Financial Statements for the Period January-December 2016

Analysts Review, March 2017

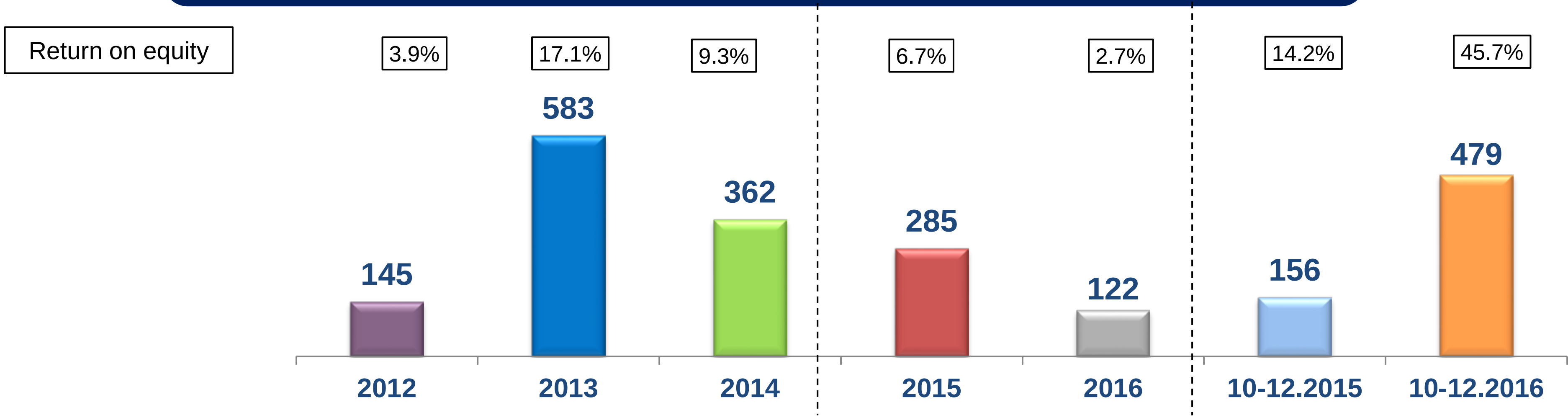
Limitation of Liability

This presentation includes partial information only with respect to the Company's results for the period of January-December 2016, 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.

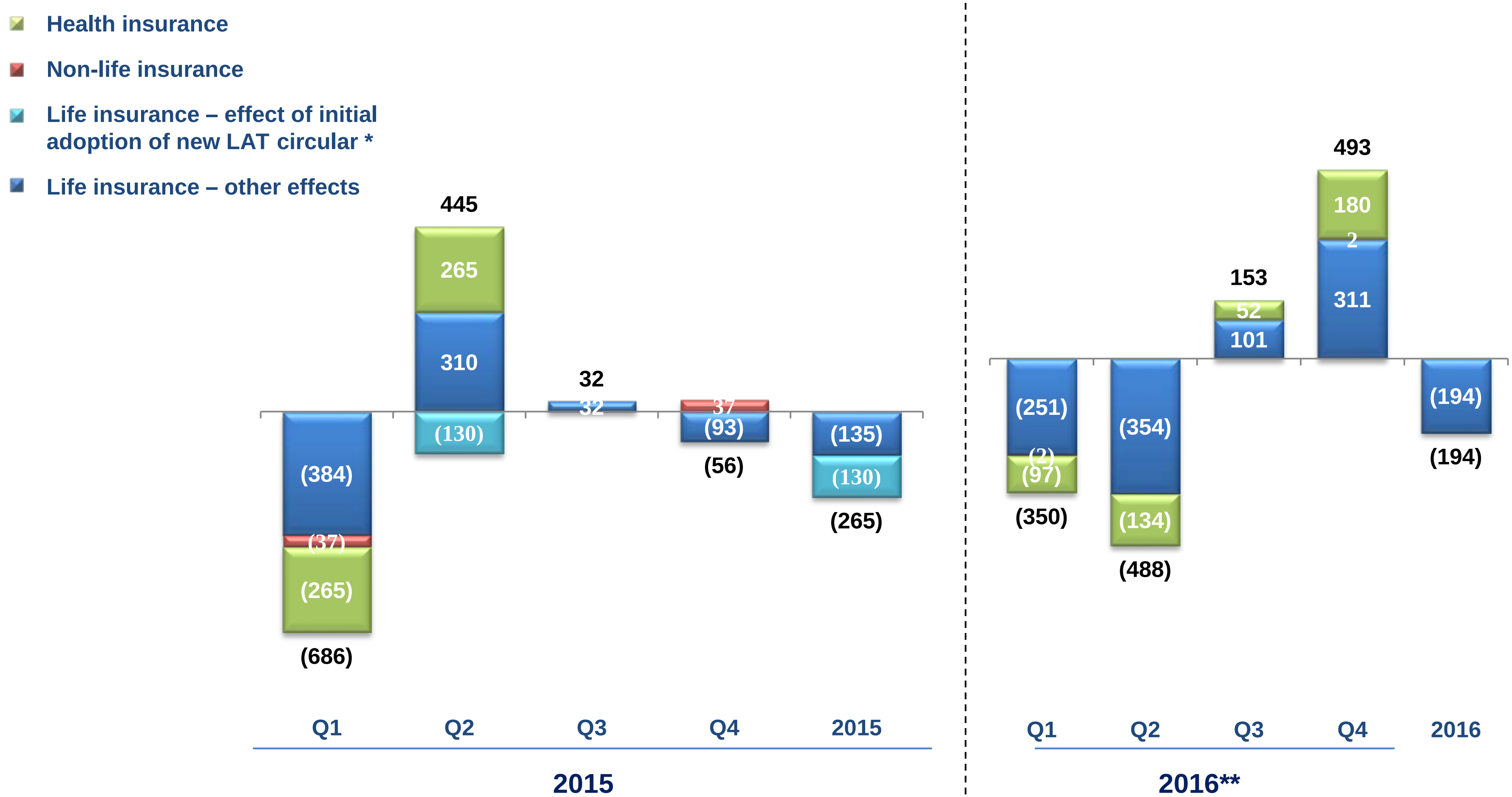
Comprehensive Income After Tax Attributable to Shareholders (NIS Millions)



	2012	2013	2014	2015	2016	10-12.2015	10-12.2016
The results include (net of tax):							
Impact of the low interest rate environment on insurance liabilities	(25)	-	(192)	(166)	(124)	(35)	316
Estimated impact of the Winograd committee	-	-	-	-	(90)	-	(10)
Special provisions in long term savings	-	-	-	(16)	(65)	(13)	1
Impairment of goodwill in the provident fund segment	-	-	-		(16)	-	(16)
Repayment fee for deferred liability notes	-	-	-	(6)	(15)	-	(5)
Sale of foreign operation	39	-	-	-	-	-	-
Loss in Clal Finance	(47)	(27)	(43)	-	-	-	-
Income from the transition to Atidim *	-	-	45	-	-	-	-
Impact of the update of tax rates	-	-	-	5	37	5	24
Total	**(33)**	**(27)**	**(190)**	**(183)**	**(274)**	**(43)**	**310**
Comprehensive income without these effects	**178**	**610**	**552**	**468**	**396**	**199**	**169**
Normalized return on equity	**4.8%**	**17.9%**	**14.1%**	**11.0%**	**8.7%**	**18.1%**	**16.2%**

- Capital gains from the sale of the headquarters building and from the revaluation of a property which was used by the Group and which became an investment property

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



* As measured at the time of initial publication on June 30, 2015.
** Subsequent to the reporting date, the risk-free interest rate curve increased, which, if it remains unchanged, may cause a decrease in the aforementioned provisions.

