

**Summary Results of the Financial Statements  
for the Second Quarter and First Half  
of 2017**

Analysts Review, August 2017

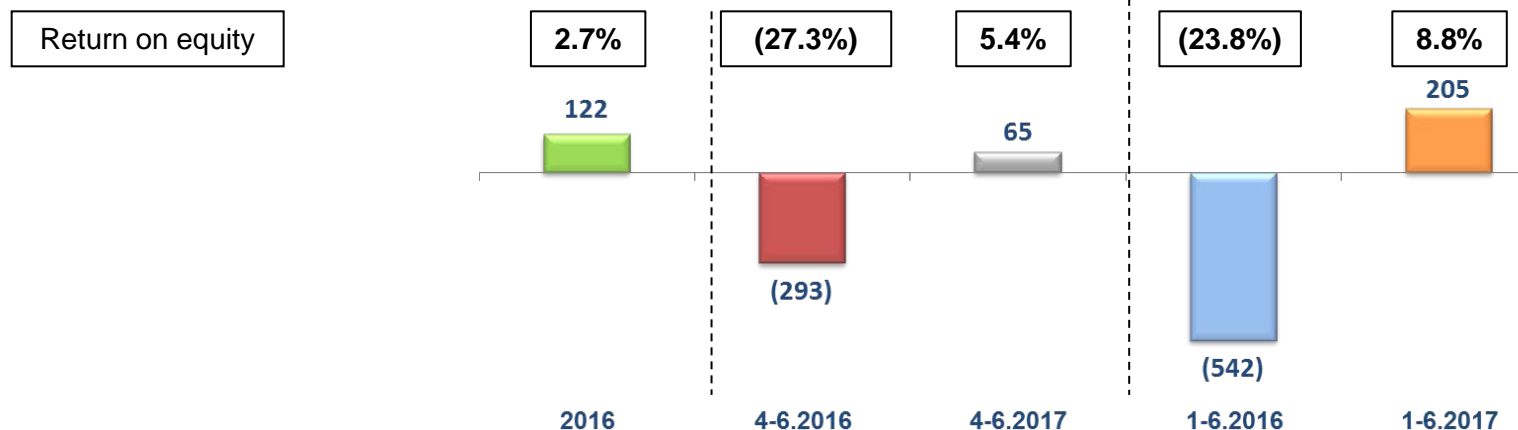
# Limitation of Liability

This presentation includes partial information only with respect to the Company's results for the first half and the second quarter of 2017, and was prepared for summary and convenience purposes only.

This presentation cannot serve as a substitute for a review of the Company's public reports (including in the Company's financial statements), which contain the complete information regarding the Company, before reaching any decision regarding an investment in the Company's securities.

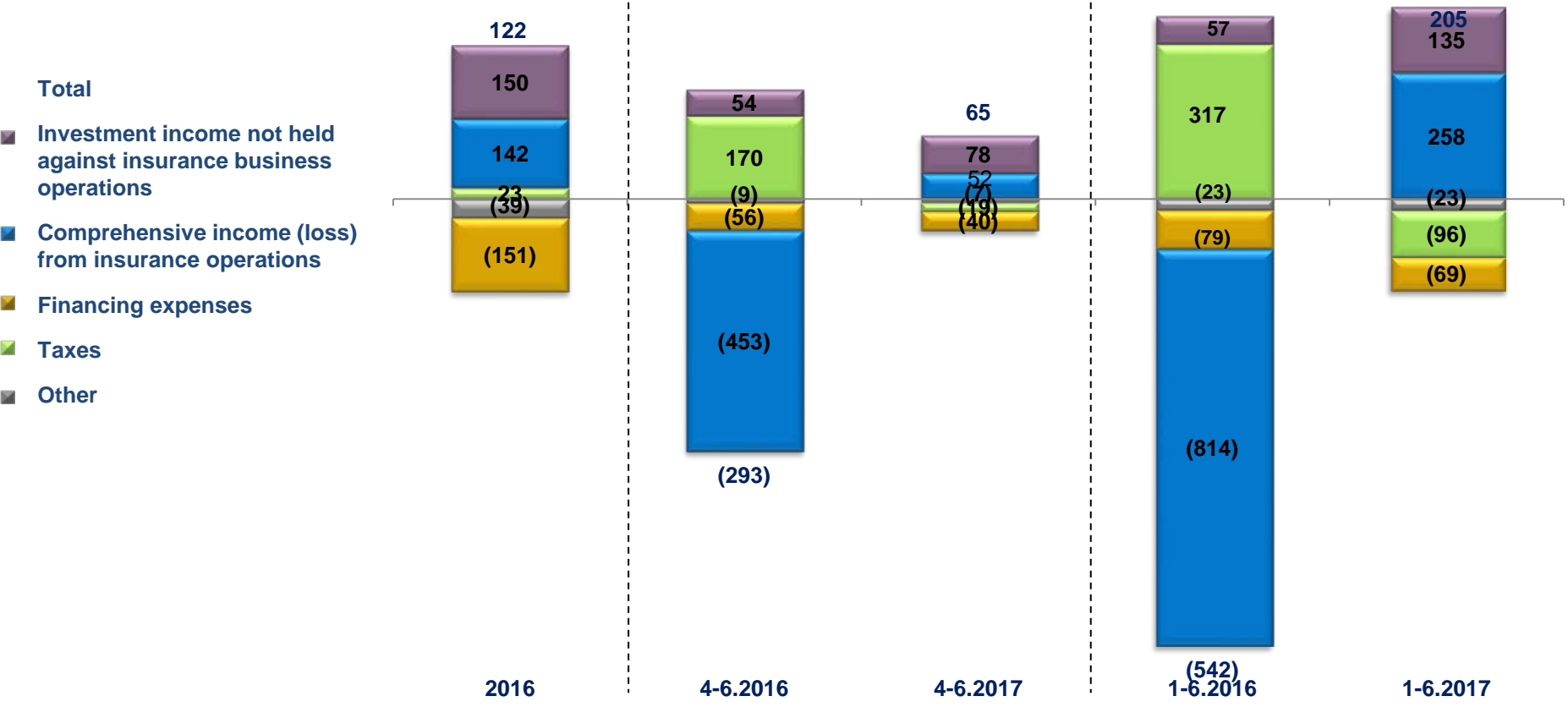
This presentation does not constitute an offer for the acquisition of the Company's securities, nor a request for any such offers, and is intended for the delivery of information only, as part of the provision of explanations regarding the Company.

