

Clal Insurance Enterprises Holdings Ltd.



# Financial Statements For 2018



Review for Analysts, March 2019

# Limitation of Liability

This presentation includes partial information only with respect to the Company's results for the period January-December 2018, 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.



# About Us

Clal Insurance, founded in 1987, is one of the leading insurance and long-term savings groups in Israel

Assets under management: NIS 197 billion  
(As of the end of December 2018)

ilAA+ rating from Standard & Poor's Maalot  
Aa1.il rating from Midroog

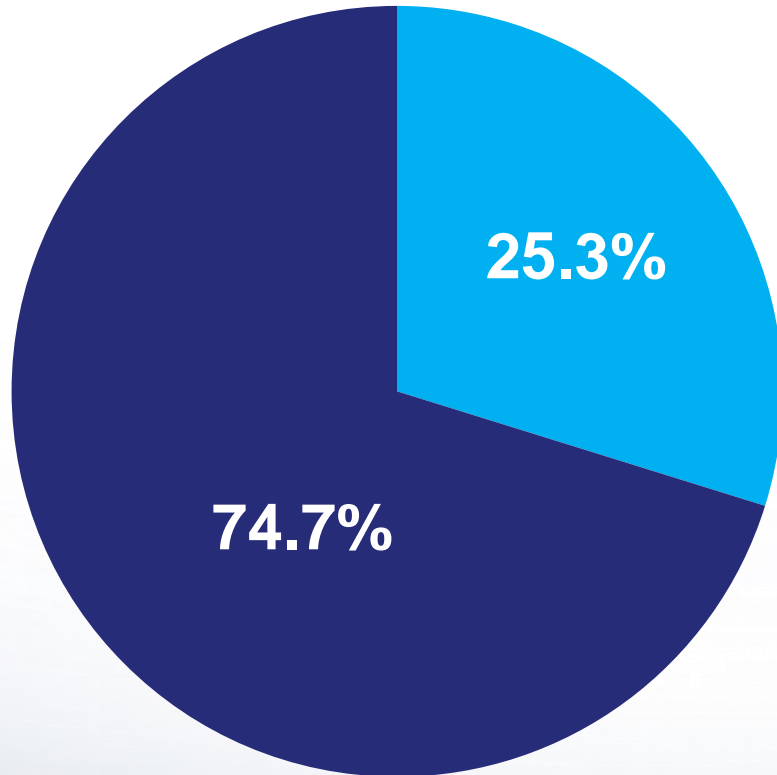
Total premiums and contributions in January-December 2018: Approximately NIS 18 billion

Operates together with approximately 2,000 insurance agents

Employs approximately 4,400 employees



# Shareholders\*



IDB Development group is holding approximately 25.3%\*\* of the shares of Clal Insurance Enterprises Holdings

Shares which are held by the public and listed for trade on the Tel Aviv Stock Exchange. It is noted that IDB Development entered into swap transactions with respect to Company shares at a rate of approximately 28.9%.