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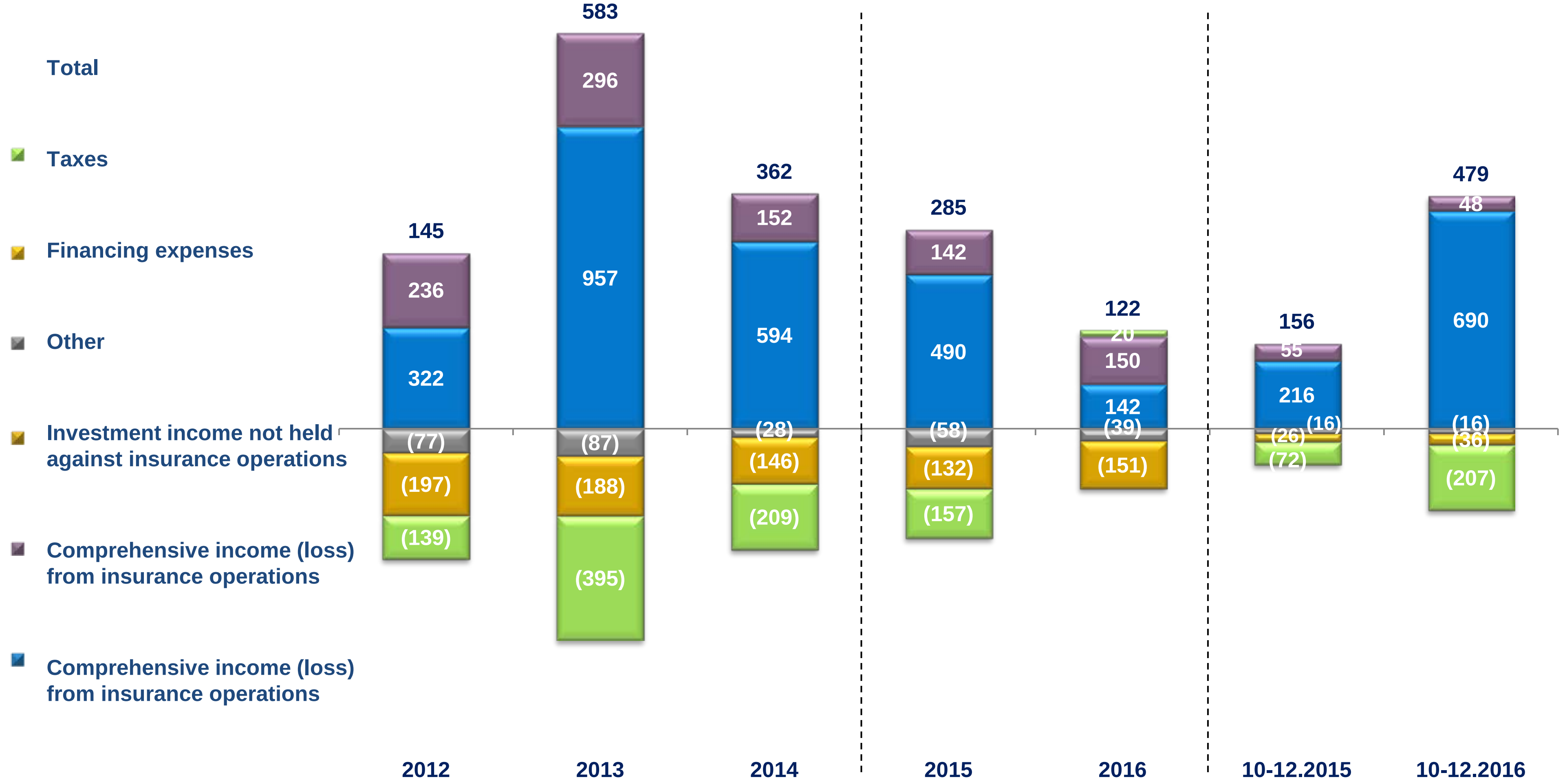
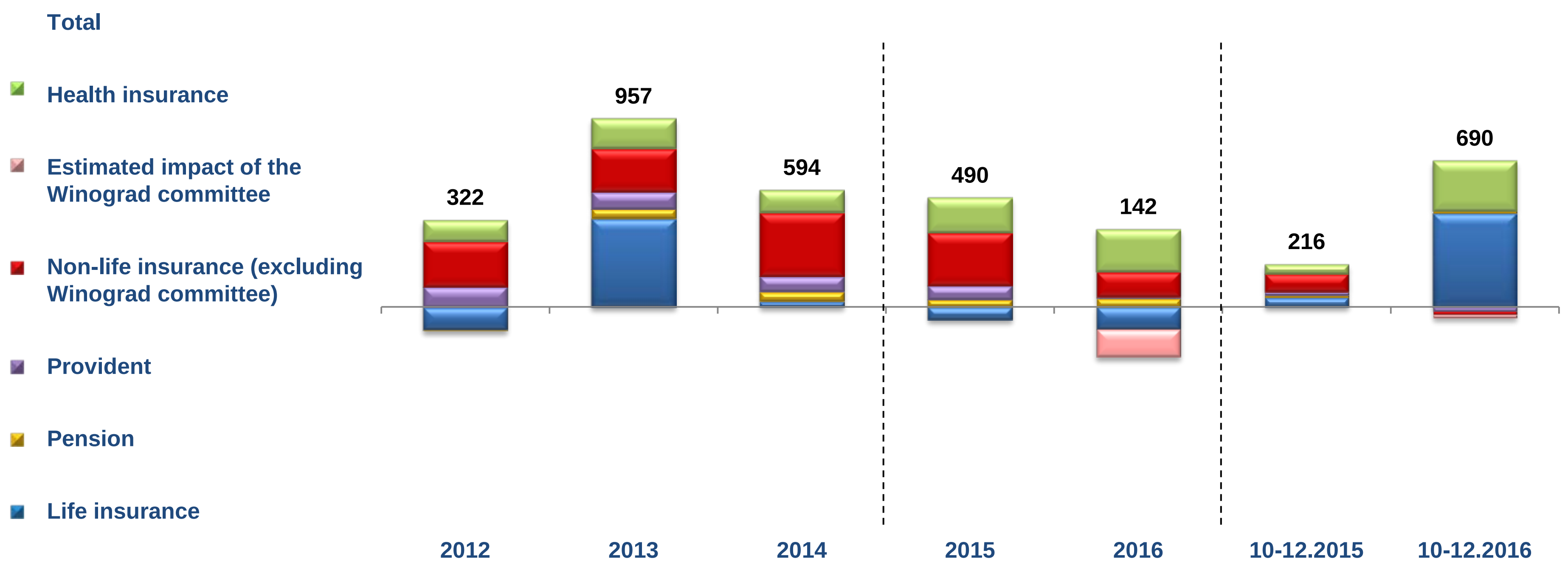
Composition of Comprehensive Income After Tax Attributable to Shareholders
(NIS Millions)

