

Clal Insurance Enterprises Holdings Ltd.



Financial Statements For The Period January-September 2018



Review for Analysts, September 2018

Limitation of Liability

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



The Company's Vision

To be the leading group in the insurance and long-term savings market in Israel; one which aims to increase the value of the company and maximize value for the shareholders, with an emphasis on growth in profitability, the improvement of service to the company's clients, innovation in products and services, technological and digital leadership and preservation of the high-quality human resource and by improving its position among its employees, agents and customers.



About Us

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

Assets under management: NIS 201 billion
(As of the end of September 2018)

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

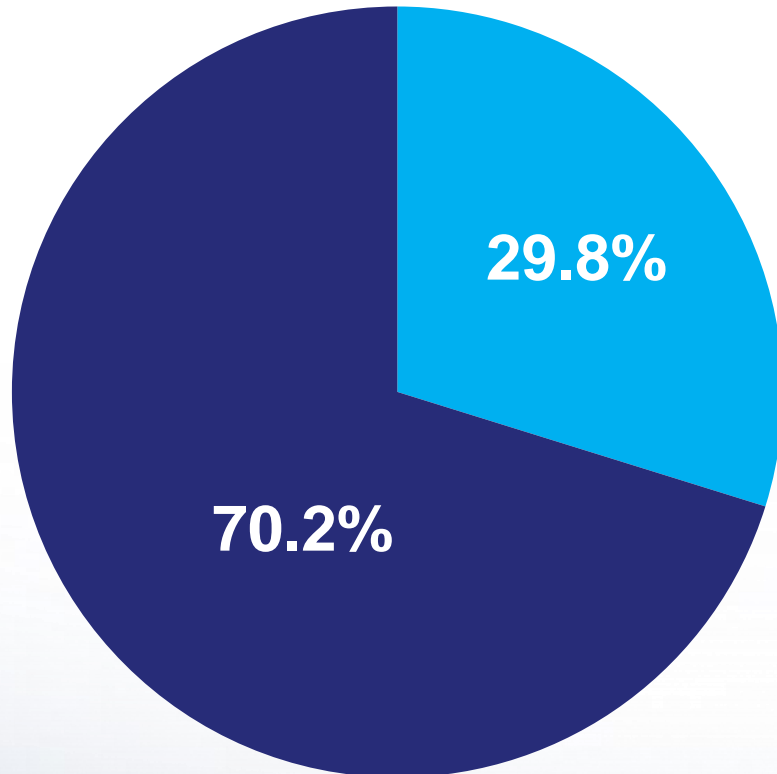
Scope of premiums and contributions in January-September 2018 : Approximately NIS 13.2 billion

Operates together with approximately 2,000 insurance agents

Employs approximately 4,300 employees



Shareholders*



IDB Development group is holding approximately 29.8%** 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 30%.