## Comprehensive Income After Tax Attributable to Shareholders (NIS Millions)

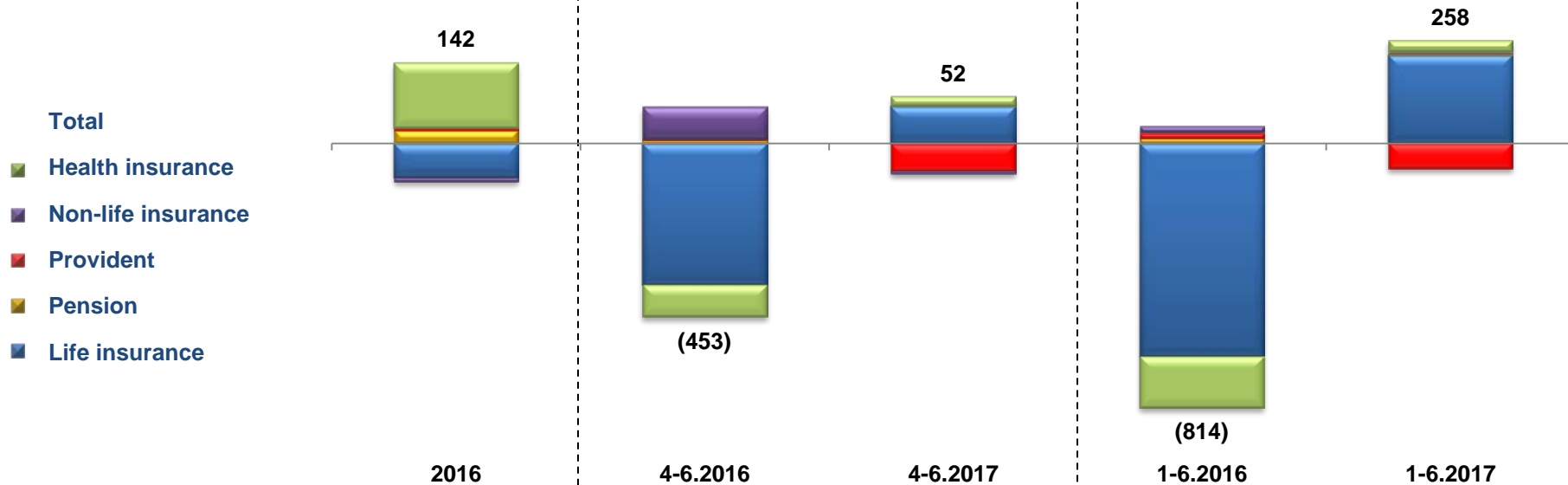


<b>The results include (net of tax):</b>					
Impact of the low interest rate environment on insurance liabilities	(124)	(313)	8	(538)	55
Estimated impact of the Winograd committee	(90)	(3)	(15)	(78)	(19)
Special provisions in long term savings	(65)	(66)	(13)	(66)	(13)
Impairment of goodwill in the provident fund segment	(16)	-	(53)	-	(53)
Repayment fee for deferred liability notes	(15)	(11)	-	(11)	-
Impact of the update of tax rates	37	-	-	-	-
Update to the discount rate used to calculate liabilities for paid pensions	-	-	57	-	57
Update to provisions with respect to claims which were filed against the Company	-	-	(10)	-	(10)
<b>Total</b>	<b>(274)</b>	<b>(391)</b>	<b>(25)</b>	<b>(691)</b>	<b>18</b>
<b>Comprehensive income without these effects</b>	<b>396</b>	<b>98</b>	<b>90</b>	<b>149</b>	<b>187</b>
<b>Normalized return on equity</b>	<b>8.7%</b>	<b>9.1%</b>	<b>7.5%</b>	<b>6.5%</b>	<b>8.0%</b>

