



# Financial Statements

December 2023

## Other limitations

This presentation contains only partial information regarding the Company's results for 2023 and was prepared for summary and convenience purposes only. The presentation cannot be in lieu of reviewing the reports published by the Company for the public (including its financial statements), which include the complete information about the Company, before making a decision to invest in the Company's securities. In the event of any discrepancy between that stated in the presentation and that stated in the Company's official reports, that stated in the said reports will prevail.

Any forward-looking forecast and/or statement (as forward-looking information is defined in the Israel Securities Law, 1968) provided, if any, by way of this presentation, is based on the Company management's assessment according to its discretion, and involves uncertainty, including factors that are beyond the Company's control, each of which or a combination of them, as well as materialization of any of the risk factors typical of the Company's operations, may lead to the said forecasts and/or assessments not being realized or being realized materially differently than expected.

This presentation does not constitute an offer to acquire securities of the Company, or an invitation to receive such offers, and is intended for the provision of information only, as part of providing explanations about the Company.

## Introduction

The Iron Swords War broke out on October 7th, when Israel was the target of a murderous terrorist attack.

For six months now Israel has been facing the very complex and painful reality of war. We have Israeli hostages that have been held in Gaza for 173 days, soldiers in the south and in the north, and tens of thousands of residents who are cut off from their homes and the normality of life as was known to them through October 6th.

History taught us that protracted wars have adverse effects on the economy, which sometimes last several years. 2024 is expected to be a complex year. In those defining moments, institutional entities play an enormously crucial role in reinforcing the economic resilience, which also has a direct effect on the State of Israel's national resilience.

At this time, our hearts go out to the hostages, their families and the IDF soldiers, and we pray that they will return quickly to their families. Our condolences to the families of IDF soldiers, who were killed in the line of duty, and the families of the civilians, who were murdered; we pray for a quick recovery for the injured.

We all hope for better days soon - for a life of security, peace and joy.



**Key Points** **01**

Operating results highlights **02**

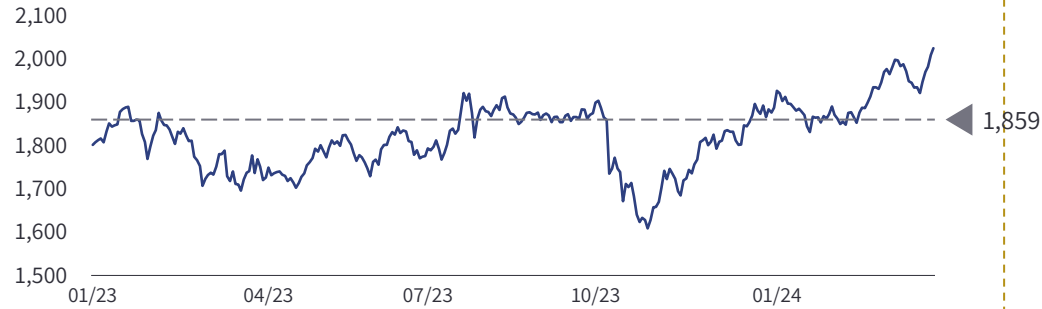
Details of changes in income  
by segment **03**

# The Israeli economy

## The economy's stabilization and recovery following crises

**Tel Aviv 125** (until March 21, 2024)

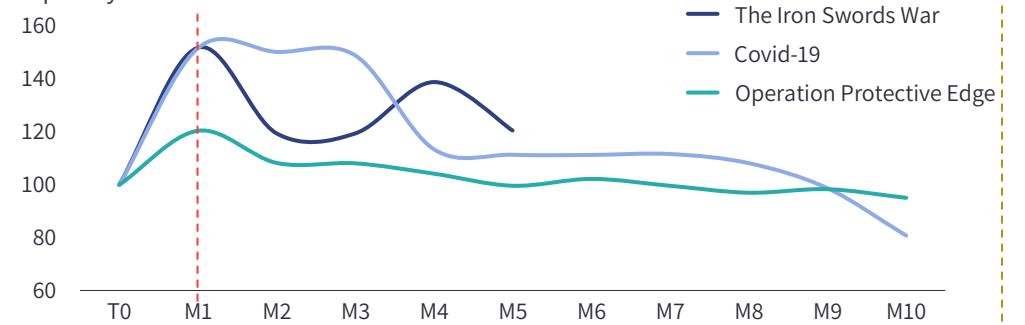
The capital market experienced a shock as a result of the October 7 events, but is showing recovery and a return to pre-war levels and even beyond them



Source: The Tel Aviv Stock Exchange (TASE)

**Risk premium (5 Years CDS)**

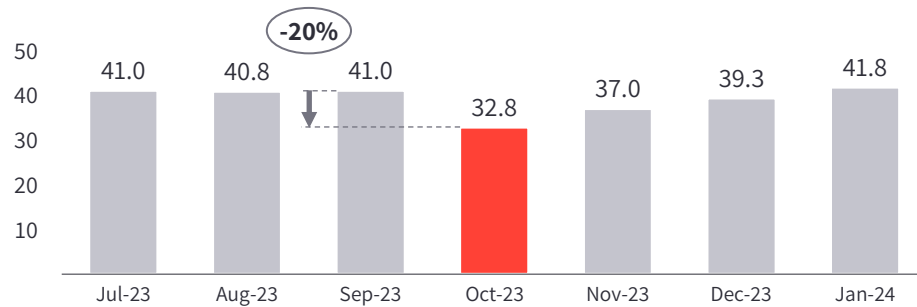
The risk premium in Israel is on a downward trend following a significant increase since the outbreak of the War. Similar past events indicate that these are merely temporary effects



Source: Bank of Israel

**Consumption volumes by credit cards** (NIS billion)

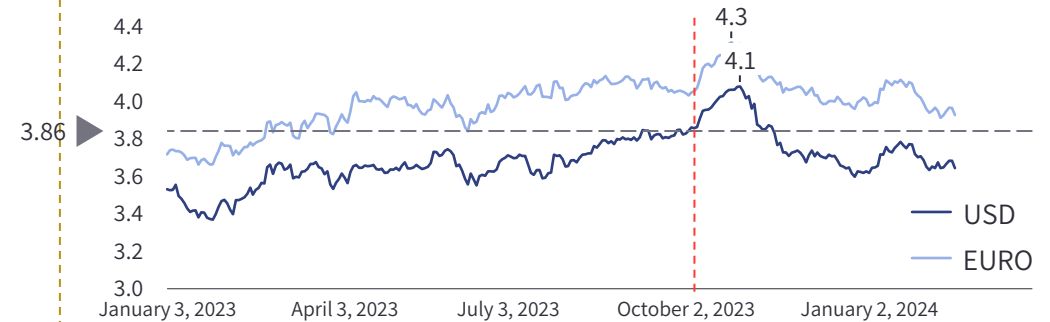
The volume of consumption by credit has returned to its level prior to the Iron Swords War



Source: Central Bureau of Statistics

**Average exchange rates** (USD, EUR)

Following steep devaluation since the outbreak of the War, the NIS is stabilizing and even appreciating compared to the pre-war period.



