



March 30, 2023

## **Harel Insurance Investments and Financial Services Ltd. has published its financial statements for Q4 and whole year 2022:**

**Profit in the quarter - NIS 282 M; the loss for 2022 was NIS 77 M**  
**Premiums grew by 14% to NIS 37.6 billion**

**The general meeting of Isracard Ltd. approved its sale to Harel Investments for NIS 3.3 billion**

**The Company's Board of Directors resolved to adopt a strategic multiyear plan, the implementation of which in the core insurance business components and relationship with customers is expected to provide an enduring boost to profits to the tune of hundreds of millions of shekels and also lead to improvement resulting from diversification of the sources of profit. This improvement will be reflected in profit gradually over several years until full implementation of the plan in 2027**

### **Key data in the report:**

- **Premiums earned, gross, benefit contributions and amounts received for investment contracts in 2022 increased by 14% compared with the corresponding period last year, to NIS 37.6 billion**
- **The rising interest rates reduced the insurance liabilities by NIS 2.3 billion**
- **At December 31, 2022, Harel's equity was NIS 8.3 billion, after a dividend distribution and repurchase of shares in the amount of NIS 474 million in 2022**
- **At December 31, 2022, the Group had AUM of NIS 363 billion**

Harel Insurance Investments and Financial Services Ltd. has published its financial statements for Q4 and whole year 2022:

**Comprehensive profit in Q4 2022** was NIS 282 million, as against NIS 578 million in the corresponding quarter in 2021. **There was a comprehensive loss** of NIS 77 million in **2022**, as against comprehensive profit of NIS 1.5 billion in the corresponding period last year. The Company's results were significantly affected by negative yields in the capital market and by a deterioration of underwriting in the motor property (CASCO) line of business and in the medications and ambulatory coverages in the health sector. In contrast, rising interest rates reduced the insurance liabilities.

**Gross earned premiums, benefit contributions and amounts received for investment contracts in 2022**, increased by 14% to NIS 37.6 billion, compared with NIS 33 billion in the corresponding period last year.

**Gross earned premiums, benefit contributions and amounts received for investment contracts**, were NIS 9.4 billion in **Q4 2022**, as against NIS 9.7 billion in the corresponding quarter in 2021.

**Michel Siboni, Chairman of Harel Insurance and CEO of Harel Group, announced:** “The Group continues to show impressive and consistent growth of its premiums, benefit contributions and amounts received for investment contracts. The acquisition of Isracard forms the first and key layer of the “Harel 2030” strategic plan, the purpose of which is to permanently improve profit in core areas and expand activity beyond the core insurance business by broadening existing activities and locating business opportunities in areas that generate stable cash flow and help diversify the Group’s sources of profit”.

**Nir Cohen, CEO of Harel Insurance said:** “The Group’s results underscore the dependence on a high degree of volatility in the capital market. The strategic plan formulated by the Group seeks to moderate this dependence by diversifying profit sources, performing more accurately in the core insurance business and strengthening and improving the distribution engines, with the emphasis on cooperation with the insurance agents who work with the Group. The plan is expected to provide an enduring boost to profits to the tune of hundreds of millions of shekels and also lead to improvement resulting from diversification of the sources of profit. This improvement will be reflected in profit gradually over several years until full implementation of the plan in 2027”.

## Health insurance

**Comprehensive profit before tax in the health insurance segment** increased by 76% to NIS 430 million in **Q4 2022**, compared with NIS 244 million in the corresponding quarter in 2021.

**Comprehensive profit before tax in the health insurance segment increased by 49%** to NIS 798 million in **2022**, compared with NIS 535 million in the corresponding period last year.

## Long-term savings

**Comprehensive loss before tax in long-term savings activity (life assurance, pensions, provident and education funds)** was NIS 6 million in **Q4 2022**, as against comprehensive profit before tax of NIS 367 million in the corresponding quarter in 2021.

**Comprehensive loss before tax in long-term savings activity (life assurance, pensions, provident and education funds)** was NIS 690 million in **2022**, as against comprehensive profit of NIS 909 million before tax in the corresponding period last year.

The difference in the results is mainly attributable to the capital market yields that were significantly lower than those in the corresponding quarter in 2021 and corresponding period last year, and to the inability to collect variable management fees due to real negative yields on the assets held to cover yield-dependent liabilities, in contrast with the variable management fees collected in the corresponding quarter in 2021.