# Composition of Comprehensive Income After Tax Attributable to Shareholders (NIS Millions)

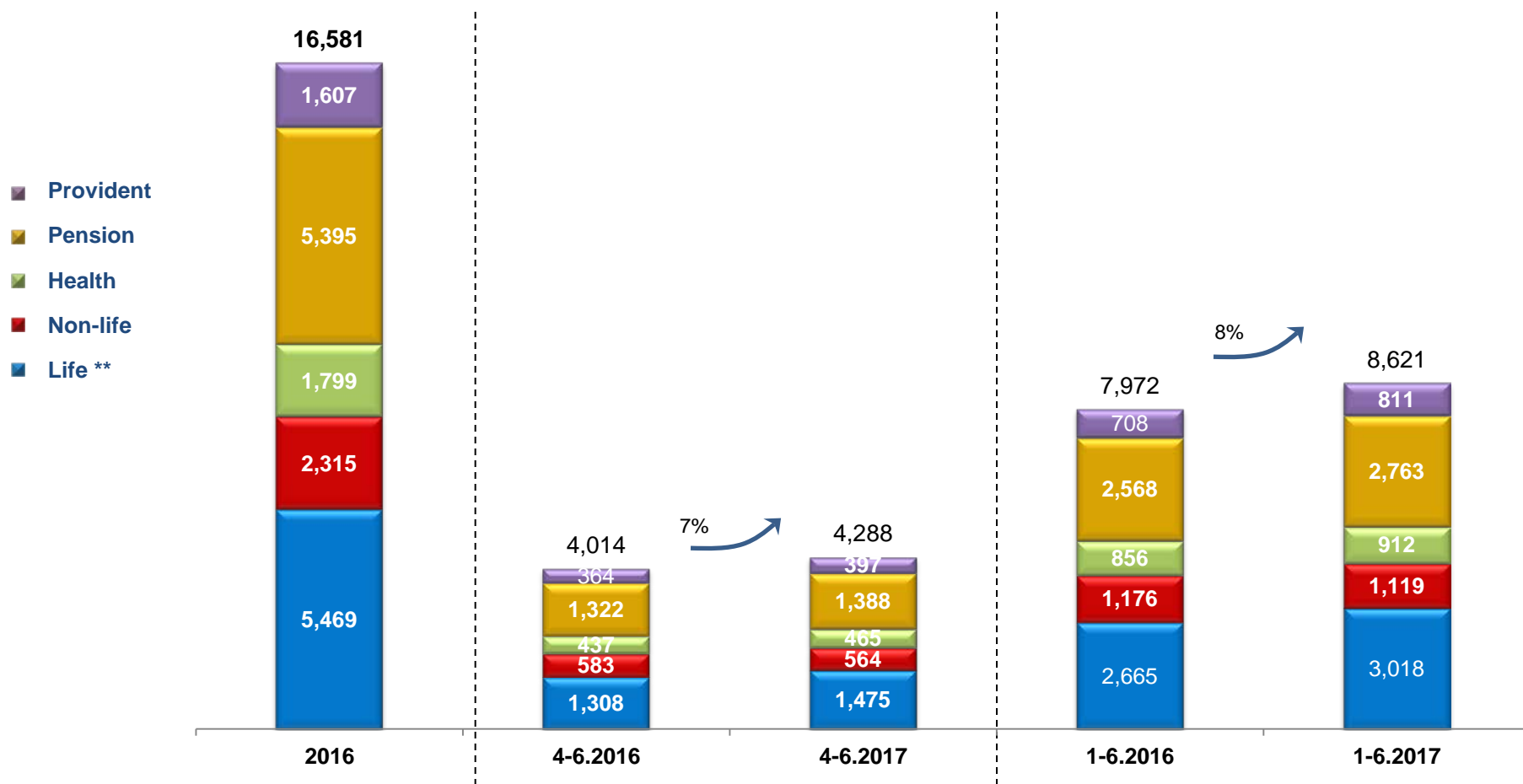


# Operations by Segments (NIS Millions)



Health insurance	216	(107)	31	(169)	40
Non-life insurance	(13)	106	(9)	22	4
Provident	8	5	(93)	18	(83)
Pension	43	10	-	18	5
Life insurance	(113)	(466)	123	(704)	292

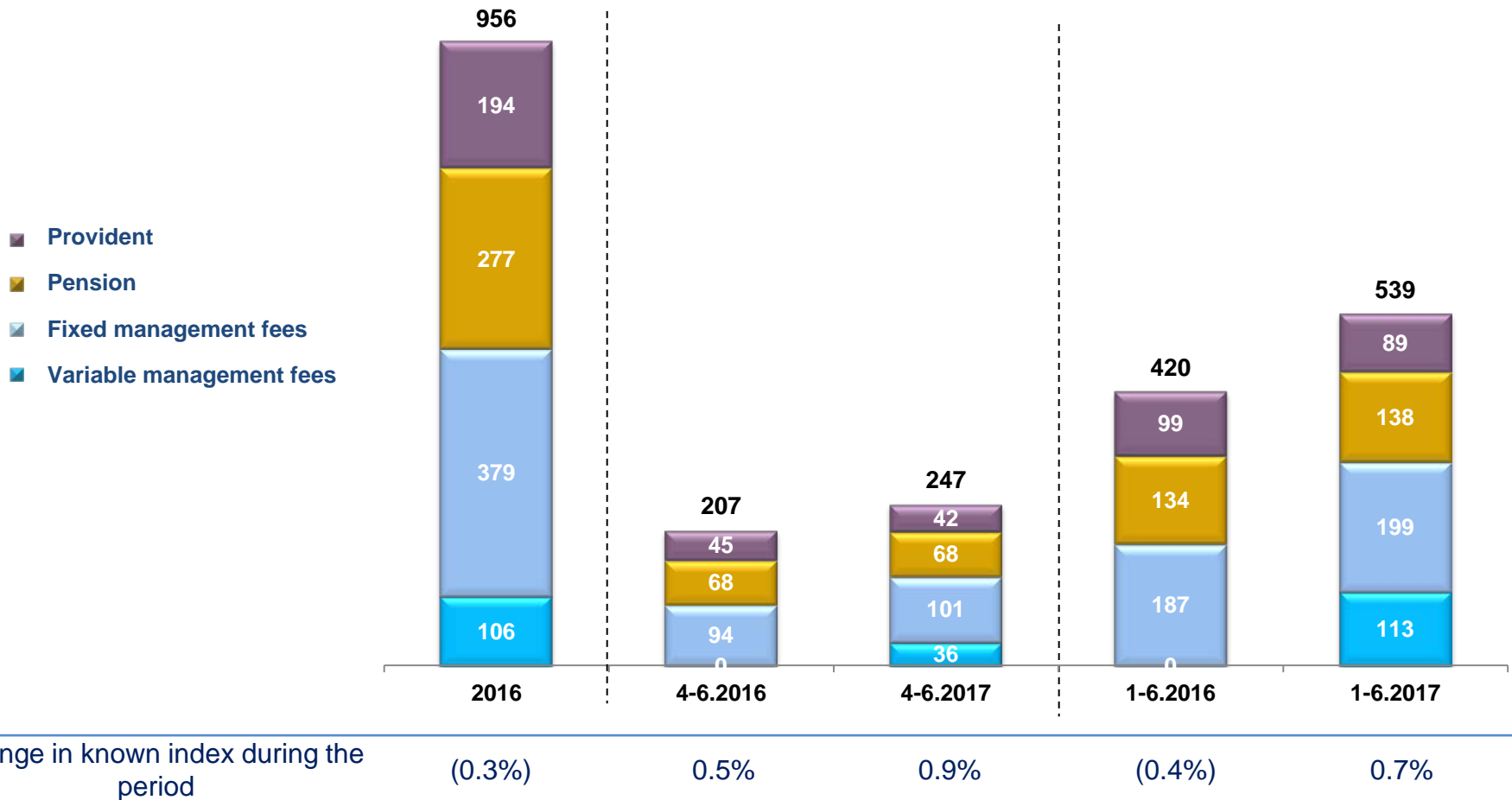
# Gross premiums earned and contributions (NIS millions)