Source: Bank of Israel

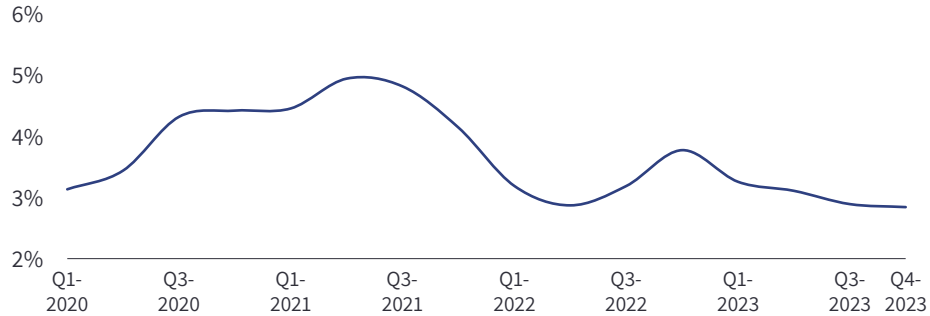


# The Israeli economy

## Strong macroeconomic data prior to the Iron Swords War

### Unemployment rate (% , ages 25-64)

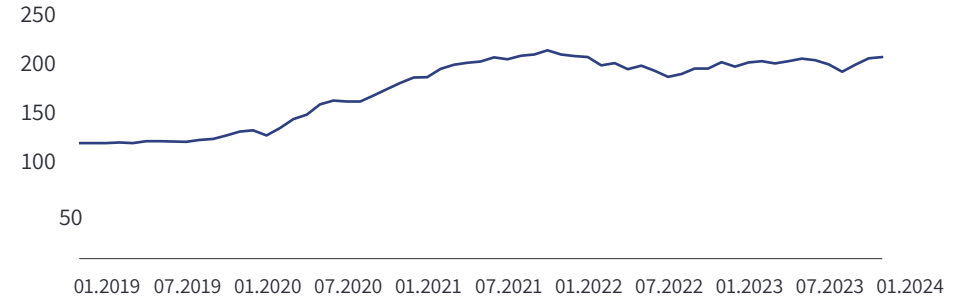
The unemployment rate in Israel is at record lows, at approx. 2.8%



Source: Bank of Israel

### Foreign exchange balances (USD billion)

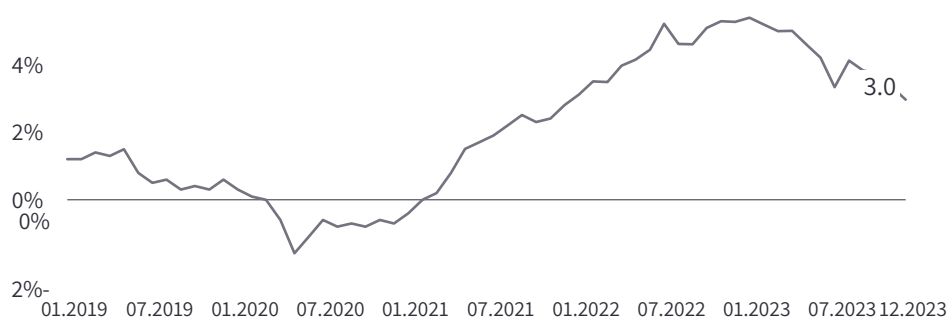
Foreign currency balances are at a record high and may support the Bank of Israel in stabilizing the exchange rate if needed



Source: Bank of Israel

### Inflation index

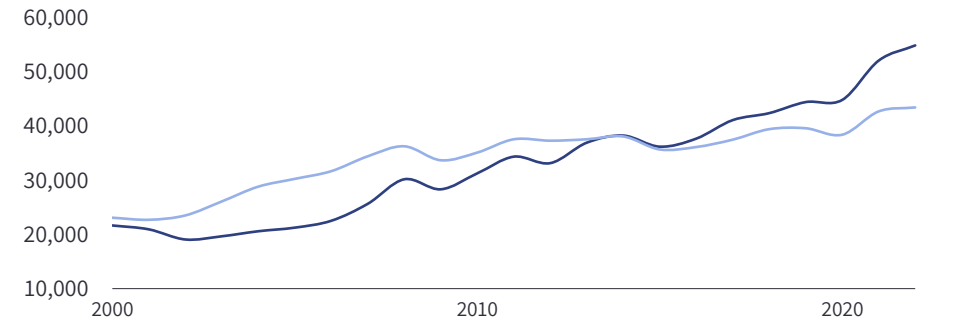
The annual inflation rate has stabilized and is approx. 3.0%. The Bank of Israel forecasts the inflation for 2024 to be 2.4%.