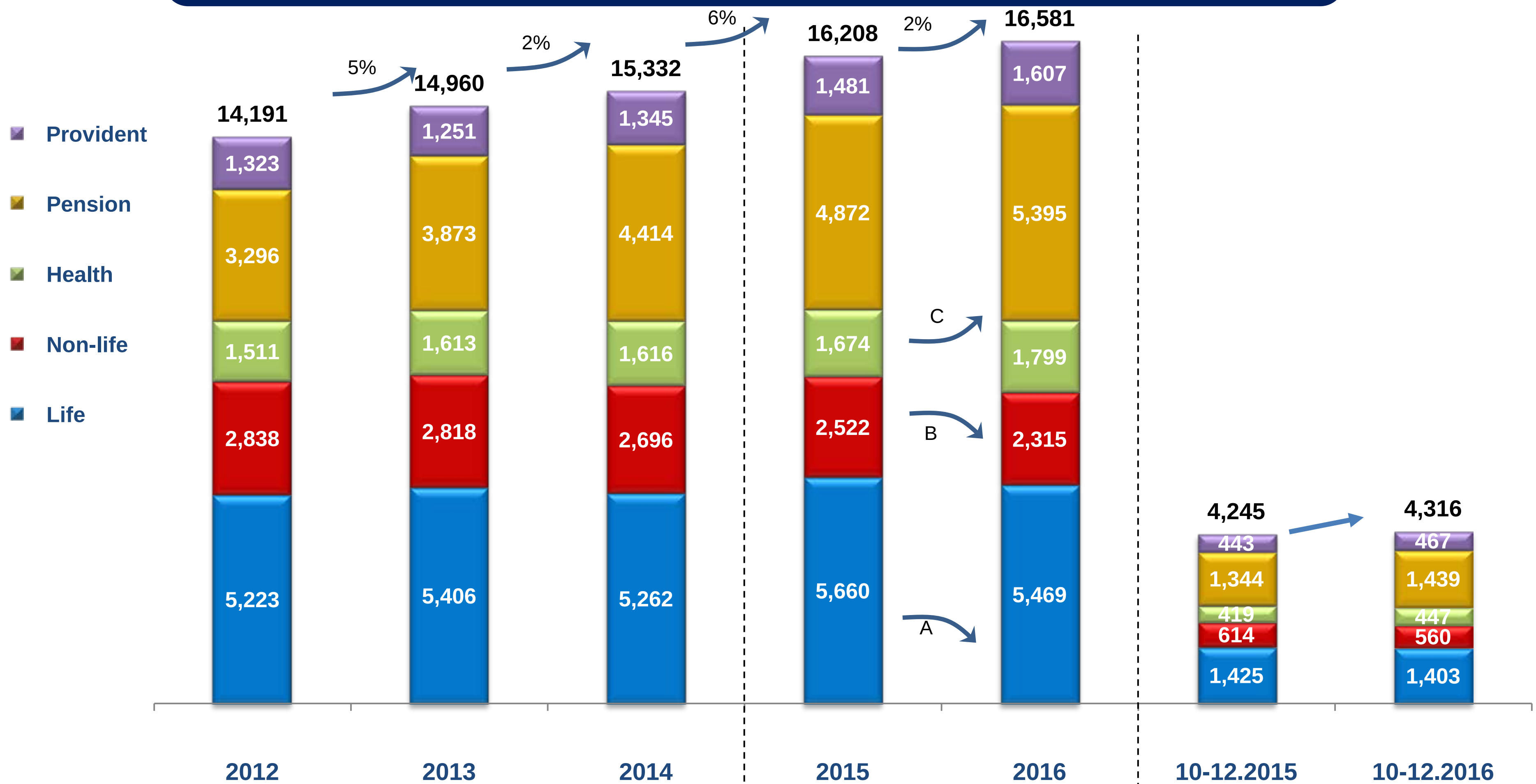


Comprehensive Income Before Tax from Insurance Operations by Segments
(NIS Millions)



	2012	2013	2014	2015	2016	10-12.2015	10-12.2016
Health insurance	110	153	115	178	216	49	255
Non-life insurance (without the impact of the Winograd committee)	231	217	323	268	128	92	(17)
Estimated impact of the Winograd committee	-	-	-	-	(141)	-	(16)
Provident	102	88	78	71	8	17	(22)
Pension	(4)	48	49	39	43	11	12
Life insurance	(116)	450	29	(65)	(113)	48	476

