

Q3 2017 Financial Statements

HAREL POSTS COMPREHENSIVE EARNINGS OF 601 MILLION SHEKELS – UP 193%

Harel Group CEO Michel Siboni: We are continuing to develop Harel's growth engines, alongside the introduction of a new strategy for the group, based on data analysis via big data and advanced technology and the assimilation of the world of technology in the variety of solutions that Harel offers its customers and agents

According to its third quarter financial statements that were released last week, **Harel** posted comprehensive earnings totaling 601 million shekels in the first nine months of 2017, compared with comprehensive earnings of 205 million shekels in the same period last year – an increase of 193%.



Photo: Flash 90

Harel Insurance and Finance Group CEO Michel Siboni

Third quarter earnings came in at 164 million shekels, which was similar to the earnings posted in the corresponding quarter in 2016.

Total earned premiums and benefits contributions totaled 17.1 billion shekels in the first three quarters of 2017, compared with last year's total of 14.9 billion shekels – up 15%. In the third quarter, earned premiums and benefits contributions increased from 5.1 billion shekels in Q3 2016 to 6 billion shekels in the current report period – an increase of 17%.

Harel Insurance and Finance Group CEO Michel Siboni: “Harel's growth has continued in the first nine months of the year in all areas of activity, which is expressed in the business results and the extent of assets under management, which have reached a total of over 200 billion shekels”. Siboni added: “In the past year we declared a change in strategy aimed at attaining a better matching to the customer's needs, the intention being to offer them tailor-made solutions, starting at the sales stage, receipt of information, ongoing service, handling of claims and renewals of insurance contracts,

all so as to provide an improved service experience adapted to the digital reality”.

According to Siboni, “We are continuing to develop Harel's growth engines, alongside the introduction of a new strategy for the group, based on data analysis via big data and advanced technology, the assimilation of the world of technology in the variety of solutions that Harel offers its customers and agents”.

Operating segments

Premiums and benefits contributions in the long term savings sector earned in the first nine months of 2017 totaled 11 billion shekels, compared with 9.1 billion shekels earned last year in the same period. Long term savings sector (life insurance, pensions, provident and study funds) comprehensive earnings totaled 392 million shekels in the first nine months, compared with a 20 million shekel loss in the corresponding period last year.

Health insurance premiums came in at 3.3 billion shekels in the first nine months, compared with 3.1 billion shekels in the same period last year, an increase of 6%. The sector posted earnings of 105 million shekels in the health sector in the first nine months, compared with earnings of 128 million shekels in the same period last year.

Premiums earned in the general insurance sector totaled 2.3 billion shekels, up 6% from last year's figure

of 2.2 billion shekels. Elementary sector earnings in the first nine months totaled 129 million shekels, compared with 35 million shekels in the same period last year.

Assets under management at September 30 2017 in the capital market and financial services sector, by the **Harel Investments** investment firm, totaled 40.2 billion shekels. Revenues in the nine month period came in at 151 million shekels, compared with 196 million shekels. The drop in revenues is ascribed to a decrease in assets under management in the mutual funds and in managed portfolios. The sector posted earnings of 26 million shekels in the first nine months, compared with 35 million shekels in the same period last year.

Equity

Harel's capital surplus at December 31 2016 on a consolidated basis and before the transitional provisions (in 100% SCR terms) is 1.9 billion shekels. Taking into account the transitional provisions, Harel Insurance is carrying a capital surplus of 5.1 billion shekels. This surplus takes into account the easings and changes in the guidelines, relating amongst other things to the rate of meeting the capital requirements in the spread period ending on December 31 2024. As of September 30 2017, Harel Insurance is meeting 60% of the capital requirements according to the current Solvency requirements as approved by the Finance Committee. Harel stresses that the model in its current format is highly sensitive to market and other variables.