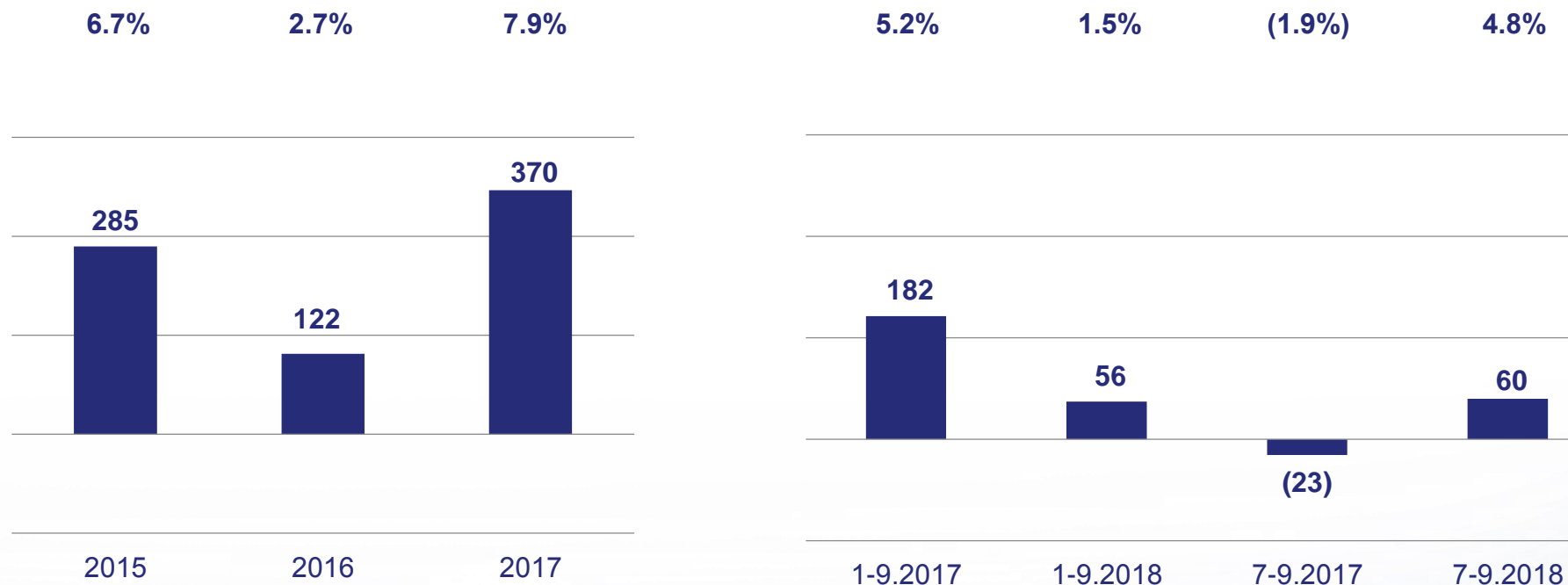


* Proximate to the publication date of the report

** Approximately 24.8% of the share capital of Clal Holdings is held for IDB Development through a trustee, Mr. Moshe Terry

Comprehensive Income After Tax Attributable to Shareholders (NIS Millions)

Return on Equity*

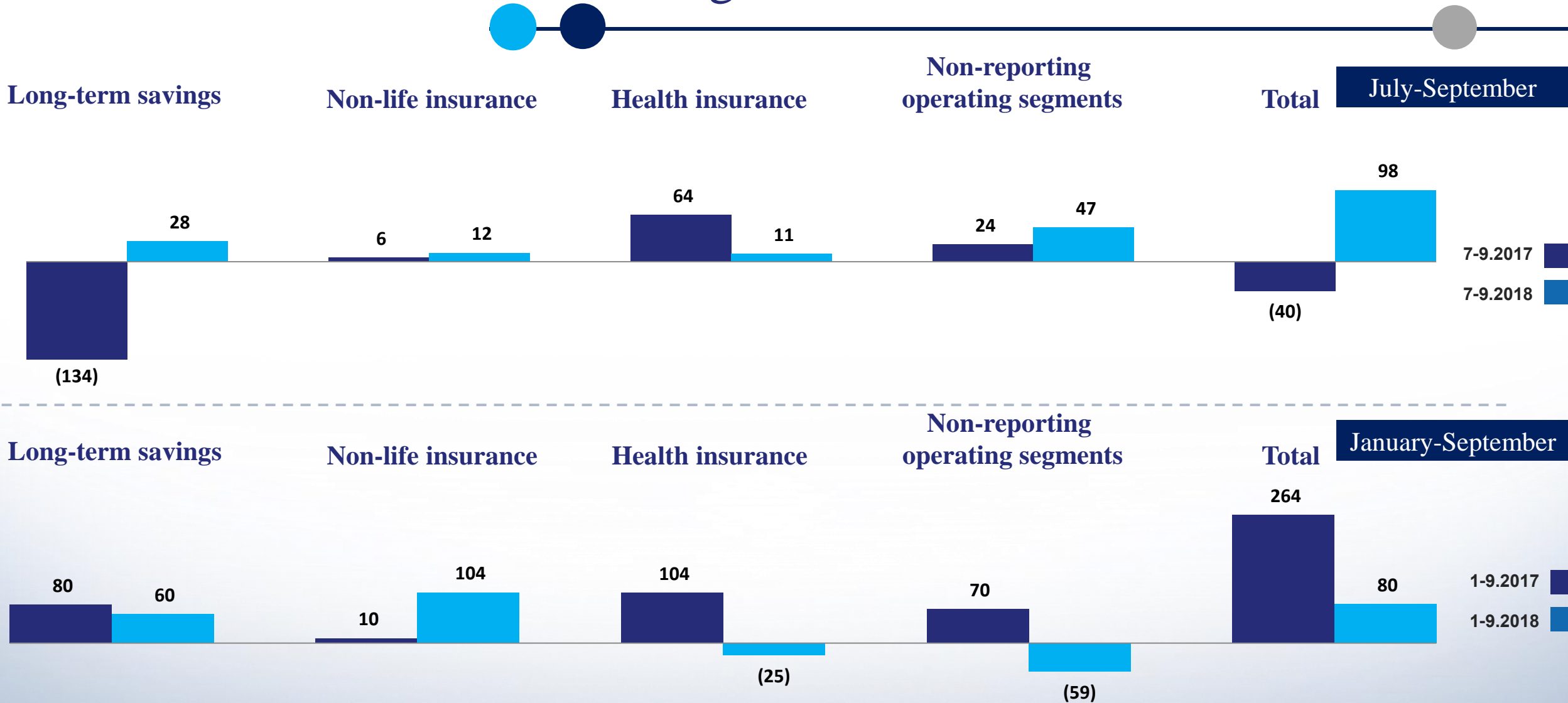


Special effects which affected the results:	2015	2016	2017		1-9.2017	1-9.2018	7-9.2017	7-9.2018
Impact of the low interest rate environment on insurance liabilities**	(266)	(335)	(337)		(346)	157	(402)	(109)
Amortization of goodwill	(2)	(25)	(108)		(81)	(115)	-	-

