

November 22, 2017

Harel Group concludes the first nine months of 2017 with comprehensive profit up 193% to NIS 601 million

Total earned premiums and benefit contributions increased by 15% to NIS 17.1 billion in the first nine months of 2017

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Total assets increased to NIS 203.5 billion

Harel Insurance Investments and Financial Services has published its financial statements for Q3 2017:

Total premiums earned and benefit contributions were up 15% at NIS 17.1 billion in the first nine months of 2017, compared with NIS 14.9 billion in the corresponding period last year.

Total earned premiums and benefit contributions were up 17% at about NIS 6 billion in Q3 2017, compared with NIS 5.1 billion in the corresponding period last year.

Comprehensive profit was up 193% at NIS 601 million in the first nine months of 2017, compared with NIS 205 million in the corresponding period last year.

Comprehensive profit was NIS 164 million in Q3 2017, similar to the corresponding quarter last year.

Equity attributed to the Company's shareholders was NIS 5.3 billion at September 30, 2017, and this after a dividend distribution of NIS 461 million during the course of 2017.

At September 30, 2017, the Group's assets under management in insurance, pension funds, provident funds, mutual funds and financial services increased by approximately NIS 203.5 billion.

Michel Siboni, CEO of Harel Insurance and Finance Group announced: "In the first nine months of the year, Harel Group reported continued growth in all its operating segments, reflected in the Group's business results and volume of assets under management, which totaled more than NIS 200 billion". Siboni added: "Last year, we announced a strategic change aimed at better adapting ourselves to the needs of our customers, with the purpose of offering personalized solutions from the sale stage, through obtaining information and ongoing service, the handling of claims and policy renewals. All this in an effort to provide improved service experience consistent with the digital world". Siboni noted that: "We continue to develop Harel's growth engines, while assimilating the Group's new strategy in which big data and cutting-edge technology are used to analyze data and the digital world is integrated in the range of solutions that Harel offers its customers and agents".

### **Long-term savings**

Total earned premiums and benefit contributions in long-term savings activity, amounted to about NIS 11 billion in the first nine months of 2017, compared with NIS 9.1 billion in the corresponding period last year.

Total earned premiums and benefit contributions in long-term savings activity amounted to NIS 3.9 billion in Q3 2017, compared with NIS 3.2 billion in the corresponding quarter last year.

Comprehensive profit in long-term savings activity (life assurance, pension, provident and education funds) was NIS 392 million in the first nine months of 2017, compared with a comprehensive loss of NIS 20 million in the corresponding period last year.

Comprehensive profit in long-term savings activity (life assurance, pensions, provident and education funds) amounted to NIS 46 million in Q3 2017, compared with NIS 89 million in the corresponding period last year.

## Life assurance

Total earned premiums in life assurance increased by 23% to NIS 3.7 billion in the first nine months of 2017, compared with NIS 3 billion in the corresponding period last year.

Total earned premiums in life assurance increased by 21% to NIS 1.2 billion in Q3 2017, compared with about a billion shekels in the corresponding period last year.

Comprehensive profit in life assurance was NIS 319 million in the first nine months of 2017, compared with a comprehensive loss of NIS 72 million in the corresponding period last year.

Comprehensive profit in life assurance was NIS 14 million in Q3 2017, compared with NIS 66 million in the corresponding quarter last year.

## Pension funds

Benefit contributions collected by the Group's pension funds increased by 15% to NIS 5.3 billion in the first nine months of 2017, compared with NIS 4.6 billion in the corresponding period last year.

Benefit contributions collected by the Group's pension funds increased by 22% to NIS 1.9 billion in Q3 2017, compared with NIS 1.6 billion in the corresponding period last year.

Comprehensive profit from pension fund management amounted to NIS 47 million in the first nine months of 2017, compared with comprehensive profit before tax of NIS 39 million in the corresponding period last year.

Comprehensive profit from pension fund management amounted to NIS 22 million in Q3 2017, compared comprehensive profit before tax of NIS 14 million in the corresponding quarter last year.