\* Excluding central provident fund for severance pay and for other purposes

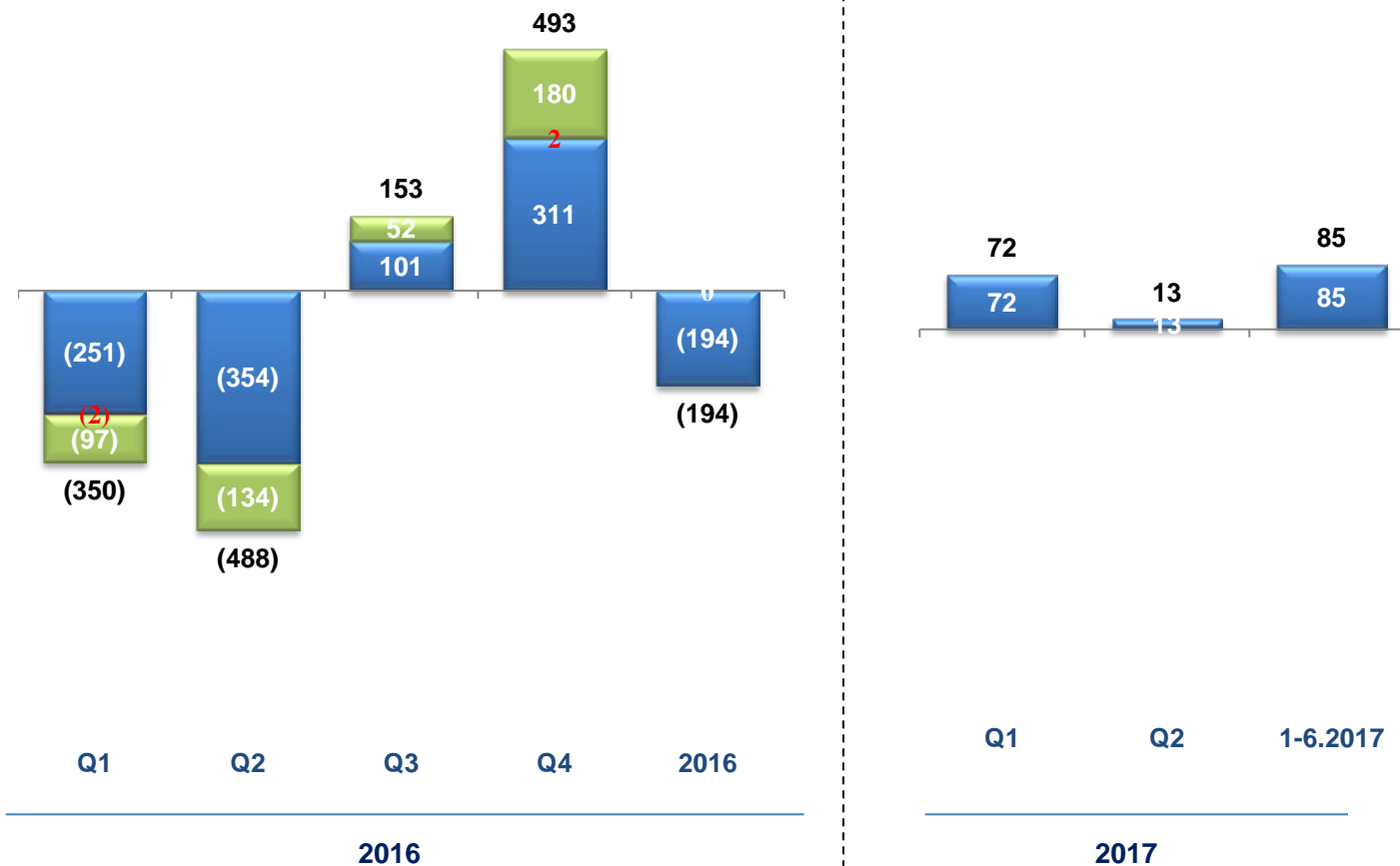
\*\* Including investment contracts

# Long Term Savings Segment - Management Fees (NIS Millions)



## Impact of the Low Interest Rate Environment on Profit Before Tax with Respect to Insurance Liabilities (NIS Millions)

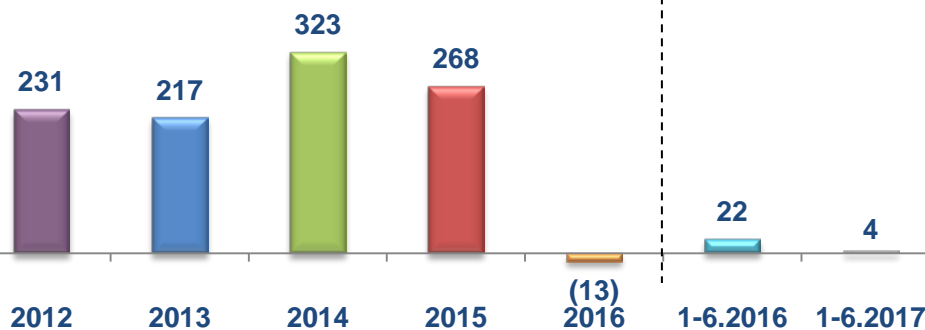
- Health insurance
- Non-life insurance
- Life insurance