Source: Bank of Israel

### GDP per capita (USD)

The Israeli economy enjoys high GDP per capita compared to the OECD average



Source: Central Bureau of Statistics, OECD Statistics

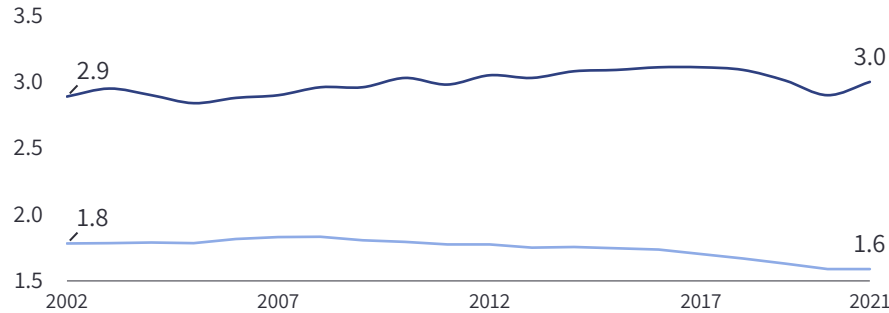


# The Israeli insurance and credit market

## Key drivers

### Fertility rate, average no. of children per woman

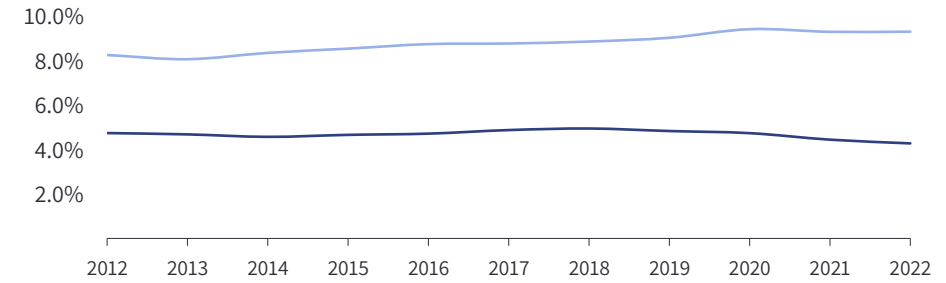
A significant growth engine for the insurance, savings and credit subsegments. In the past 20 years, Israel's fertility rate has been approx. 90% higher than the OECD average.



Source: Central Bureau of Statistics, The World Bank — Israel — OECD Average

### Penetration rate - insurance products (%)

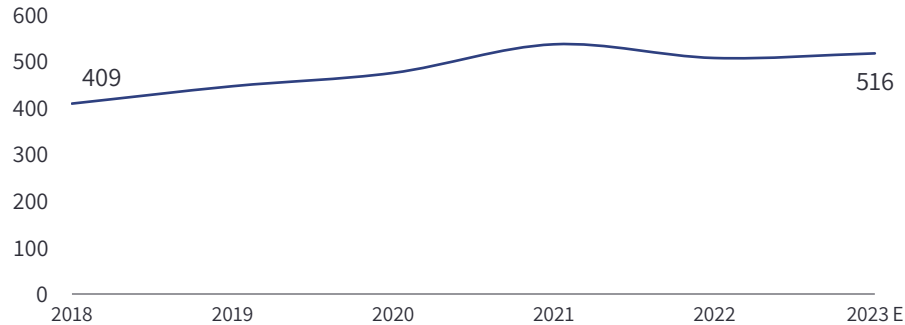
Reflects the development level of the insurance sector in Israel; calculated as total premiums of the insurance market divided by GDP of that year. The Israeli insurance market has significant growth potential.



Source: OECD Statistics — Israel — OECD Average

### Average savings per capita (NIS thousand)

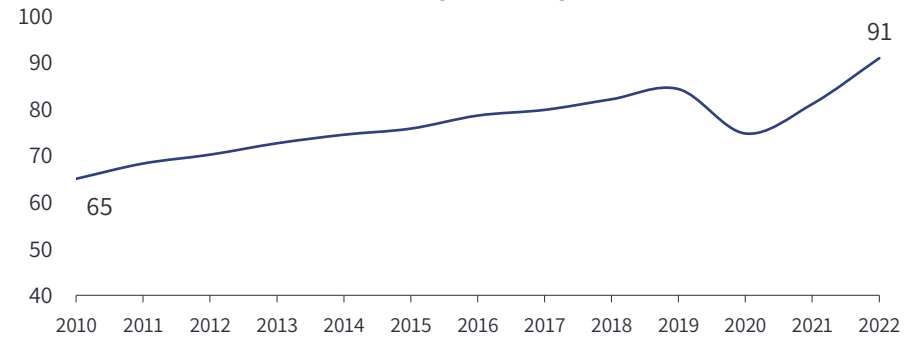
Growth engine of long-term savings subsegment. One can see an average annual growth rate of approx. 4.8% during the past five years.



Source: Central Bureau of Statistics, Bank of Israel

### Expenditure for private consumption per capita (NIS thousand)

A significant growth engine in the credit card industry. One can see a growth rate of approx. 50% per decade, with an average annual growth rate of approx. 2.8%.



Source: Central Bureau of Statistics

## 2023 as a key year in implementing the Group's strategy

**In 2023, the Group transitioned from a legacy insurance company with a significant bias towards traditional long-term savings and long-term care products, to a financial holding group with diversified sources of income and profit.**

Under this strategy, the Group completed the acquisition of credit card company MAX.

This acquisition is expected to add an important foundation to the Group's profitability while diversifying the sources of income. The credit card activity is becoming an increasingly significant foundation for Clal Holdings, alongside the insurance activity.

In 2023, MAX earned approx. NIS 246 million (net of one-off selling expenses), with a return on its equity of approx. 14%. MAX was consolidated as from Q2 and - due to accounting effects, some of which are one-off as of the acquisition date - this profitability has yet to be significantly reflected in the financial statements of 2023.

**To be fully reflected, net of one-off effects, in 2024.**



## Key trends



**Better income diversification and profitability from a variety of activities** while reducing dependence on past loss-making activities



**Improvement of underwriting income across the insurance subsegments**



**Comprehensive income of approx. NIS 102 million in Q4**, net of the direct effects of the Iron Swords War and provision for retirement plan, income amounted to approx. NIS 170 million



**Excess capital of approx. NIS 0.9 billion in Clal Insurance**, which translates into a solvency ratio of 109%, very close to the dividend distribution threshold (as of June 2023)



**Leadership in capital management and own-funds (nostro) investments**; First place in nostro returns in the past two years compared to the competitors\*

\* Compared to the five major insurance companies; net of revalued own-use real estate properties

# Operating Segments



## **P&C insurance**

comprises five subsegments: Liability - compulsory motor and other liability (which mainly includes third-party liability insurance products); property - motor property, credit insurance and other property (including remaining property subsegments other than motor and liability as well as other insurance subsegments, such as guarantees)



## **Health insurance**

comprises the Group's activity in the health insurance subsegments. The segment includes LTC (individual and collective) and Illnesses and hospitalization (which includes medical expenses, surgeries and transplants, personal accidents and travel)



## **Long-term savings**

includes the Group's activity in the life insurance, pension funds and provident funds subsegments. The segment includes long-term savings as well as insurance coverage of various risks such as death and disability insurance



