



Clal Insurance Enterprises Holdings Ltd.

Financial Statements For The Period January-September 2019

Review for Analysts, November 2019



Limitation of Liability

This presentation includes partial information only with respect to the Company's results for the period January-September 2019, 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.



Who we are?



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



Assets under management: NIS **212** billion (As of the end of September 2019), An increase of 8% compared with the end of December 2018.



Total premiums, contributions and receipts with respect to investment contracts in January-September 2019: approximately NIS **13.9** billion. An increase of 3% compared with the corresponding period last year.



Clal Insurance Company rating:
iIAA+\Negative from Standard & Poor's Maalot
Aa1.il Stable from Midroog



Operates together with approximately 2,000 insurance agents



Employs approximately 4,600 employees



Platinum rating of Maala in the field of corporate social responsibility



Leading in investment returns over time



The Company has unique activity in the field of mortgages and credit insurance

Principal milestones in the last year

Relaunch of the finance activity

Splitting of the finance division and the investments division

Launch of Pensia Mavticha
An innovative model in Israel

Clal VAR wins the product of the year award under the innovation category

Ranked first in service in the field of pension and obtained the largest improvement according to the Capital Markets Division's survey

Million digital customers

Ranked first in the field of finance in an agents' survey.
Ranked first among large general insurance companies in an agents' survey

Pitchon Lev fund raising event

Process of applying updated values in the Company

Relaunch of the Clal Insurance and Finance brand

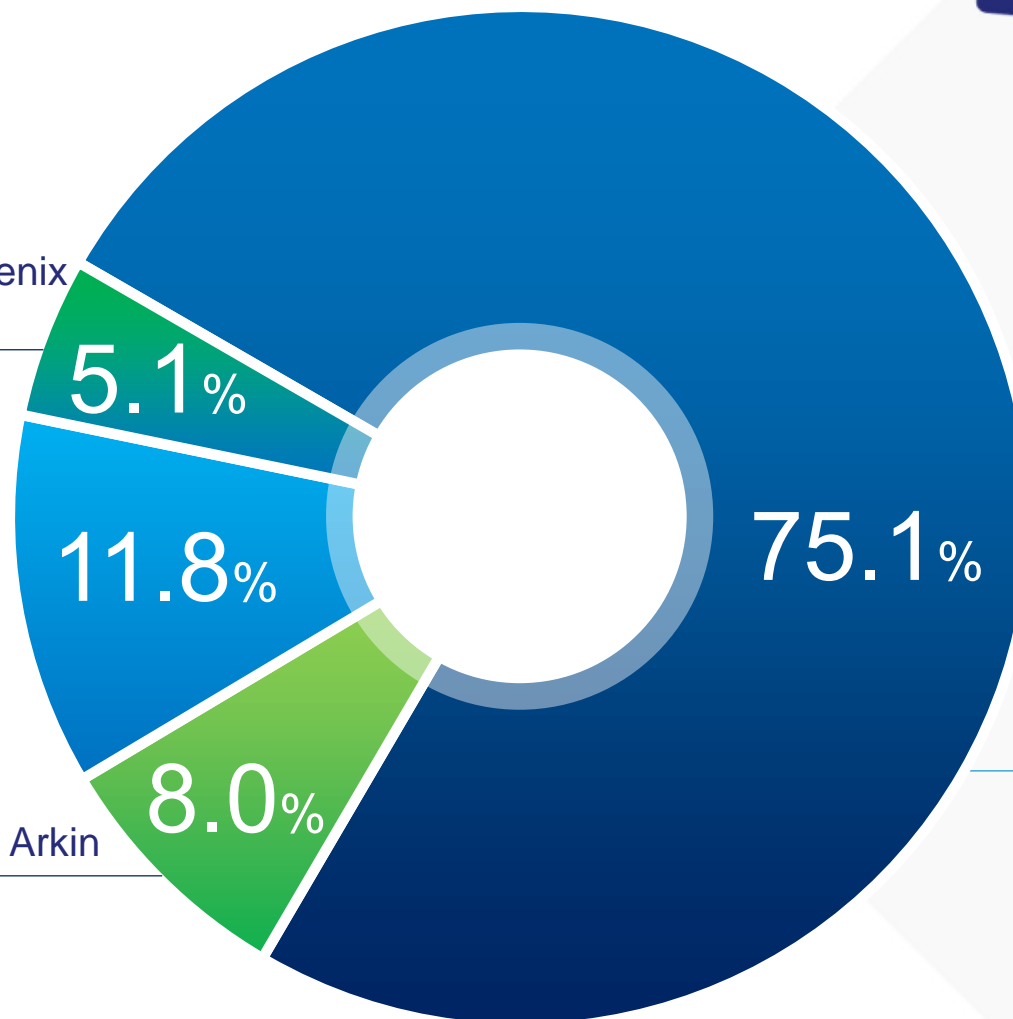
Leading in the field of integrating digital tools for customers among large insurance companies according to a survey by the Capital Markets Division

