



Clal Insurance Enterprises Holdings Ltd.

Financial Statements For The Period January-June 2020

Review for Analysts, August 2020



Limitation of Liability

This presentation includes partial information only with respect to the Company's results for the period January-June 2020, 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.



This presentation is an unofficial translation from the Hebrew language and is intended for convenience purposes only.

The binding version of the presentation is in the Hebrew language only.

Yoram Naveh, CEO of Clal Holdings

“As in the case of other sector players, the COVID-19 crisis had a material adverse effect on Clal’s results. Despite that, the Company continues growing at an accelerated pace; more than anything, this reflects the Company’s potential to continue growing in the future and implementing its work plans.

Subsequent to balance sheet date and as a result of the recovery of capital markets, Company’s managed assets amounted to app. NIS 221 billion, which is slightly higher than the amount of its managed assets as of 31 December 2019.

In the second quarter of 2020 there has been an accelerated growth in new business sales with an improvement in the Company’s business mix; this was recorded commensurate with a significant 4% decrease in general and administrative expenses compared with the corresponding quarter last year. Accordingly, and as a result in the recovery of capital markets, Company’s earnings totaled app. NIS 139 million.

As a leading Israeli institutional entity, the Company is well prepared to operate in the everchanging environment of the unfolding COVID-19 crisis, in terms of its capital, services and operations. The Company continues to attend to the needs of its customers and agents, which is well reflected in its ranking in the Ministry of Finance’s service quality indexes, as well as in the new solidity index, in which Clal Insurance and Finance was ranked second among all insurance companies. ”

Who we are?



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



Assets under management: **NIS 214 billion** (As of the end of June 2020), a decrease of 3% compared with the end of December 2019 due to the COVID-19 crisis. As of the end of August 2020, the amount of assets increased to app. **NIS 221 billion**.



Total premiums, contributions and receipts with respect to investment contracts in January-June 2020: approximately **NIS 9.7 billion**. An increase of 6% compared with the corresponding period last year.



