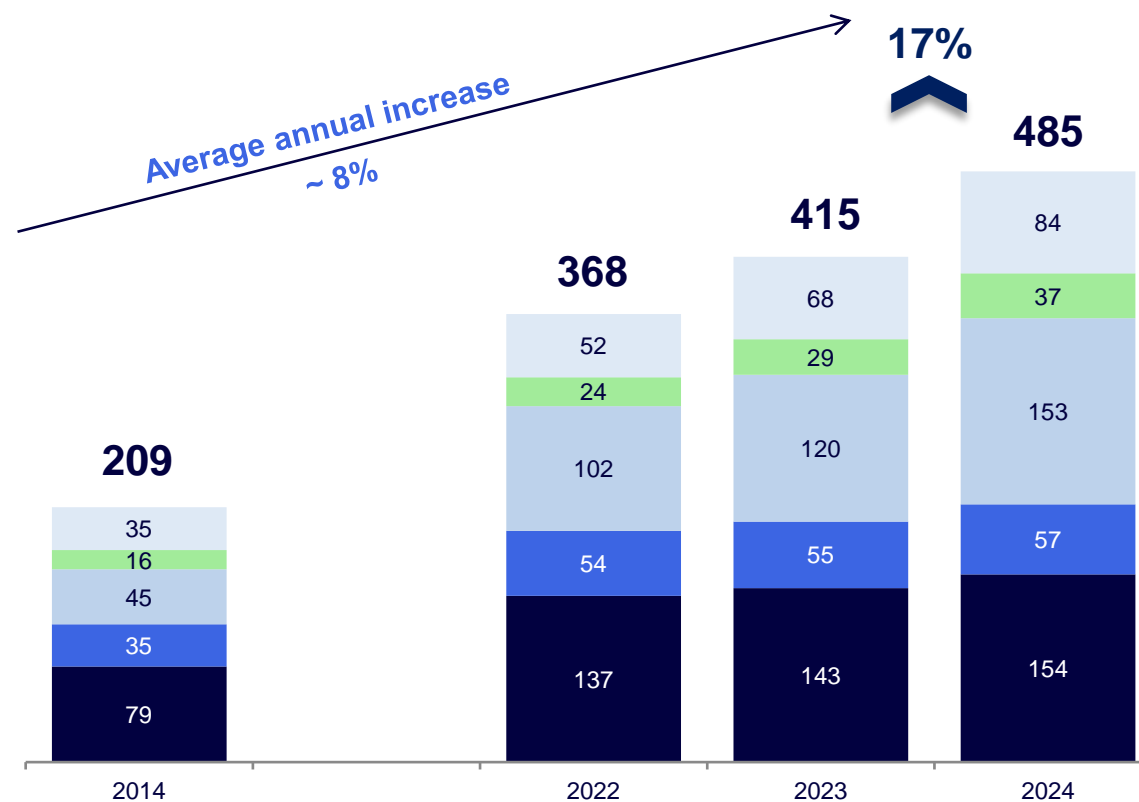
Continued Increase in Premiums, Investment Contracts and Contributions

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



Continued AUM growth

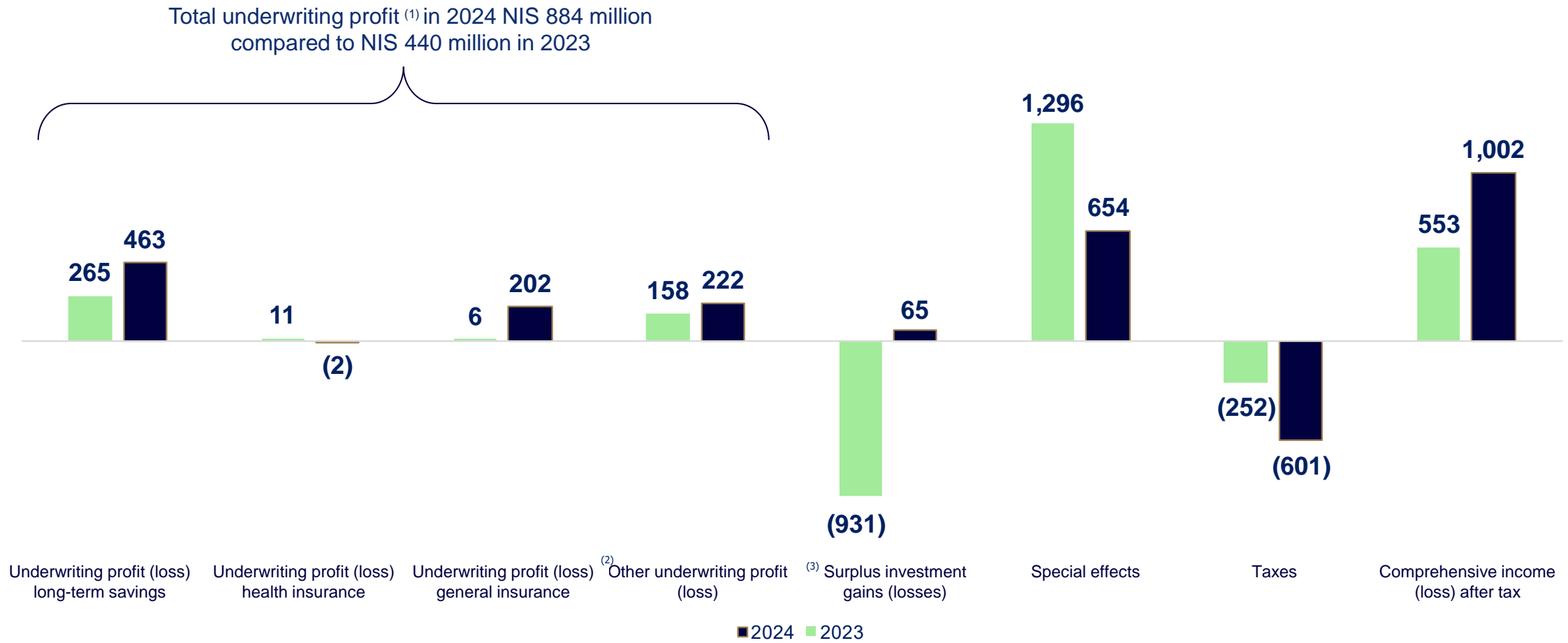
- Financial services
- Provident funds and study funds
- Pension funds
- Nostro
- Insurance contracts and Yield - dependent investment contracts