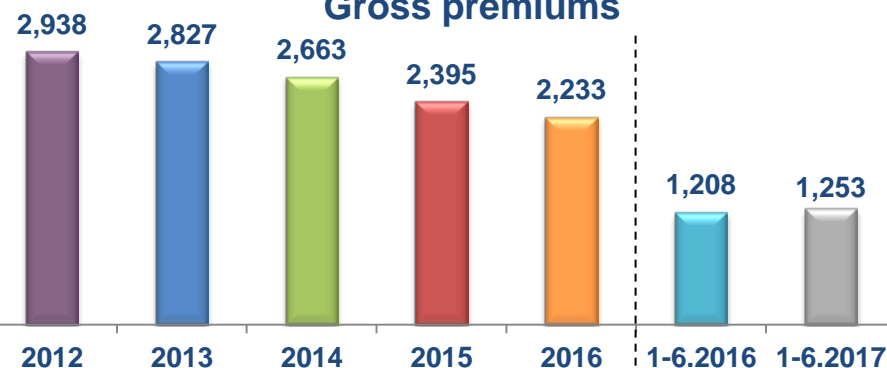


# Non-Life Insurance - Main Results

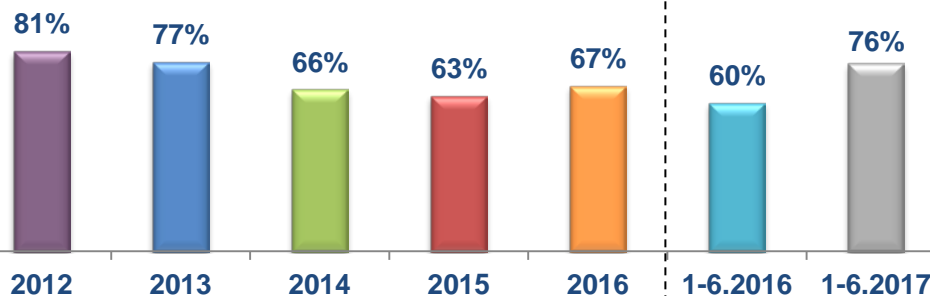
Comprehensive income (loss) before tax



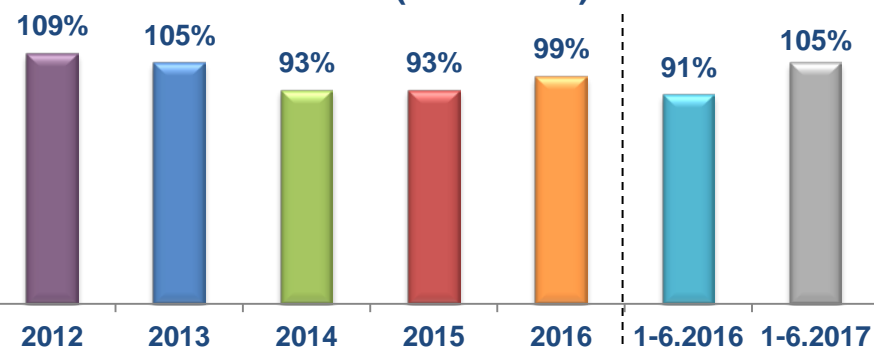
Gross premiums



LR \*(Retention)



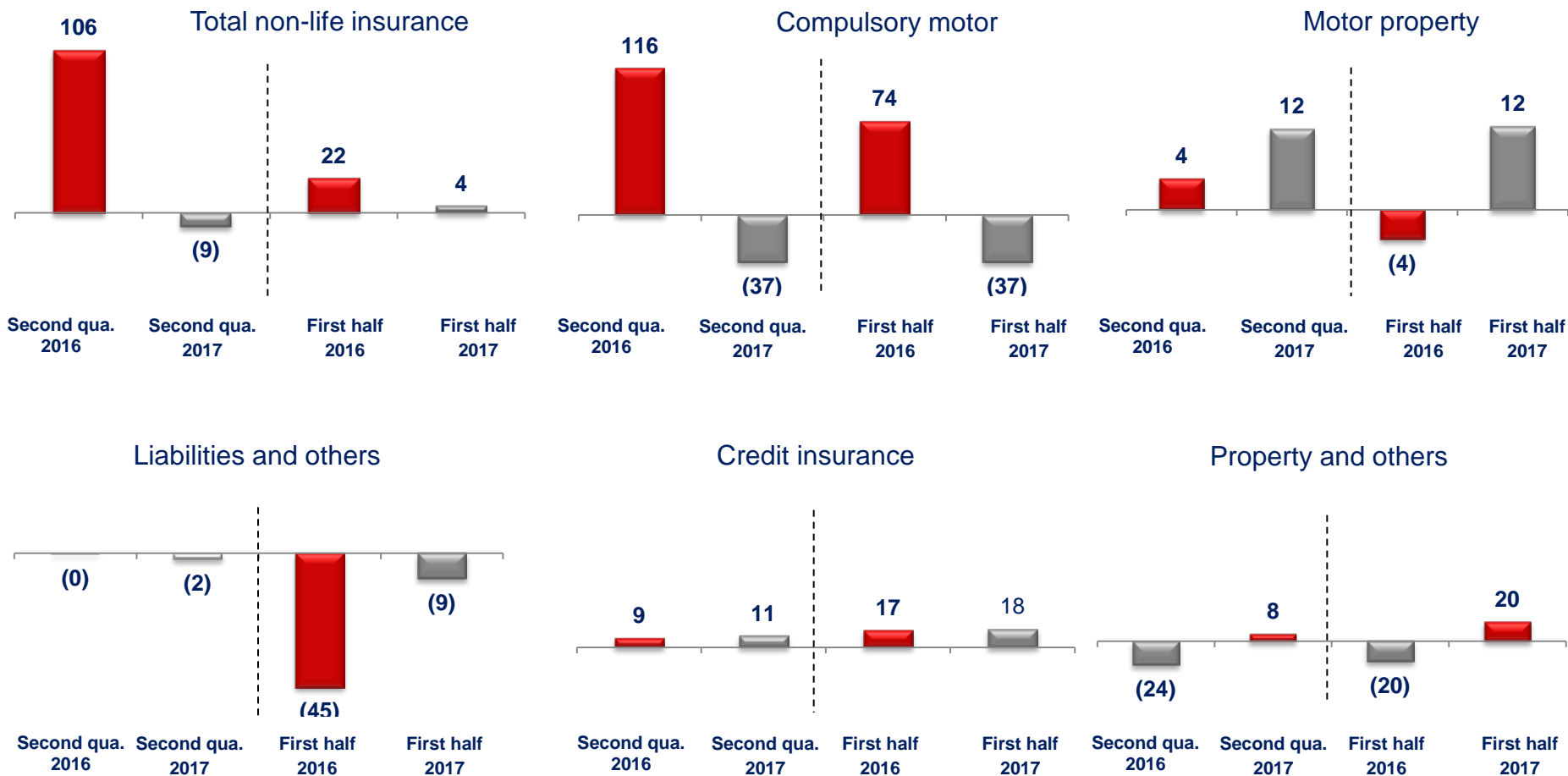
CR \*(Retention)



\* After neutralizing the provision for the possible implications of the amendment to the Discounting Regulations, in light of the recommendations of the Winograd committee.