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



Operates together with approximately 2,000 insurance agents



Employs approximately 4,500 employees



Platinum+ rating of Maala in the field of corporate social responsibility

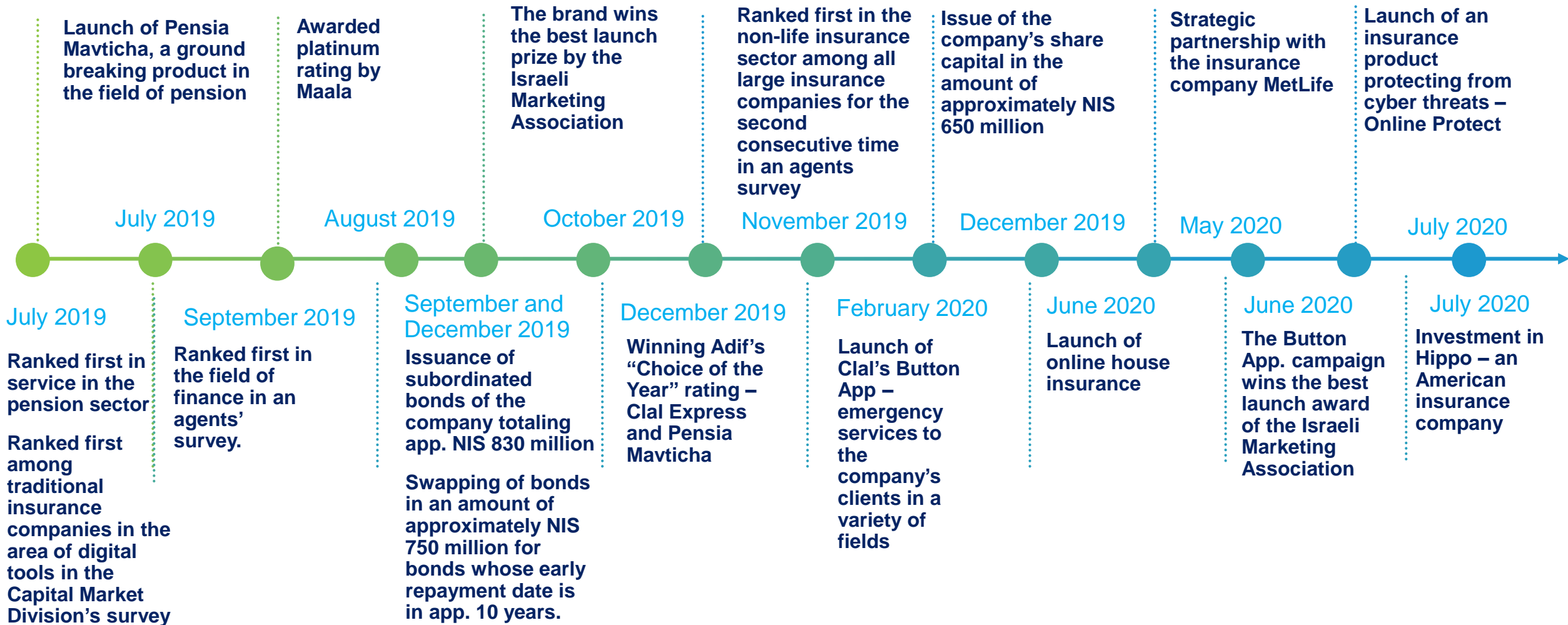


Leading in investment returns over time

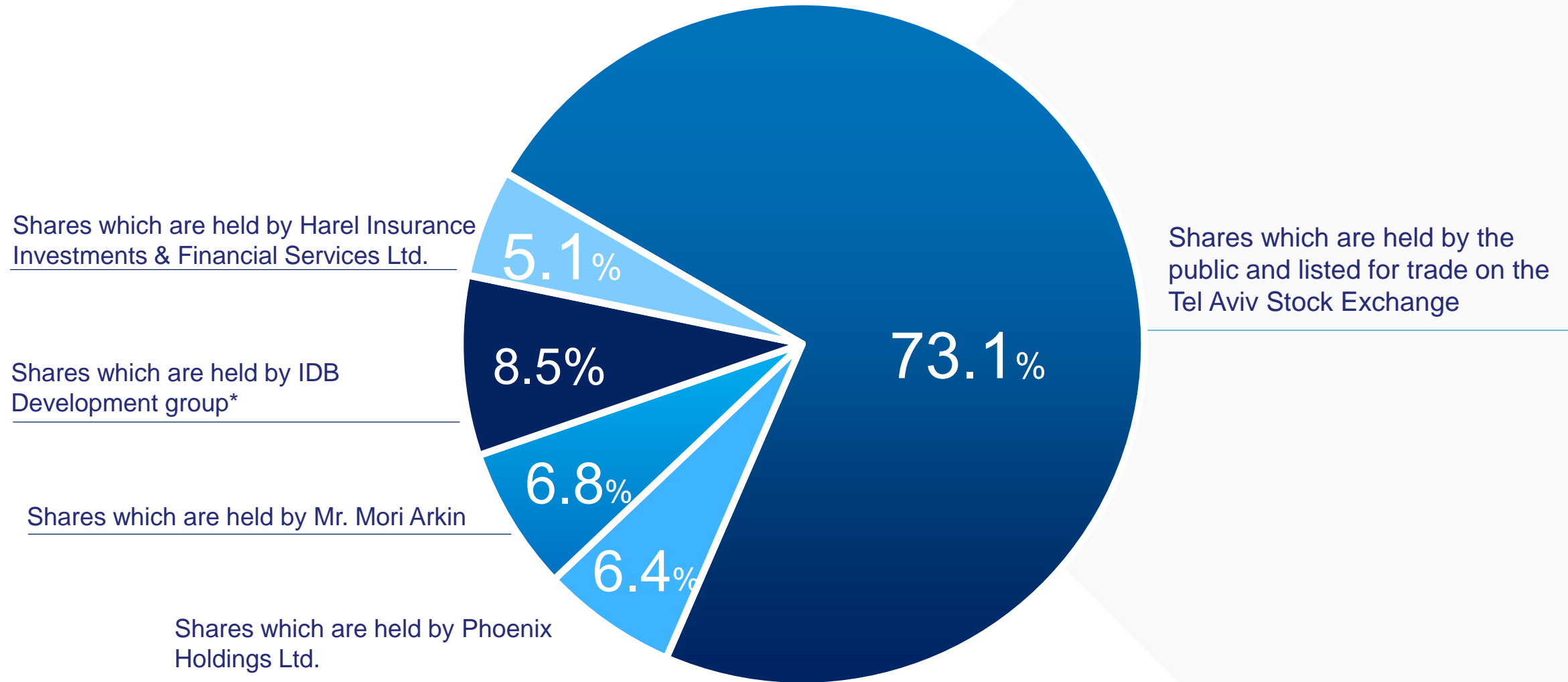


The Company has unique activity in the field of mortgages and credit insurance

Principal milestones in the last year

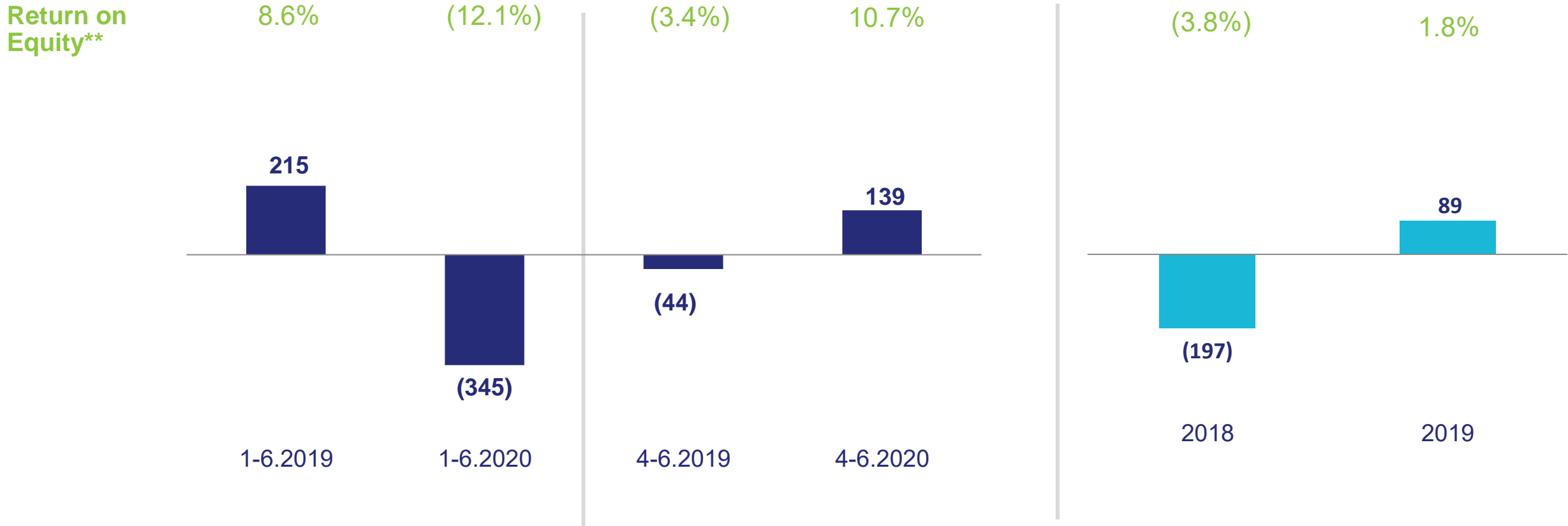


Shareholders as of 30 June 2020



* Approximately 3.5% of the share capital of Clal Holdings is held for IDB Development through a trustee, Mr. Moshe Terry