* In NIS billions

Principal Business Results in 2024 Compared to 2023

(In NIS millions)



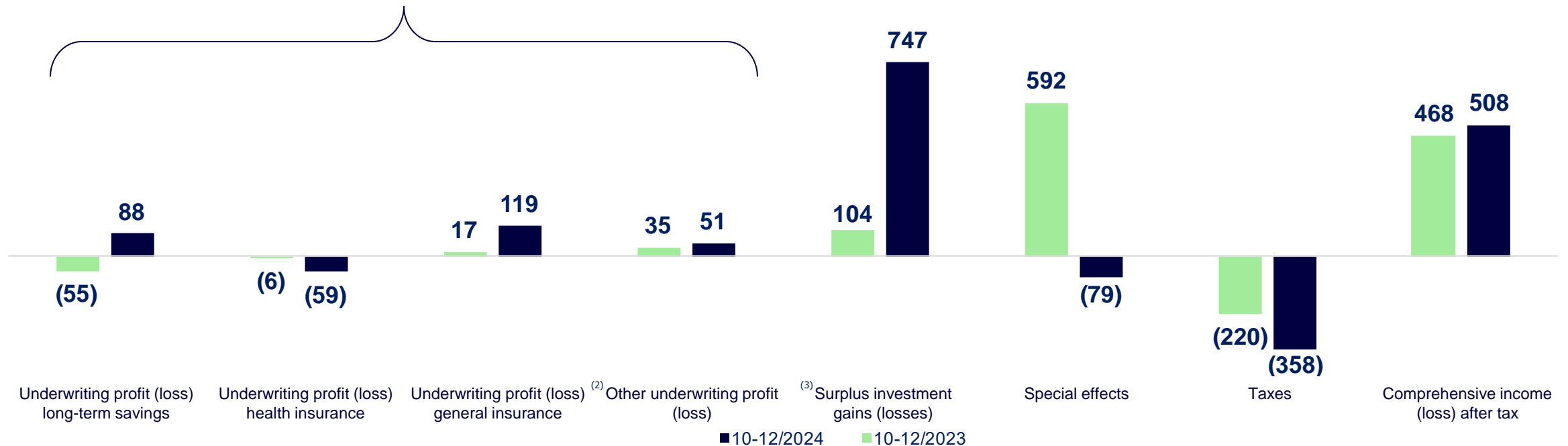
(1) Profit from insurance activity in the main lines of business of the Group, including income from investments based on real returns assumptions (constant in all reporting periods) set by Migdal Insurance, in the range of 2%-4.5% a year in the various areas of activity, excluding any special effects.

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

(3) Investment gains surplus/deficit in relation to the aforesaid return assumptions.

Principal Business Results in the Fourth Quarter and the Corresponding Quarter Last Year (In NIS millions)

Total underwriting profit ⁽¹⁾ in the quarter NIS 198 million compared to a loss of NIS 9 million in the corresponding quarter last year



