

**Harel Group's Q2 2015 comprehensive profit increased by 89% to NIS 125 million, compared with NIS 66 million last year**

**Q2 2015 net profit increased by 304% to NIS 343 million, compared with NIS 85 million last year**

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**Harel Insurance and Finance Group posted comprehensive profit NIS 280 million in the first half of 2015**

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**Total earned premiums and benefit contributions in the first half of 2015 increased by 11% to NIS 9.2 billion, compared with NIS 8.3 billion in the corresponding period last year**

**Harel Insurance Investments and Financial Services publishes its financial statements for the first half and second quarter of 2015:**

**Comprehensive profit in the first half of 2015** was NIS 280 million, compared with NIS 347 million in the corresponding period last year. The decrease in comprehensive profit is mainly attributable to the effect of the capital market, where yields in the Reporting Period were lower than in the corresponding period last year, and to the on-going erosion of the results of group insurance activity in the health segment due to an increase in the percentage of claims.

**Comprehensive profit in Q2 2015 increased by 89% to NIS 125 million compared with NIS 66 million in the corresponding quarter last year.** The increase in comprehensive profit is attributable to an increase in the rate of interest that led to a reduction of the insurance liabilities in the amount of NIS 282 million before tax and NIS 176 million after tax, compared with an increase in the insurance liabilities in the amount of NIS 130 million before tax and NIS 81 million after tax due to the decline in the interest rate in the corresponding period last year. These effects were partially offset by the effect of the capital market, where yields in the quarter were lower than those in the corresponding period last year, by a NIS 47 million refund of variable management fees, compared with the collection of variable management fees amounting to NIS 18 million in the corresponding quarter last year, by the revision of an extraordinary claim in the liabilities sector, and the on-going erosion in the results of group insurance activity in the health segment due to an increase in the percentage of claims.

**Total earned premiums and benefit contributions in the first half of 2015 increased by 11% to NIS 9.2 billion, compared with NIS 8.3 billion in the corresponding period last year**



**Equity attributed to the Company's shareholders at June 30, 2015 was NIS 4.87 billion, compared to shareholders' equity of NIS 4.64 billion at the end of the first half of 2014.**

At June 30, 2015, **the Group held assets under management** in insurance, pension funds, provident funds, mutual funds and financial services in the amount of NIS 181.5 billion.

**Michel Siboni, Co-CEO of Harel Insurance and Finance** announced: "Harel continues to maintain its dominant position in the industry and to present ongoing growth in most segments of operation, as well as strong financial robustness. These trends contrast with high levels of volatility in the global and local capital market. As the leader in the health insurance sector, Harel identifies on-going difficulties in the group health insurance segment and is taking every possible course of action to improve its performance".

### **Long-term savings**

**Comprehensive profit in long-term savings activity (life assurance, pensions, provident and education funds) increased by 155% to NIS 224 million in the first half of 2015**, compared with NIS 88 million in the corresponding period last year. This increase is attributable to the effect of the interest rate and a LAT which, in the corresponding six months last year led to an increase in the insurance liabilities in the amount of NIS 126 million, whereas in the Reporting Period, the insurance liabilities decreased by NIS 4 million before tax. These effects were partially offset by yields in the capital market that were lower than in the corresponding period last year.

**In Q2 2015 comprehensive profit was NIS 251 million**, compared with a comprehensive loss of NIS 55 million in the corresponding quarter last year. The shift from comprehensive loss to comprehensive profit is mainly attributable to the effect of the interest rate and a LAT which led to a decrease in the insurance liabilities of NIS 227 million before tax in the Reporting Period, compared with an increase in the insurance liabilities of NIS 105 million in the corresponding quarter last year. These effects were partially offset by yields in the capital market that were lower than in the corresponding period last year and to a refund of variable management fees.

### **Pension funds**

**Comprehensive profit from pension fund management increased by 19% to NIS 38 million in the first half of 2015**, compared with NIS 32 million in the corresponding period last year. Comprehensive profit from pension fund management **increased by 27% to NIS 19 million**, compared with NIS 15 million before tax in the corresponding quarter last year.

**Benefit contributions collected by the Group's pension funds increased by 13% to NIS 2.56 billion in the first half of 2015**, compared with NIS 2.26 billion in the corresponding period last year. In Q2 2015, the Group's pension funds collected benefit contributions of NIS 1.32 billion, compared with NIS 1.17 billion in the corresponding period last year, **representing an increase of 13%.**

The assets managed by the pension funds increased by 22% to NIS 34.6 billion at June 30, 2015, compared with NIS 28.5 billion at June 22, 2014. The increase over the previous year is mainly attributable to an increase in the amounts of provision made by members and to the yield attained during the Reporting Period.

### Life assurance

**Comprehensive profit from life assurance increased by 403%** to NIS 161 million in the first half of 2015, compared with NIS 32 million in the corresponding period last year. This increase is attributable to the effect of the interest rate and a LAT which, in the corresponding six months last year led to an increase in the insurance liabilities in the amount of NIS 126 million before tax, whereas in the Reporting Period, the insurance liabilities decreased by NIS 4 million before tax. These effects were partially offset by yields in the capital market that were lower than in the corresponding period last year and by a refund of variable management fees.