## **Credit cards**

includes credit cards operating results, divided into two main areas of activity: issuance and acquiring



## **Other**

Mostly includes own agencies, and investment in Michlol

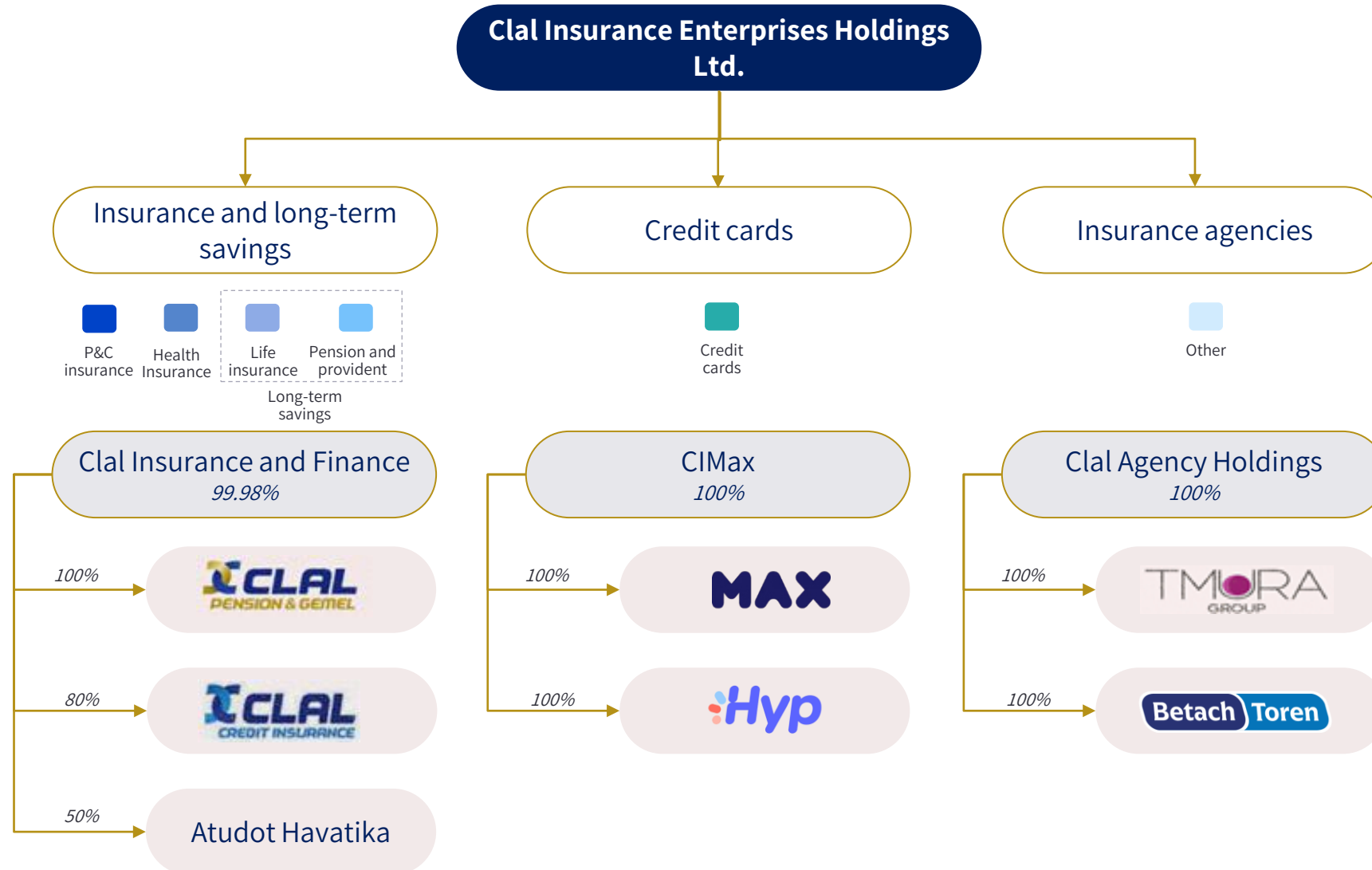


## **Activity that is not assigned to segments**

consists of the Group's headquarters, which mainly consists of capital, liabilities (including finance expenses for MAX's acquisition) and assets outside the insurance or credit card businesses, and amortization of MAX's excess cost

# Structure of main holdings

Diversified activity in the fields of insurance and long-term savings, credit cards and insurance agencies



*Classification of operating segments*



Key Points

01

**Operating results highlights** 02

Details of changes in income  
by segment 03

## Group Results in 2023 - Highlights

NIS 26.8  
billion

### Premiums

With contributions towards benefits  
and investment contracts

NIS 305  
million

### Comprehensive income, after tax, 2023

Attributable to shareholders

NIS 102  
million

### Comprehensive income, after tax, Q4/2023

Attributable to shareholders

Aa3 Aa1 AA-  
Midroog, Midroog, S&P Maalot -  
MAX Clal Insurance Clal Holdings

### The Company's rating

NIS 338  
billion

### Assets under management

NIS 8.6  
billion

### Shareholders equity

Attributable to shareholders

NIS 0.9  
billion

Net of Transitional Provisions

### Excess capital

109%

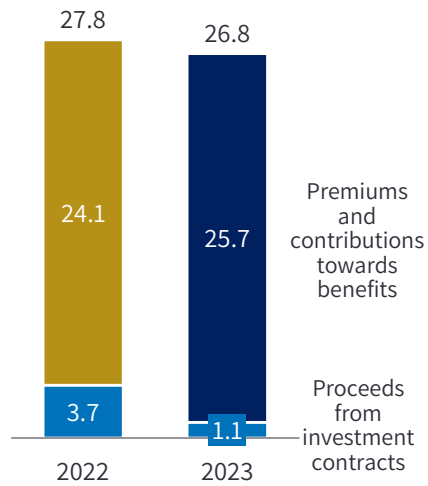
Net of Transitional  
Provisions

### Solvency ratio

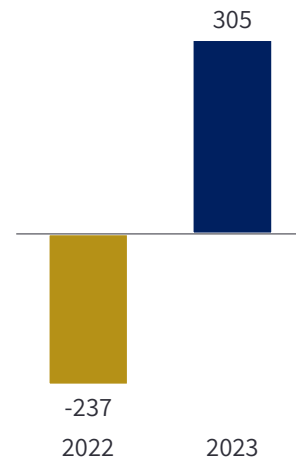
Updated as of June 2023

# Main trends

## Improvement across most of the Company's KPIs



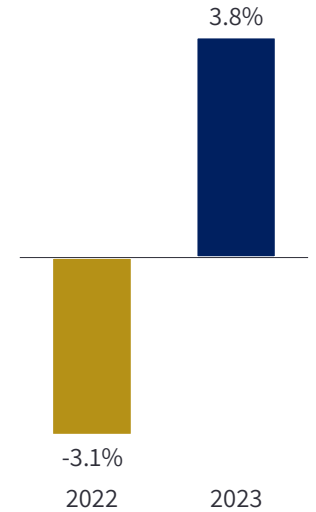
**Premiums** (NIS billion)