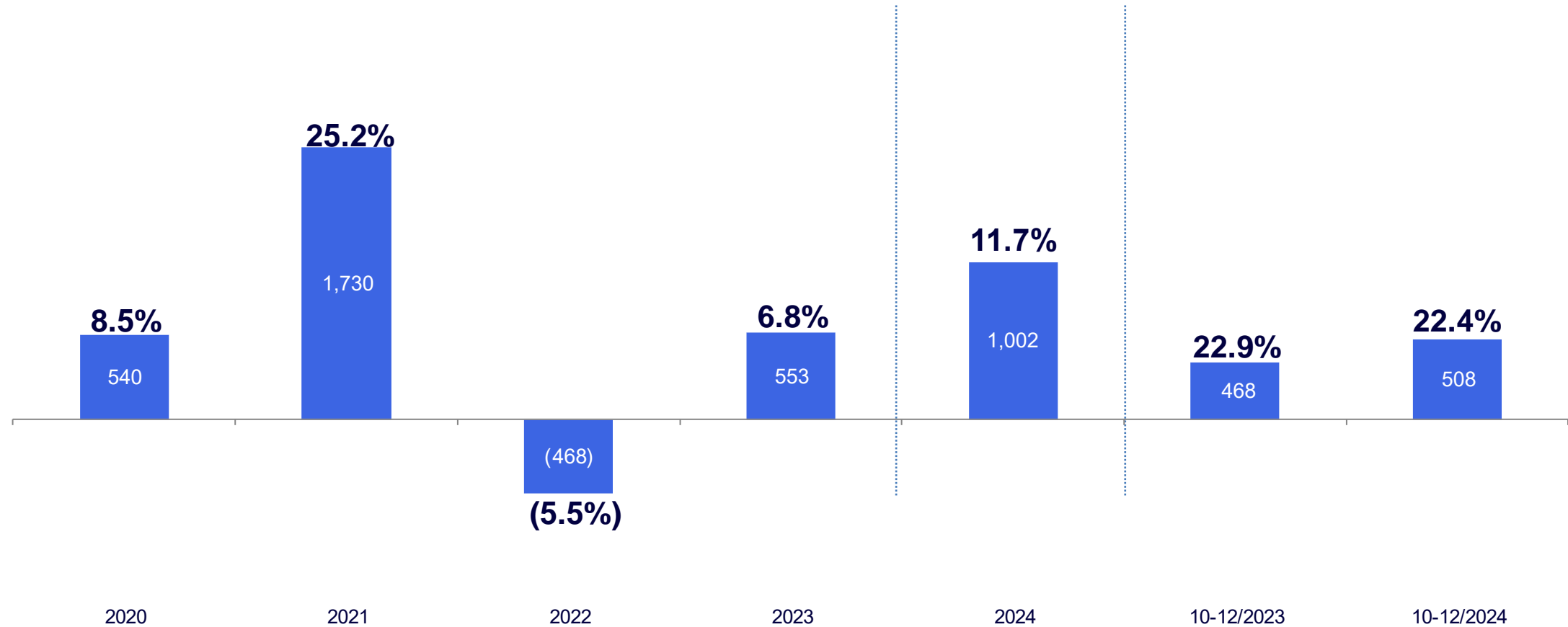
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Comprehensive Income and Return on Capital

Income (NIS millions) and return on capital (annualized)

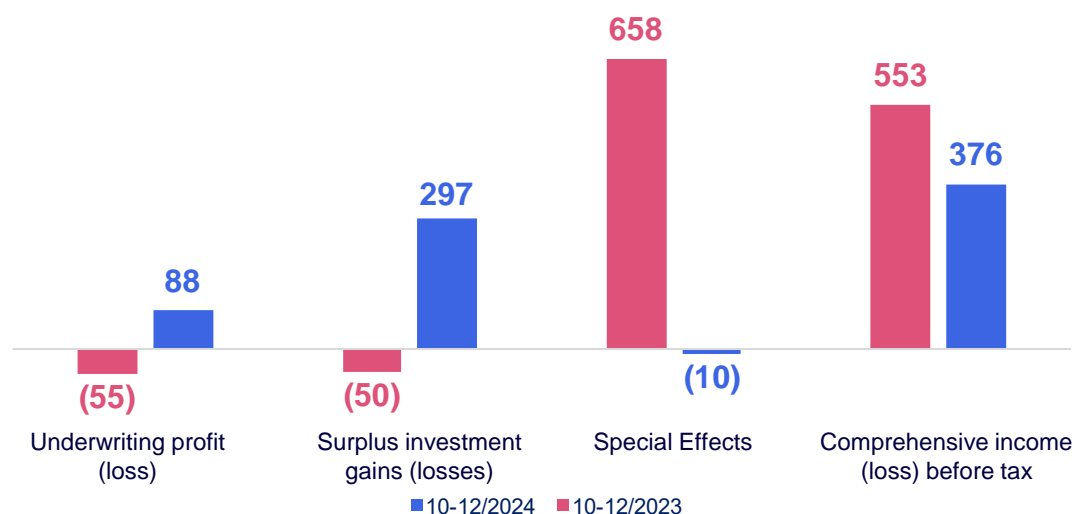


Long-Term Savings

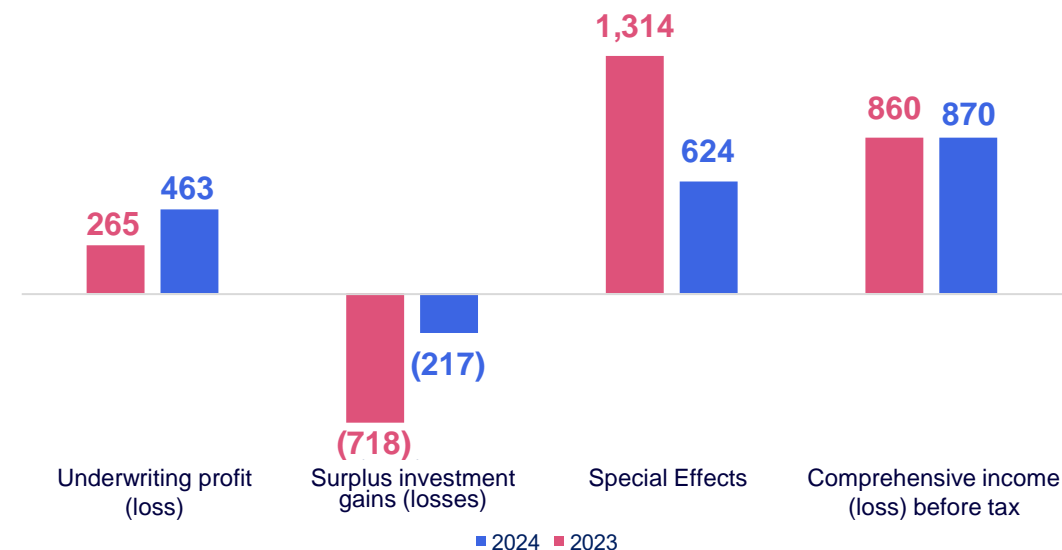
Sources of Comprehensive Income (Loss) Before Tax in the Fourth Quarter and in 2024 (In NIS millions)