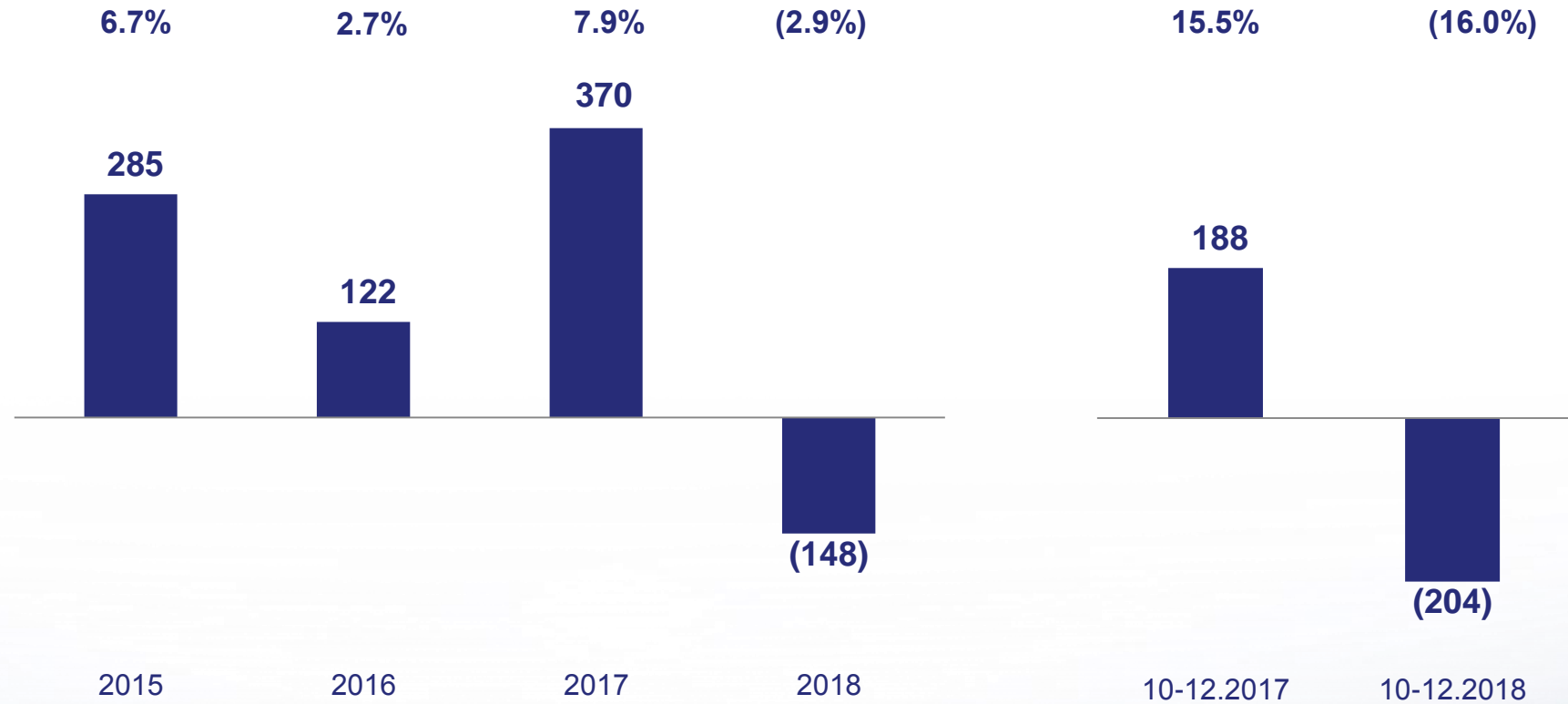


\* Proximate to the publication date of the report

\*\* Approximately 20.3% of the share capital of Clal Holdings is held for IDB Development through a trustee, Mr. Moshe Terry

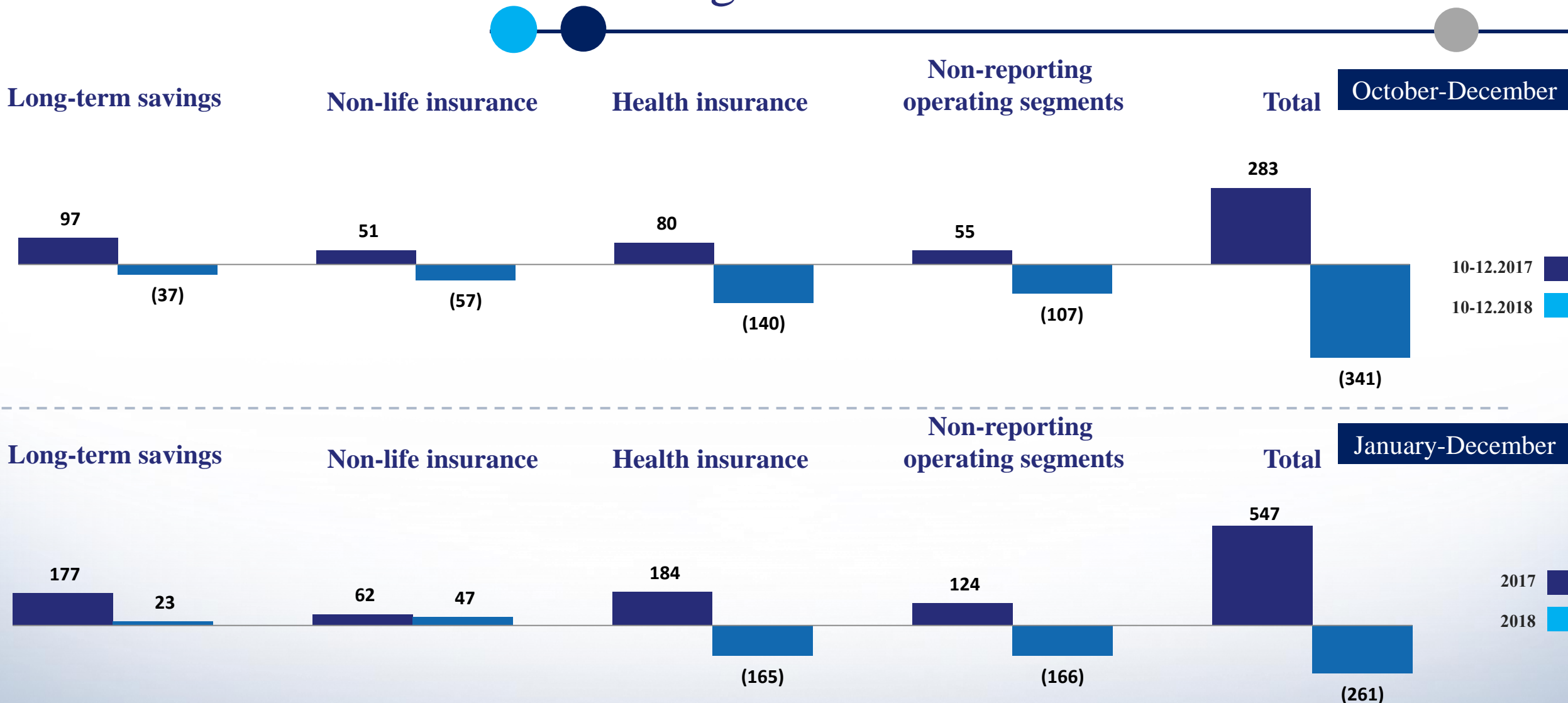
# רווח כולל לאחר מס לבעלי המניות [במיליוני ₪]