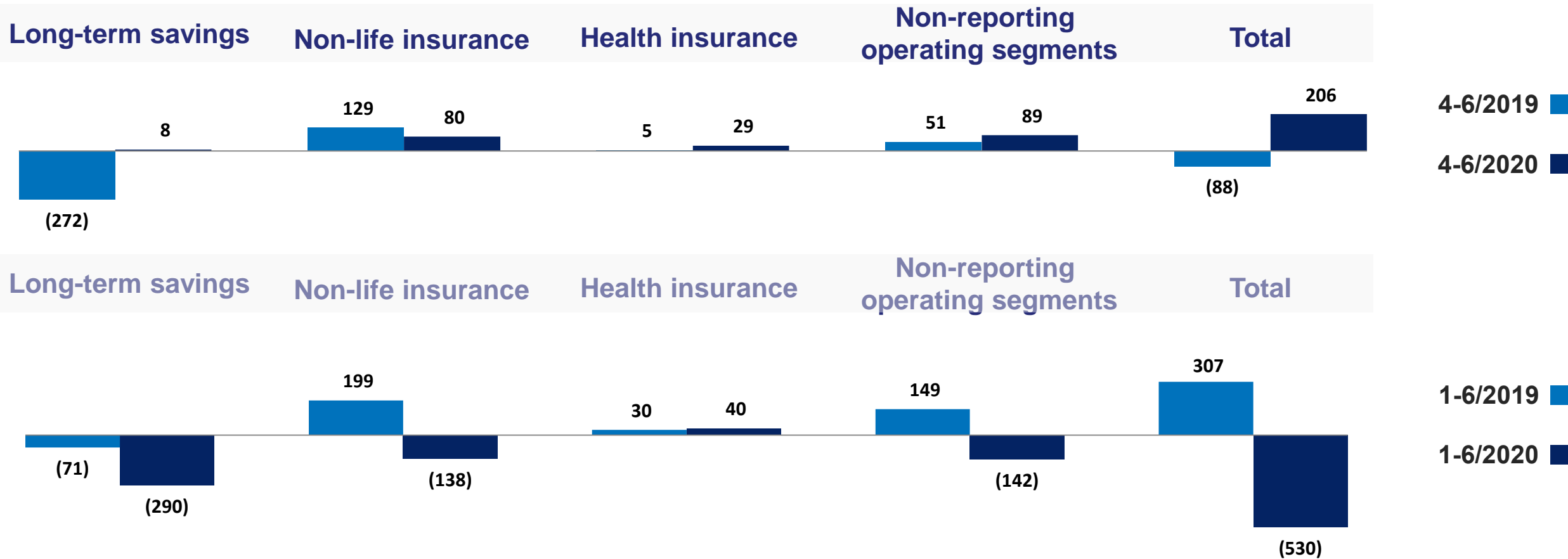
Comprehensive Income After Tax Attributable to Shareholders* (NIS Millions)



* In the year 2019 and in the corresponding periods last year, the comprehensive income was restated due to retrospective application of the Capital Markets, Insurance and Savings Authority's circular regarding the "review provision with respect to the liability adequacy".