*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

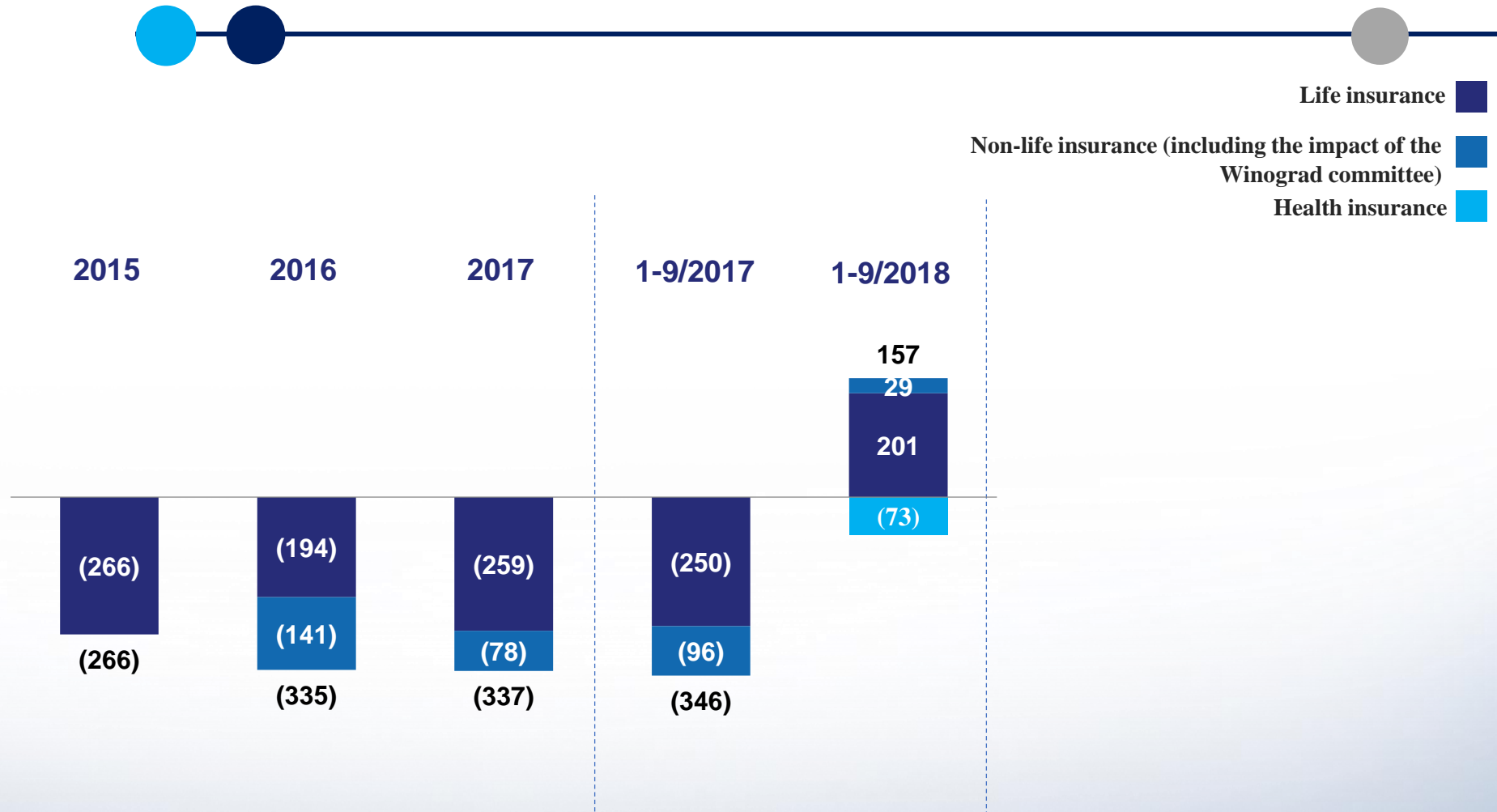
**For more details see page 8

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.