Awarded platinum rating by Maala

The relaunching of the brand wins the launch award of the Israel Marketing Association

Issuance of subordinated bonds of the company totaling app. NIS 830 million

Shareholders*



Shares which are held by Phoenix Holdings Ltd.

IDB Development group is holding approximately 11.8%** of the shares of Clal Insurance Enterprises Holdings

Shares which are held by Mori Arkin

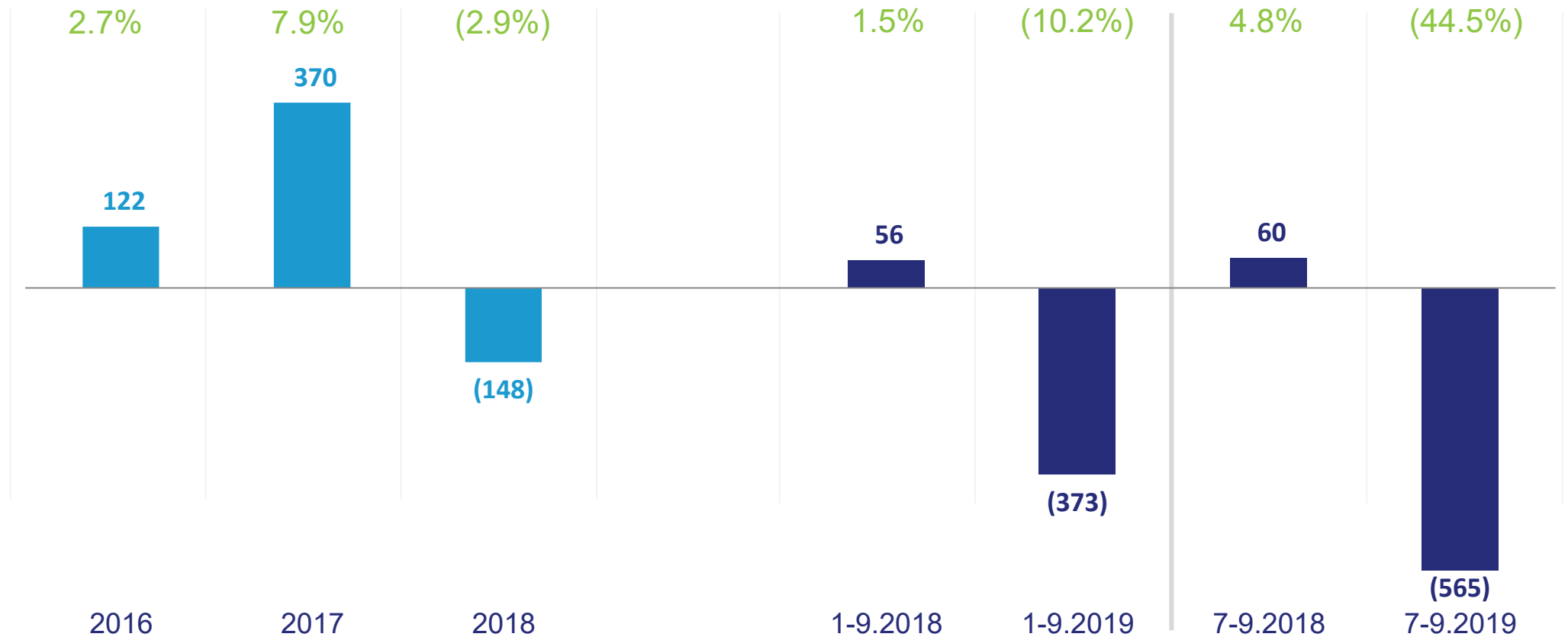
Shares which are held by the public and listed for trade on the Tel Aviv Stock Exchange. It is noted that IDB Development entered into swap transactions with respect to Company shares at a rate of approximately 10%.

