



August 29, 2022

Harel Insurance Investments and Financial Services has published its financial statements for the first half and second quarter of 2022:

The first half of 2022 ended with a loss of NIS 110 million, alongside an increase of 24% in premiums

Key data in the report:

- **Premiums earned, gross, benefit contributions and amounts received for investment contracts in the first half of 2022 increased by 24% to NIS 18.7 billion, compared with the corresponding period last year**
- **Rising interest rates led to a decrease of NIS 1.3 billion in the insurance liabilities**
- **Harel's equity at June 30, 2022, increased by 5% to NIS 8.4 billion compared with the same date in 2021**
- **The Group's AUM at June 30, 2022, was NIS 351 billion. Immediately prior to publication of the financial statements, AUM increased to NIS 363 billion**

Harel Insurance Investments and Financial Services has published its financial statements for the first half and second quarter of 2022:

The comprehensive loss in the first half of 2022 was NIS 110 million, as against comprehensive profit of NIS 560 million in the first half of 2021.

The comprehensive loss in Q2 2022 was NIS 436 million, as against comprehensive profit of NIS 306 million in the corresponding quarter in 2021.

Results in the first half and second quarter of 2022 were affected, among other things, by negative yields in the capital markets, the inability to collect variable management fees due to real negative yields on the assets held to cover yield-dependent liabilities, application of a circular on revised demographic assumptions in life assurance and for the pension funds, and by poor underwriting in the motor property sector, all of which negatively impacted performance, and in contrast by the rising interest rates that reduced the insurance liabilities.

Total earned premiums, gross, benefit contributions and amounts received for investment contracts, increased by 24% to NIS.18.7 billion in the **first half of 2022**, compared with NIS 15.1 billion in the first half of 2021.

Gross earned premiums, benefit contributions and amounts received for investment contracts, increased by 14% to NIS 8.9 billion in **Q2 2022**, compared with NIS 7.8 billion in the corresponding quarter in 2021.

Equity attributed to the Company's shareholders at June 30, 2022, increased by 5% to NIS 8.4 billion, compared with NIS 8 billion at the same date in 2021.

The Group's AUM at June 30, 2022, was NIS 351 billion. Immediately prior to publication of the financial statements, AUM increased to NIS 363 billion.

Michel Siboni, Chairman of Harel Insurance and CEO of Harel Group noted that: "Alongside the loss recorded by the Group in the second quarter and entire first half of the year, we managed to close the first half of 2022 with a 24% increase in premiums and benefit contributions that grew to NIS 18.7 billion, and a 5% increase in equity which grew to NIS 8.4 billion. Furthermore, during this period AUM grew 15% to NIS 351 billion and to date it has increased to NIS 363 billion. All the above confirm Harel Group's strength and its ability to cope with challenging market conditions".

Nir Cohen, CEO of Harel Insurance, commented: "Despite the effects of the capital market on Harel's Q2 results, we present extremely fair growth in all activities. In parallel, we continue to advance our key targets by investing in strengthening the Group's technology and human infrastructures, so as to enable us to continue to lead the industry".

Allocation by segment:

Health insurance

Comprehensive profit before tax in the health insurance segment was NIS 391 million in the first half of 2022 compared with a comprehensive loss of NIS 13 million in the corresponding half year in 2021.

There was a comprehensive loss of NIS 201 million before tax in the health insurance segment in Q2 2022, as against comprehensive profit before tax of NIS 86 million in the corresponding quarter in 2021.

The loss in Q2 2022 is mainly the result of yields in the capital market that were lower than in the corresponding quarter in 2021.

Long-term savings

There was a comprehensive loss before tax in long-term savings activity (life assurance, pensions, provident and education funds) of NIS 446 million in the **first half of 2022**, as against comprehensive profit of NIS 404 million in the first half of 2021.

The comprehensive loss before tax in long-term savings activity (life assurance, pensions, provident and education funds) was NIS 253 million in Q2 2022, as against comprehensive profit of NIS 182 million in the corresponding quarter in 2021.

Pension funds

Comprehensive profit before tax from the management of pension funds was NIS 31 million in the first half of 2022, as against NIS 37 million in the corresponding half year in 2021.

Comprehensive profit before tax from pension fund management was NIS 16 million in Q2 2022, as against NIS 19 million in the corresponding quarter in 2021.

AUM in the Group's pension funds increased by 28% to NIS 123 billion at June 30, 2022, compared with NIS 96 billion at the same date in 2021.

Provident funds and education funds

Comprehensive profit before tax in provident funds and education funds was NIS 20 million in the first half of 2022, as against NIS 34 million in the first half of 2021.

Comprehensive profit before tax in provident funds and education funds was NIS 10 million in Q2 2022, as against NIS 19 million in the corresponding quarter in 2021.

AUM in the Group's provident funds and education funds increased by 15% to NIS 52 billion at June 30, 2022, compared with NIS 45 billion at the same date in 2021.

Life assurance

There was a comprehensive loss before tax in life assurance of NIS 497 million in the first half of 2022, as against comprehensive profit before tax of NIS 333 million in the corresponding half year in 2021.

The comprehensive loss before tax in life assurance was NIS 279 million in Q2 2022, as against comprehensive profit of NIS 144 million in the corresponding quarter in 2021.

Non-life insurance

Comprehensive profit before tax in non-life insurance was NIS 37 million in the first half of 2022, as against NIS 85 million in the first half of 2021.

The comprehensive loss before tax in non-life insurance was NIS 17 million in Q2 2022, as against comprehensive profit of NIS 43 million in the corresponding quarter in 2021.

Harel Finance

Comprehensive profit before tax in the capital market and financial services segment was NIS 30 million in the first half of 2022, as against NIS 30 million in the first half of 2021.

Comprehensive profit before tax in the capital market and financial services segment was NIS 18 million in Q2 2022, similar to the corresponding quarter in 2021.

AUM in the capital market and financial services segment, managed by Harel Finance Investment House, was NIS 55 billion at **June 30, 2022**, compared with NIS 56 billion at the same date in 2021.

Equity

Equity attributed to the Company's shareholders at June 30, 2022, increased by 5% to NIS 8.4 billion, compared with NIS 8 billion at the same date in 2021.