**Comprehensive income, after tax** (NIS million)  
Attributable to shareholders



**Shareholders' equity** (NIS billion)  
Attributable to shareholders

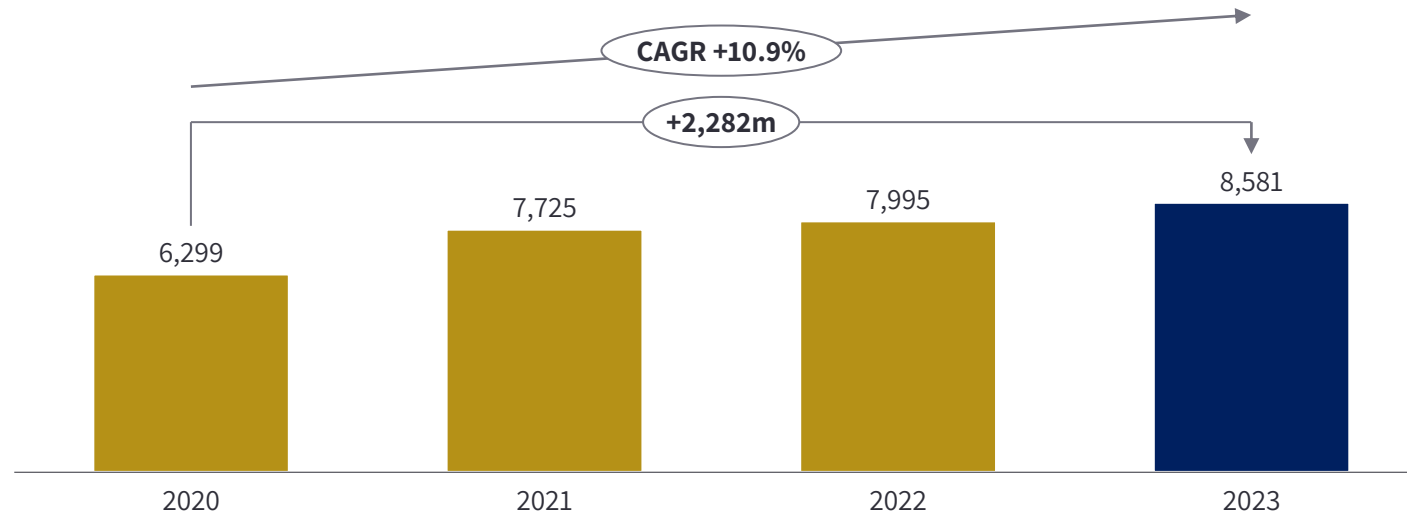
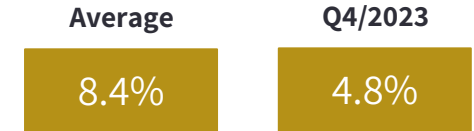
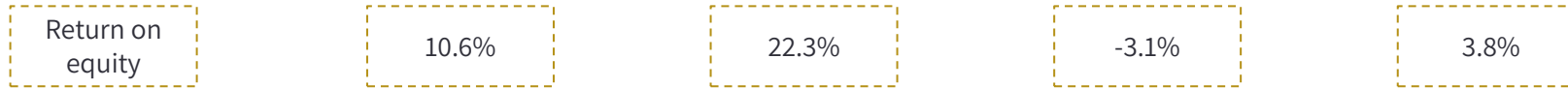


**Return on equity (%)**

# Equity

Average return on equity of approx. 8.4%, during the past four years

NIS million



The **annual return** according to the Q4 2023 results, net of the direct effects of the Iron Swords War and the provision for retirement plan, **is approx. 8%**

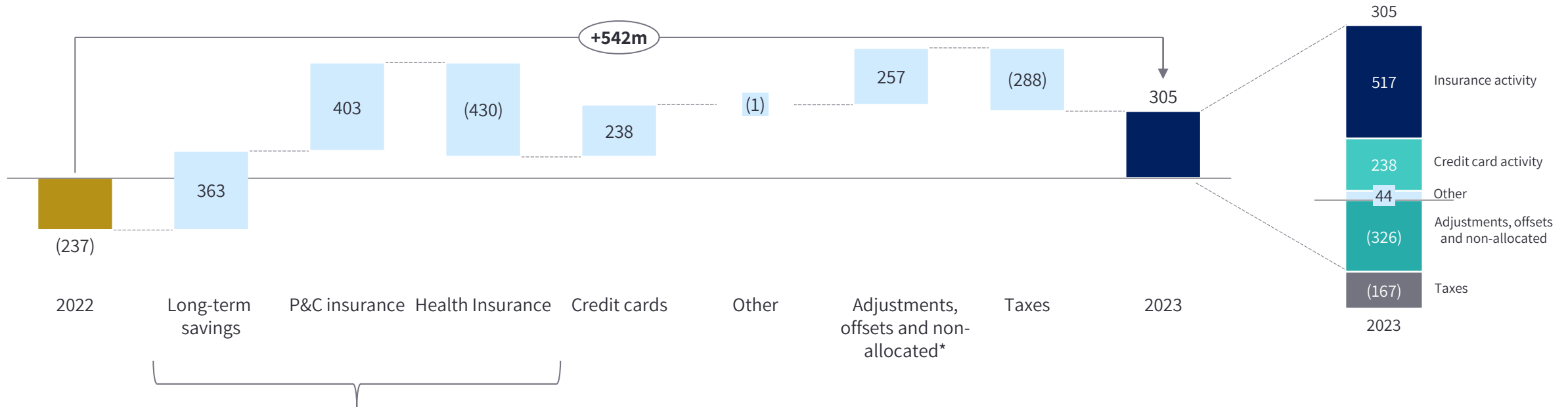
Comprehensive income attributable to shareholders	602	1,402	(237)	305
Issuance of share capital	-	-	492	266