* Proximate to the publication date of the report

** Approximately 6.9% of the share capital of Clal Holdings is held for IDB Development through a trustee, Mr. Moshe Terry

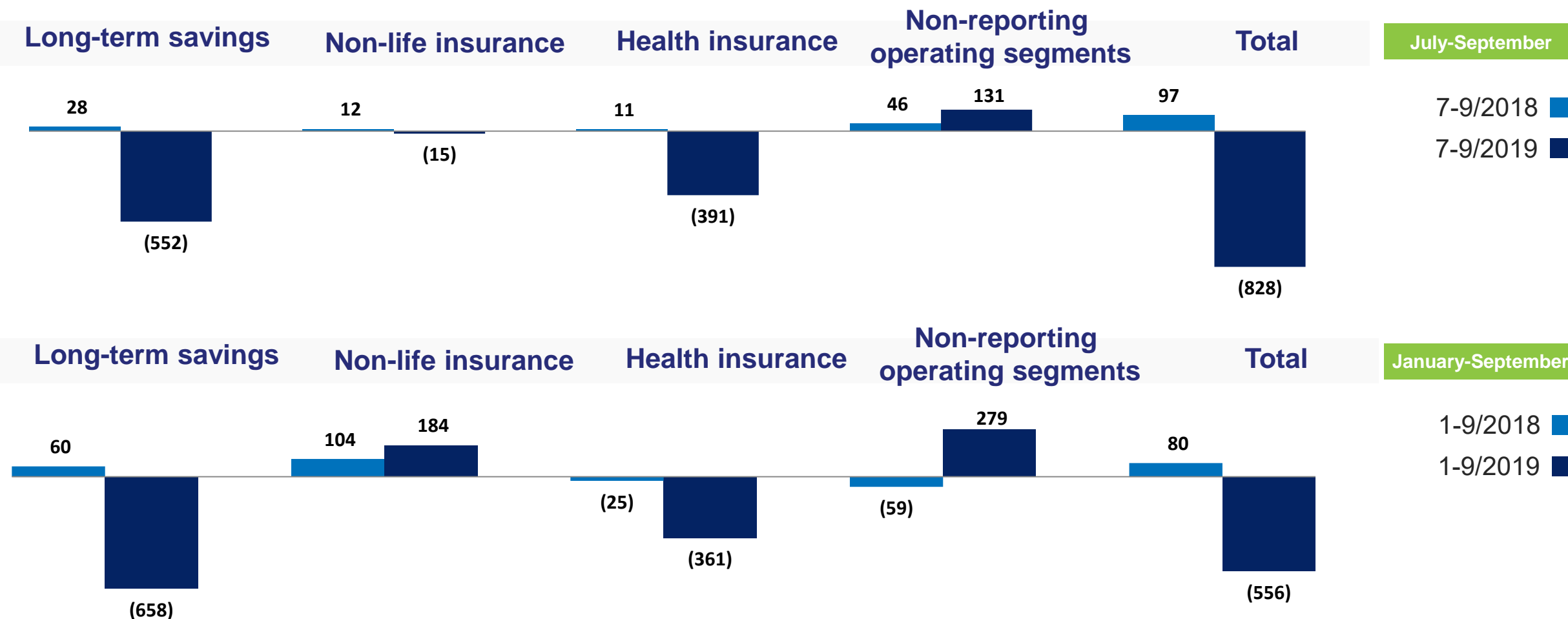
Comprehensive Income After Tax Attributable to Shareholders (NIS Millions)

Return on
Equity*



* 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. The profit used for the calculation of the quarterly return on equity is calculated by multiplying by four the quarterly profit.

