

Excellent year for Harel: Presented total annual profit of approximately 700 million sheqels — more than 15 times as compared with 2011

The insurance and finance company says that 'the business, economic and social situation in Israel dictates a need for a new deployment and thinking with regard to business strategy

By Ron Stein

The Harel Insurance and Finance Group, which is managed by the joint CEOs Michel Siboni and Shimon Alkabetz, today published strong and successful financial statements for 2012. The company presented excellent results thanks to a positive wind from the capital markets and an increase in income from investments, but also thanks to growth and an improvement in the business activity.

The company, which is controlled by the Hamburger family, recorded in 2012 a net profit of 448 million sheqels — a jump of 106% in comparison to the profit in the previous year. In calculating the investment profits attributed to capital, the company's results are even better, and they present a total profit of approximately 702 million sheqels — a jump of more than 15 times in relation to the previous year.

Unlike Clal Insurance, which presented a weak fourth quarter that shows a cleansing of the stables that the new CEO, Izzy Cohen, is carrying out, Harel recorded an increase of approximately 56% in the quarterly net profit, which amounted to approximately 117 million

Harel results in 2012 in millions of sheqels

	2012	2011	Change
Total premiums	9,226	8,617	7%
Profits from investments	3,754	563	567%
Net profit	448	218	106%
Total profit	702	45	1477%
Net profit in Q4	117	75	56%
Total profit in Q4	210	115	83%

* The net and total profit is the profit attributed to the shareholders

sheqels, alongside an increase of 83% in the total quarterly profit, which amounted to approximately 210 million sheqels. On April 17, Harel will distribute a dividend in an amount of 53 million sheqels.

'The Group's activity in 2012 and its results reflect the continued strategic focus on areas that allow profitable growth and yields in the capital market,' said joint CEO Siboni, 'the business strength of Harel made it possible to carry out the two major purchases of Eliyahu's life insurance

sector and Clal Finance's mutual funds and portfolio management with an investment of hundreds of millions of sheqels. These purchases will contribute to establishing the Group's position also in the long term.'

In the review of the statements, Harel gives the investors an understanding of the whole sector: 'The business, economic and social situation in Israel, as well as the lack of certainty that has existed for several years in the capital markets abroad, dictate to the group a need for a new deployment and thinking with regard to its business

strategy. The group's motto is the recognition that 'what existed will not exist again.'

357 million sheqels from long-term savings

Within the framework of its activities, the company recorded an increase of approximately 7% in premiums that amounted in 2012 to approximately 9.2 billion sheqels. The long-term savings sector (which includes the life insurance, provident fund and pension business) gave the company a total profit of approximately 357 million sheqels, as

compared with approximately 35 million sheqels in 2011, even though a revision of the reserves for pensions in life insurance policies led the company to reduce the pre-tax profit by approximately 69 million sheqels, and by approximately 45 million sheqels after tax.

The health insurance and nursing sector contributed to the company a total profit of approximately 225 million sheqels — an increase of approximately 39% in relation to 2011, while the

general insurance sector presented a total profit of approximately 317 million sheqels — a jump of 18 times in relation to 2011.

In the services and finance sector — which is managed through Harel Finances — in 2012 the company presented a pre-tax profit of approximately 15.5 million sheqels. This is a decrease of approximately 47% in relation to the profit recorded in the sector in 2011, and it is accompanied by a decrease of approximately 13% in the income of the investment house in relation to the previous year (a decrease of approximately 29 million sheqels in income).

We should also point out that in the fourth quarter there was no change with regard to the loan that Harel gave in the past, together with other financial institutions, to the Elad Las Vegas project — which is shared with Yitzhak Tshuva and Nochi Dankner. As already reported in the previous reports, the company wrote off for this loan approximately 40 million dollars, which constitutes approximately 80% of the debt. •