

## HAREL ENDS FIRST HALF WITH COMPREHENSIVE INCOME OF 250 MILLION SHEKELS – DOWN 43% ON SAME PERIOD LAST YEAR

■ Lower capital market yields reduced long term savings sector earnings from 347 million shekels in H1 2017 to 220 million shekels in the report period \* Health insurance earnings down 50% at 15 million shekels ■ Earnings in general insurance dropped to 44 million shekels, compared with 82 million shekel in corresponding period

Harel posted half-year comprehensive earnings of 250 million shekels, compared with 437 million shekels in the same period last year – a 43% drop. Second quarter earnings totaled 170 million shekels, compared with 183 million shekels in the second quarter of 2017 – a 7% drop.

Total earned premiums, benefits contributions and investment contract receipts came in at 15.4 billion shekels in the first half, 19% up on the 12.9 billion shekels posted in the same period last year. Earned premiums and benefits contributions and investment contract receipts totaled 7.7 billion shekels in the second quarter of 2018, compared with 6.5 billion shekels in the corresponding period last year – an increase of 18%.

**Harel Investments** distributed a 107 million shekel dividend in the first half of 2018, with Harel Insurance distributing a 100 million shekel dividend at the same time. Return on equity in annualized terms in the first half of 2018 stood at 9%, and 12% in the second half of 2018.

Harel Group CEO **Michel Siboni**: “Assets managed by the group reached a record in a period of low capital market yields, in view of the continuing increase in the scale of premiums, deposits into pension products and raisings in the financial sector. We at Harel are continuing in our new strategy of combining digital, big data and the agent’s personal connection with the customer, aiming at improved pricing, sales capabilities and service



Harel Building

in all areas”.

Comprehensive income in the **long term savings** sector totaled 220 million shekels in the first half of 2018, compared with 347 million shekels in the same period last year, due to lower capital market yields compared with the corresponding period last year. Second quarter earnings in the sector totaled 204 million shekels, compared with last year’s total of 138 million shekels in the comparison quarter.

**Health insurance** sector comprehensive earnings totaled 15 million shekels in the first half of 2018, compared with 32 million shekels in the same period last year. The sector posted a 7 million shekel loss in the second quarter, compared with earnings of 9 million shekels in

the same period last year. The results in the report period were affected by lower capital market yields compared with the same period last year. There was also an increase in collective long term care claims, relating to previous years’ activity (claims in respect of the period up to 31.12.2017). The company estimates that with the termination of group long term care insurance at the end of 2017, these losses, relating to previous periods, will be reduced significantly in the coming report periods.

Premiums in the health insurance sector totaled 2.26 billion shekels in the report period, compared with 2.17 billion shekels in the first half of 2017, an increase of 4%, and the second quarter saw a 6% increase, from 1.09 billion shekels to 1.16 billion shekels.

Comprehensive income in the **general insurance** sector totaled 44 million shekels, compared with 82 million shekels in the same period last year, whilst second quarter earnings were slightly down, at 20 million shekels, compared with 21 million shekels in the same period last year. This was due to a negative development in the compulsory motor sector and in the other liabilities areas.

Gross premiums totaled 1.7 billion shekels in the first half, compared with 1.5 billion shekels – an increase of 13%. Gross premiums increased by 9% in the second quarter, at 842 million shekels, compared with Q2 2017 premiums totaling 776 million shekels.