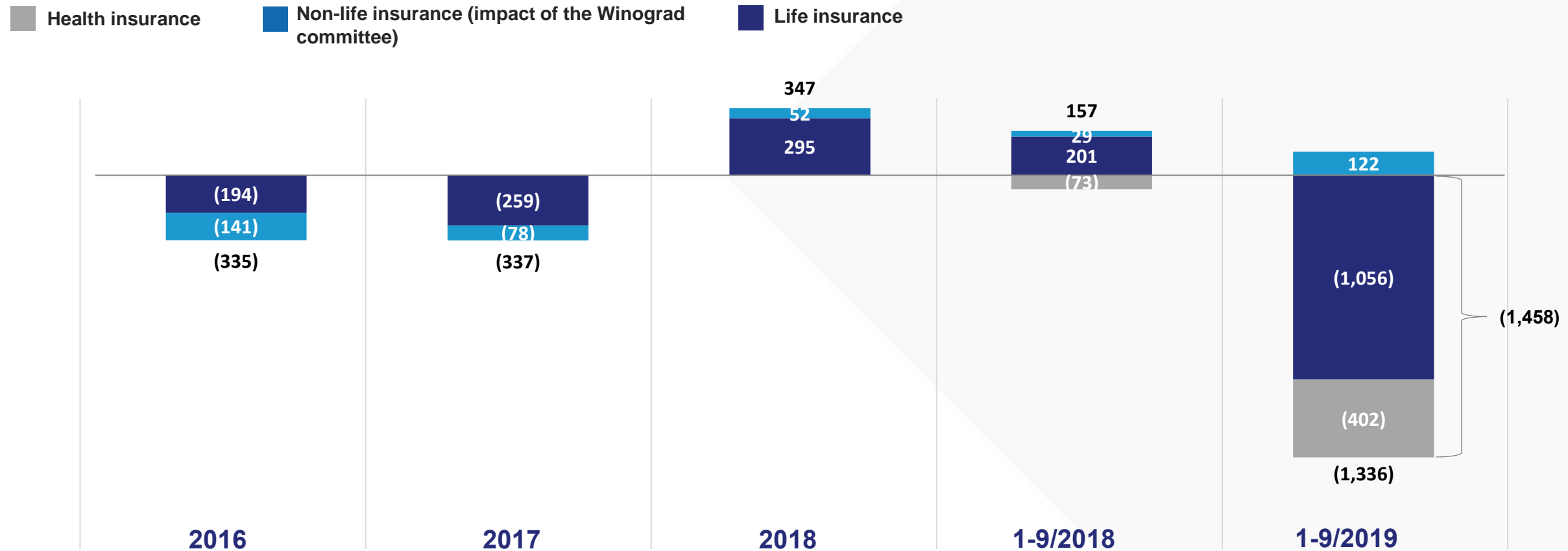
Comprehensive Income Before Tax by Segments* (NIS Millions)



* The loss in the reported period was mainly affected by the low interest environment and changes in mortality assumptions which were partially offset by revising the retirement age assumption. The net said effects triggered a NIS1,458 million increase of insurance provisions in life and long-term care insurance, compared with a NIS128 million decrease in provisions in the corresponding period last year.

** For a breakdown of data regarding the long-term saving and non-life insurance segments, see pages 11-12.

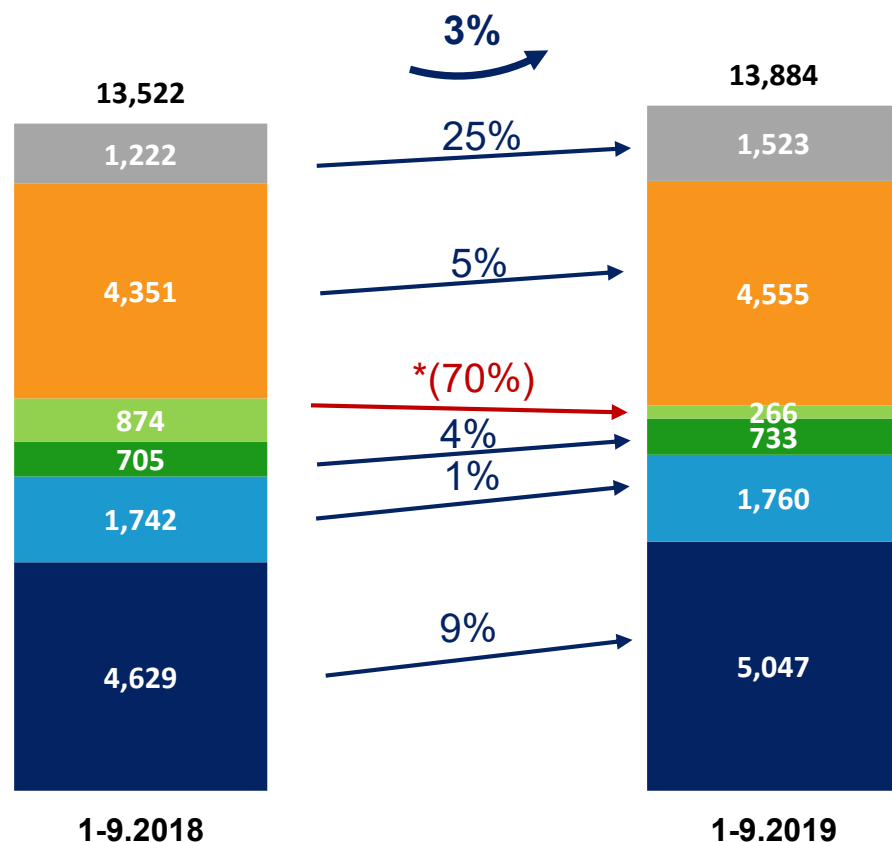
Impact of Actuarial Assumptions Update including the Impact of Mortality Tables, and the Low-Interest Rate Environment including LAT on Profit before Tax With Respect to Insurance Liabilities (NIS Millions)