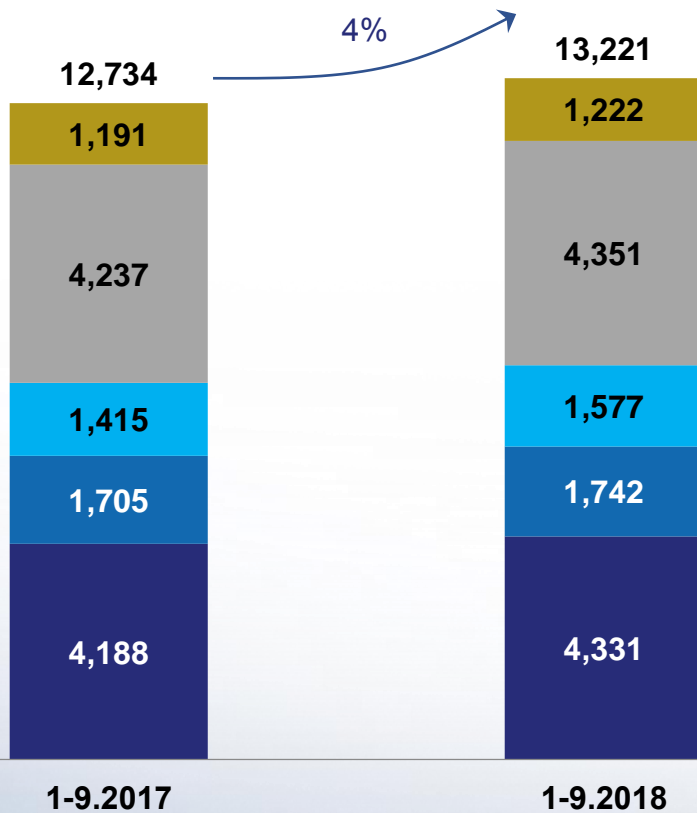
Impact of LAT* including the Low Interest Rate Environment on Profit Before Tax with Respect to Insurance Liabilities (NIS Millions)



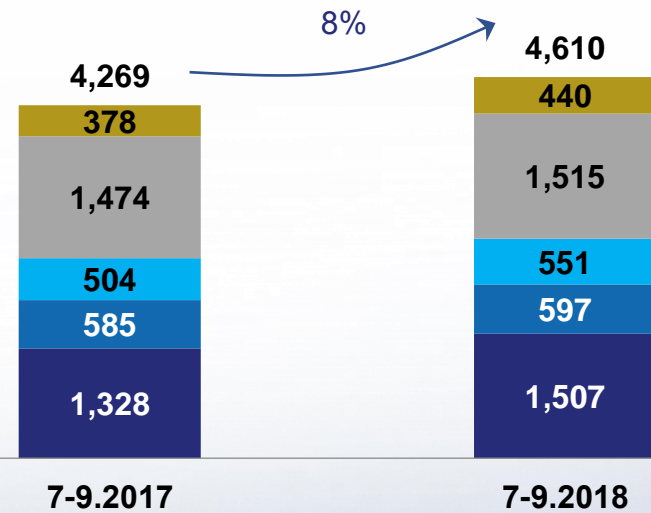
Gross Premiums Earned and Contributions

(NIS Millions)

