



Harel Insurance and Finance Group demonstrates financial robustness alongside equity of NIS 4.9 billion and a capital surplus of NIS 1.2 billion

Comprehensive profit increased by 225% in Q4 2015 to NIS 231 million, compared with NIS 71 million in the corresponding quarter last year.

Comprehensive profit for 2015 as a whole was NIS 381 million.

Harel Investments announced a dividend distribution of NIS 107 million in Q4 and a total annual dividend of NIS 235 million for 2015.

In 2015, total earned premiums and benefit contributions increased by 9% to NIS 19 billion.

Harel Insurance Investments and Financial Services publishes its financial statements for 2015:

Comprehensive profit in 2015 was NIS 381 million, compared with NIS 533 million in 2014. The decline in comprehensive profit is mainly attributable to yields in the capital market that were lower in the Reporting Period than in the corresponding period last year; to ongoing erosion of the results of group health insurance activity, and to an erosion of underwriting performance in the motor property branch in the non-life insurance segment.

Comprehensive profit was NIS 231 million in **Q4 2015** compared with NIS 71 million for the corresponding quarter last year. The increase in comprehensive profit is mainly attributable to the high financial margin in the fourth quarter, compared with the financial margin in the corresponding quarter last year. This effect was partially offset by increased insurance liabilities due to a revision of the assumptions for the percentage of policyholders who exercise their entitlement to annuity (take-up rate - TUR) and to an impairment of the mutual fund activity amounting to NIS 46 million before tax, further to falling share prices in the capital market and to large redemptions in the mutual fund sector in recent months.

Total earned premiums and benefit contributions in 2015 increased by 9% to NIS 19 billion, compared with NIS 17.4 billion last year.

Equity attributed to the Company's shareholders at December 31, 2015 was NIS 4.9 billion.

RoE for the shareholders in 2015 was 8% in annual terms.

As at December 31, 2015, the Group held **assets under management** in insurance, pension funds, provident funds, mutual funds and financial services in the amount of **NIS 178.4 billion**.

Ronen Agassi, CEO of Harel Insurance and Finance, announced that "In 2015, Harel posted further expansion of activity in most of the Group's operating segments. Thanks to its diverse operations and quality position, Harel Group was able to present strong profitability and stability in 2015, a challenging, volatile year in the capital markets".

Long-term savings

Comprehensive profit in long-term savings activity (life assurance, pensions, provident and education funds) increased by 82% in 2015 to NIS 298 million compared with NIS 164 million in 2014.



Comprehensive profit in the life assurance and long-term savings segment in Q4 2015 was NIS 181 million, compared with NIS 76 million in the corresponding quarter last year.

Total earned premiums and benefit contributions in the long-term savings segment **increased by 12.5% in 2015** to NIS 11.7 billion, compared with NIS 10.4 billion in 2014. **Premiums earned during the reporting period accounted for 35% of all premiums earned by the Group during the Reporting Period.**

Total earned premiums and benefit contributions in the long-term savings segment **increased by 14.3%** in Q4 2015 to NIS 2.8 billion, compared with NIS 2.8 billion in the corresponding period last year.

Life assurance

Comprehensive profit in long-term savings activity (life assurance, pensions, provident and education funds) increased by 363% **in 2015** to NIS 185 million compared with NIS 40 million in 2014. **Comprehensive profit in life assurance was NIS 154 million in Q4 2015**, compared with NIS 45 million in the corresponding quarter last year.

Total earned premiums in life assurance increased by 12% in 2015 to NIS 4.2 billion, compared with NIS 3.8 billion in 2014. **Total earned premiums in life assurance increased by 10% in Q4 2015** to NIS 1.06 billion, compared with NIS 962 million in the corresponding quarter last year.

Pension funds

Comprehensive profit from pension fund management in 2015 was NIS 69 million, similar to comprehensive profit of NIS 68 million in 2014. **In Q4 2014**, comprehensive profit from pension fund management was NIS 16 million, similar to NIS 17 million in the corresponding quarter last year.

The Group's pension funds collected **benefit contributions** of NIS 5.52 billion **in 2015, a 13% increase** compared with NIS 4.88 billion in 2014. In Q4 2015, the Group's pension funds collected benefit contributions of NIS 1.52 billion, **a 15% increase** compared with NIS 1.32 billion in the corresponding quarter last year.

At December 31, 2015, the pension funds **managed assets** of NIS 37.1 billion, **an increase of 18%** compared with NIS 31.4 billion at December 31, 2014. This increase is due 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.

At December 31, 2015, **the pension funds** managed by the Group had 968,000 members, of which 487,000 are active members, **a 5% increase** compared with the number of active members at December 31, 2014.

Provident funds

Comprehensive profit from the management of provident funds and education funds was NIS 44 million in 2015 compared with NIS 55 million in 2014. Comprehensive profit from provident fund activity declined relative to the corresponding period last year.

The Group's provident funds and education funds collected **benefit contributions** of NIS 1.9 billion **in 2015**, a 10% increase compared with NIS 1.8 billion in 2014. The Group's provident funds and education funds collected benefit contributions of NIS 617 million in Q4 2015, **an 18% increase** compared with NIS 521 billion in the corresponding quarter last year.



At December 31, 2015, the Group's provident funds and education funds **managed assets** of NIS 29.6 billion, compared with NIS 29 billion at December 31, 2014. Most of the increase is attributable to the yields attained in the capital market.

Health insurance

Comprehensive profit in the health insurance segment was NIS 2 million **in 2015**, compared with NIS 140 million in 2014. The decline is mostly attributable to an ongoing erosion of performance in the group policies.

Comprehensive profit in the health insurance segment in Q4 2015 was NIS 40 million, compared with a comprehensive loss of NIS 34 million in the corresponding quarter last year.

Premiums earned in the health insurance segment increased by 11% in 2015 to NIS 4 billion, compared with NIS 3.6 billion in 2014. Total earned premiums in the health insurance segment **increased by 10% in Q4 2015**, to NIS 1 billion, compared with NIS 918 million for the corresponding quarter last year.

Non-life insurance

Comprehensive profit in non-life insurance in 2015 was NIS 124 million compared with NIS 287 million in 2014.

Comprehensive profit in non-life insurance in Q4 2015 was NIS 68 million, compared with NIS 43 million in the corresponding quarter last year.

Gross premiums in the non-life insurance segment amounted to NIS 3.1 billion **in 2015**, compared with NIS 3.2 billion in 2014. Gross premiums in the non-life insurance segment amounted to NIS 783 million in 2015, compared with NIS 814 million in the corresponding period last year.

Harel Finance

Assets under management in the capital market and financial services segment under Harel Finance Investment House decreased by 18% to NIS 47.5 billion **at December 31, 2015**, compared with NIS 57.9 billion at December 31, 2014. The decrease is mainly attributable to the decline in the assets under management in the mutual funds and investment portfolios, as well as to the reduction in the volume of managed assets in deposit certificates.

Revenues in the capital market and financial services segment amounted to NIS 300 million in 2015, compared with NIS 304 million in 2014.

Comprehensive profit in the capital market and financial services segment in 2015 amounted to NIS 76 million before tax, after adjustment for impairment, an increase of 19% compared with the corresponding period last year. The increase in profit relative to the corresponding period last year is mainly attributable to an increase in the volume of revenues in the ETN and deposit certificates sector. **Profit in the Reporting Period includes an impairment of NIS 68 million before tax in the value of the mutual fund activity, so that the comprehensive profit of Harel Finance in 2015** was NIS 8 million, compared with comprehensive profit of NIS 64 million in 2014.