- Continued increase in new sales of pension and provident funds - 71% and 17% (respectively) in 2024 compared to 2023
- Increase in the underwriting profit, mainly due to the improved profit in loss of working capacity and disability sectors and the higher fixed management fees
- Collection of variable management fees of NIS 135 million
- Continued net positive mobility in provident funds and pension funds in 2024

Comprehensive Income in Q4 2024 compared to Q4 2023

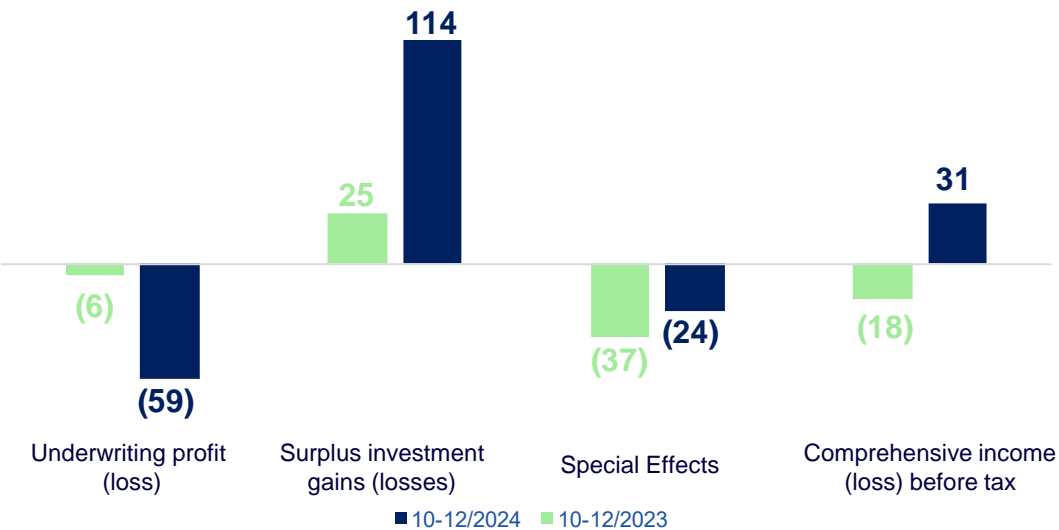


Composition of comprehensive income in 2024 compared to 2023

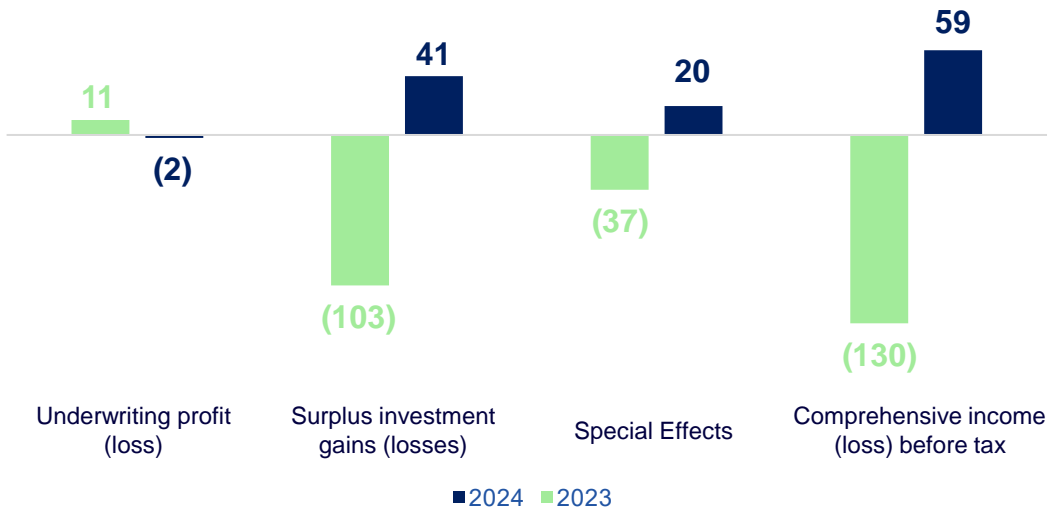


- Premiums increase by 5% in the quarter and by 4% in 2024
- Eliminating the non-recurring effect of lawsuit payouts, the underwriting profit improved in 2024 compared to 2023