** 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)

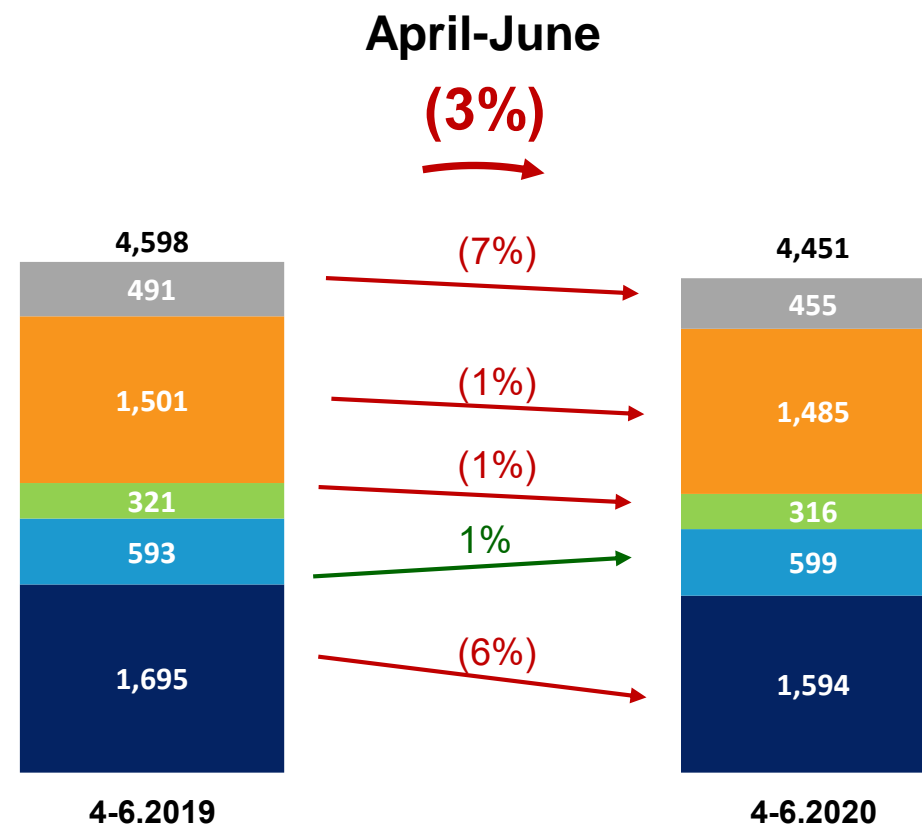
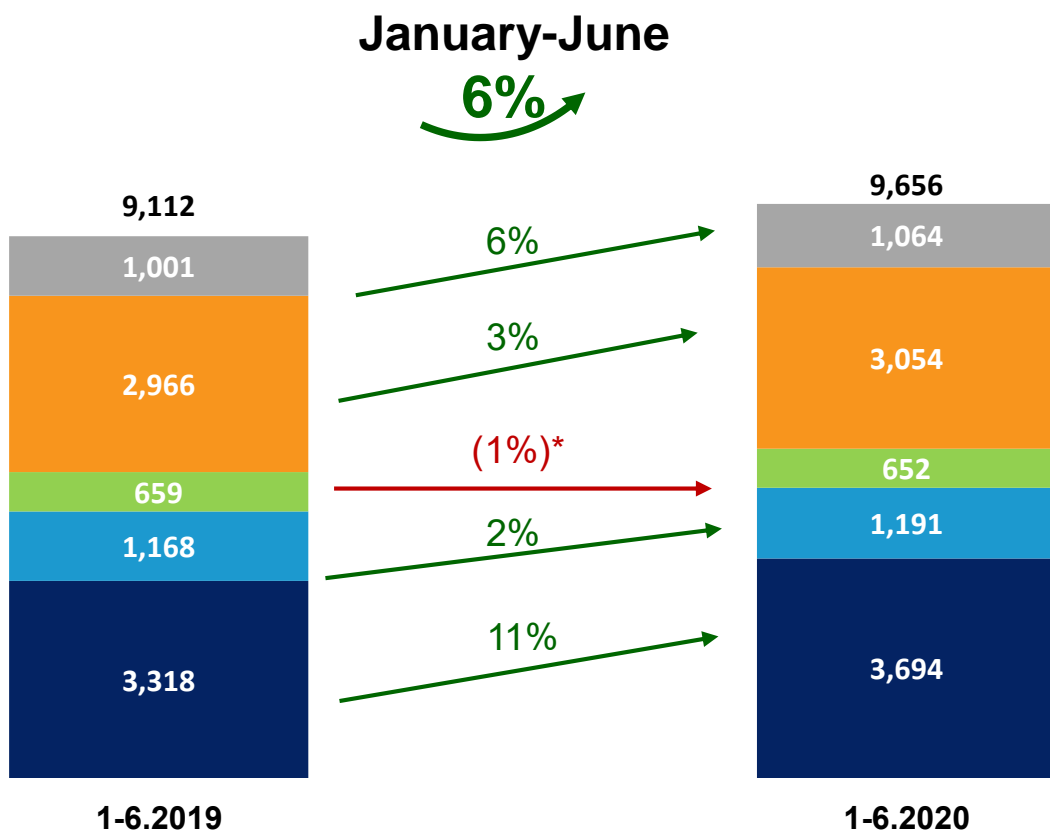


* In the year 2019 and in the corresponding periods last year, the comprehensive income was restated due to retrospective application of the Capital Markets, Insurance and Savings Authority's circular regarding the "review provision with respect to the liability adequacy".

* For a breakdown of data regarding the long-term saving and non-life insurance segments, see pages 13-14.

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

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

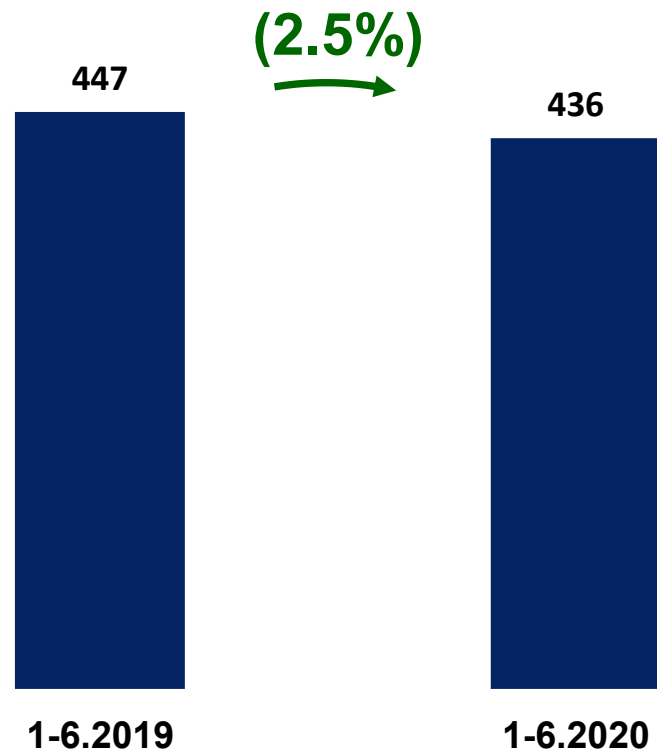


The decrease during the quarter stems mainly from the impact of the COVID-19 crisis on amounts deposited by members in the long-term saving line of business. Company's non-life and health insurance premiums and pension contributions remained stable; during the first half of the year the Company achieved a 6% growth despite the COVID-19 crisis