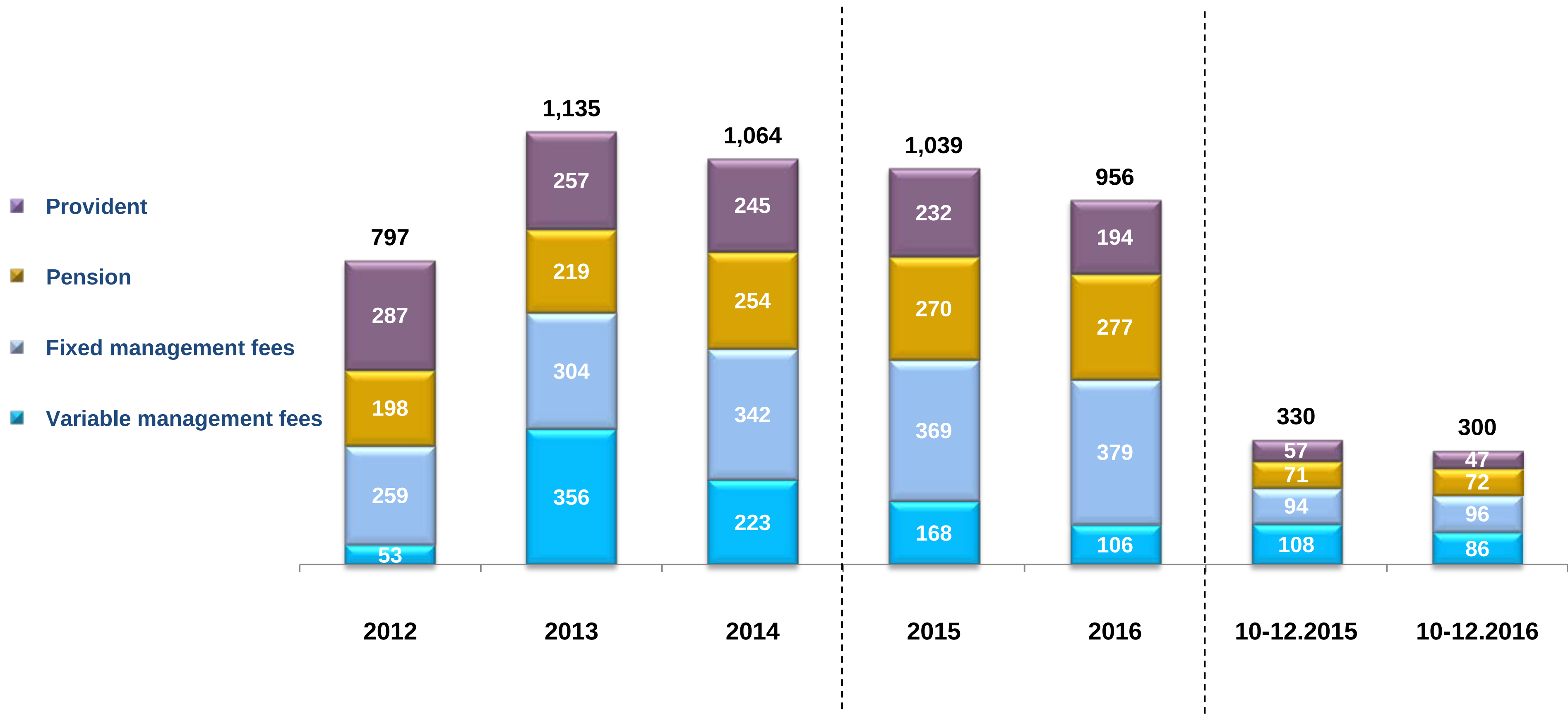
Gross Premiums Earned and Contributions
(NIS Millions)



* After adjustments and offsets
** Excluding central provident fund for severance pay and for other purposes
*** Including investment contracts

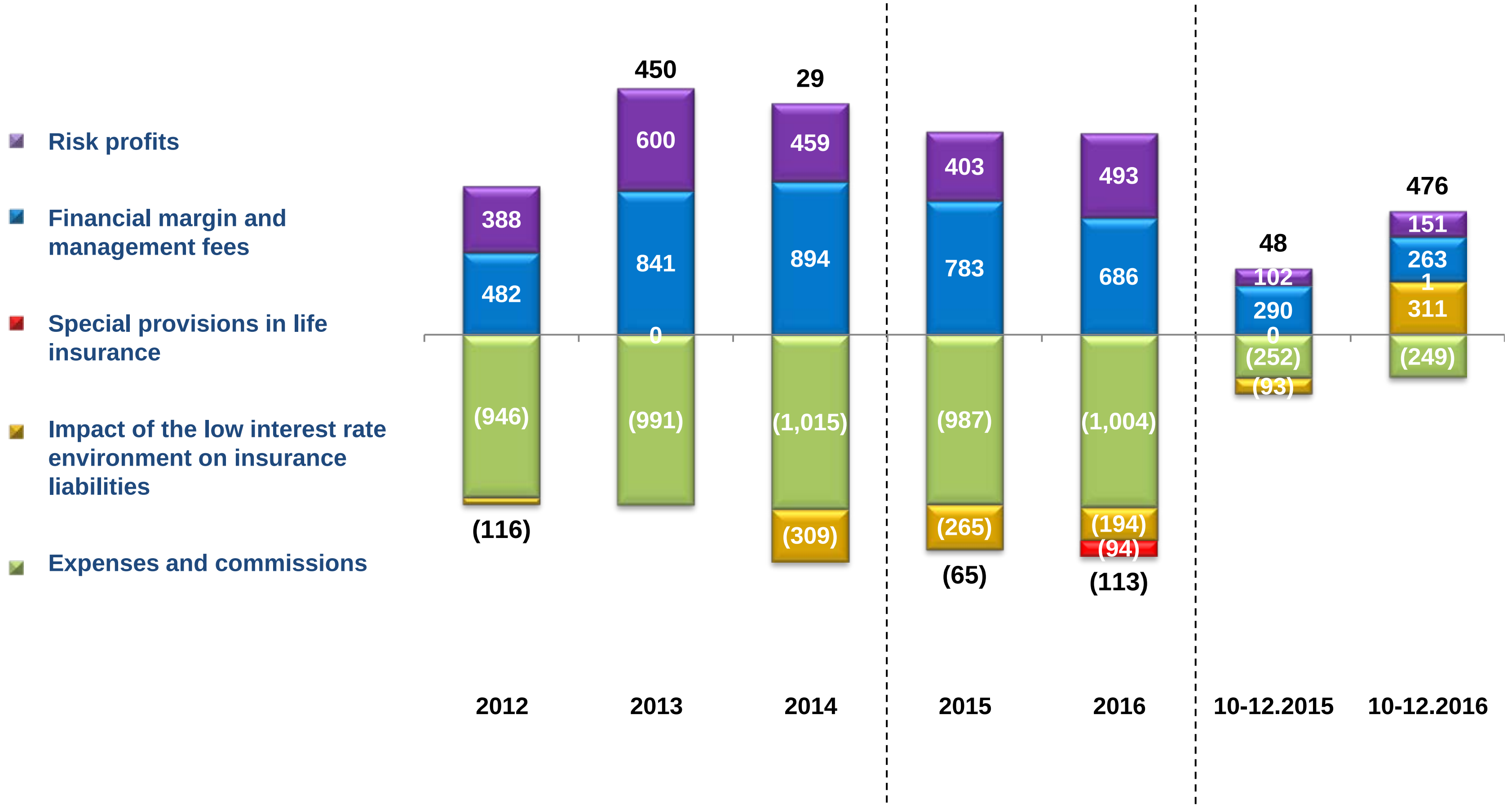
A- The decrease was due, inter alia, to the decrease in sales of investment contracts, which was offset by the increase in new sales of individual and managers' products.
B- The decrease was primarily due to the non-renewal of a students personal accident insurance transaction and to non-renewal of losing business operations, including collective business operations, in the compulsory motor and property branches.
C- The increase was primarily due to the increase in the company's individual business operations.