Composition of the comprehensive income in Q4 2024 compared to Q4 2023



Composition of comprehensive income in 2024 compared to 2023

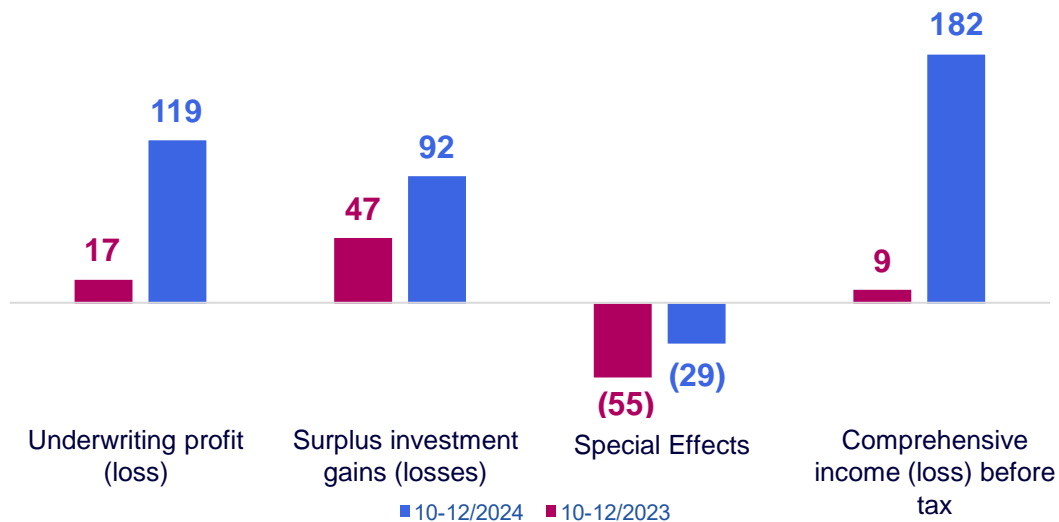


General insurance

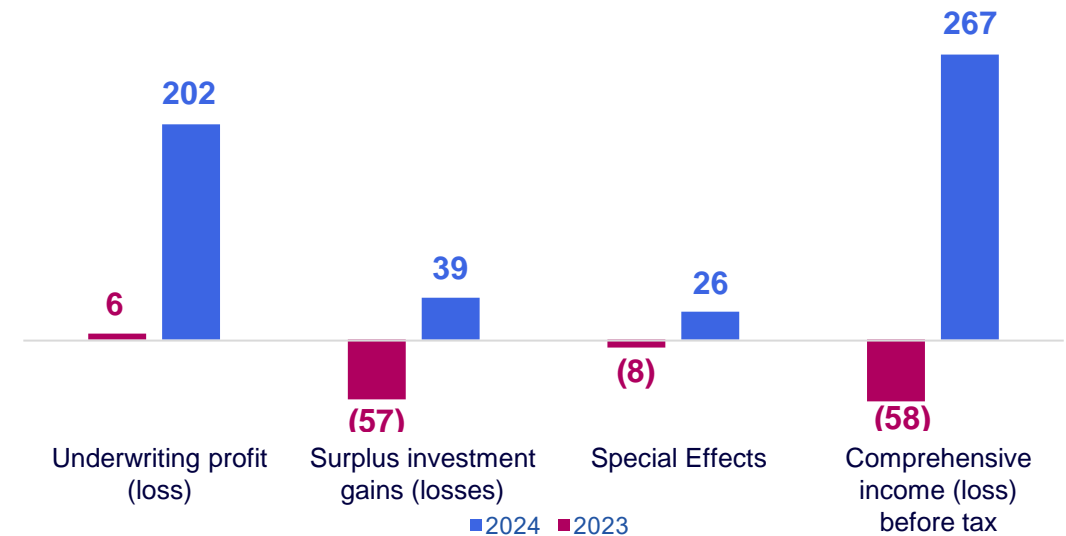
Sources of Comprehensive Income (Loss) Before Tax in the Fourth Quarter and in 2024 (In NIS millions)

- Significant improvement in the underwriting profit in 2024, deriving mainly from the vehicle sectors, this in accordance with the work plan, alongside improvement in the liability sectors
- Premiums increase by 30% in the quarter and by 12% in 2024, mainly as a result of the increase in the average premium in the vehicle sectors