Return on Equity\*



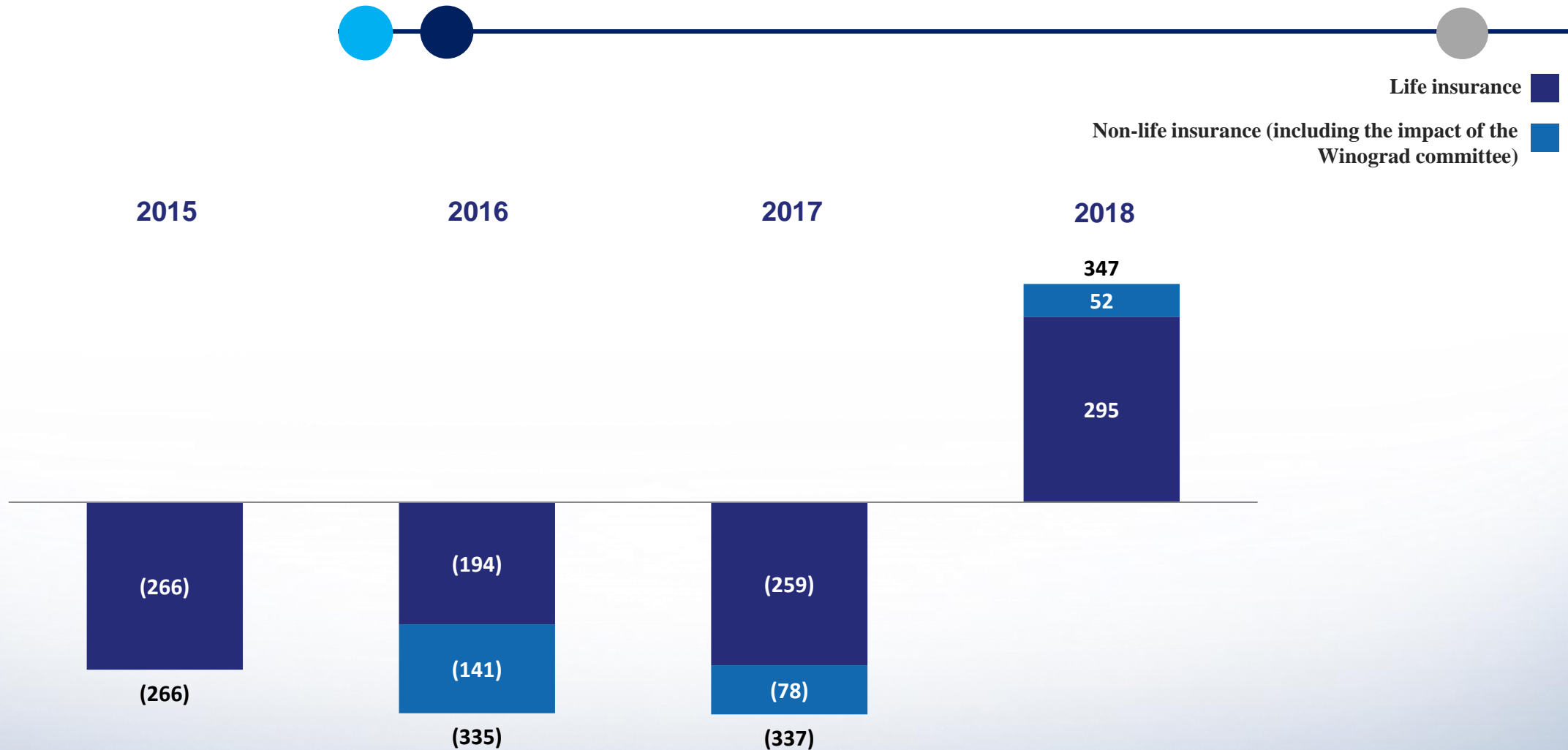
\*Return on Equity In annual terms - return on equity is calculated on the basis of profit for the period attributable to the Company's shareholders, divided by equity at the beginning of the period attributable to the Company's shareholders

# Comprehensive Income Before Tax by Segments\* (NIS Millions)



\* The results during the reporting period were primarily affected by capital market returns, which were lower than the returns in the corresponding period last year, and were reflected both in the decrease in investment income and in the collection of variable management fees.