**Comprehensive profit in the life assurance segment was NIS 220 million in Q2 2015**, compared with a comprehensive loss of NIS 83 million in the corresponding quarter last year. The shift from comprehensive loss to comprehensive profit is mainly attributable to the effect of the interest rate and a LAT which led to a decrease in the insurance liabilities of NIS 227 million before tax in the Reporting Period, compared with an increase in the insurance liabilities of NIS 105 million in the corresponding quarter last year. These effects were partially offset by yields in the capital market that were lower than in the corresponding period last year and to a refund of variable management fees.

**Total earned premiums increased by 16% to NIS 2.19 billion in the first half of 2015**, compared with NIS 1.89 billion in the corresponding period last year. Premiums earned during the Reporting Period accounted for 38% of all premiums earned by the Group during the Reporting Period. Total earned premiums from life assurance **increased by 6% to NIS 987 million in Q2 2015**, compared with NIS 934 million in the corresponding quarter last year.

### Provident funds & education funds

**Comprehensive profit in the provident funds and education funds** amounted to NIS 25 million in the first half of 2015, compared with NIS 24 million in the corresponding period last year. **Comprehensive profit from pension funds and education funds** was NIS 12 million in Q2 2015, compared with NIS 13 million in the corresponding quarter last year.

**Benefit contributions collected by the provident funds and education funds increased by 9% to NIS 867 million in the first half of 2015**, compared with NIS 795 million last year. Benefit contributions collected by the provident funds and education funds **increased by 8% to NIS 428 million in Q2 2015**, compared with NIS 397 million in the corresponding quarter last year.

**The provident funds and education funds managed by the Group held assets under management which increased by 3.8%** to NIS 29.5 billion at June 30, 2015, compared with NIS 28.4 billion at June 30, 2014.

### Health insurance

**In the health insurance segment, there was a negligible comprehensive loss of NIS 259,000 in the first half of 2015**, compared with comprehensive profit of NIS 117 million in the corresponding period last year. The decline in comprehensive profit is mainly attributable to the on-going erosion in the results of group health insurance policies due to an increase in the percentage of claims, and to the effects of the capital market where yields were lower than in the corresponding period last year.

**Comprehensive profit in the health insurance segment amounted to NIS 19 million in Q2 2015**, compared with NIS 58 million in the corresponding quarter last year. The decline in profit is attributable mainly to the on-going erosion in the results of group health insurance policies due to an increase in the percentage of claims, and to the effects of the capital market where yields were lower than in the corresponding period last year. These effects were partially offset by a decline in the insurance liabilities due to an increase in the discounting interest rate in the present quarter.



**Total earned premiums and benefit contributions in the health insurance segment increased by 12% to NIS 1.9 billion in the first half of 2015**, compared with NIS 1.7 billion in the corresponding period last year. Total premiums earned in the health insurance segment account for 33% of all premiums earned by the Group in the Reporting Period. **Earned premiums in the health insurance segment increased by 10%** to NIS 971 million in Q2 2015, compared with NIS 879 million in the corresponding quarter last year.

### **Non-life insurance**

**Comprehensive profit from non-life assurance** was NIS 95 million **in the first half of 2015**, compared with NIS 201 million in the corresponding period last year. The decline in comprehensive profit is mainly attributable to the effect of the capital market where yields were lower than in the corresponding period last year, to an extraordinary claim in the liabilities sector, and to the erosion of underwriting performance in the motor property sector, due to an increase in the percentage of claims.

**There was a comprehensive loss in non-life insurance** of NIS 35 million **in Q2 2015**, compared with comprehensive profit of NIS 54 million in the corresponding quarter last year. The decline in comprehensive profit is attributable mainly to the effect of the capital market where yields were lower than in the corresponding period last year, to an extraordinary claim in the liabilities sector, and to the erosion of underwriting performance in the motor property sector due to an increase in the percentage of claims.

**Gross premiums in the first half of 2015** amounted to NIS 1.66 billion, compared with NIS 1.79 billion for the corresponding period last year. This decline is attributable mainly to a reduction of Harel Insurance's share of the insurance of the vehicles of state employees compared with the corresponding reporting period last year.

**Total gross premiums** amounted to NIS 570 million **in Q2 2015**, compared with NIS 622 million in the corresponding quarter last year.

### **Harel Finance**

Revenues from the capital market and financial services segment **increased by 11%** to NIS 160 million in the **first half of 2015**, compared with NIS 144 million in the corresponding period last year. The increase is mainly attributable to further expansion of ETN and deposit certificate activity.

**Harel Finance posted comprehensive profit of NIS 43 million in the first half of 2015, a 72% increase** compared with NIS 25 million in the corresponding period last year. This marked increase in profitability is mainly attributable to the growth of ETN and deposit certificate activity.

**The volume of assets under management in the capital market and financial services segment** at June 30, 2015, was NIS 54.5 billion.