■ Equity attributable to the Company's shareholders

# Comprehensive income, after tax, by operating segment

The company transitioned from loss to profitability, with an increase of approx. NIS 540 million in comprehensive income

NIS million



Insurance and long-term savings activity

2022	(81)	(91)	353	-	45	(583)	121
2023	282	312	(77)	238	44	(326)	(167)
Movement	363	403	(430)	238	(1)	257	(288)

The results of MAX and Milo, as well as of companies under their control, were consolidated under the segment as of April 1, 2023

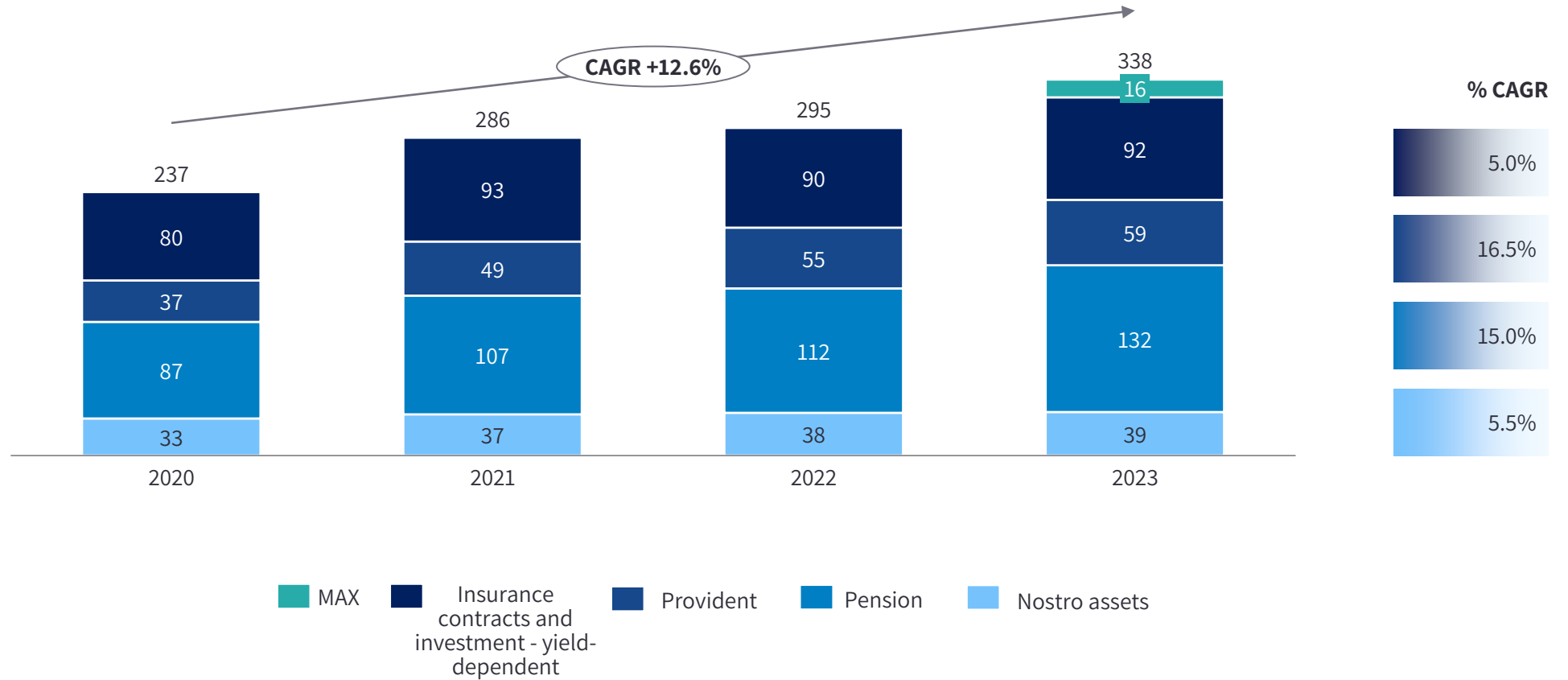
\* Unallocated adjustments, offsets and expenses in 2023 include a provision for credit default (approx. NIS 220 million before tax), amortization of excess cost and finance expenses for MAX's acquisition.



# Assets under management

double-digit annual growth (approx. 13%) in assets under management in past three years