## Life assurance

**Comprehensive loss before tax in life assurance** was NIS 32 million in **Q4 2022**, as against comprehensive profit of NIS 319 million in the corresponding quarter in 2021.

**Comprehensive loss before tax in life assurance** was NIS 793 million in **2022**, as against comprehensive profit of NIS 750 million in the corresponding period last year.

## Non-life insurance

**Comprehensive loss before tax in non-life insurance** was NIS 3 million in **Q4 2022**, as against comprehensive profit of NIS 5 million in the corresponding quarter in 2021.

**Comprehensive profit before tax** in non-life insurance was NIS 31 million in **2022**, as against NIS 111 million before tax in the corresponding period last year.

The results were significantly affected by negative yields in the capital market and by a deterioration of underwriting in the motor property (CASCO) line of business on the one hand, and on the other by rising interest rates that reduced the insurance liabilities.

## Harel Finance

**Comprehensive profit before tax in the capital market and financial services segment** increased by 4% to NIS 25 million in **Q4 2022**, compared with NIS 24 million in the corresponding quarter in 2021.

**Comprehensive profit before tax in the capital market and financial services segment** was NIS 73 million in **2022**, as against NIS 78 million in the corresponding period last year.

AUM in the capital market and financial services segment, managed by Harel Finance Investment House, was NIS 58 billion at December 31, 2022.

## Addendum - Selected financial data for the Group:

### Earned premiums, gross, benefit contributions and amounts received for investment contracts

(NIS million)	2022	2021	Change in %	Q4.22	Q4.21	Change in %
<b>Premiums earned, gross</b>						
Life assurance	6,504	5,887	10.5	1,465	1,517	(3.4)
Health insurance	5,928	5,364	10.5	1,527	1,399	9.1
Non-life insurance*	4,689	4,021	16.6	1,257	1,092	15.1
<b>Total premiums earned, gross</b>	<b>17,121</b>	<b>15,272</b>	<b>12.1</b>	<b>4,249</b>	<b>4,008</b>	<b>6.0</b>
Pension benefit contributions	11,797	10,028	17.6	3,195	2,829	12.9
Benefit contributions	4,717	3,762	25.4	1,305	1,429	(8.7)
Amounts received for investment contracts	3,936	3,939	-	642	1,443	(55.5)
<b>Total earned premiums, gross, benefit contributions and amounts received for investment contracts</b>	<b>37,571</b>	<b>33,001</b>	<b>13.8</b>	<b>9,391</b>	<b>9,709</b>	<b>(0.03)</b>

\*Including insurance companies overseas

### Comprehensive income (loss) before tax by segment

(NIS million)	2022	2021	Q4.22	Q4.21
<b>Life assurance and long-term savings</b>				
Life assurance	(793)	750	(32)	319
Provident	46	68	14	20
Pension	57	91	12	28
<b>Total life assurance and long-term savings</b>	<b>(690)</b>	<b>909</b>	<b>(6)</b>	<b>367</b>
<b>Health insurance</b>	<b>798</b>	<b>535</b>	<b>430</b>	<b>244</b>
<b>Non-life insurance</b>	<b>31</b>	<b>111</b>	<b>(3)</b>	<b>5</b>
<b>Insurance companies overseas</b>	<b>(25)</b>	<b>(68)</b>	<b>-</b>	<b>(53)</b>

Finance	73	78	25	24
Other*	(386)	598	(44)	242
<b>Comprehensive income (loss) before tax</b>	<b>(199)</b>	<b>2,163</b>	<b>402</b>	<b>829</b>

\*Also includes the Group's agencies, Hamazpen and financial coverage in Sale Law guarantee activity

## AUM

(NIS billion)	December 31, 2022	December 31, 2021
Yield-dependent insurance contracts and investment contracts	77.8	81.5
Pension funds	128.2	126.4
Provident funds	56.1	52.9
Mutual funds	43.2	43.0
Portfolio management and other*	15.0	15.9
<b>Total for insureds and members</b>	<b>320.3</b>	<b>319.7</b>
Nostro**	42.8	42.6
<b>Total AUM</b>	<b>363.1</b>	<b>362.3</b>

\* Including financial assets issued by the Group and managed in portfolios in the amount of NIS 4.3 billion and NIS 5.1 billion at December 31, 2022 and December 31, 2021, respectively

\* Including assets for Harel Finance in the amount of NIS 5.9 billion and NIS 4.7 billion at December 31, 2022 and December 31, 2021, respectively

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