

March 26, 2018

Harel Insurance and Finance Group doubled its comprehensive profit to NIS 846 million in 2017

The Group's assets under management reached an all-time high of NIS 213.9 billion in 2017

~~~~~

**In 2017, Harel Investments distributed NIS 461 million in dividends - reflecting a dividend yield of 10.2%**

~~~~~

The Group's equity increased to NIS 5.56 billion

~~~~~

**In 2017, total earned premiums and benefit contributions increased by 16% to NIS 23.57 billion**

Harel Insurance Investments and Financial Services publishes its financial statements for 2017: **Comprehensive profit increased by 100% to NIS 846 million in 2017**, compared with NIS 423 million in 2016.

**Comprehensive profit** was NIS 245 million in **Q4 2017** compared with NIS 218 million in the corresponding quarter last year.

**Total earned premiums and benefit contributions increased by 16%** to NIS 23.57 billion in 2017, compared with NIS 20.4 billion last year.

**Total earned premiums and benefit contributions increased by 14%** to NIS 6.3 billion in Q4 2017, compared with NIS 5.5 billion in the corresponding quarter last year.

**Equity** attributed to the Company's shareholders was NIS 5.56 billion at December 31, 2017.

**RoE** for the shareholders in 2017 was 16% in annual terms, compared with 9% in 2016, representing an **increase of 78%**.

**Assets under management** held by the Group in insurance, pension funds, provident funds, mutual funds and financial services increased, amounting to **NIS 213.9 billion** at December 31, 2017.

**In 2017, Harel Investments distributed dividends of NIS 461 million**, representing a dividend yield of 10.2%. Moreover, on the date of publication of the reports, the Company's Board of Directors approved the distribution of a further cash dividend of NIS 107 million, to be distributed in April 2018.

**Michel Siboni, CEO of Harel Insurance and Finance Group noted that:** "We are satisfied with Harel's financial results for 2017 and that Harel continues to maintain its dominant position as a leader in the insurance industry, in part thanks to our new strategy which integrates digital operations, Big Data and a strong agent-customer relationship". Siboni added that "the success of the significant changes that we have advanced in the past two years is the result of considerable investment in technology, as we continue to cultivate the special human capital that characterizes Harel. This will ensure Harel's ongoing growth in coming years as well, as we confront the market challenges and technology revolutions taking place before our eyes".

## Long-term savings

**Comprehensive profit in long-term savings activity (life assurance, pensions, provident and education funds) increased by 368%** to NIS 594 million in **2017**, compared with NIS 127 million in 2016. The increase is mainly attributable to reduced insurance liabilities resulting from the revised assumptions, revised management fees and yields in the capital market, which were higher than in the corresponding period last year.

**Comprehensive profit in the life assurance and long-term savings segment increased by 37%** to NIS 202 million in **Q4 2017**, compared with NIS 147 million in the corresponding quarter last year.

**Total earned premiums and benefit contributions** in the life assurance and long-term savings segment **increased by 20%** to NIS 15.6 billion in **2017**, compared with NIS 13 billion in 2016.

**Total earned premiums and benefit contributions** in the long-term savings segment **increased by 19%** to NIS 4.3 billion in Q4 2017, compared with NIS 3.6 billion in the corresponding quarter last year.

## Life assurance

**Comprehensive profit in life assurance increased by 819%** to NIS 487 million in **2017**, compared with NIS 53 million in 2016.

**Comprehensive profit in life assurance** increased by 34% to NIS 168 million in **Q4 2017**, compared with NIS 125 million in the corresponding quarter last year.

**Total earned premiums in life assurance increased by 18%** to NIS 5.1 billion in 2017, compared with NIS 4.3 billion in 2016. **Total earned premiums in life assurance increased by 8%** to NIS 1.3 billion in **Q4 2017**, compared with NIS 1.2 billion in the corresponding quarter last year.

## Pension funds

**Comprehensive profit from the management of pension funds increased** by 27% to NIS 69 million in **2017**, compared with NIS 54 million in 2016. **Comprehensive profit from the management of pension funds increased by 40%** NIS 21 million in Q4 2017, compared with NIS 15 million in the corresponding quarter last year.

**Benefit contributions** collected by the Group's pension funds **increased by 14%** to NIS 7.2 billion in **2017**, compared with NIS 6.3 billion in 2016.

**Benefit contributions** collected by the pension funds **increased by 12%** to NIS 1.9 billion in **Q4 2017**, compared with NIS 1.7 billion in the corresponding quarter last year.

**The volume of assets managed** by the pension funds **increased by 24%** to NIS 55 billion at December 31, 2017, compared with NIS 44.3 billion at December 31, 2016. This increase is attributable to an increase in the volume of activity, new members who joined the funds, an increase in the amounts of provision made by members and the yield attained during the Reporting Period.

## Provident funds

**Comprehensive profit from the management of provident funds and education funds increased by 95%** to NIS 39 million in **2017** compared with NIS 20 million in 2016.

**Comprehensive profit from the management of provident funds and education funds increased by 86%** to NIS 13 million in **Q4 2017** compared with NIS 7 million in the corresponding quarter last year.

**Benefit contributions** collected by the Group's provident funds and education funds **increased by 37%** to NIS 3.3 billion in **2017**, compared with NIS 2.4 billion in 2016. The **benefit contributions collected** by the Group's provident funds and education funds **increased by 51%** to NIS 1.1 billion in **Q4 2017**, compared with NIS 728 billion in the corresponding quarter last year.

**Assets under management** held in the Group's provident funds and education funds **increased by 15%** to NIS 36.6 billion at December 31, 2017, compared with NIS 31.7 billion at December 31, 2016.

## Health insurance

**Comprehensive profit in the health insurance segment was NIS 110 million in 2017**, as against NIS 158 million in 2016. The change in profit was attributable to an increase in outstanding claims in group long-term care insurance, which will no longer be valid after December 31, 2017.

**Comprehensive profit in the health insurance segment was NIS 5 million in Q4 2017**, compared with NIS 30 million in the corresponding quarter last year.

**Premiums earned in the health insurance segment increased by 7%** to NIS 4.4 billion in 2017, compared with NIS 4.1 billion in 2016. Total earned premiums in the health insurance segment **increased by 7%** to NIS 1.1 billion in **Q4 2017**, compared with about NIS 1 billion in the corresponding quarter last year.

## Non-life insurance

**Comprehensive profit in non-life insurance increased by 177%** to NIS 205 million in 2017, compared with NIS 74 million in 2016.

**Comprehensive profit in non-life insurance** increased by 95% to NIS 76 million in **Q4 2017**, compared with NIS 39 million in the corresponding quarter last year.

**Gross premiums in the non-life insurance segment increased by 7%** to NIS 3.1 billion in 2017, compared with NIS 2.9 billion in the corresponding period last year. **Gross premiums in the non-life insurance segment increased by 9%** to NIS 822 million in **Q4 2017**, compared with NIS 756 million in the corresponding quarter last year.

## Harel Finance

**Assets under management in the capital market and financial services segment under Harel Finance Investment House** amounted to NIS 42.3 billion at December 31, 2017, compared with NIS 39.4 billion at December 31, 2016.

**Revenues in the capital market and financial services segment amounted** to NIS 202 million in 2017, compared with NIS 253 million in 2016.

**Comprehensive profit in the capital market and financial services segment amounted to NIS 34 million before tax in 2017**, compared with a comprehensive loss of NIS 3 million in the corresponding period last year.

## Equity

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

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, among other things, to the rate of compliance with the required capital in the scheduling period ending December 31, 2024.

At December 31, 2016, 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.