**Composition of the comprehensive income in Q4
2024 compared to Q4 2023**



Composition of comprehensive income in 2024 compared to 2023

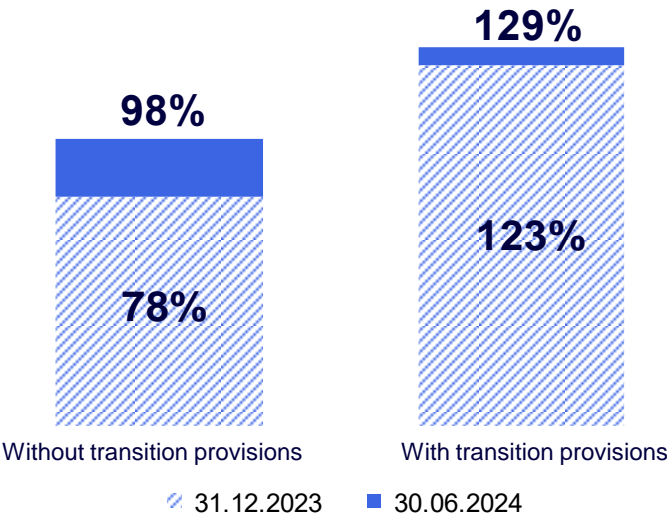


Capital, Dividend distribution and Solvency Ratio

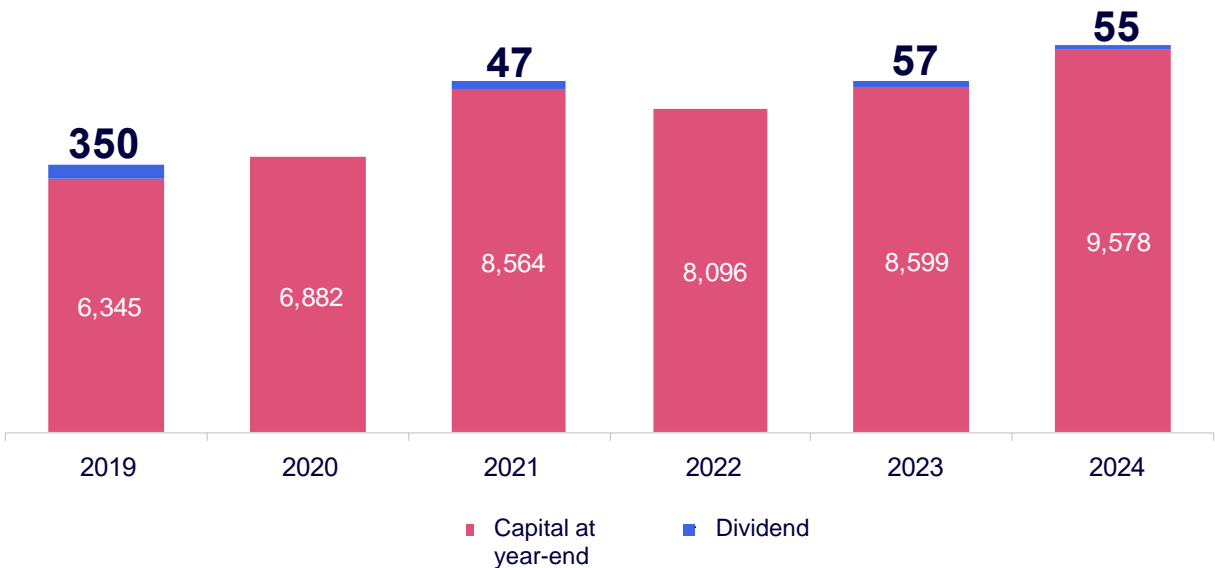
(In NIS millions)



Solvency ratio - Migdal Insurance



Capital and Dividend Distribution - Migdal Holdings



Migdal Insurance applies the stochastic model, for the first time, in the calculation of the solvency ratio as of December 31, 2024. The estimated effect of the implementation of the stochastic model on the economic solvency ratio as of June 30, 2024 is an increase of 9% and 11% in the economic solvency ratio, without and with implementation of the deployment period transition provisions, respectively*

* The aforesaid is not indicative of the economic solvency ratio as of December 31, 2024, which could be affected by other factors, including market factors and business developments during this period.

Strategic Plan - Status



Goal

NIS 1 billion in profit by the end of 2027 with a 12% return on capital and regular dividend distributions from Migdal Insurance



Mission

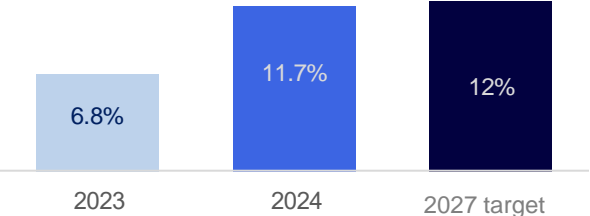
Decisive and immediate actions for transforming growth, profitability and the return on capital and regaining leadership

Migdal's Strategic Goals | Current Status



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

% return on capital



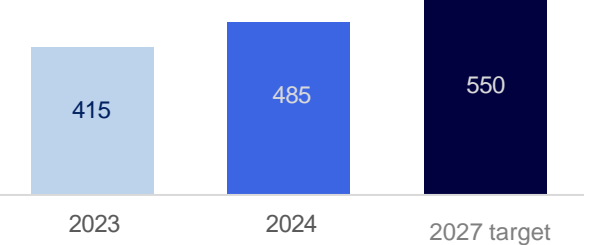
Comprehensive income after tax (in NIS millions)



Underwriting profit (in NIS millions)



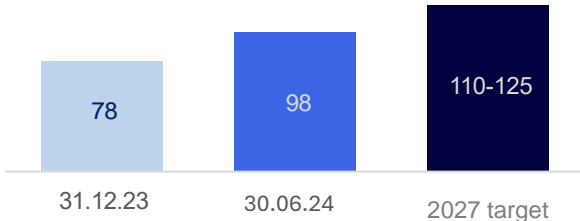
AUM (in NIS billions)



Dividend from Migdal Insurance



Solvency ratio without deployment provisions (%)



The goals for 2027 are based on the following principal assumptions: (1) achievement of the real returns targets set by the Group in its various operating segments, which would, inter alia, enable Migdal Insurance to continue collecting variable management fees; (2) AUM growth, inter alia through improvement of Migdal Insurance's mobility balance in long-term savings and increased new sales; (3) improvement of the underwriting profit in the core activities of Migdal Insurance; (4) with regard to Migdal Insurance's solvency ratio – the increase of 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.



Reinforcement of Core Activities
and Pursuing Profitable Growth



Enhancing Effectiveness
and Cutting Back Costs



The Customer in the Center
in a Dynamic Reality

Significant Initiatives in 2024

- Growth and leadership in pensions, provident funds and finance
- Optimization of the distribution channels
- Transformation in general insurance and its positioning as a growth engine Growth
- Retention
- Accelerating growth in low capital intensity activities
- Adjustment of the mix of investments in the nostro assets to improve the return on capital
- Operating excellence
- Digitalization
- Automation and integration of new technological capabilities
- Customer services transformation
- Matching the value propositions and the service to the needs of the agents and the customers



Reinforcement of Core Activities
and Pursuing Profitable Growth



Enhancing Effectiveness
and Cutting Back Costs



The Customer in the Center
in a Dynamic Reality

Looking Forward to the Future

- Realization of initiatives for boosting profitability and market share in general insurance
- Formulation of a strategic plan for the Group's agencies
- Development of growth engines in the credit segment
- Updating of Operational Processes Model
- Effective and Targeted Approach to Closed Products
- Enhanced Focus on Pre-Retirement Customers
- Adapting Value Propositions to Direct Customers