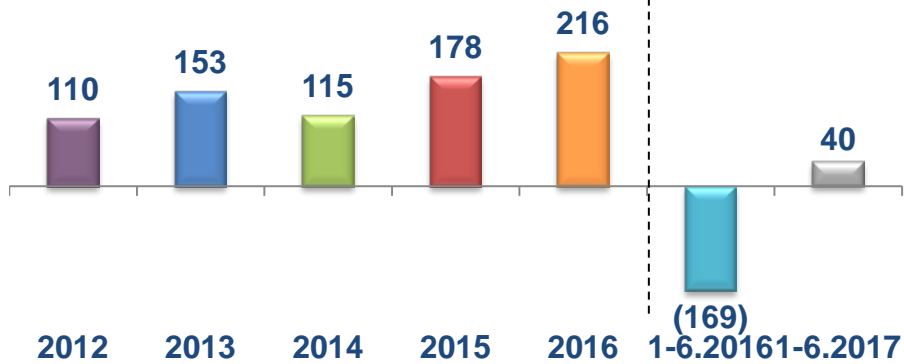
CR on retention, normalized with respect to the impact of the Winograd committee, and excluding compulsory motor: 1-6.2017 - 97%; 1-6.2016 - 106%.

# Non-life insurance - Comprehensive income before tax (NIS millions)

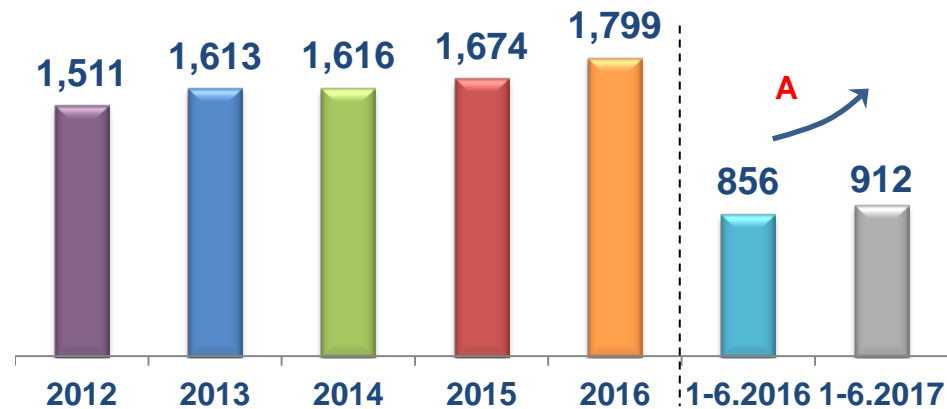


# Health Insurance - Main Results

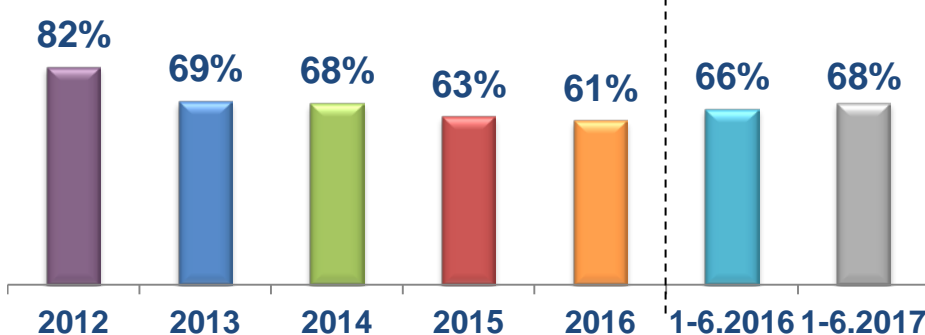
Comprehensive income (loss) before tax



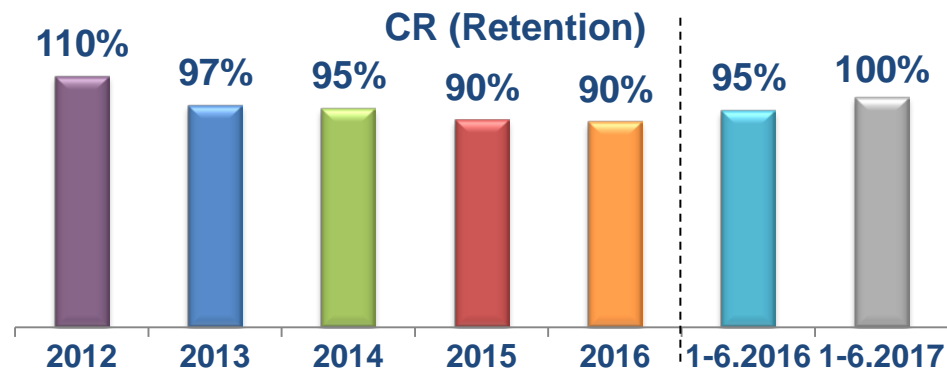
Gross premiums earned



LR (Retention)