Long Term Savings Segment - Management Fees and Financial Margin (NIS Millions)

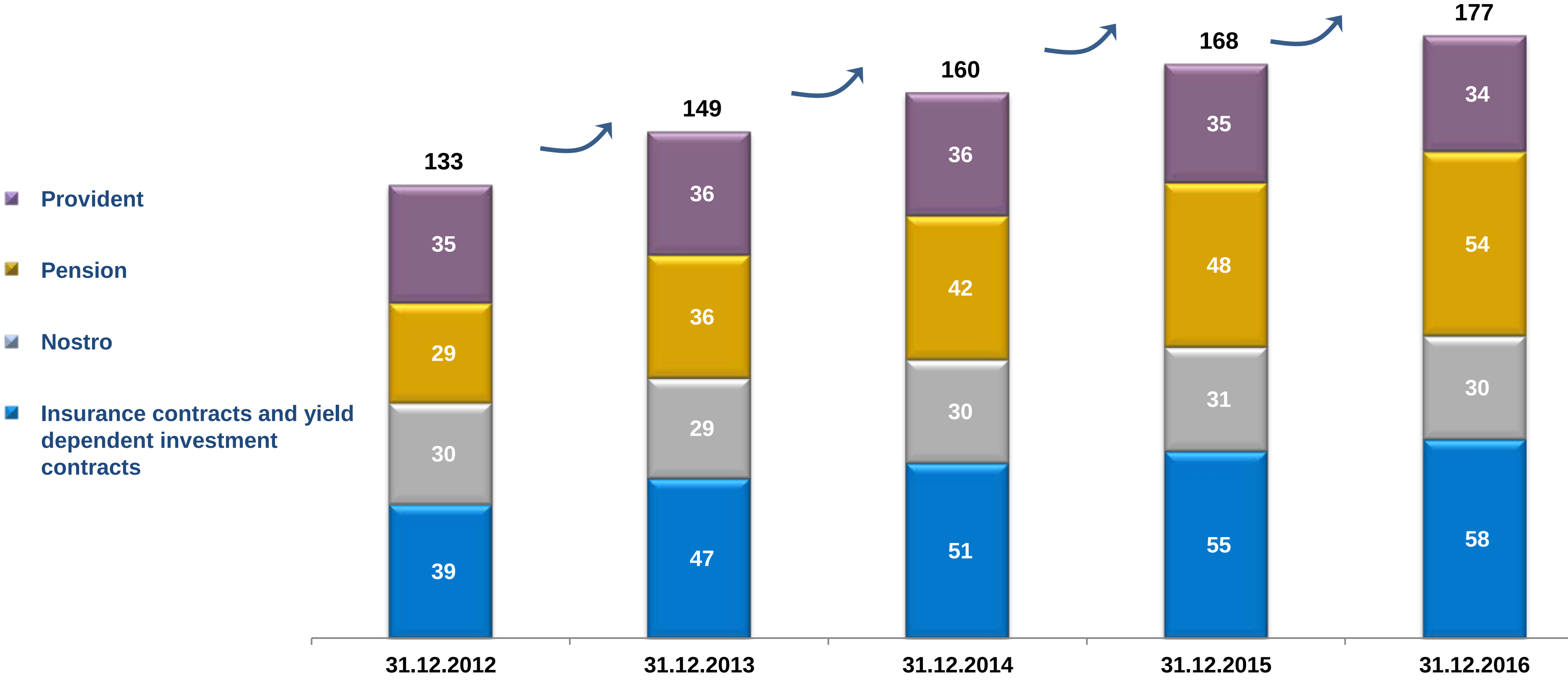


Change in known index during the period	1.4%	1.9%	(0.1%)	(0.9%)	(0.3%)	(0.3%)	(0.7%)

Life Insurance - Composition of Comprehensive Income (NIS Millions)



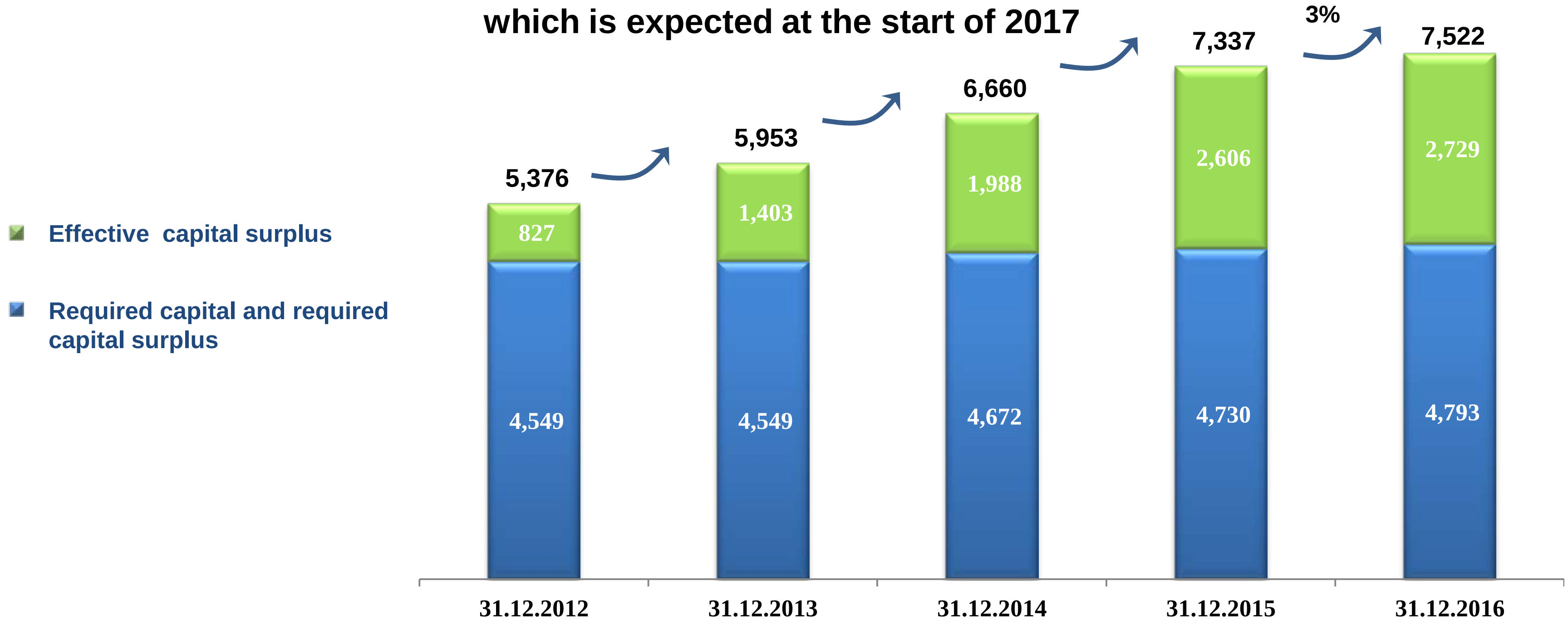
Managed Assets by Portfolio (NIS Billions)



Ratio of nostro to total managed assets	22%	20%	19%	18%	17%

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

Before the application of the Solvency II capital regime, which is expected at the start of 2017



Ratio of effective capital surplus to required capital	18%	31%	43%	55%	57%

Estimated Capital Status According to Solvency II as of December 31, 2015

- ✓ In accordance with the results of IQIS5, as of December 31, 2015, according to the calculation rules which were determined by the Ministry of Finance, the solvency ratio of Clal Insurance under the new solvency regime amounts to approximately 104%, in consideration of the transitional provisions regarding the stock scenario. Without taking into account the transitional provisions, the Company’s solvency ratio is 97%.