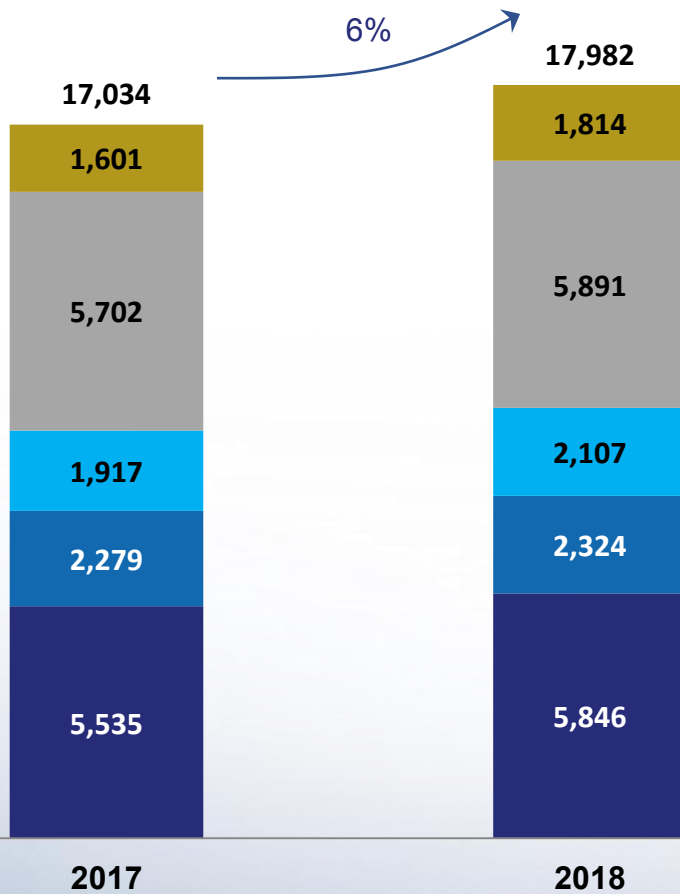
# Impact of LAT\* including the Low Interest Rate Environment on Profit Before Tax with Respect to Insurance Liabilities (NIS Millions)



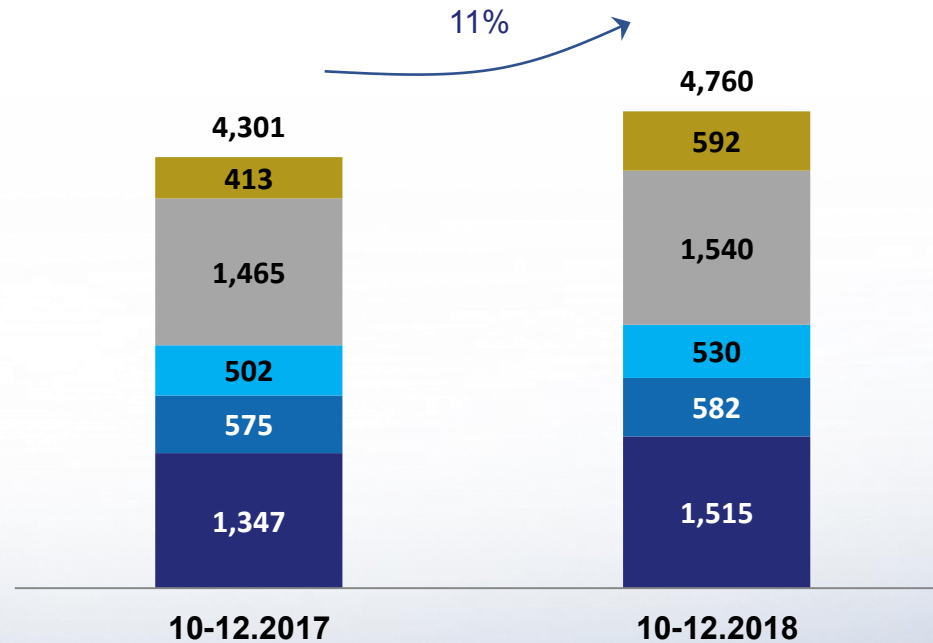
# Gross Premiums Earned and Contributions

(NIS Millions)