January-September

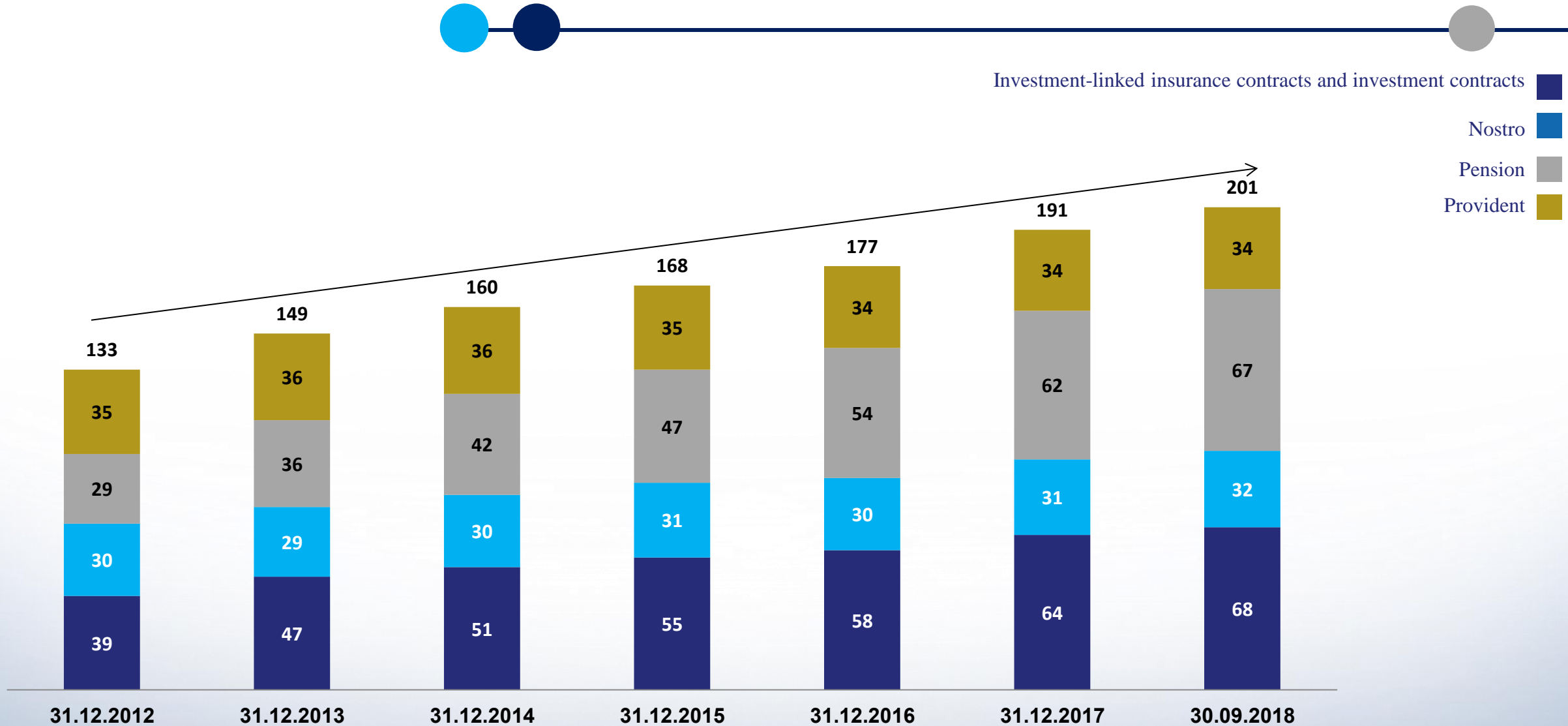


July-September

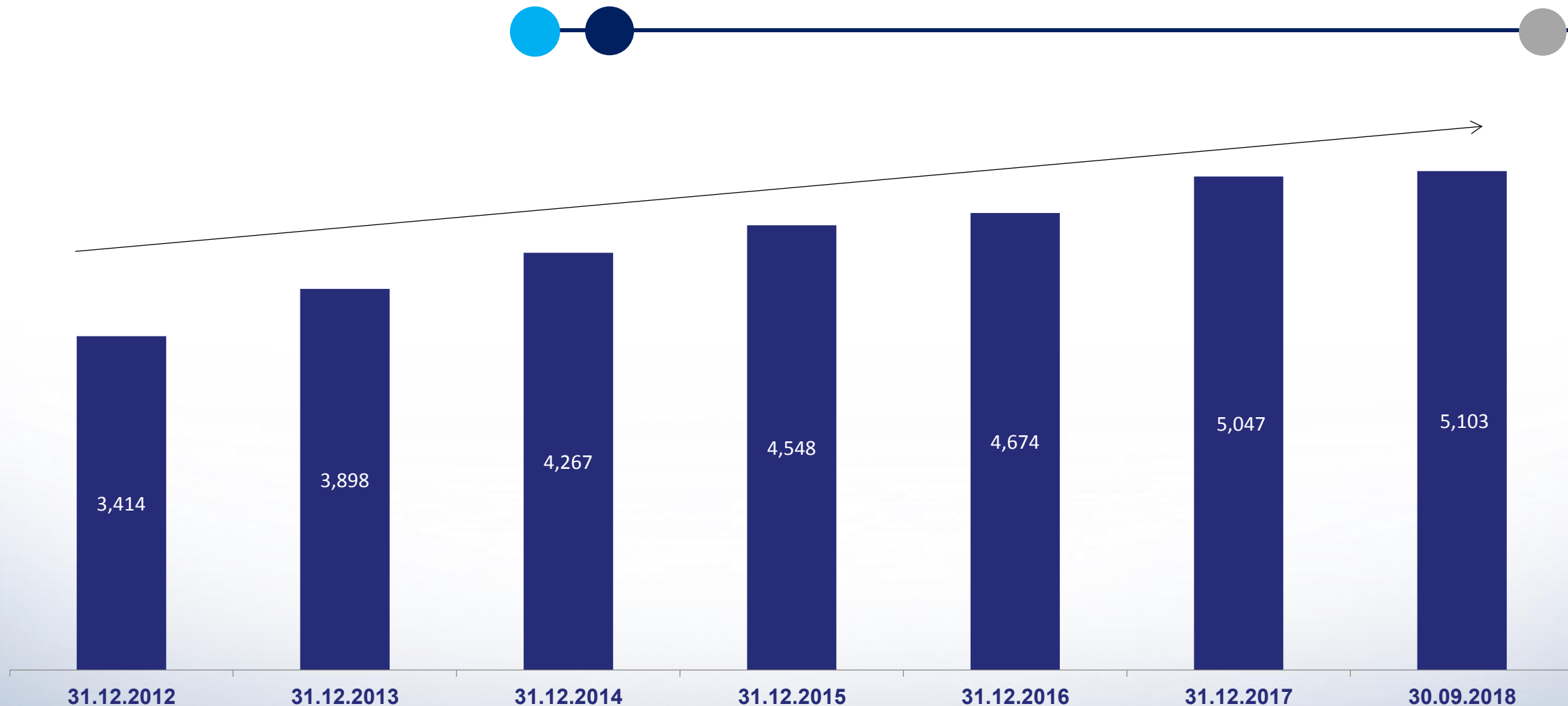


- Life insurance
- Non-life insurance
- Health insurance
- Pension
- Provident

Managed Assets by Portfolio (NIS Billions)