- ✓ The solvency ratio of Clal Insurance as of December 31, 2015, as reflected in the updated version of the provisions for the implementation of a Solvency II-based economic solvency regime for insurance companies, which was published on February 7, 2017, is within the range of 107%-111%, according to a full calculation, and within the range of 114%-118%, in consideration of the transitional provisions pertaining to the capital requirement with respect to the holding of shares. The solvency ratio for 2016 will be calculated after the publication of embedded value for 2016, and is expected to be published in the reports for the second quarter of 2017.

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Estimated Capital Status According to Solvency II as of December 31, 2015 (Cont.)

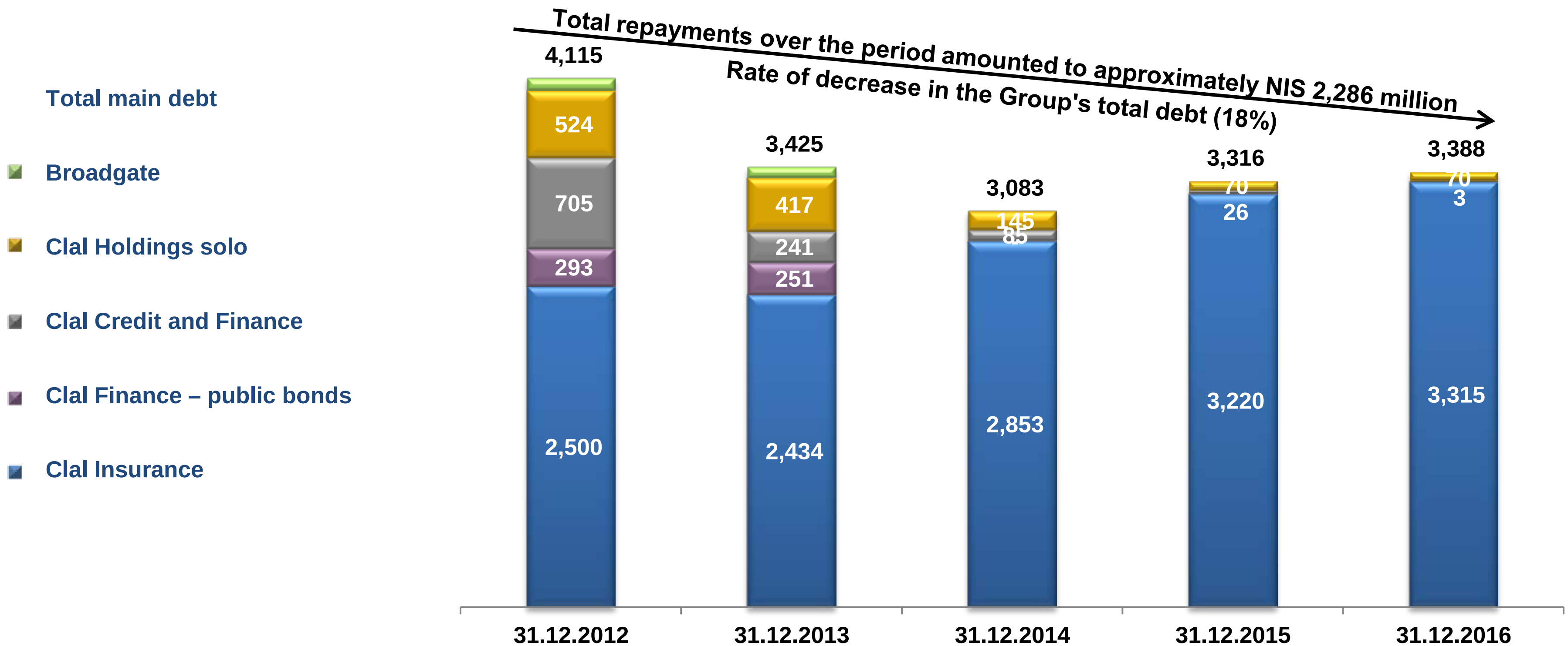
- ✓ In August 2016, the Commissioner published a letter regarding dividend distributions by insurance companies, which restricted the possibility of distributing dividends, inter alia, to cases in which, after the performance of the distribution, the company has a minimum solvency ratio according to the quantitative impact study, without taking into account the transitional provisions, of 115% (up to and including the financial statements as of December 31, 2017), gradually increasing to 130%.

- ✓ In light of the Commissioner's letter regarding dividend distributions, and given the solvency ratio of Clal Insurance, without the transitional provisions, Clal Insurance cannot distribute dividends at this stage.

- ✓ It is noted that the discussions which the insurance companies held with the Authority also addressed the issue of the regulatory restriction on dividend distributions by insurers. In these discussions, it was noted that the Authority is considering an easement with respect to these restrictions, in a manner whereby the dividend distribution will be made conditional on the fulfillment of a solvency ratio of 100%, according to the new economic solvency regime, according to a full calculation, without implementing the transitional provisions for the capital requirements with respect to shares, and without distribution, instead of 130%, as determined in the letter which was published on the matter, upon the fulfillment of a solvency ratio of 115%, with reference to the current capital regime, so long as it remains in effect, and upon the fulfillment of the capital surplus which will be determined by the board of directors of the insurance company. The Authority has not yet published a revised letter on this subject, and at this stage, it is not yet possible to estimate if and when it will do so.

- ✓ The board of directors of Clal Insurance has not yet discussed the new solvency regime within the framework of the capital management policy, and has not yet determined the required capital surplus in the aforementioned regime.

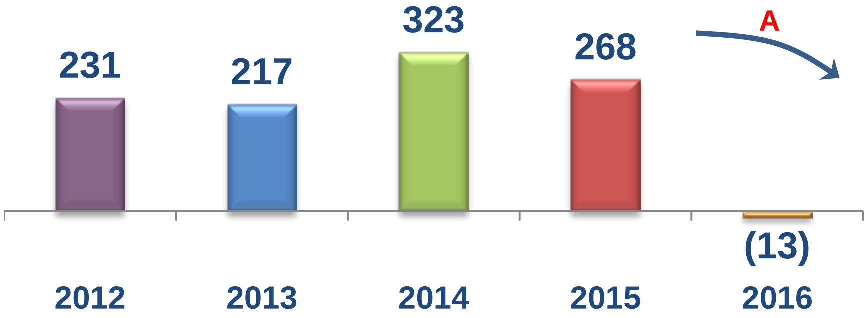
Main Debt of the Group(NIS Millions)