January-December



October-December



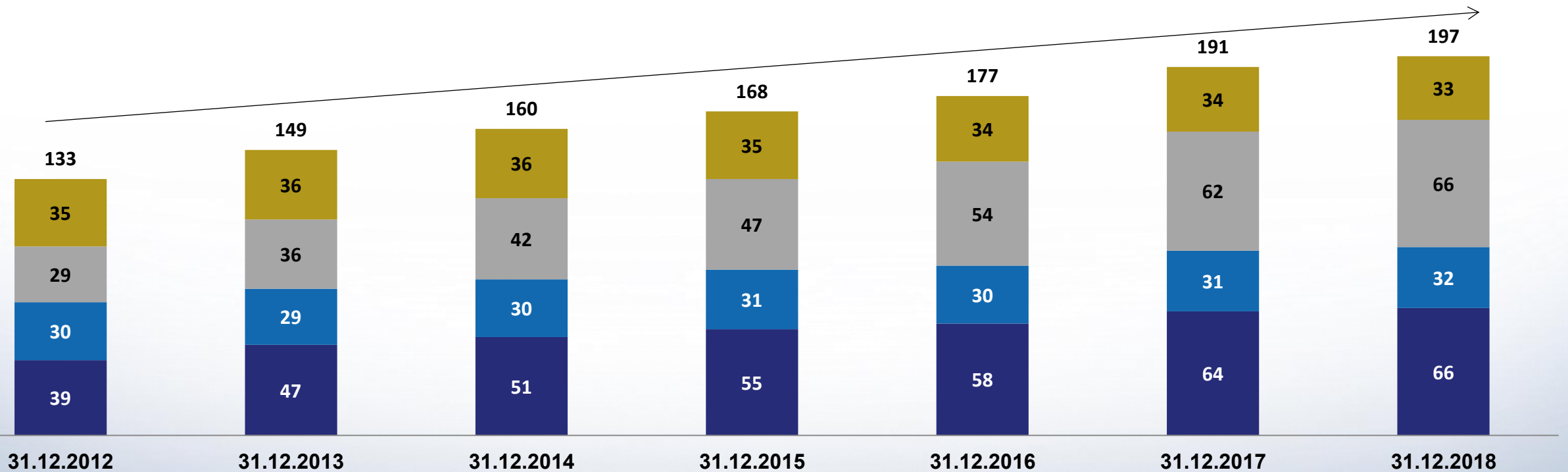
- Life insurance
- Non-life insurance
- Health insurance
- Pension
- Provident



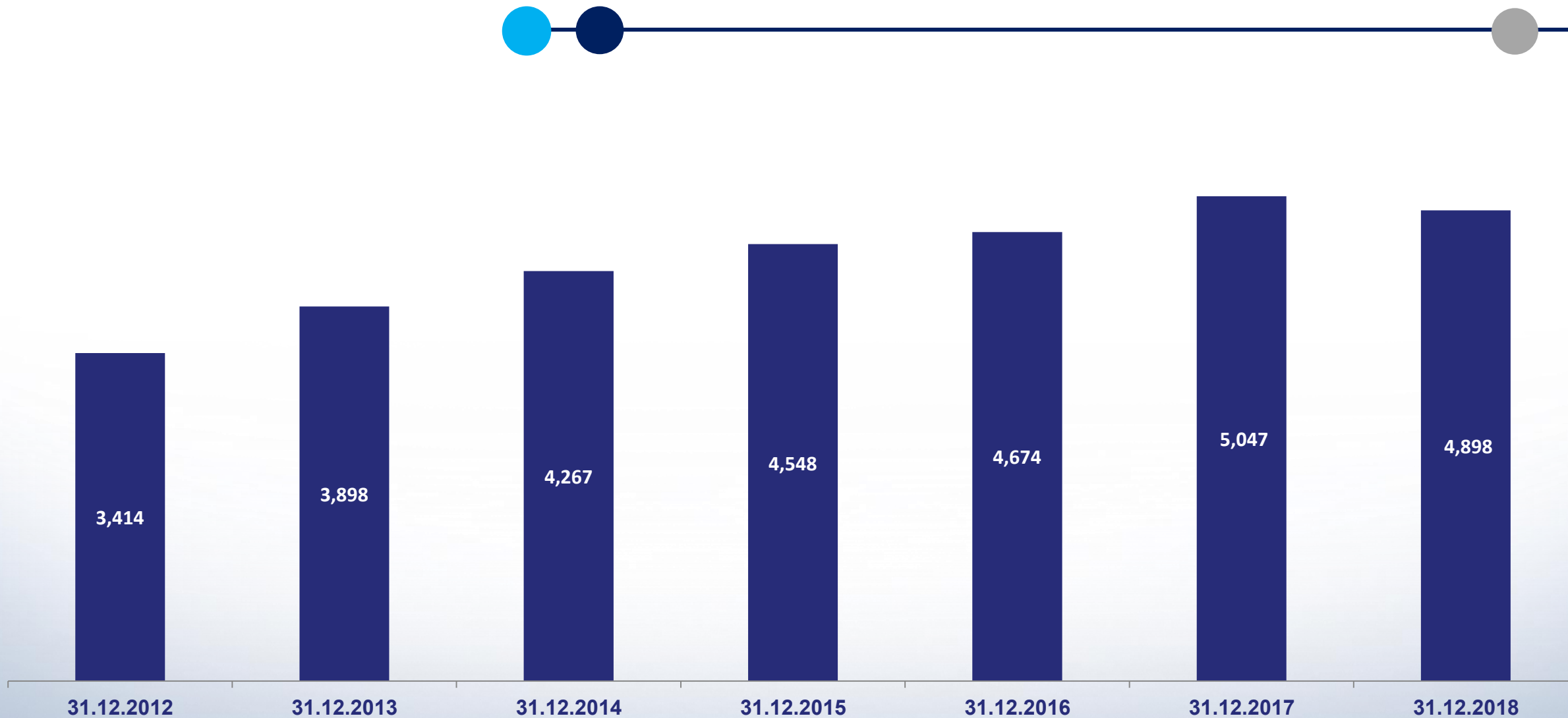
# Managed Assets by Portfolio (NIS Billions)