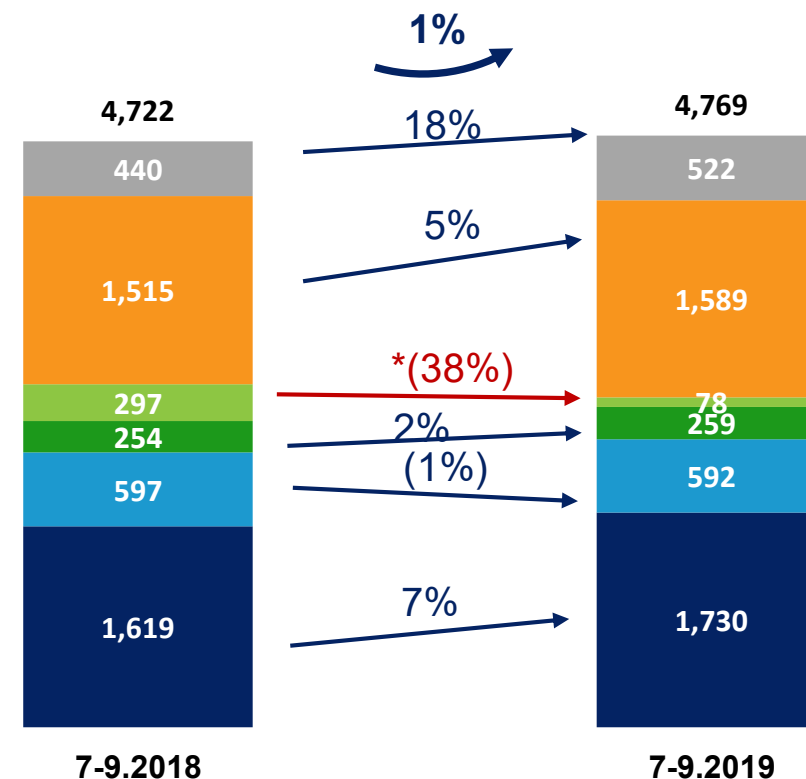
Gross Premiums Earned, Contributions and Receipts with respect to investment contracts (NIS Millions)

■ Provident
 ■ Pension
 ■ Health insurance - other
 ■ Long term care
 ■ Non-life insurance
 ■ Life insurance

