



Harel Investments in Insurance and Financial Services

November 30, 2009

Harel Insurance and Finance Finished the First Nine Months of the Year with a Total Profit of About 618 Million NIS

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**The Net Profit Totaled in about 370 Million NIS**

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Yair Hamburger, the Head of the Harel Group for Insurance and Finance: "Aside for a continuing growth in the circumference of activity, the group also presents great profits which shows its stability and its abilities to continue and present growth and outstanding profits in the future"

The Harel group for investments in insurance and finances published its fiscal reports for the first nine months of 2009:

The group's net profit during the first nine months of 2009 totaled in about 370 million NIS, in comparison with a profit of about 3.7 million NIS during the same period last year. The total profit during the first nine months of 2009 totaled to a sum of about 618 million NIS in comparison with a total loss of about 102 million NIS, during the same period last year. The total profit for the third quarter of 2009 derives from the influence of the positive returns in the stock market and from maintaining satisfactory underwriting results.

The total amount of premiums made by the Harel group during the third quarter of 2009 was about 5.37 billion NIS, in comparison with 5.29 billion NIS in the third quarter of 2008. **When neutralizing the effect of the one-time premiums there is a growth of about 5.5%** in the total sum of the premiums earned during the period to which the report relates.

Yair Hamburger the head of the Harel Group for Insurance and Finance "the continuing basis of business activity aside from growing the various areas, life insurance and long-term saving, health insurance, general insurance and stock market and financial services activities, brought about the excellent results during the first nine months of 2009, which continue to testify the group's stability and abilities. The group shall continue to base its activities and persevere in extricating its growth abilities in the future as well".

The total premiums earned **through life insurance and long-term savings** during the first nine months of 2009, totaled in about 2,021 million NIS, in comparison with about 2,053 million NIS during the same period last year. When neutralizing the effect of the one-time premiums received by the Bezeq deal, there is a **growth of about 5.1%** in the premiums earned through life insurance, in comparison with the same period last year. The profits from life insurance and long-term savings during the first nine months of 2009 totaled to about 270 million NIS, in comparison with a loss of about 15 million NIS during the same period last year. The profits from **life insurance policies** during the period to which the report relates totaled to about 197 million NIS, in comparison with a loss of about 85 million NIS during the same period last year.

The gross premiums **in general insurance** for the first nine months of 2009 totaled to a sum of about 2,219 million NIS in comparison with about 2,234 million NIS during the same period last year. In most areas of general insurance there was a growth in the premiums in comparison with the same period last year, and it was offset from depreciation in the premiums in the other liability branches as a result of one-time deals made in this area during the same period last year.



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The capacity of assets managed by the group's **pension funds** for September 30, 2009, totaled in about 8.1 billion NIS in comparison with about 5.8 billion NIS for September 30, 2008, **an increase of about 40%**. The number of colleagues in the pension funds managed by the group was about 358 colleagues, out of which about 212 thousand active colleagues in September 30 2009, **which is an increase of about 28%** in the number of colleagues in comparison with September 30, 2008. The refunds collected by the group's pension funds during the report totaled in about 1,032 million NIS, in comparison with about 785 million NIS during the same period last year, **an increase of about 31%**. The total profit before taxation from the management of the pension funds was a total sum of about 11 million NIS, in comparison with a profit before taxation of about 7 million NIS during the same period last year, **an increase of about 53.3%**.

The capacity of assets managed by the group's **provident funds**, for September 30, 2009, totaled in about 20.8 billion NIS, in comparison with about 19.8 billion NIS for September 30, 2008. The incomes from the management fees collected from provident funds managed by the group totaled, during the period of the report, in about 159.7 million NIS, in comparison with about 138.5 million NIS during the same period last year. The profit before taxation from the provident fund management totaled, during the third quarter of 2009, in about 62.8 million NIS, in comparison with about 62.5 million NIS during the same period last year.

The total sum of the premiums earned by **health insurance, which is the area in which the group is the leading and largest in Israel**, totaled, during the first nine months of 2009 in about 1,356 million NIS in comparison with about 1,231 million NIS during the same period last year, **an increase of about 10%**. The profit from the health insurance business in the period to which the report relates totaled in about 158 million NIS, in comparison with about 119 million NIS during the same period last year, **an increase of about 33%**.

The profit for **general insurance** during the third quarter of 2009 totaled in about 131 million NIS, in comparison with a total of about 82 million NIS during the same period last year, **an increase of about 60%**. The increases in the profits derive mainly from the influence of the stock market on the profits of the investments, an improve of the underwriting results, which are mainly due to a decrease in the total claims in most areas of activity in general insurance.

The capacity of managed assets in the section of **the stock market and the financial services** totaled in about 16.9 billion NIS for September 30, 2009, in comparison with a total sum of about 12.8 billion NIS for December 30, 2008, **an increase of about 4.1 billion NIS**. The increase in the total of the managed assets mostly derives from the recruitments to the trust funds, from a recruitment of over 800 million NIS in the Harel Sal company, which expanded its activity to the exchange-traded note in the beginning of 2009, and also from the increases in the markets.

Aside of the profitable activity of the Harel group in the various insurance areas, the company continued to act in order to base the activity of its financial branch and transferring to operational profitability (after neutralizing the funding expenses) during the last two quarters. **The operational profit** of Harel Finances in the third quarter of 2009 totaled in about 2.7 million NIS, and from the beginning of the year it totaled in 1.5 million NIS. **The incomes** of Harel Finances during the third quarter of 2009 totaled in 45.3 million NIS. From the beginning of the year, the incomes of Harel Finances totaled in 119 million NIS.

The equity capital of the group which is related to the stock holders of the company totaled in September 30, 2009, in the sum of about 3,096 million NIS, in comparison with an equity capital of about 2,487 million NIS for December 31, 2008.

The total assets managed by the group, in insurance, pension funds, providence funds, trust funds and financial services is a sum of about 78 billion NIS in September 30, 2009.