The volume of assets managed by the pension funds increased by 23% to NIS 52 billion at September 30, 2017, compared with NIS 42.2 billion at September 30, 2016.

## Provident funds & education funds

Benefit contributions collected by the provident funds and education funds increased by 27% to NIS 2.1 billion in the first nine months of 2017, compared with NIS 1.7 billion in the corresponding period last year.

Benefit contributions collected by the provident funds and education funds increased by 30% to NIS 764 million in Q3 2017, compared with NIS 589 million in the corresponding quarter last year.

Comprehensive profit in the provident funds and education funds amounted to NIS 26 million in the first nine months of 2017, compared with NIS 13 million in the corresponding period last year.

Comprehensive profit in the provident funds and education funds was NIS 9 million in Q3 2017, similar to the corresponding quarter last year.

At September 30, 2017, assets under management in the provident funds and education funds managed by the Group amounted to NIS 34.8 billion.

## Health insurance

Total premiums earned in the health insurance segment increased by 6% to NIS 3.3 billion in the first nine months of 2017, compared with NIS 3.1 billion in the corresponding period last year.

Total premiums earned in the health insurance segment increased by 4% to NIS 1.1 billion in Q3 2017, similar to the corresponding quarter last year.

Comprehensive profit in the health insurance segment amounted to NIS 105 million in the first nine months of 2017, as against NIS 128 million in the corresponding period last year.

Comprehensive profit in the health insurance segment was NIS 74 million in Q3 2017, compared with NIS 33 million in the corresponding quarter last year.

## **Non-life insurance**

Gross premiums increased by 6% to NIS 2.3 billion in the first nine months of 2017, compared with NIS 2.2 billion in the corresponding period last year.

Gross premiums increased by 8% to NIS 677 million in Q3 2017, compared with NIS 628 million in the corresponding quarter last year.

Comprehensive profit in non-life insurance amounted to NIS 129 million in the first nine months of 2017, compared with NIS 35 million in the corresponding period last year.

Comprehensive profit in non-life insurance increased by 41% to NIS 47 million in Q3 2017, compared with NIS 38 million in the corresponding quarter last year.

## **Harel Finance**

At September 30, 2017, Harel Finance held assets under management in the capital market and financial services segment of approximately NIS 40.2 billion.

Revenues in the capital market and financial services segment amounted to NIS 151 million in the first nine months of 2017, as against NIS 196 million in the corresponding period last year. The decline is mainly due to a reduction of the assets under management in the mutual funds and investment portfolios.

Beginning in Q2 2017, Harel Finance has recorded net capital raisings, but the outcome of this activity has yet to be reflected in the Company's results. The positive change in the raising of capital is a result, among other things, of the restructuring of the Company this year and is particularly noticeable in the ratings systems in several categories.

Revenues in the capital market and financial services segment amounted to NIS 51 million in Q3 2017, as against NIS 62 million in the corresponding period last year.

Harel Finance recorded comprehensive profit before tax of NIS 26 million in the first nine months of 2017, as against NIS 35 million in the corresponding period last year.

Comprehensive profit before tax in the capital market and financial services segment amounted to NIS 9 million in Q3 2017, as against NIS 17 million in the corresponding quarter last year.

## **Equity**

The capital surplus of Harel Insurance as at December 31, 2016, on a consolidated basis and before the transitional provisions, is NIS 1.9 billion (in terms of 100% SCR).

Taking the transitional provisions into account, Harel Insurance has a capital surplus of approximately NIS 5.1 billion. This capital surplus takes into account relief and changes in the directives pertaining, *inter alia*, to the rate of compliance with the required capital in the scheduling period which ends on December 31, 2024.

At September 30, 2017, Harel Insurance must meet 60% of the total capital requirements under the revised solvency requirements, as approved by the Finance Committee.

It should be emphasized that the model in its current format is extremely sensitive to changes in market and other variables.