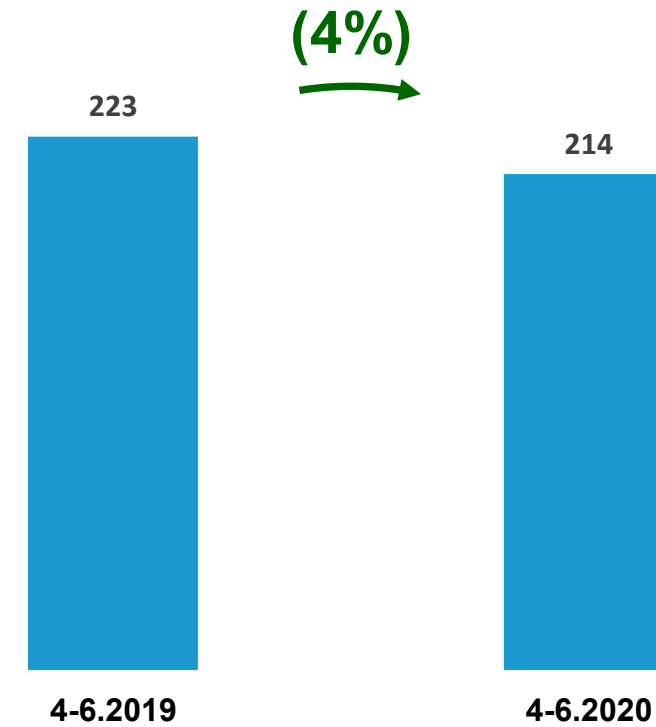
- The decrease in insurance premium in the health insurance line of business stems from termination of engagement in collective long-term care insurance with Kupat Holim Leumit; premiums earned from this engagement in the corresponding period last year amounted to app. NIS 33 million. After deducting the premiums received last year from Kupat Holim Leumit, the health insurance premiums increased by app. 4% compared with the corresponding period last year.

Administrative and general expenses (NIS Millions)