January-September



July-September

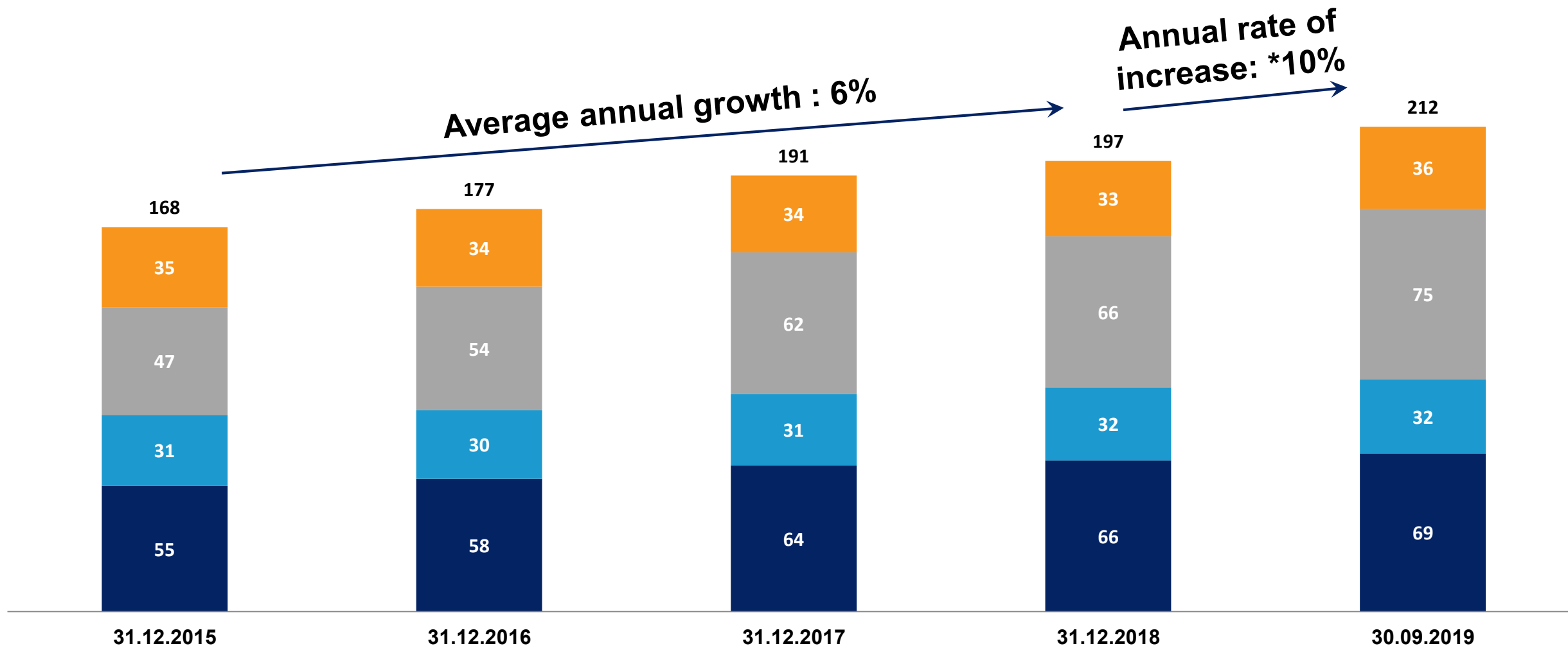


* The decrease in premiums stems mainly from termination of engagements in collective long-term care insurance with Kupat Holim Maccabi and Leumit; in the reported period last year, the Company earned app. NIS 555 million and NIS 96 million, respectively, from those engagements.

** The Health insurance and long term care premiums presented above are gross premiums

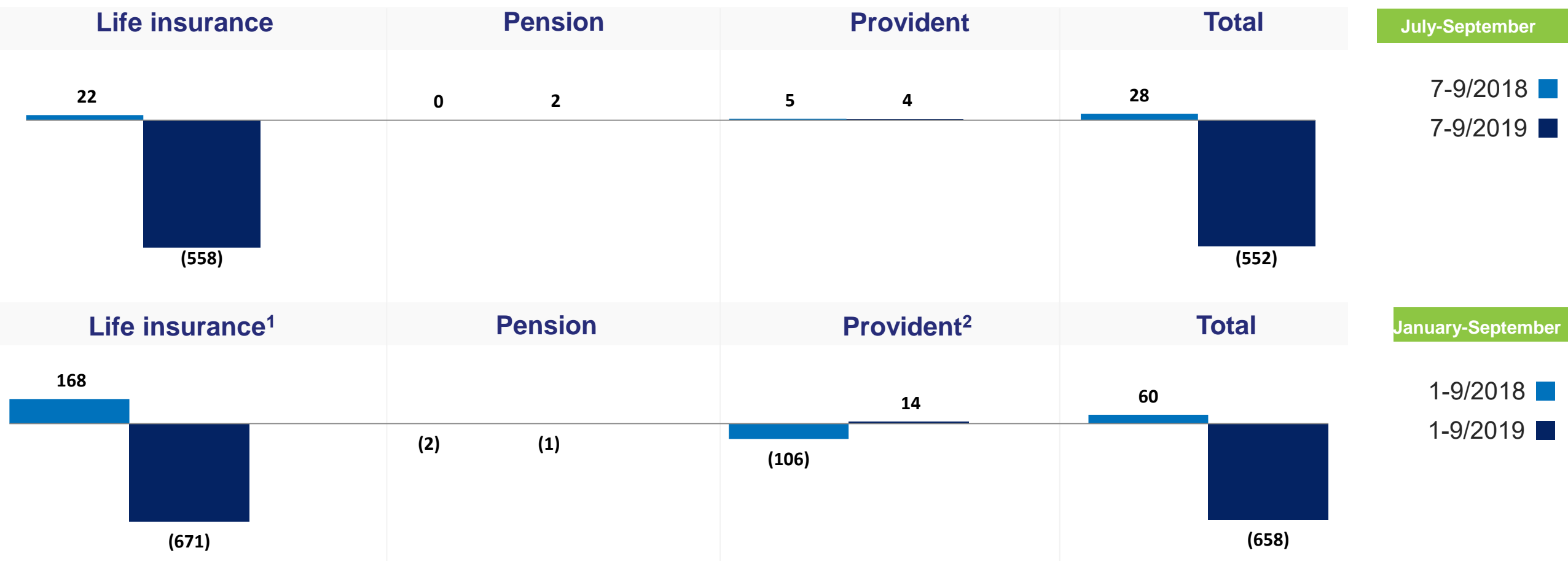
Managed Assets by Portfolio (NIS Billions)