Capital Atributable to Company Shareholders (NIS Millions)



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

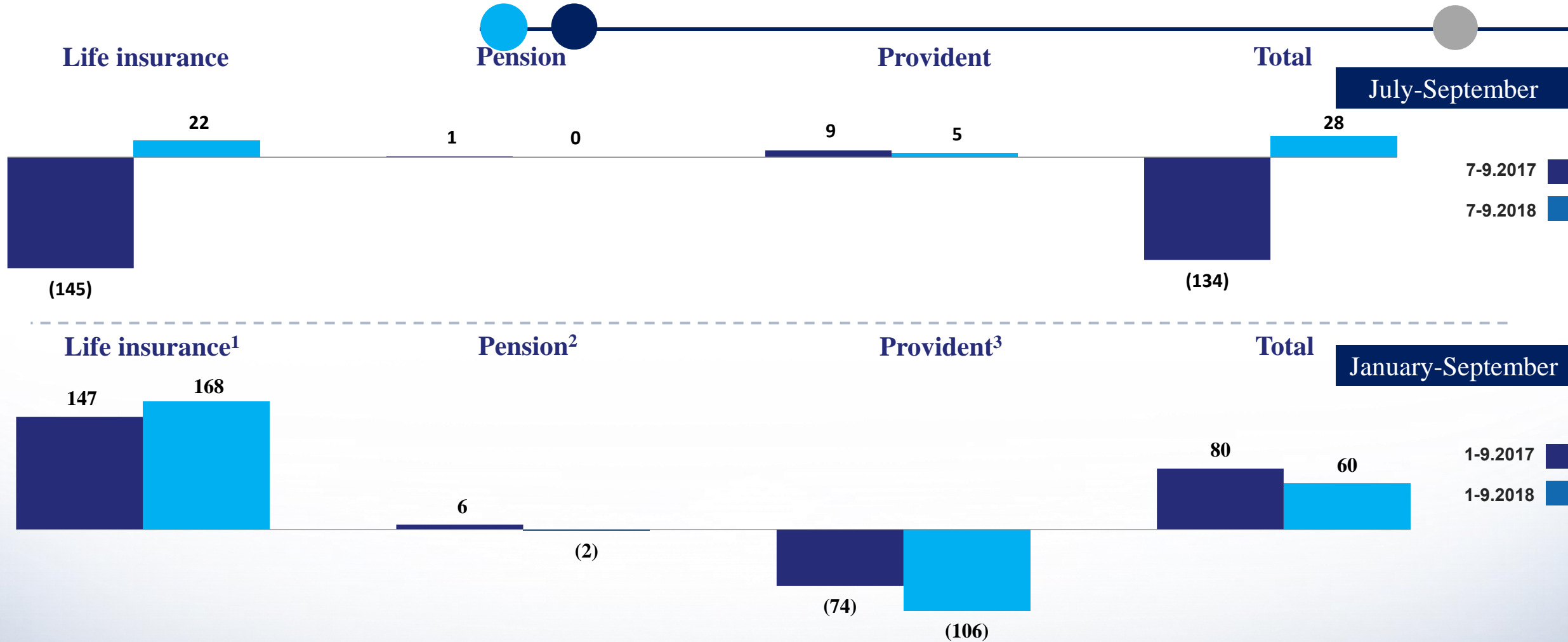
Presented below is a summary of the results of the economic solvency ratio calculation for Clal Insurance as of December 31, 2017:

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

- ✓ 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.