January-June

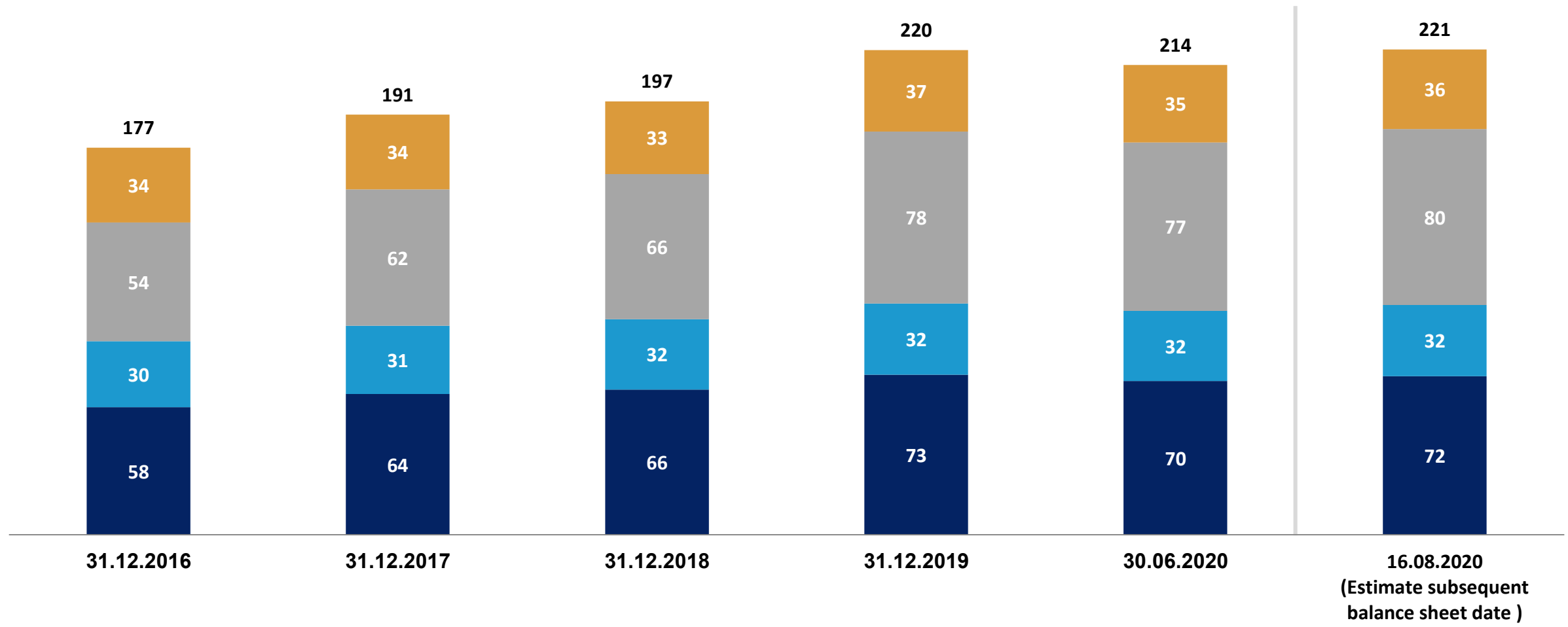


April-June

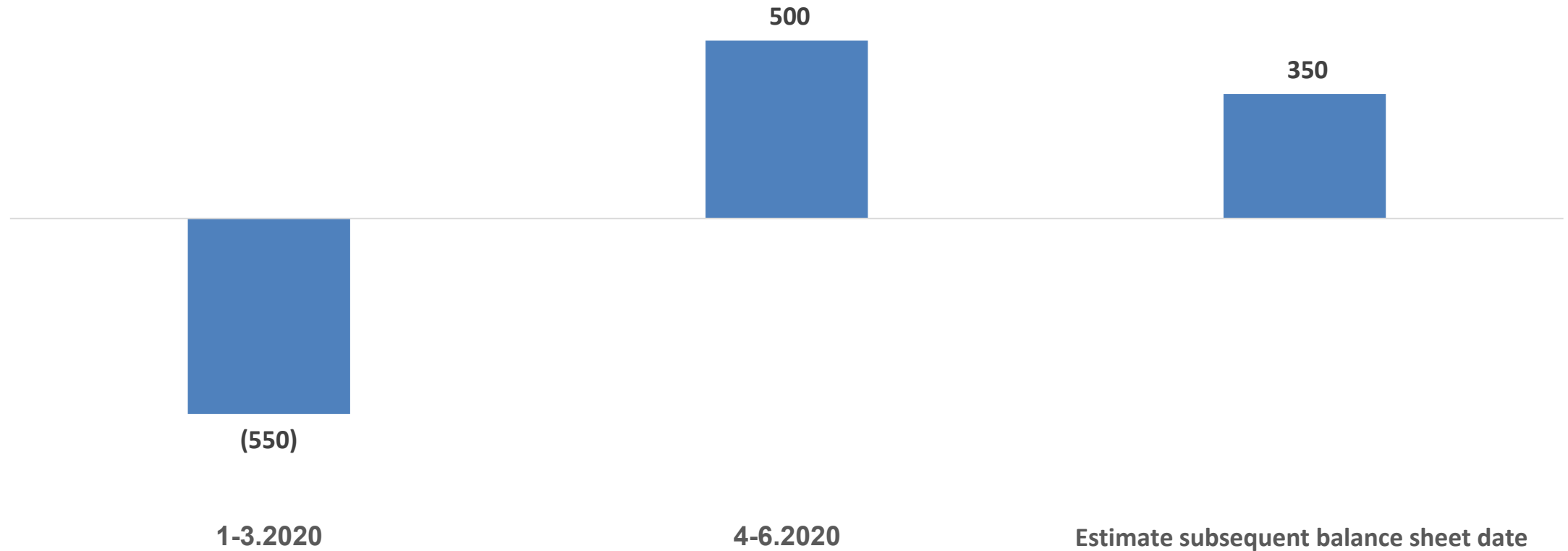


Managed Assets (NIS Billions)

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

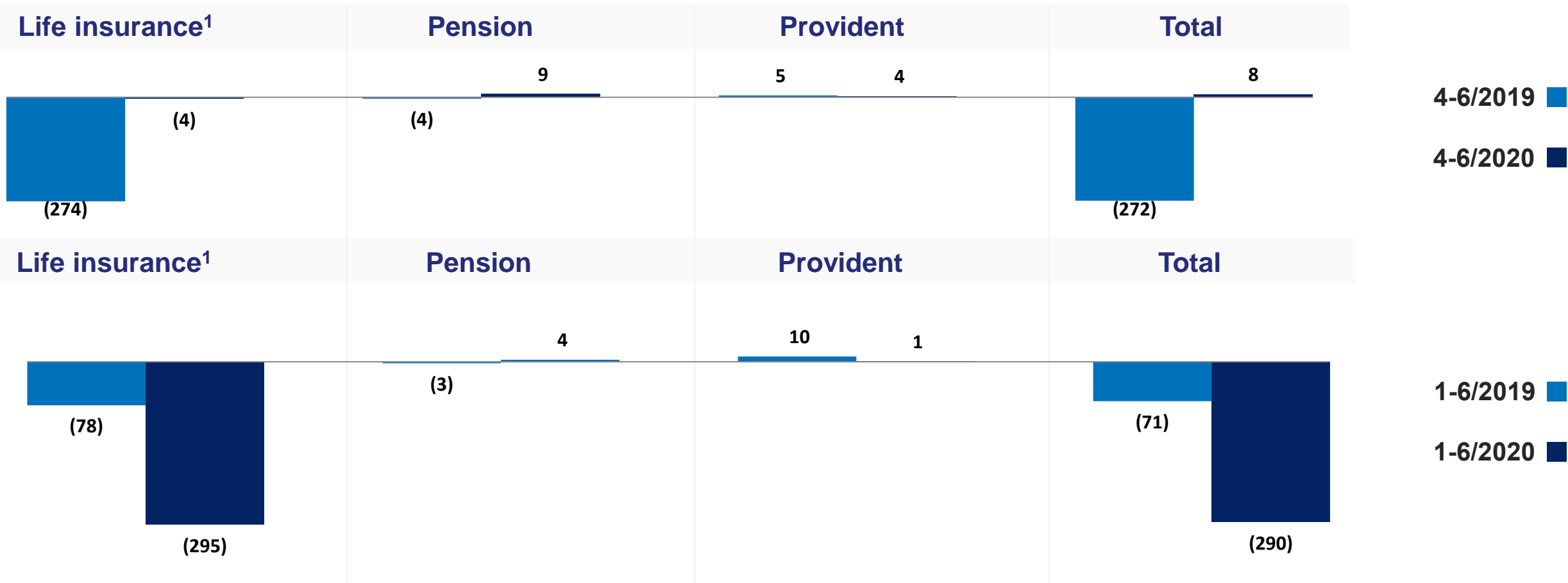


Income from Nostro Investments (NIS Millions)