IFRS17



The accounting treatment changes course The Company, its operations and its business goals remain on track



The underlying logic of the standard:

Promoting transparency and better comparability of the insurance companies

The report provides a clearer picture of the economic value

Presenting future profits on the policy sale date and recognizing them over time, distinguishing underwriting profit from investment profit

Non-recurring effect
on the capital at the transition date
and recognition of future profitability

Change in the recognition of profits in life
insurance and long-term health insurance

Transition to recognizing future profits within
the contractual service margin (SCM)

Limited effect on general insurance

No effect on the ability
to create value, potential
growth and the cash flows

No effect on
non-insurance operations

Pensions, provident funds, finance and other

IFRS 17 | Changes in the Balance Sheet of Migdal Holdings on Transition Date - January 1, 2024 (In NIS billions)



Main changes

Assets



- Increase of NIS 8 billion in the financial assets (mainly CPI-Linked Life designated bonds) due to the transition to **measurement at fair value**.
- Decrease of NIS 2 billion due to **derecognition of deferred acquisition costs** in life and health insurance.

liabilities



- Increase of NIS 9 billion in the insurance liabilities due to the transition to measurement at fair value.
- Recognition of future profitability of NIS 11.4 billion, which is included under the insurance liabilities.



NIS 1.8 billion decrease in capital

CSM and RA Balances at Transition Date - January 1, 2024

CSM

(Existing life and long-term health portfolio on transition date)

Contractual service margin

~ **11.4**

billion NIS

Net from reinsurance,
before tax

RA

(Existing life and long-term health portfolio on transition date)

Risk adjustment balance

~ **3**

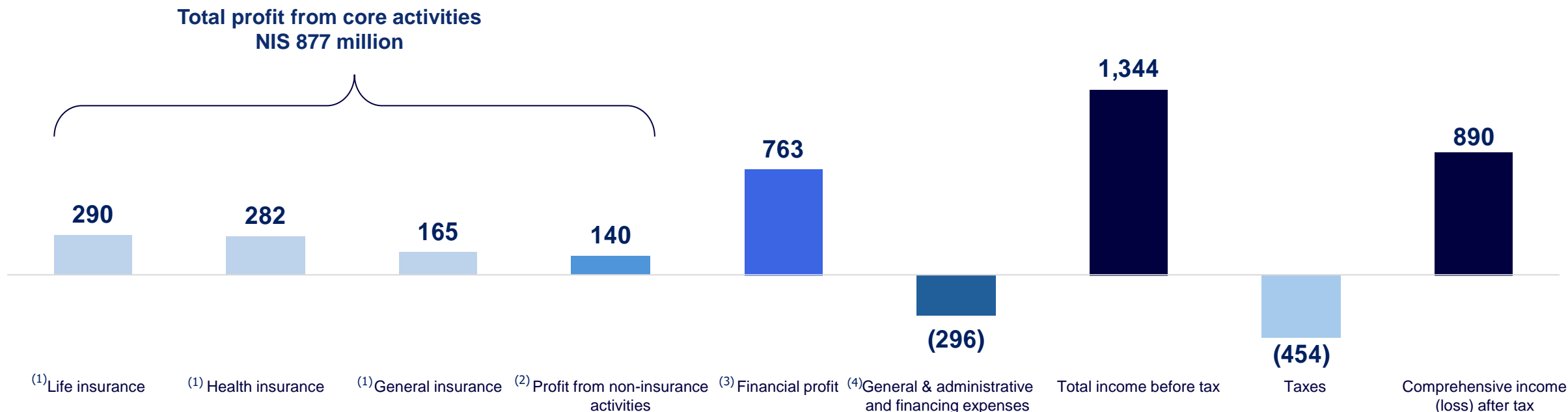
billion NIS

Net from reinsurance,
before tax

According to an estimate performed by Migdal Insurance, assuming no modifications to the CSM, **close to 30%** of the CSM balance in respect of the existing portfolio (life and long-term health), as of the transition date is expected to be carried to profit or loss over the **five** years following the transition date

IFRS 17 | Estimated Profit or Loss for H1-2024

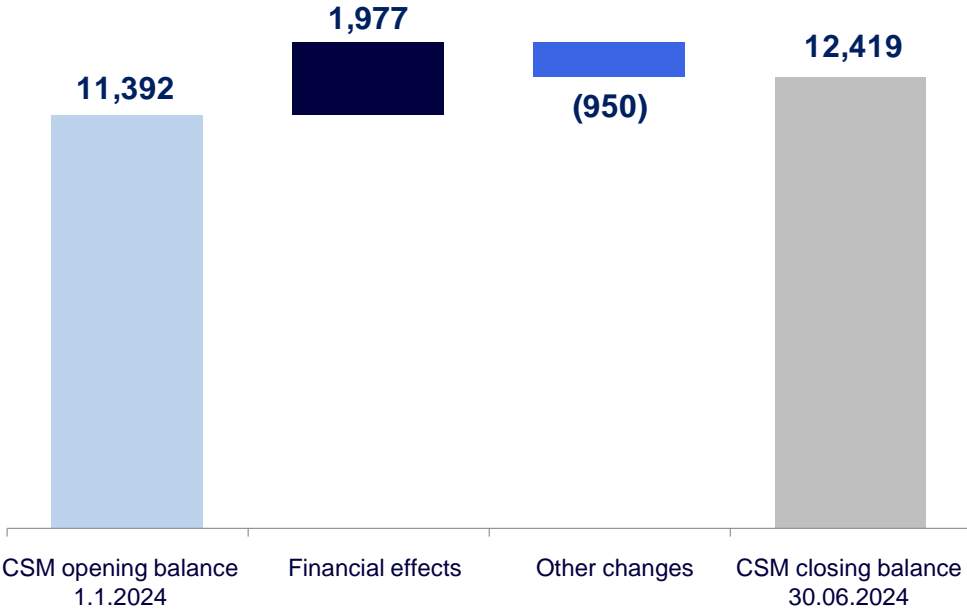
(In NIS millions)