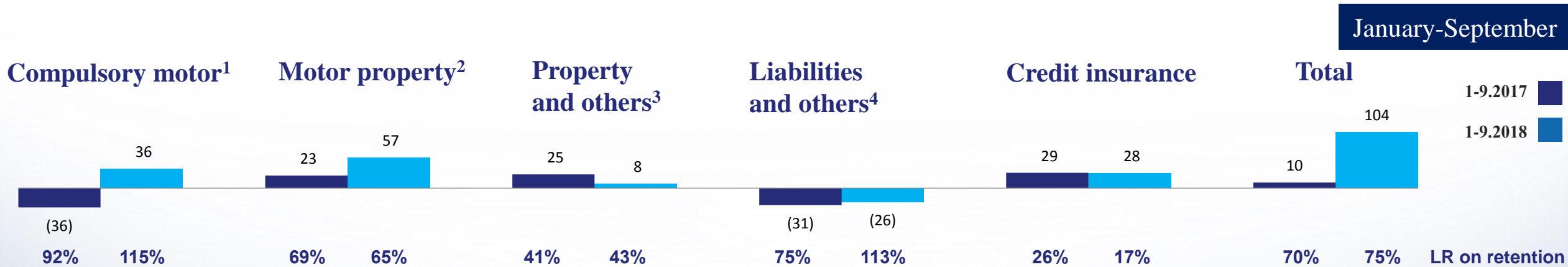
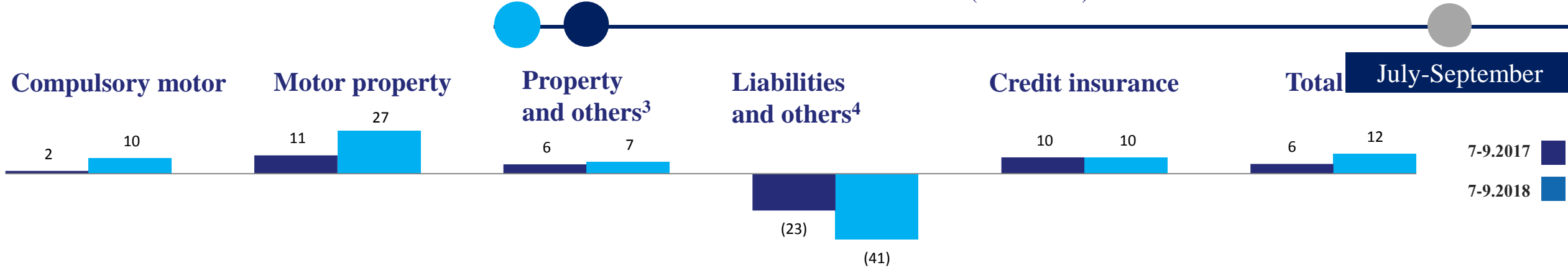


Long Term Savings | Comprehensive Income Before Tax (NIS Millions)



1. Comprehensive income was affected by the decrease in the financial margin relative to the corresponding period last year, and by an increase in the provision for loss of working capacity claims relative to 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 81 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)

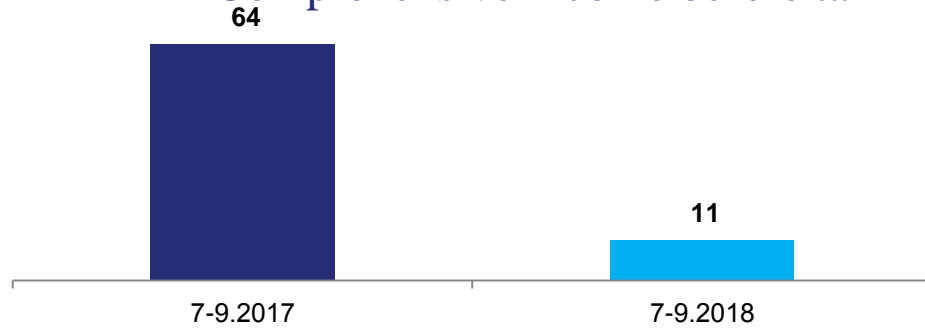


1. During the reporting period, a decrease was recorded in the provision with respect to the impact the Winograd committee's recommendations, in the amount of approximately NIS 18 million, as compared with an increase of the provision in the amount of approximately NIS 59 million in the corresponding period last year.
2. The increase in income was primarily due to the underwriting improvement in individual business operations.
3. The decrease in income was primarily due to the deterioration of claims in the fire and property branches.
4. During the reporting period, a decrease was recorded in the provision with respect to the impact the Winograd committee's recommendations, in the amount of approximately NIS 11 million, as compared with an increase of the provision in the amount of approximately NIS 37 million in the corresponding period last year. The decrease in income, after neutralizing the aforementioned provision, was due to the negative developments in claims in the employers' liability insurance sub-branch relative to last year.

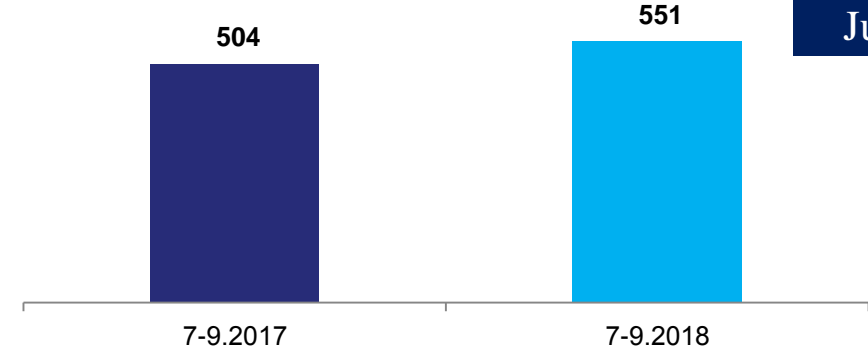
*After neutralizing the effect of the change in the provision in respect of possible implications of an amendment to the capitalization regulations in light of the recommendations of the Winograd Committee.