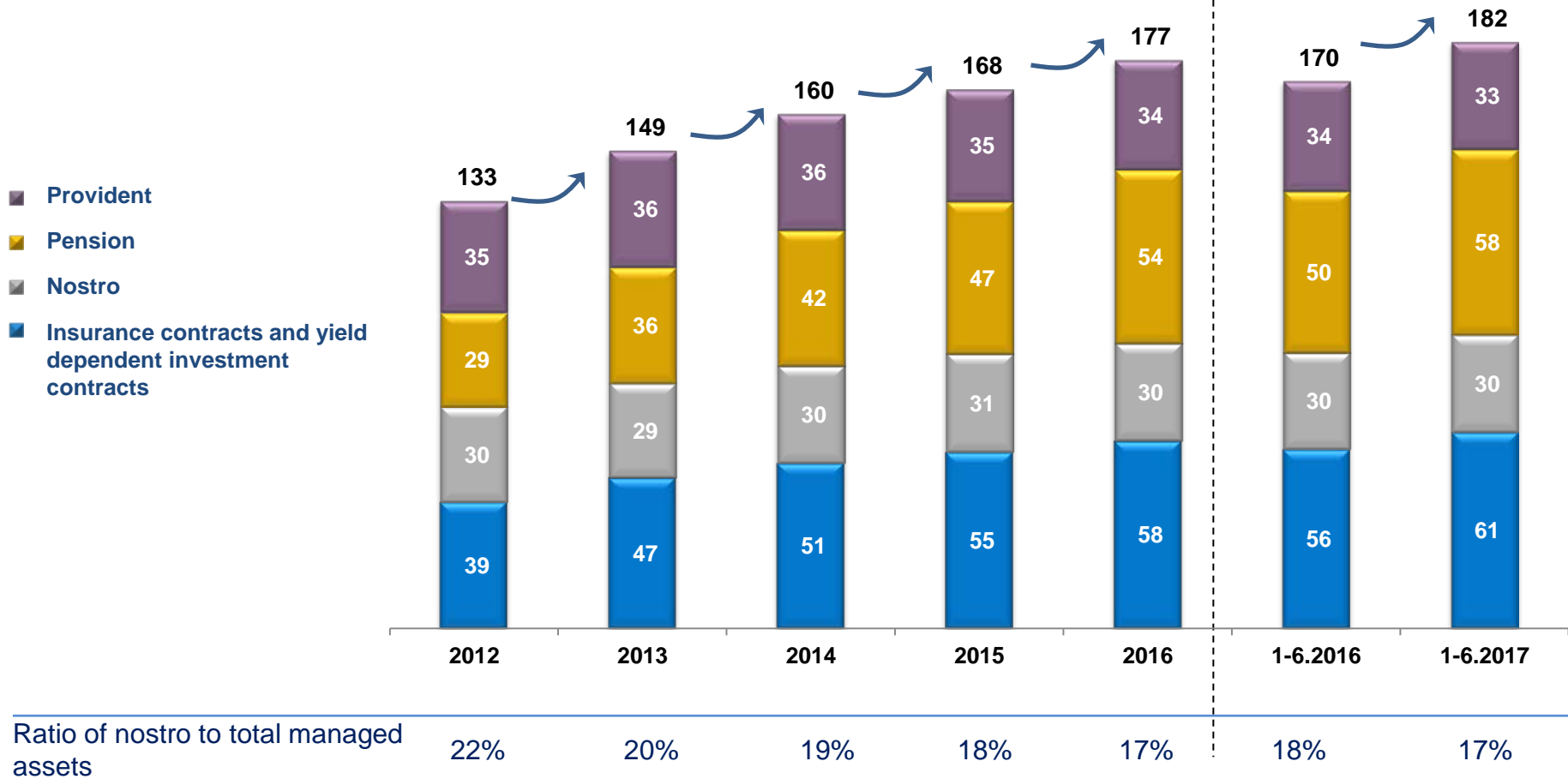


CR (Retention)