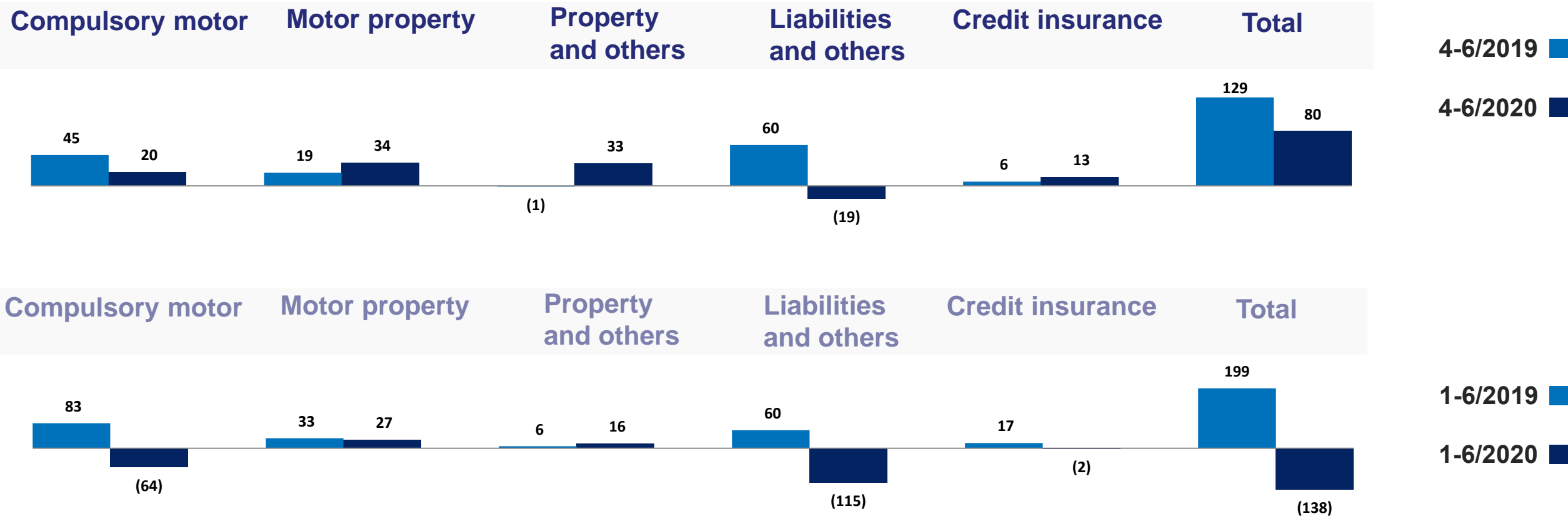
As a result of the COVID-19 crisis, in the first half of the year the Company recorded a NIS 50 million pre-tax loss in its nostro portfolios. In the first quarter of 2020, the Company recorded a loss of app. NIS 550 million in its nostro portfolios, whereas in the second quarter of 2020 capital market rallied and the Company recorded investment income of app. NIS 500 million. In addition, subsequent to balance sheet date and through the date of approval of the financial statements, capital markets have ramped up even further, and the Company recorded a pre-tax income of app. NIS 350 million from investments in the nostro portfolios.

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



1. In the corresponding periods last year, the comprehensive income was restated due to retrospective application of the Capital Markets, Insurance and Savings Authority's circular regarding the "review provision with respect to the liability adequacy".