Health Insurance | Main Results (NIS Millions)

Comprehensive income before tax

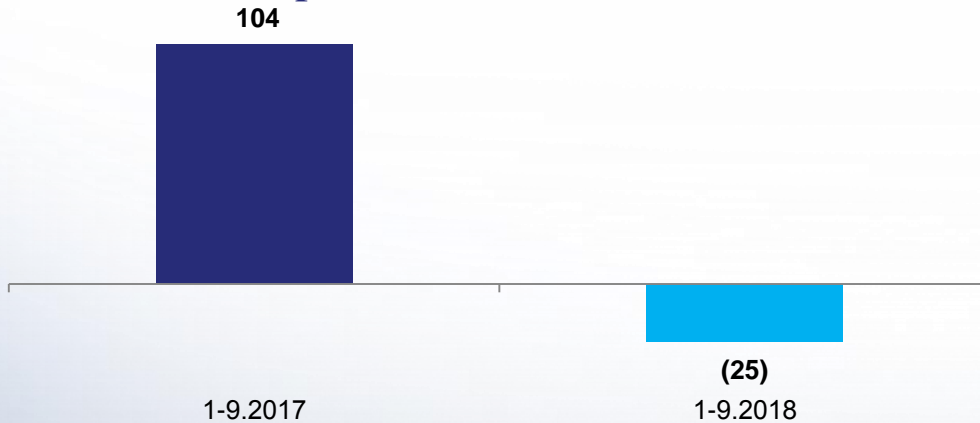


Gross premiums earned

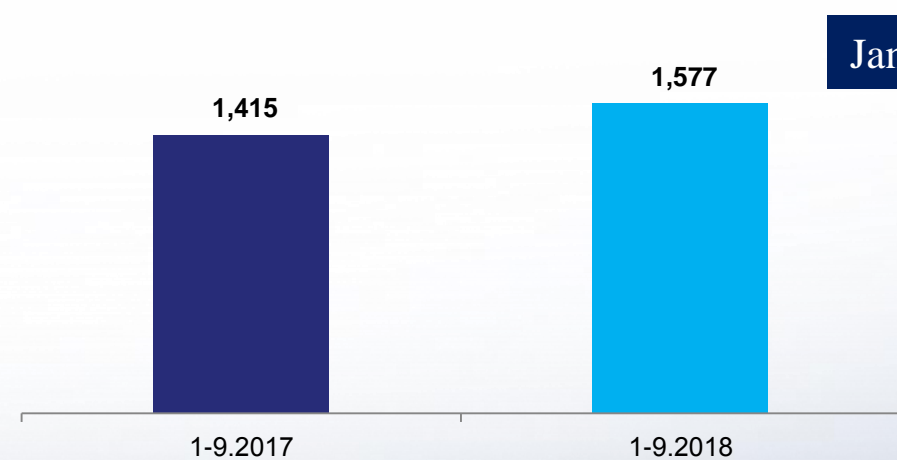


July-September

Comprehensive income before tax¹

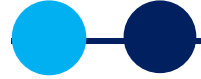


Gross premiums earned²



January-September

1. The increase in premiums was primarily due to the increase in individual business operations.
2. The decrease in income and the transition to loss, relative to the corresponding period last year, were due to the liability adequacy test (LAT), which affected comprehensive income due to the update to the actuarial assumptions which are used to calculate the reserve with respect to long-term care policyholders. This update was primarily offset by the increase of the discount rate, such that the provision which was recorded during the reporting period amounted to a total of approximately NIS 73 million, with no effect in the corresponding period last year. Comprehensive income in the reporting period was also affected by the negative development in claims in the long-term care branch.



Yoram Naveh, CEO of Clal Holdings

“The first quarter of my tenure included reorganization and the drafting of work plans, in accordance with the Company’s strategy for future years. The report published today demonstrates the Company’s significant business potential and financial soundness. We also recently received the results of the survey conducted by the Association of Insurance Agents, which demonstrated the significant trust felt by insurance agents towards the Company, as part of the thorough and in-depth process we are implementing, which emphasizes the significant importance we place on providing high-quality and professional service to our agents and customers”

Danny Naveh, Chairman of Clal Holdings

“Clal Insurance and Finance crossed the NIS 200 billion threshold in total assets, and continues to grow across all operating segments in premiums and contributions”



Thank You