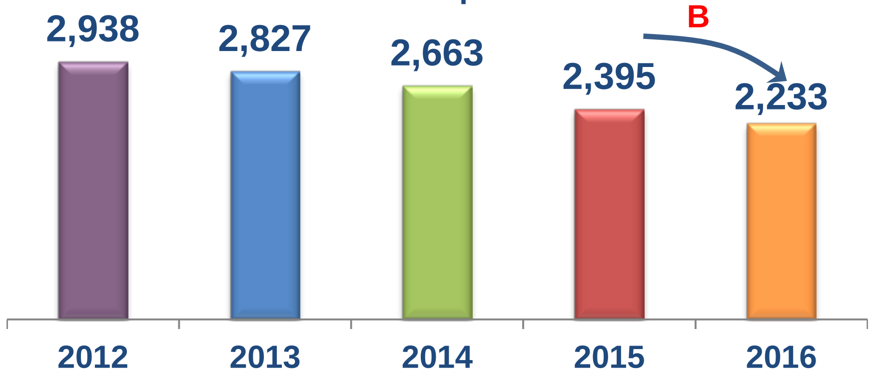
	2013	2014	2015	2016
Raisings in Clal Insurance	150	513	695	201
Repayments to external parties, interest, linkage and other	(840)	(855)	(462)	(129)
Total change	**(688)**	**(342)**	**233**	**72**

Non-Life Insurance - Main Results

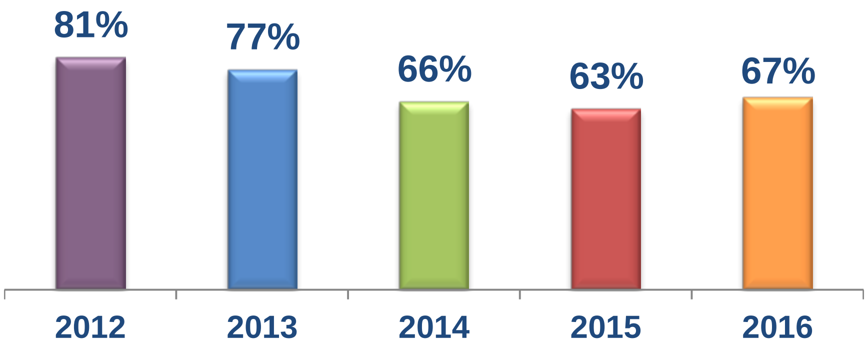
Comprehensive income (loss) before tax



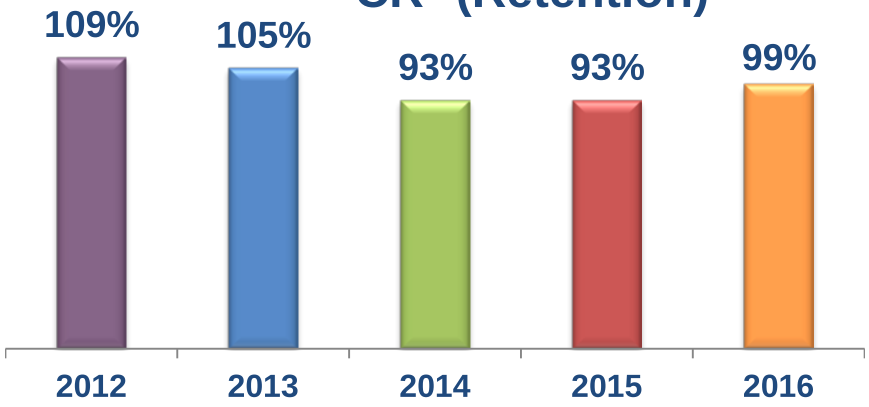
Gross premiums



LR *(Retention)



CR *(Retention)



A- Primarily due to the provision for the possible implications of the amendment to the Discounting Regulations, in light of the recommendations of the Winograd committee, in the amount of approximately NIS 141 million.
* After neutralizing the aforementioned provision, comprehensive income in the reporting period amounted to a total of approximately NIS 128 million.

B- Primarily due to the non-renewal of a students personal accident insurance transaction and the non-renewal of losing business operations, including collective business operations, including in the compulsory motor and property branches.

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

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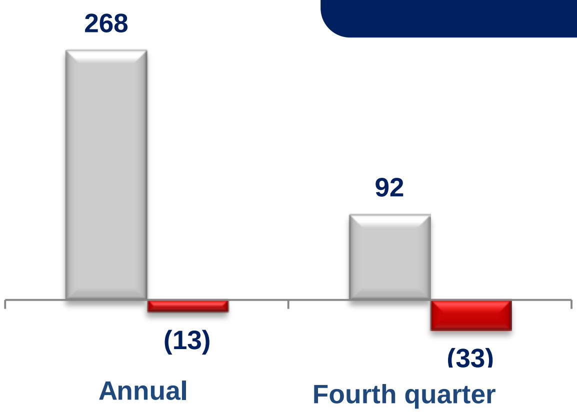
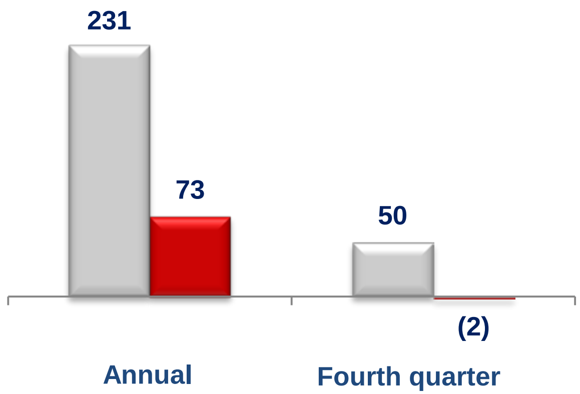
■2016 ■2015

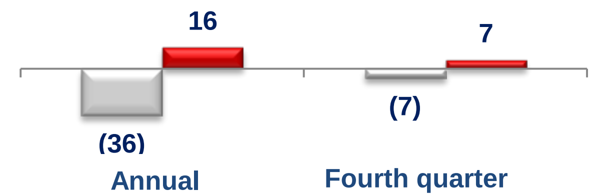
Non-Life Insurance -Comprehensive Income Before Tax (NIS Millions)



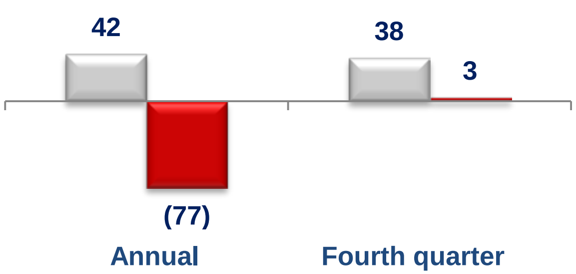
Total non-life insurance [1]



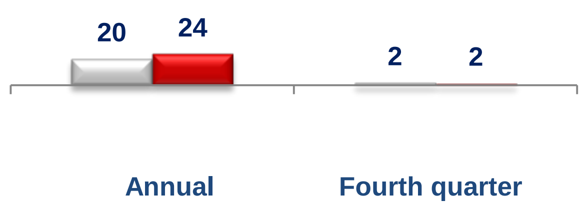
Compulsory motor [2]