Provident
 Pension
 Nostro
 Investment-linked insurance contracts and investment contracts



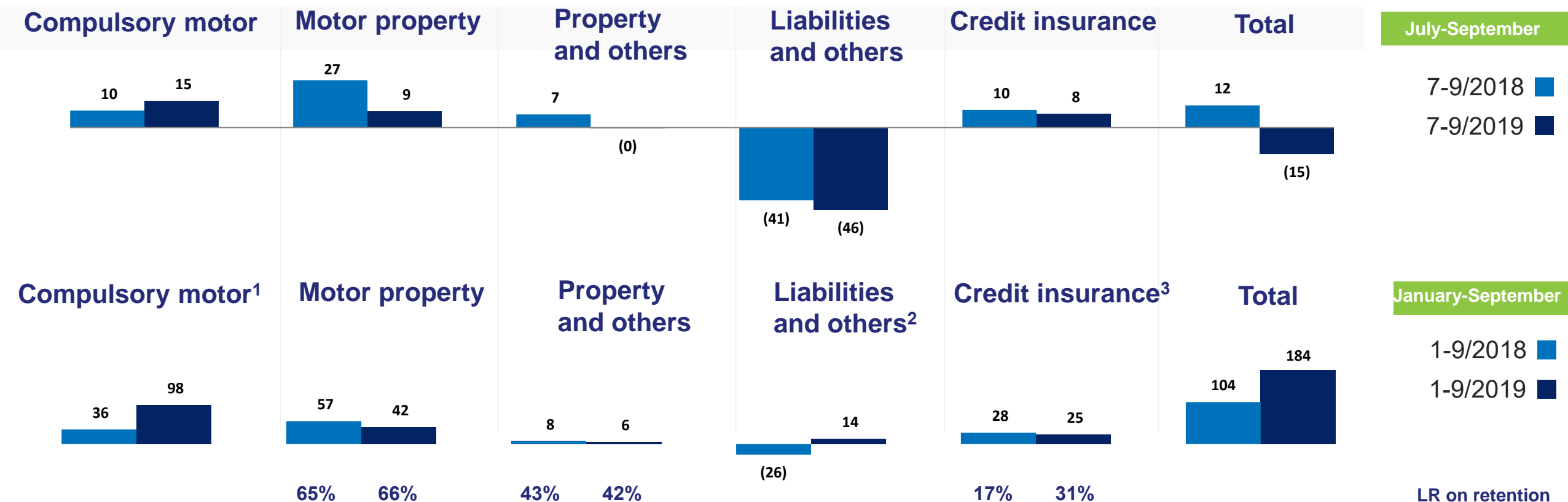
*Based on an increase in the managed assets of 8% for the period January-September 2019.

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



1. The decrease in profit and the transition to loss in the reported period stems mainly from the increase of provisions in the reported period due to the low interest environment and revising the mortality assumptions which were partially offset by revising the retirement age assumption. The net said effects triggered a NIS 1,056 million increase in provisions, compared with a release of provisions of NIS 201 million in the corresponding period last year.
2. In the previous reporting period, the results were impacted by a NIS 115 million decrease in goodwill.

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



1. In the reported period, the provision in respect of the Winograd Committee decreased by NIS 60 million compared with a NIS 18 million decrease in the provision in the corresponding period last year.
2. In the reported period, the provision in respect of the Winograd Committee decreased by NIS 62 million compared with a NIS 11 million decrease in the provision in the corresponding period last year. On the other hand, a deterioration was recorded in the professional liability line of business.
3. Increase in revenues from investments which exceeded the required revenues, which were offset due to deterioration in claims in the reported period compared to last year.