- Investment-linked insurance contracts and investment contracts ■
- Nostro ■
- Pension ■
- Provident ■



# Capital Atributable to Company Shareholders (NIS Millions)



# Results of the Economic Solvency Ratio Calculation as of December 31, 2017 [NIS Millions]



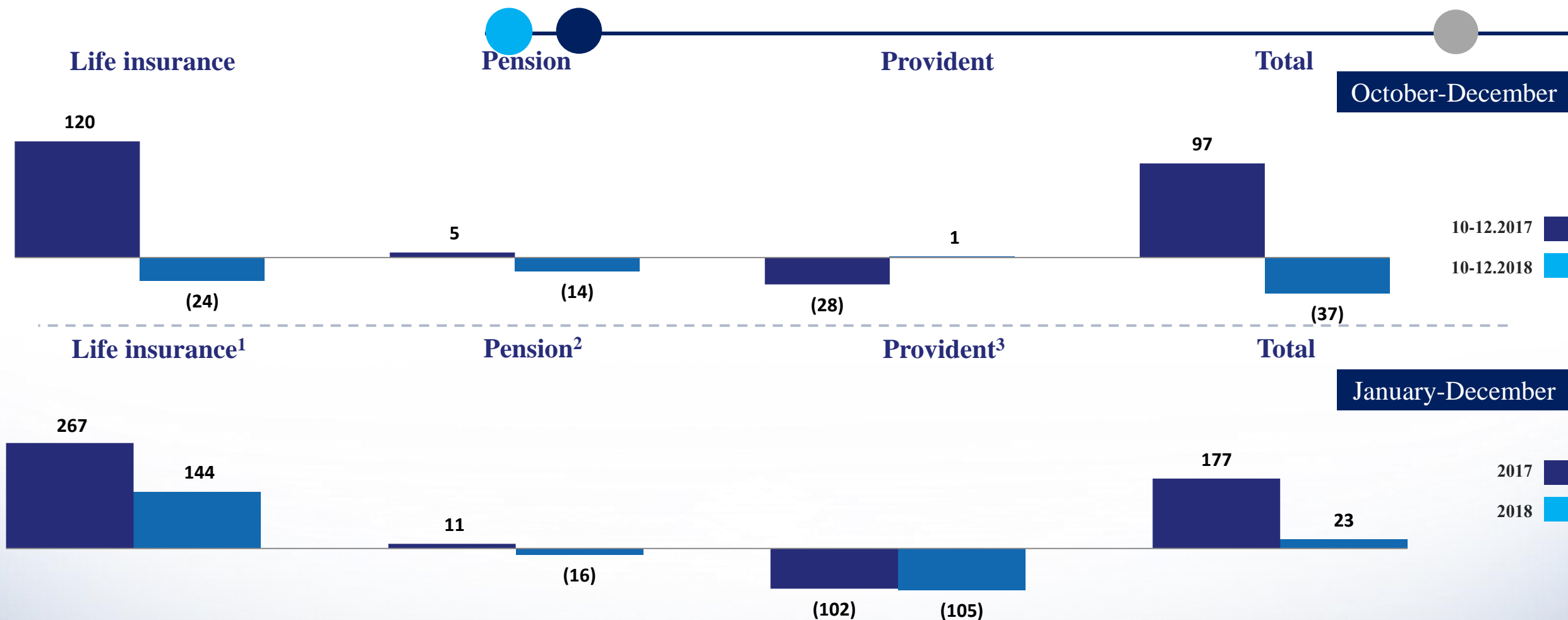
Presented below is a summary of the results of the economic solvency ratio calculation for Clal Insurance as of December 31, 2017:

<b>Without taking into account the provisions during the distribution period and the stock scenario adjustment:</b>	
Equity for the purpose of the solvency capital requirement	9,575
Solvency capital requirement (SCR)	8,823
<b>Surplus</b>	<b>752</b>
<b>Solvency ratio</b>	<b>109%</b>
<b>Fulfillment of milestones while taking into account the provisions during the distribution period and the stock adjustment:</b>	
Equity for the purpose of the solvency capital requirement	8,773
Solvency capital requirement	5,196
<b>Surplus</b>	<b>3,577</b>