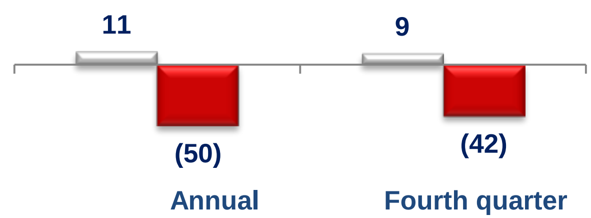
Motor property [4]



Liabilities and others [3]



Credit insurance

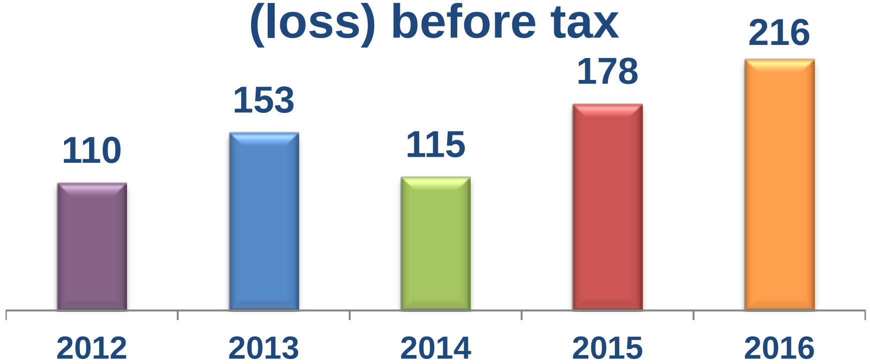


Property and others [5]

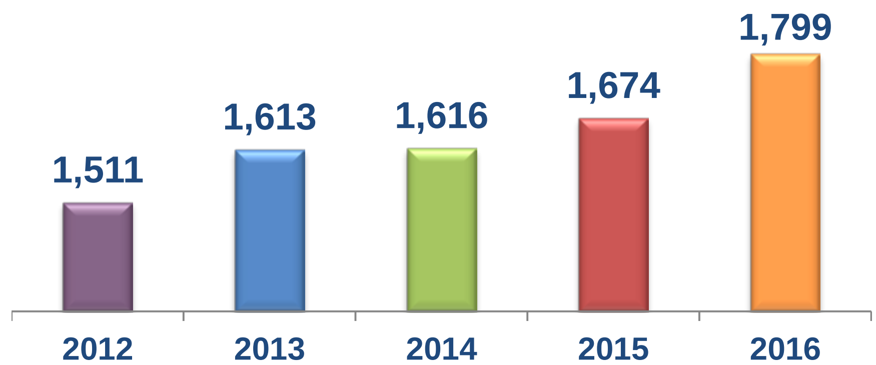
1. The decrease in income was primarily due to the provision for the possible implications of the amendment to the Discounting Regulations, in light of the recommendations of the Winograd committee, in the amount of approximately NIS 141 million.
2. The decrease in income was primarily due to the provision with respect to the possible implications of the amendment to the Discounting Regulations, in light of the recommendations of the Winograd committee, in the amount of approximately NIS 81 million, and the deceleration of the positive development in claims in the compulsory motor branch during the reporting period, as compared with the corresponding period last year.
3. The decrease in income was primarily due to the provision with respect to the possible implications of the amendment to the Discounting Regulations, in light of the recommendations of the Winograd committee, in the amount of approximately NIS 61 million, and the negative development in claims from old underwriting years, primarily in the employers and third party liability branches, as compared with the positive development in the corresponding period last year.
4. The transition from loss to income was primarily due to the improvement in underwriting results in individual business operations, and the underwriting improvement in collective business operations, due to the non-renewal of losing business operations, as part of the company's strategy in recent years.
5. The transition from income to loss was primarily due to the increase in loss in the students personal accidents branch, following the negative development in claims with respect to previous years, as compared with the corresponding period last year.

Health Insurance -Main Results

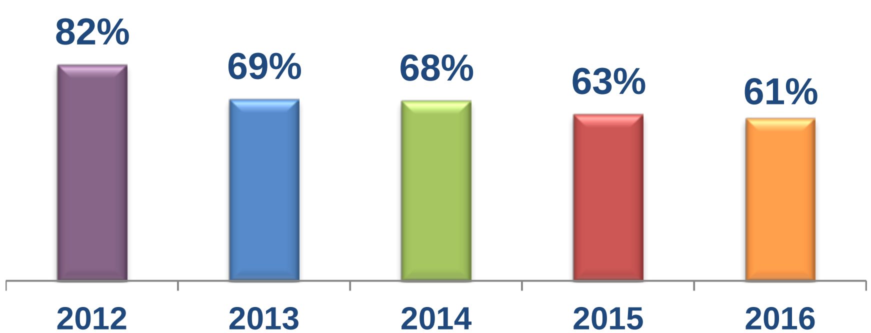
Comprehensive income (loss) before tax



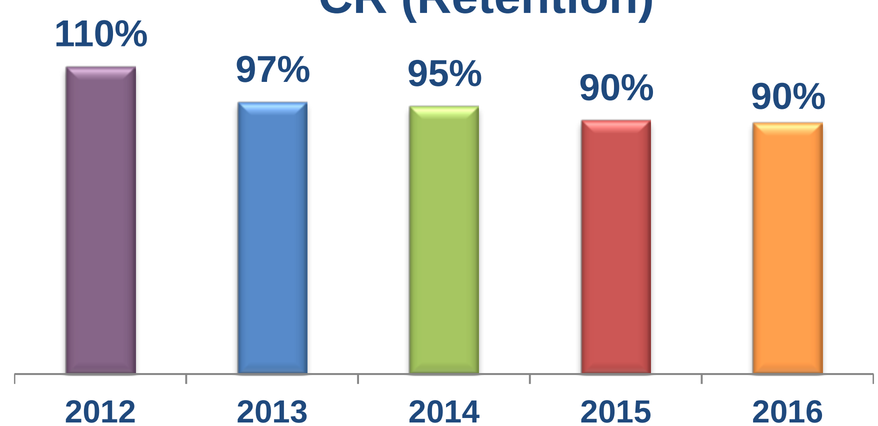
Gross premiums earned



LR (Retention)



CR (Retention)



A- The increase in comprehensive income before tax during the reporting period was primarily due to the Group's policy of increasing individual business operations and the increase in surplus investment income over the income required to cover the increase in insurance liabilities.

B- The increase in premiums was primarily due to the increase in individual business operations.

CLAL INSURANCE

CEO Summary

“As a result of activities performed by the Company in the last 4 years, Clal Insurance is prepared to deal with the challenges that it faces in the new insurance branch, which includes a great deal of regulation, inherent erosion of profitability and uncertainty in capital markets. The Company is continuing to work with full energy and dedication towards implementing its growth strategy, while emphasizing underwriting profit.”

Thank You