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



Regulatory Implications

- Economic solvency ratio according to the European framework

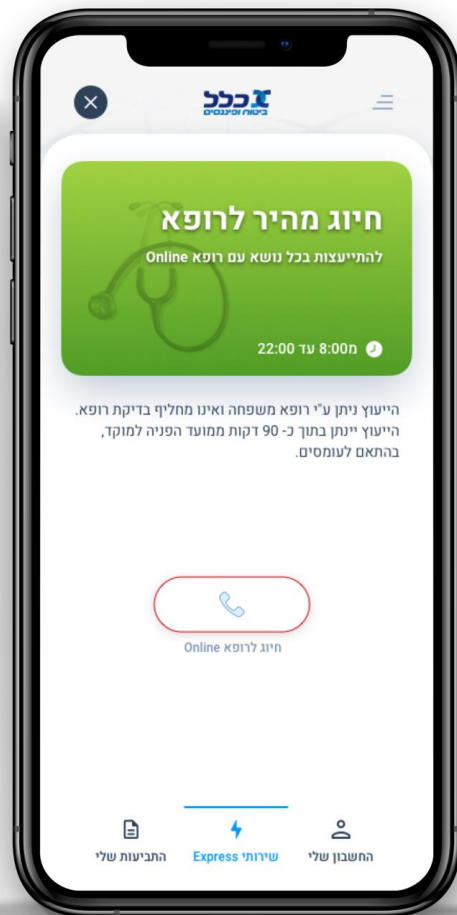
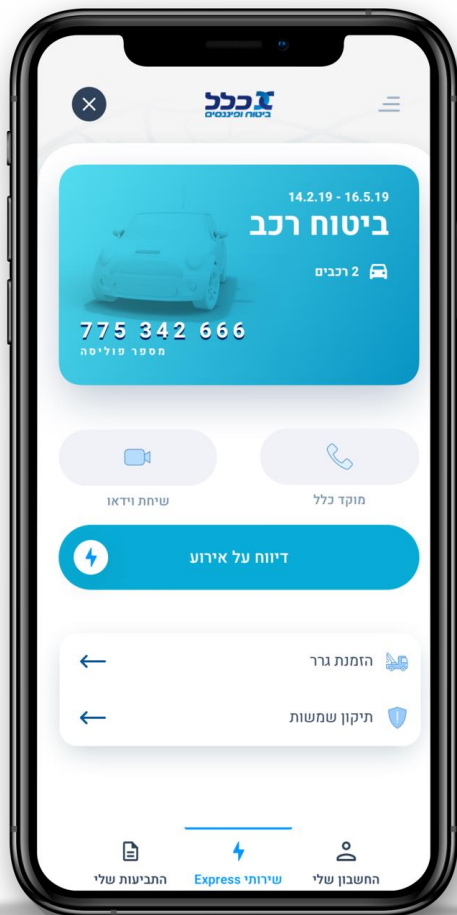
In August 2020, the Commissioner published a third draft amendment of the consolidated circular regarding the instructions for implementing the Solvency II-based economic solvency regime for insurance companies (hereafter – the “Draft Amendment”), which was submitted to the Knesset’s Finance Committee and will apply to the calculation of the solvency ratio as of 31 December 2019; the Commissioner also published a draft letter on principles for calculation of a deduction for the distribution period in a Solvency II-based economic solvency regime (hereafter – “the Draft Principles”). According to the drafts, an insurance company may, with the Commissioner’s approval, adopt different distribution provisions than the current one (referring to gradual increase of capital requirements until December 2024).

The alternative distribution provisions allow gradual linear distribution, until 31 December 2032, of the increase in economic insurance reserves (including the risk margin) on retention, calculated as of 31 December 2019, vs. the accounting reserves on retention as of that date, with reference to certain reserves. The implementation of the potential deduction may have a positive impact on Clal Insurance’s economic solvency ratio; however, there is uncertainty as to the implementation of the draft, the final wording of the changes, to the extent that they are allowed, as well as the Commissioner’s considerations when issuing the approval. For further details, see Note 6 to the Company’s financial statements.

- Comprehensive income – sensitivity tests to changes in the interest rate:

NIS millions	Change in interest rate	
	+1%	-1%
Sensitivity tests as published for 31.12.2018	58	(899)
Change in 2019 resulting, among other things, from changes in market conditions, adjustment of assets against liabilities and changes in directives and actuarial models	580	239
Change due to the LAT circular	(72)	334
Sensitivity tests as published for 31.12.2019*	566	(327)

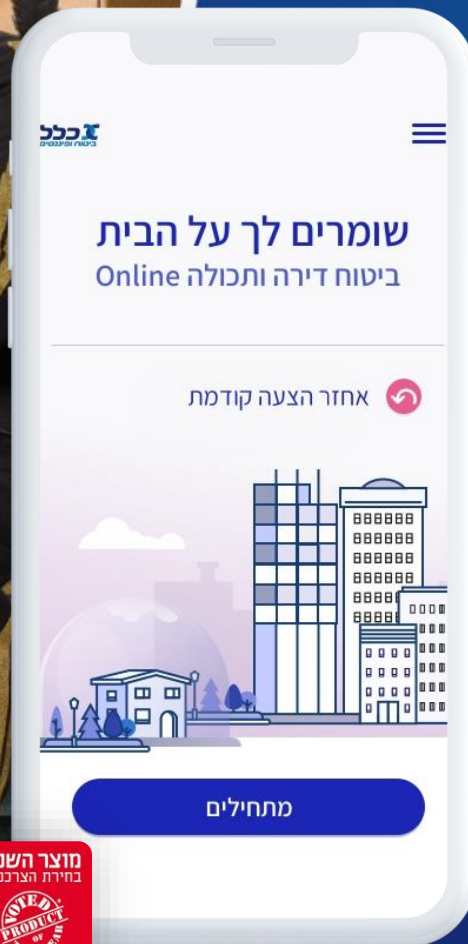
* After retroactive application of the provisions of the Capital Market, Insurance and Savings Authority’s circular - “Consolidated Circular regarding the measurement of liabilities – testing the adequacy of the reserve”.



Leading in service

Clal's App, the best launch in Q2/2020

- ✓ 80K downloads of the App. since it was launched on 26.2
- ✓ App. 40% of Application's users are re-users
- ✓ 99% on the clicks on Application's buttons are clicks on the "my account" button



Leading in innovation

Launch of online house insurance

- ✓ Launch of a TV campaign with the singer Itay Levy with the message "Two minutes and you have insurance"
- ✓ Winner of the best launch award in the second quarter

שומרים על
מה שחשוב

Leading in innovation

Launching the Online Protect product

- ✓ For the first time in Israel, an insurance that protects families from online dangers
- ✓ A unique product, providing extensive insurance coverage for the entire family, from cyberbullying and shaming, recovery of digital information, ransomware, identity theft, phishing and online money theft
- ✓ Digital campaign to customers and agents using a range of dedicated discount coupon codes for each type of activity
- ✓ Teasers activity by agents on WhatsApp and Clalnet, branding the product page with the agency's name of logo
- ✓ Digital campaign to end customers, including entering focused and relevant groups



Thank You