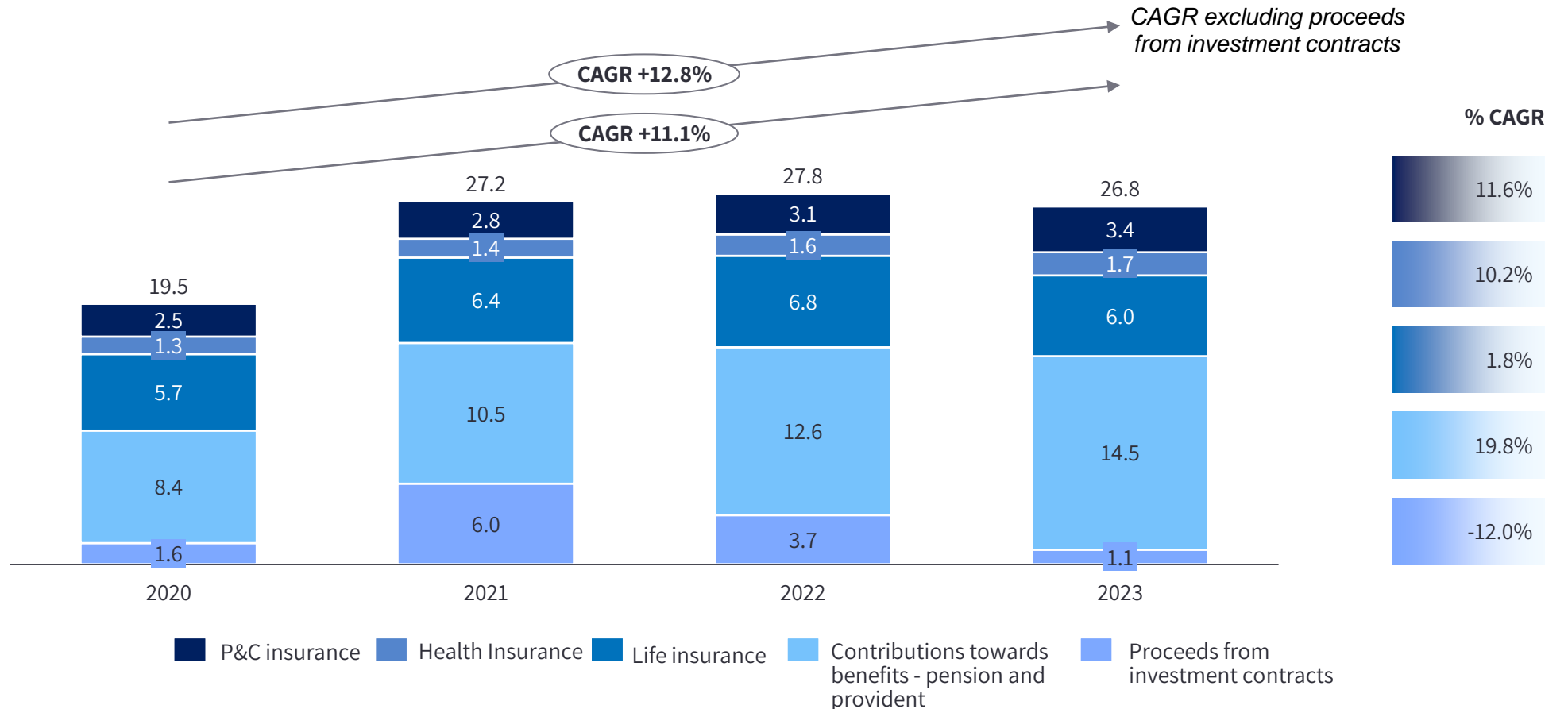
NIS billion



## Scope of long-term insurance and savings activity

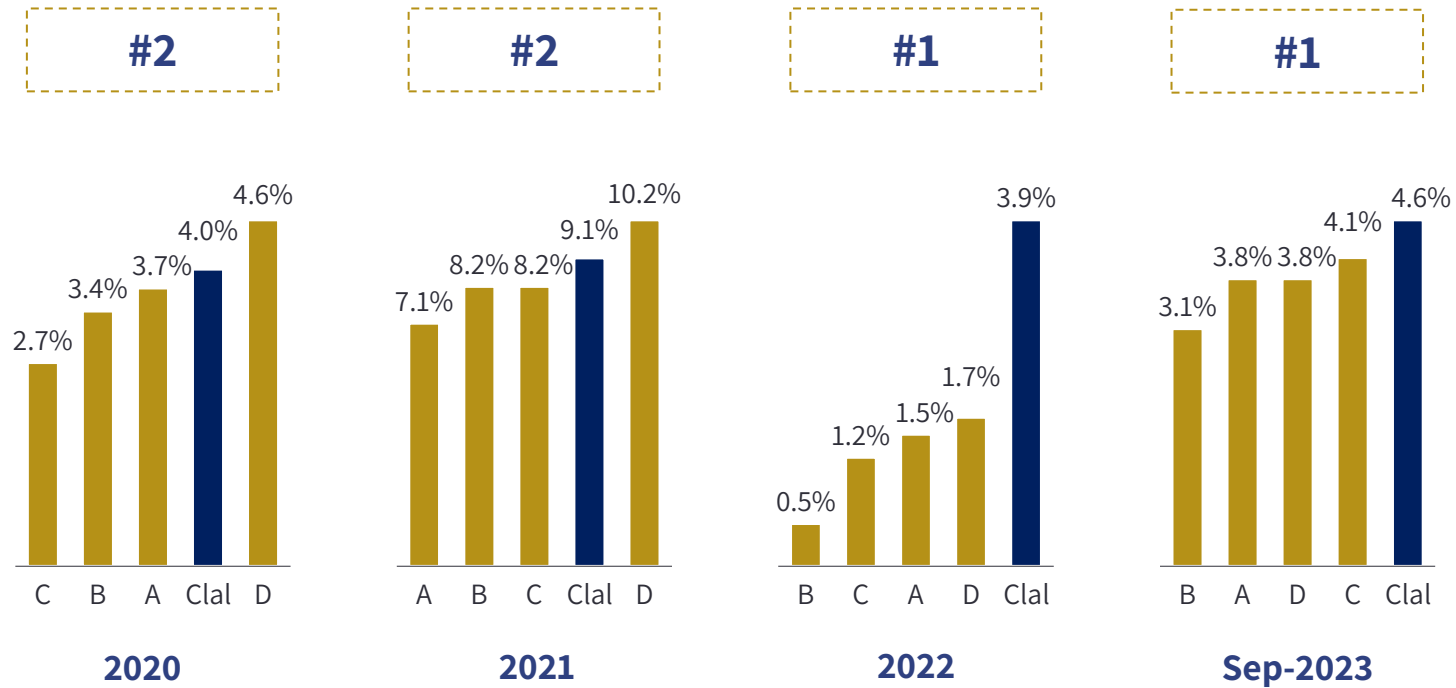
Strong growth in core activity (P&C, individual health and risks) against a run-off in executive insurance and a decrease in proceeds from investment contracts; total growth across three periods is approx. 37%

Premiums earned, gross, contributions towards benefits and proceeds in respect of investment contracts, NIS billion



## Returns on own (nostro) assets\*

Compared to leading competitors, Clal leads in returns on nostro assets, and has been ranked first for the past two consecutive years