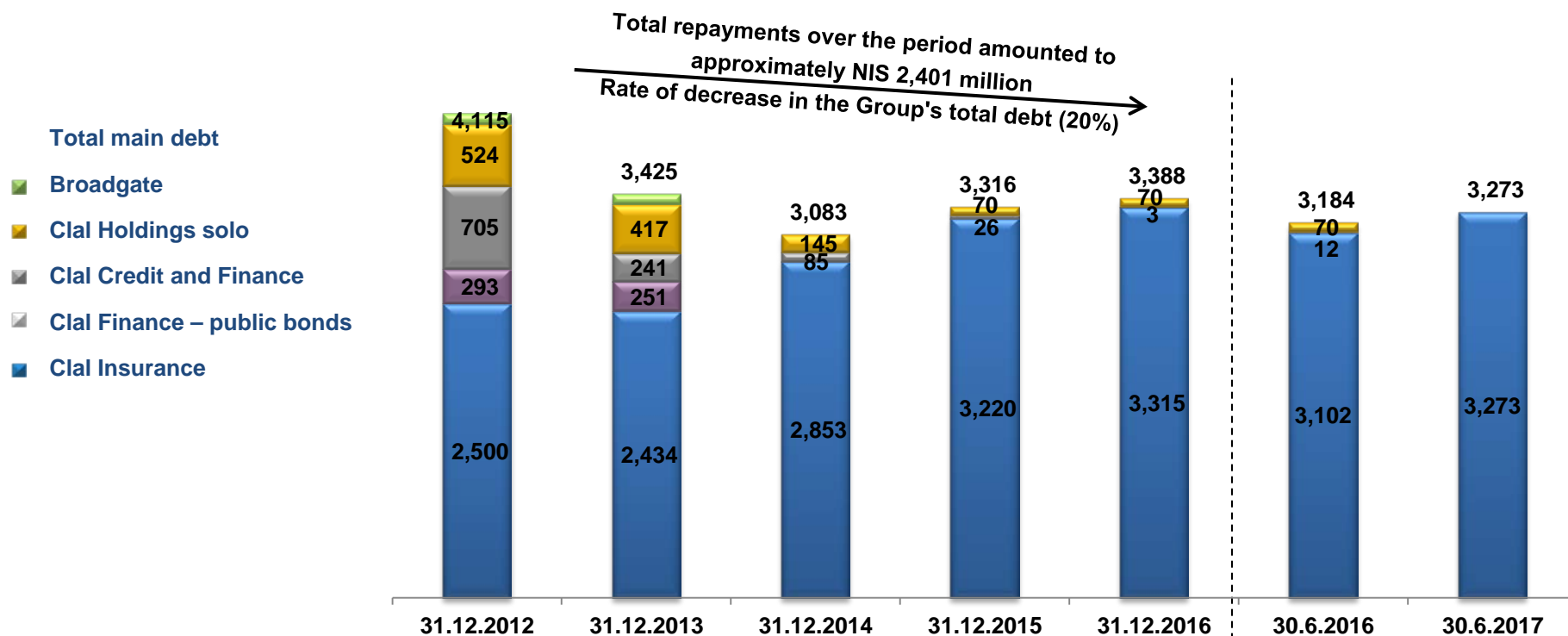


A. The increase in premiums was primarily due to the increase in the company's individual business operations.

# Managed Assets by Portfolio (NIS Billions)



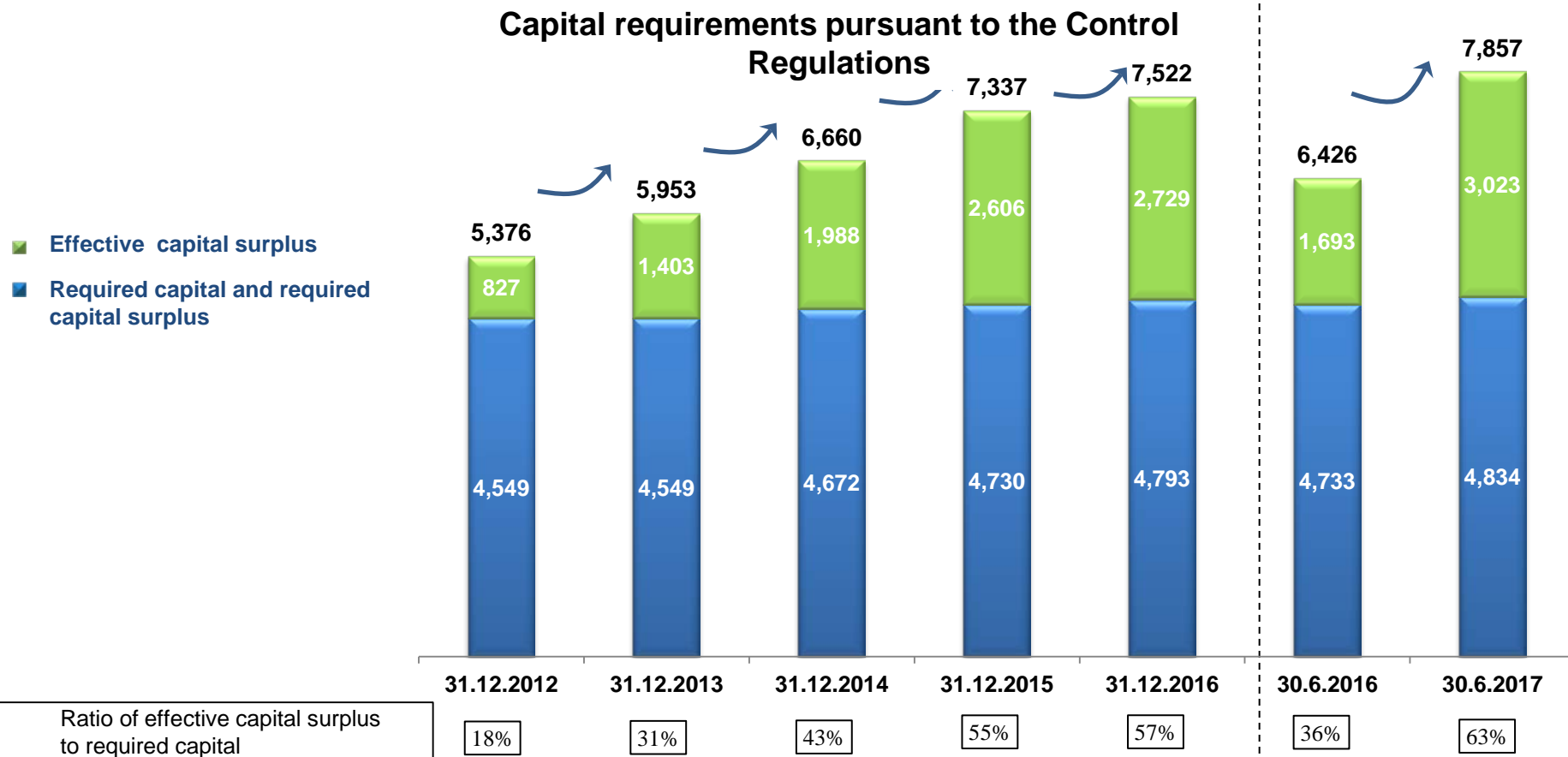
# Main Debt of the Group (NIS Millions)



- Total main debt
- Broadgate
- Clal Holdings solo
- Clal Credit and Finance
- Clal Finance – public bonds
- Clal Insurance

	2013	2014	2015	2016	1-6.2016	1-6.2017
Raisings in Clal Insurance	150	513	695	201	-	-
Repayments to external parties, interest, linkage and other	(840)	(855)	(462)	(129)	(132)	(115)
<b>Total change</b>	<b>(688)</b>	<b>(342)</b>	<b>233</b>	<b>72</b>	<b>(132)</b>	<b>(115)</b>

# Clal Insurance - Required Capital and Effective Capital Surplus (NIS Millions)



## Estimated Capital Status According to the Solvency Regime as of December 31, 2016

- ✓ In June 2017, a circular was published on the subject of "Provisions regarding the implementation of a Solvency II-based economic solvency regime for insurance companies" (hereinafter: the "Solvency Circular"), in which provisions were set forth regarding the calculation of equity, and regarding the economic solvency capital requirement. The solvency circular includes several changes to the provisions regarding calculation which were set forth in previous provisions regarding the performance of quantitative impact studies (IQIS).
- ✓ The solvency circular specified an adoption date of June 30, 2017 and a distribution period during which the solvency capital requirement will increase gradually, from a rate of 60% of the solvency capital requirement according to the circular, up to full compliance with the calculation, which will be required based on the data for December 31, 2024. This distribution period is in addition to the transitional provisions which were determined regarding the capital requirement with respect to the stock risk sub-component, according to which the capital requirement will increase gradually, with respect to this sub-component, over a period of seven years.

## Estimated Capital Status According to the Solvency Regime as of December 31, 2016 (Cont.)

- ✓ During the reporting period, in accordance with the circular regarding "Reporting to the Commissioner regarding results of the solvency ratio calculation", the Company calculated the economic solvency ratio as of December 31, 2016.
- ✓ Presented below is a summary of the results of the calculation which were included in the board of directors' report, in accordance with the requirements of the disclosure circular. These figures were not reviewed or audited by the auditors in their review of the financial statements:

NIS millions	SCR (Solvency)	
	Full	Distribution
Current equity	8,866	7,887
Required capital	7,969	4,418
<b>Surplus (deficit)</b>	<b>897</b>	<b>3,469</b>
Solvency ratio	111%	



## CEO Summary

**“The Company is adjusting its activities and systems to comply with multiple regulatory requirements, during a period of erosion in underwriting profit margins, a low interest rate environment and instability in capital markets. The Company’s performance and efforts in recent years, in this challenging business environment, have allowed it to strengthen its capital structure in the age of the new capital regime.”**

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# Thank You

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