



May 30, 2022

Harel Insurance and Finance Group concludes Q1 2022 with comprehensive profit up 28% to NIS 327 million

Premiums earned, gross, benefit contributions and amounts received for investment contracts in Q1 2022 increased by 32% to NIS 9.8 billion, compared with the corresponding quarter last year

Key data in the annual report:

Return on equity in Q1 2022 was 15%; RoE in the corresponding quarter last year was 13%

Together with publication of the financial reports, Harel Insurance published its economic solvency report for 2021 data - the capital surplus of Harel Insurance in accordance with the transitional provisions and at full calculation is NIS 7.6 billion NIS 2 billion, respectively - a significant improvement over the 2020 data

The rising risk-free interest rate curve from the beginning of 2022 through April 30, 2022 is expected to increase the capital surplus of Harel Insurance at full calculation by a further NIS 1.8 billion

Harel's equity was NIS 8.9 billion, a 16% increase compared with the corresponding quarter last year

Harel Insurance Investments and Financial Services Ltd. has published its financial statements for Q1 2022:

Comprehensive profit in Q1 2022 increased by 28% to NIS 327 million, compared with NIS 255 million in the corresponding quarter last year. Comprehensive profit in Q1 2022 reflects Return on Equity of 15% (in annual terms). Results for Q1 2022 were affected, among other things, by the rising interest rate curve which led to a reduction of the insurance liabilities, by falling prices in the capital markets, and the inability to collect variable management fees due to real negative yields on the assets held to cover yield-dependent liabilities.

Gross earned premiums, benefit contributions and amounts received for investment contracts in Q1 2022 increased by 32% to NIS 9.8 billion, compared with NIS 7.4 billion in the corresponding quarter last year.

Equity attributed to the Company's shareholders at March 31, 2022 increased by 16% to NIS 8.9 billion, compared with NIS 7.7 billion in the corresponding quarter last year.

Despite falling prices in the capital markets, the **Company's AUM** at March 31, 2022, remained at NIS 362 billion, similar to the end of 2021.

In a statement, **Michel Siboni, Chairman of Harel Insurance and CEO of Harel Group** said: "First quarter results are confirmation that the momentum within Harel Group continues unabated. During the quarter, Harel Group's business activity grew significantly, with profit up 28% and a sharp 32% growth of premiums compared with the corresponding quarter last year. The results were achieved, in part, due to the higher interest rate and thanks to the constant adoption of new technologies and ongoing marketing drive. All these allow the Company to grow even in a challenging market environment, to develop business activity and present continuous reinforcement of its financial robustness and flexibility. This trend is clearly reflected in Harel's economic solvency ratio, at full calculation, that at the end of 2021 grew to 116% presenting a capital surplus of NIS 2 billion. The rising risk-free interest rate curve from the beginning of 2022 through April 30, 2022 is expected to increase the capital surplus of Harel Insurance at a full calculation by a further NIS 1.8 billion".

Nir Cohen, CEO of Harel Insurance, said: "We conclude Q1 2022 with extremely high growth and improved profitability, despite the challenging market environment. This growth reflects further improvement by Harel in the different operating segments, in investments, service, the assimilation of digital tools, in marketing and sales. We continue to advance implementation of our strategic focus which includes improved operational excellence in the different activities and enhancing the Company's relationship with its customers. Harel's progress rests on the contribution made its employees alongside cooperation with Harel's agents, allowing the Company to create added value for customers even in periods of market instability".

Allocation by segment:

Health insurance

Comprehensive profit before tax in the health insurance segment was NIS 592 million in **Q1 2022**, compared with a comprehensive loss before tax of NIS 99 million in the corresponding quarter in 2021.

The increase is mainly attributable to the rise of the interest rate curve which led to a reduction of the insurance liabilities in the long-term care sector.

Long-term savings

The comprehensive loss before tax in long-term savings activity (life assurance, pensions, provident and education funds) was NIS 193 million in **Q1 2022**, compared with comprehensive profit of NIS 222 million in the corresponding quarter of 2021.

The loss is mainly attributable to the capital market yields that were lower than those in the corresponding quarter in 2021, and to the inability to collect variable management fees due to real negative yields on the assets held to cover yield-dependent liabilities.

Pension funds

Comprehensive profit before tax from pension fund management was NIS 15 million in **Q1 2022**, as against NIS 18 million in the corresponding quarter in 2021.

AUM in the Group's pension funds increased by 39% to NIS 126.5 billion at **March 31, 2022**, compared with NIS 91 billion in the corresponding quarter in 2021.

Provident funds and education funds

Comprehensive profit before tax in the provident funds and education funds was NIS 10 in **Q1 2022** million, as against NIS 15 million in the corresponding quarter in 2021.

AUM in the provident funds and education funds increased by 18% to NIS 52.7 billion at **March 31, 2022**, compared with NIS 44.5 billion in the corresponding period last year.

Life assurance

The comprehensive loss before tax in life assurance was NIS 218 million in **Q1 2022**, as against comprehensive profit of NIS 189 million in the corresponding quarter in 2021.

The loss is mainly attributable to the capital market yields that were lower than those in the corresponding quarter in 2021, and to the inability to collect variable management fees due to real negative yields on the assets held to cover yield-dependent liabilities.

Non-life insurance

Comprehensive profit before tax in non-life insurance increased by 29% to NIS 54 million in Q1 2022, compared with comprehensive profit of NIS 42 million in the corresponding quarter in 2021.

Harel Finance

Comprehensive profit before tax in the capital market and financial services segment was NIS 12 million in **Q1 2022**, as against NIS 17 million in the corresponding quarter in 2021.

AUM in the capital market and financial services segment managed by Harel Finance Investment House increased by 6% to NIS 57.8 billion at **March 31, 2022**, compared with NIS 54.3 billion in the corresponding quarter in 2021.

Own funds and Economic solvency ratio

Equity (own funds) attributed to the Company's shareholders at December 31, 2021 was NIS 8.9 billion, compared with NIS 7.7 billion at the end of 2020.

On May 30, 2022, in accordance with the directive, Harel Insurance published a **report on its economic solvency ratio in respect of data at December 31, 2021**.

Based on the transitional provisions, the **capital surplus of Harel Insurance at December 31, 2021**, amounts to NIS 7.6 billion and is 175%, compared with a capital surplus at December 31, 2020, based on the transitional provisions, of NIS 5.8 billion and 159%.

The **capital surplus of Harel Insurance as at December 31, 2021**, before the transitional provisions (in terms of 100% SCR), is NIS 2 billion and 116%, compared with a capital surplus as at December 31, 2020, before the transitional provisions (in terms of 100% SCR) of NIS 0.6 billion and 105%.

Notably, the rising risk-free interest rate curve from the beginning of 2022 through April 30, 2022 is expected to increase the full calculation of the capital surplus of Harel Insurance by a further NIS 1.8 billion.