Results of the Economic Solvency Ratio Calculation as of June 31, 2019 (NIS Millions)

Presented below is a summary of the results of the economic solvency ratio calculation for Clal Insurance as of June 31, 2019:

Without taking into account the provisions during the distribution period and the stock scenario adjustment:

Equity for the purpose of the solvency capital requirement	9,333
Solvency capital requirement (SCR)	9,990
Surplus	(658)
Solvency ratio	93%

Material events that occurred in the period between the date of calculation and the date of publication and that affected the company's solvency ratio:

Tier 2 Capital Issuance	634
Solvency ratio when taking the issuance into account	100%

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	9,171
Solvency capital requirement	6,400
Surplus	2,771

* The company's assessments regarding the impacts of the abovesaid developments in the interest are considered prospective information; this being, among other reasons, due to said assessments being initial and due to uncertainty with respect to the scope of the actual effect of the abovesaid change. Additionally, the above does not constitute an assessment regarding the solvency ratio as of December 31, 2019, which is dependent on the developments which will occur up to such date and on an additional set of factors that cannot be assessed at this stage.



The increment to the tier-2 capital following the date of the balance includes consideration for the issuance of Yod-Alef Series bonds with a nominal value of NIS 830 million after deduction of an amount of NIS 196 million in issued capital in excess of the tier-2 capital restriction



On November 6 2019, the Commissioner published a consultation paper on the application of the transition provisions under the economic insolvency regime, in which companies were required to refer to issues related to potential application in Israel of transitional provisions promulgated in Europe, which also increase spreading the increase in some of the provisions over 16 years. Furthermore, a draft circular was published on quantitative assessment of adjustments in an economic insolvency regime of an insurance company, based on Solvency II, as part of which adjustments will be considered which constitute a relief in the calculation of the capital requirements in respect of market risk components and investments in Insurtech. The Company is of the opinion that the potential changes raised in the two aforesaid publication can have a positive impact on the company's insolvency ratio. However, at this stage, the Company cannot assess their impact.



Subsequent to reporting date and through the date of publication of the report, a further significant decrease has occurred in the interest curve, which is expected to have adverse effect on the Company's solvency ratio. At this stage the Company is unable to assess the potentially material impact of the said effect on its solvency ratio. However, as of the date of publication of the report, the Company assesses that this effect is not expected to adversely impact its compliance with regulatory capital requirements, considering the spreading provisions, also as of 31.12.2019.



The Board of Directors of Clal Insurance has not yet set the Company's capital target, which constitutes a precondition for dividend distribution.

Leading in Service

For the second consecutive time, Clal is ranked first in the Agent Satisfaction Survey in the elementary field for the year 2019

- Quality of service
- Fairness and transparency in the payment of the commissions
- Service provided by the underwriting staff, the support call center
- Level of professionalism
- Availability of the employees
- Manner of handling of claims
- Ease of work with the company's portal (ClalNet for Agents)



Leading in innovation, services and products

Proactive Medicine

- Groundbreaking service in health, in collaboration with Ichilov Hospital
- Initiated contact with insureds who are statistically in various medical risk groups
- Service capable of preventing serious illnesses, minimizing risk and even saving lives

Apartment Online

- A fun and interactive interface accompanied by animation for the purchase of an apartment policy online
- Adjustment of the insurance policy according to the client's personal needs in choosing structure and content insurance, without needing a surveyor
- White Label – a process branded with the agency's logo and name, so that agents can digitally send their clients by email, WhatsApp, SMS or social media



Statements of the CEO and Chairman

Yoram Naveh,
Chief Executive Officer, Clal Holdings

“ The Company’s results in the first nine months and third quarter of 2019 mainly stem from increase in provisions in respect of interest exposures, totalling app. NIS 1.5 billion in the last nine months (NIS 1.1 billion in the third quarter of 2019). At the same time, Clal Insurance and Finance significantly increased its reserves, mainly as a result of macro effects on past portfolio. On the other hand, the Company achieved excellent returns in its nostro portfolios and members’ investments, which contributed significantly towards the results. Moreover, by as a result of many steps that are currently being taken and moves led by the Company during the last year, Clal Insurance and Finance changes direction. We are in the process of implementing a three-year program designed to reinstate the Company as a leading actor. We see excellent preliminary results showing that the steps we have taken were successful, including being ranked first on returns, growth in the field of finance, being ranked first on service and operating indexes assessed by the Capital Markets Authority, significant improvement in satisfaction levels among customers and agents regarding their work with the Company and improvement in the image of the Company and the brand. ”

Dani Naveh,
Chairman, Clal Holdings

“ The financial results were mainly impacted by the increase in provisions for capital reserves due to the decrease in the interest environment. From a business perspective, Clal is ranked first in terms of returns on long-term savings portfolios under its management, and it presents a growth in many of its operating segments. ”



Thank You