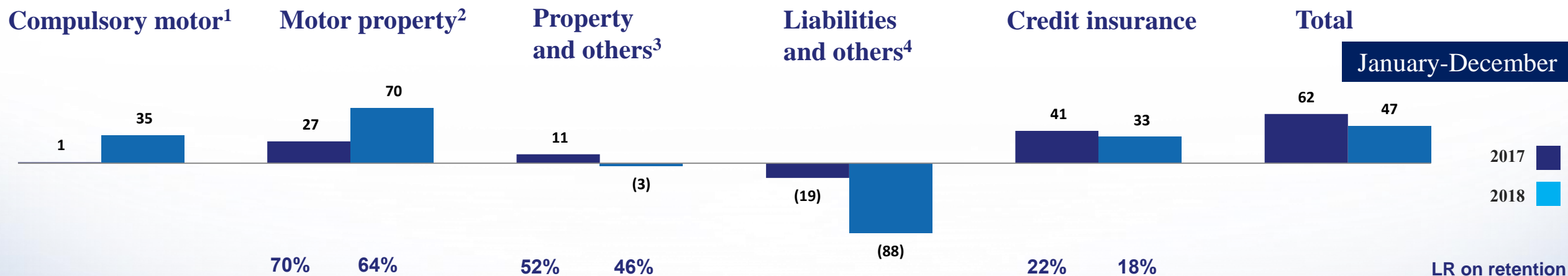
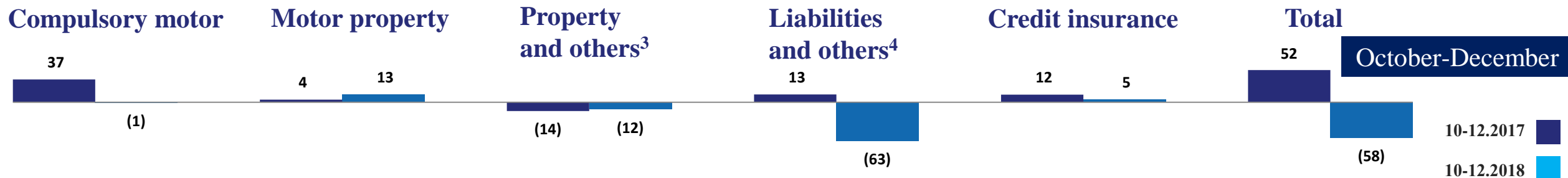
- ✓ The data presented above have not been audited or been reviewed by the auditors as part of their review of the financial statements.
- ✓ In accordance with the provisions during the distribution period, the solvency capital requirement as of December 31, 2017 amounts to 65% of the solvency capital requirement calculated according to a stock scenario adjustment.
- ✓ The Board of Directors of Clal Insurance has not yet determined the target solvency ratio based on the provisions of the economic solvency regime, which is a precondition for a dividend distribution.
- ✓ Clal Insurance is expected to calculate the economic solvency ratio as of December 31, 2018 until July 15, 2019.

# Long Term Savings | Comprehensive Income Before Tax (NIS Millions)



1. The comprehensive income was primarily impacted from a decrease in revenues from investments compared with the corresponding period last year.
2. The transition to loss was primarily due to the decrease in management fee revenues, due to the competitive conditions in the segment, which led to an erosion in the management fee rate, and to an increase in operating and collection expenses, and the handling of regulatory updates. These effects were partly offset by the increase in current deposits.
3. The loss was primarily due to the impairment of goodwill which was recorded during the reporting period, in the amount of approximately NIS 115 million, as compared with impairment in the amount of approximately NIS 108 million in the corresponding period last year. It is noted that net negative transfers significantly decreased during the reporting period.

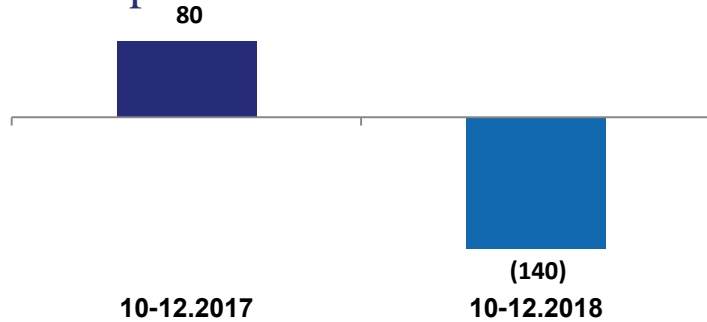
# Non-Life Insurance | Comprehensive Income Before Tax (NIS Millions)