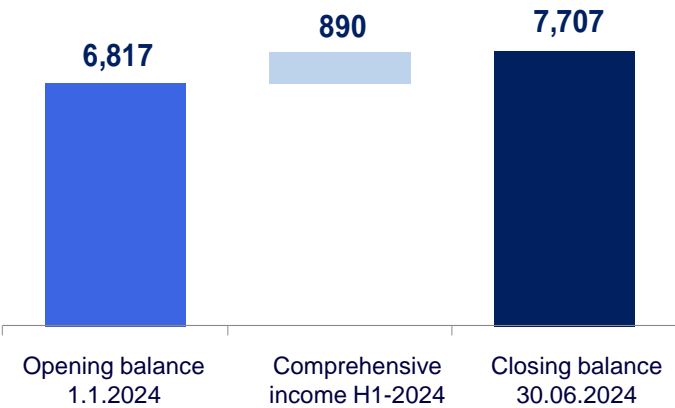
- (1) **Profit from core activities** - The profit in life and health insurance, including the reduction of the CSM and the RA and actual adjustments to the anticipated cash flows forecast. In general insurance and short-term health insurance, the profit includes the premium earned, less claims, commissions and expenses. The profits include a normalized yield assumption on the investments of real risk-free interest rate plus an annual margin of 2%
- (2) **Profit from non-insurance activities** - includes the results of the pension and providend funds operations, the investment contracts, the insurance agencies, as well as the financial services.
- (3) **Financial profit** - This item includes the financial effects on the insurance assets and liabilities in excess of the normalized yield assumption, as well as investing income offsetting capital and non-insurance activities. It should be noted that this item includes a profit of NIS 501 million, before tax, in respect of the increase in the fair value of CPI-Linked Life bonds stemming from the effect of actuarial studies, as well as a profit of NIS 127 million, before tax, in respect of changes in the interest curve.
- (4) **General and administrative and financing expenses** - Include general and administrative expenses that are not attributed to insurance contracts, as well as financing expenses, primarily in respect of bonds.

Development in Capital and in the CSM in H1-2024 (In NIS millions)

Development in CSM (before tax)



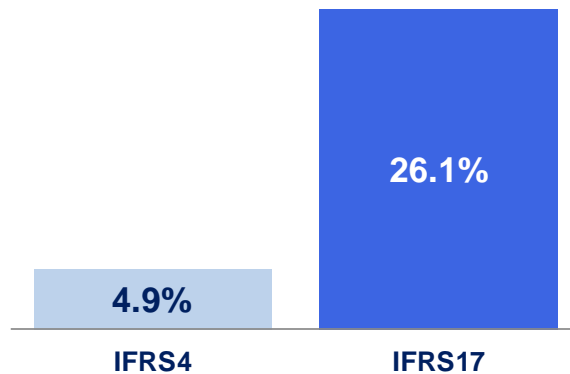
Development in capital



In the assessment of the Company, the effect of the implementation of the stochastic model in Q4-2024 could increase the CSM balance by 1.1 to 1.4 billion NIS.

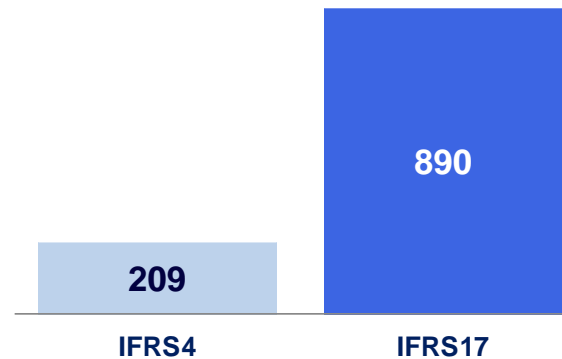
Return on capital

(annualized)



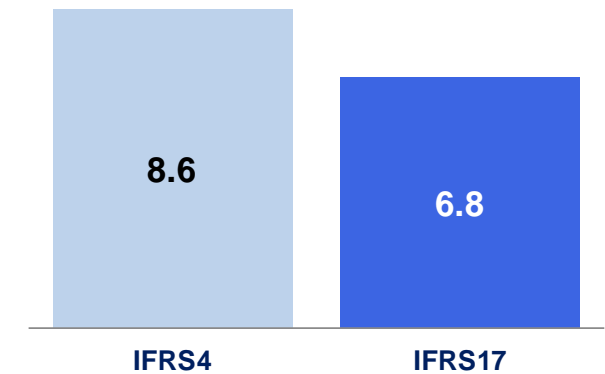
Comprehensive income in H1-2024

(In NIS millions)



Capital as of 1.1.2024

(In NIS billions)



Thank You

Migdal. Seeing Far Ahead