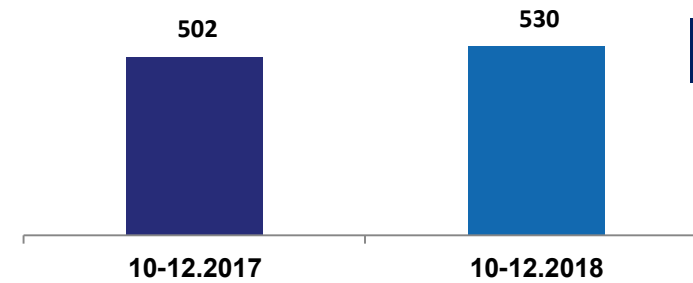
- In the reported period the Company recorded an app. NIS 32 million decrease in the provision in respect of the impact of the recommendations of the Winograd Committee, compared with an app. NIS 45 million increase in the provision in the corresponding period last year. The decrease in net income after neutralization of the provision as aforesaid stems from a decrease in revenues from investments and from an increase in expenses in respect of claims, including in respect of the pool claims and from the change of allocation of the reinsurance results.
- The increase in net income and the improvement in the LR ratio stems mainly from underwriting improvement in the individual insurance business and from the improvement in the Company's business as part of the Company's strategy in the last few years.
- The results were mainly impacted from a decrease in revenues from investments and an increase in financing expenses as a result of exchange differences compared with the corresponding period last year.
- In the reported period the Company recorded an app. NIS 20 million decrease in the provision in respect of the impact of the recommendations of the Winograd Committee, compared with an app. NIS 33 million increase in the provision in the corresponding period last year. The decrease in net income after neutralization of the provision as aforesaid stems from developments that had an adverse effect on the employers' liability branch and in the third-party branch compared with last year.

# Health Insurance | Main Results (NIS Millions)

Comprehensive income before tax

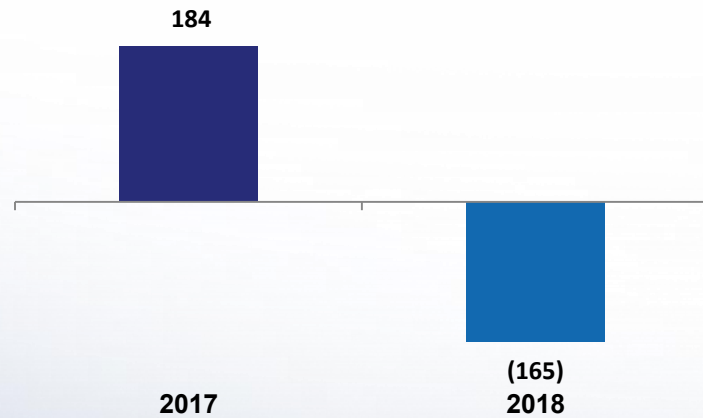


Gross premiums earned

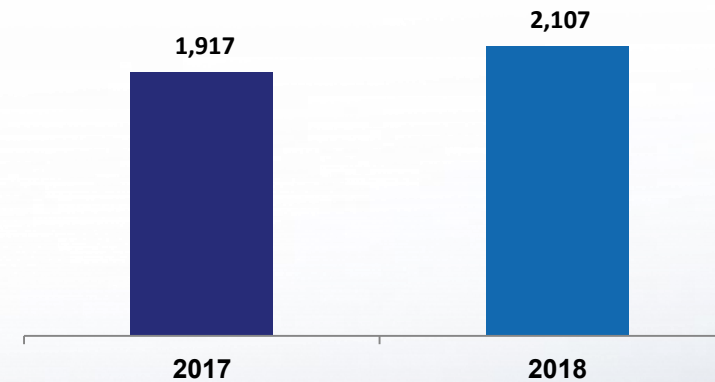


October-December

Comprehensive income before tax<sup>2</sup>



Gross premiums earned<sup>1</sup>



January-December

1. The increase in premiums was primarily due to the increase in individual business operations.
2. The transition to loss stems mainly from a decrease in the surplus investment income over the income required to cover the increase in insurance liabilities. In addition, there has been a deterioration in claims, which was reflected in the actuarial model, due to, among other things, the publication of the amendment of the consolidated circular regarding the settlement of long-term care insurance claims, which had no impact last year. Furthermore, the insurance reserves increased in view of the update of estimates regarding cancellations and expenses in the individual health insurance branch during the reported period, with had no impact last year.

## Yoram Naveh – Clal Holdings' CEO

*“In 2018 we have increased the Company’s revenues and the scope of its managed assets. The sharp slump in global capital markets had an adverse effect on the net income line item in the last quarter of 2018 as well as on the annual net income. Nevertheless, subsequent to the date of the report, capital markets have rallied and this was reflected in an increase in revenues from investments, which as of the end of February 2019 covered the liability to insured persons in respect of variable management fees totaling app. NIS 136 million. In 2018, the Company managed to reassume its position as a leader in terms of its returns in a variety of savings channels. Moreover, Company’s members have benefited from our investment in Mellanox; we are the largest institutional investor in this company. I am pleased to inform you of the Company’s comeback to the field of finance. We intend to increase the scope of the traditional savings channels, financial savings, provident funds and other saving products. During the last year, we have seen continued improvement in the Company’s returns. I am confident that our leading investment team will maintain the lead over time and will provide tailwinds to the process. In addition, we consider acquisitions of other activities in this field.”*

## Danny Naveh, Clal Holdings' Chairman of the Board of Directors

*“Clal Insurance and Finance continues its positive momentum which is reflected in an increase in returns, revenues and scope of investments. The results of the annual report were mainly affected by the trends in global capital markets in the last quarter of 2018. The Company’s proven strength is evident at these times as well and we are already witnessing a significant positive change”.*





Thank You