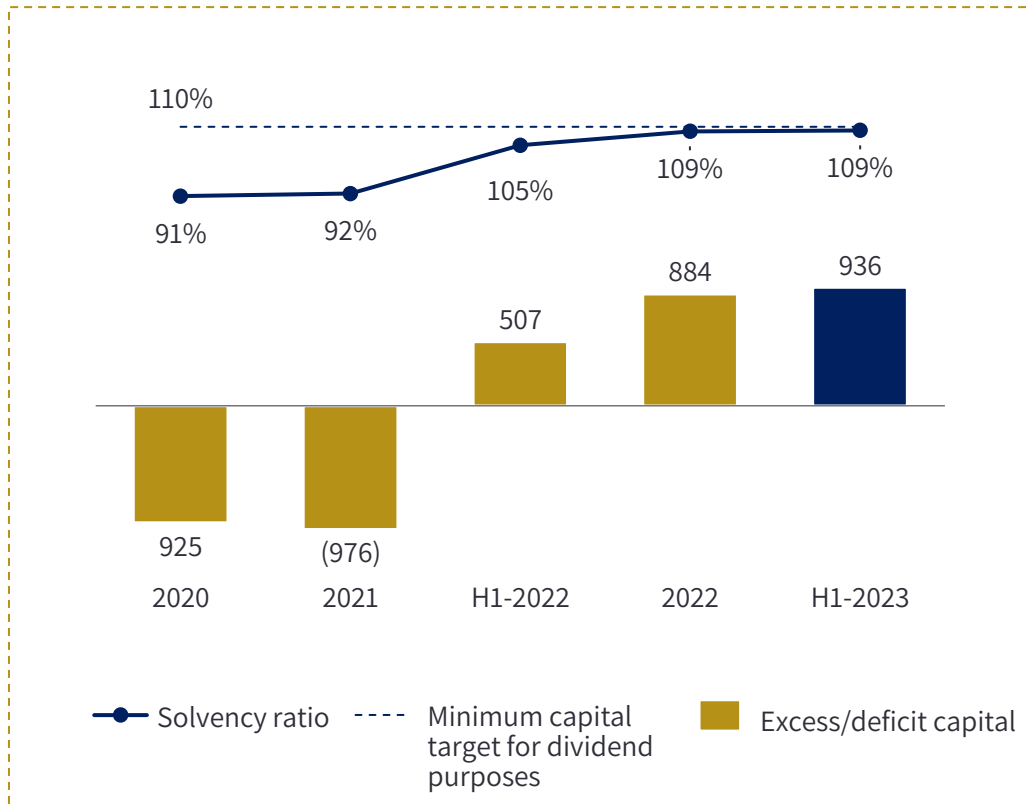


\* Compared to the five major insurance companies; net of revalued own-use real estate properties

# Compliance with solvency requirements and management's policy – Clal Insurance

higher solvency ratio and compliance with the capital requirements of the insurance company

## Excess/deficit capital for solvency and solvency ratio purposes\* (NIS million, %)



## Dividend distribution policy

In June 2023, the Board of Directors of the Company approved a policy for the distribution of a dividend at a rate of 30%-50% of Clal Insurance's comprehensive income.



The distribution is subject to the Company's compliance with a minimum capital target of 110%



## The Company's rating

**AA+**

S&P Maalot  
Clal Insurance  
rating

**Aa1**

Midroog  
Clal Insurance  
rating

\* As from the Economic Solvency Ratio Report as of December 31, 2024, a new outline taking into account the fair value of future variable management fees as part of the existing capital will enter into effect. The effect of this outline is estimated at an additional rate of approx. 15%, without taking into account the Transitional Provisions, and with an additional rate of approx. 6%, taking into account the Transitional Provisions.



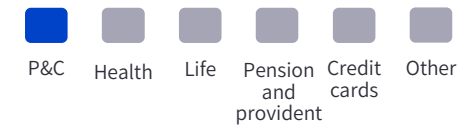
Key Points 01

Operating results highlights 02

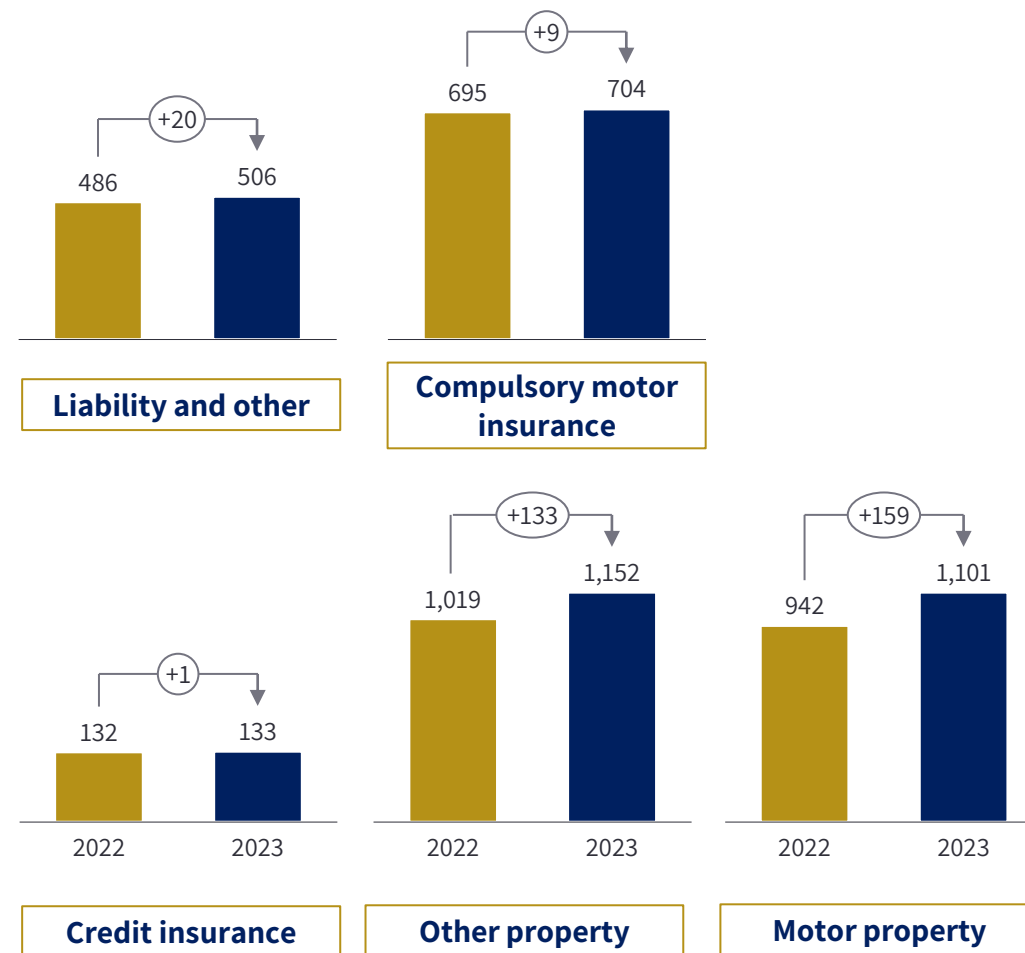
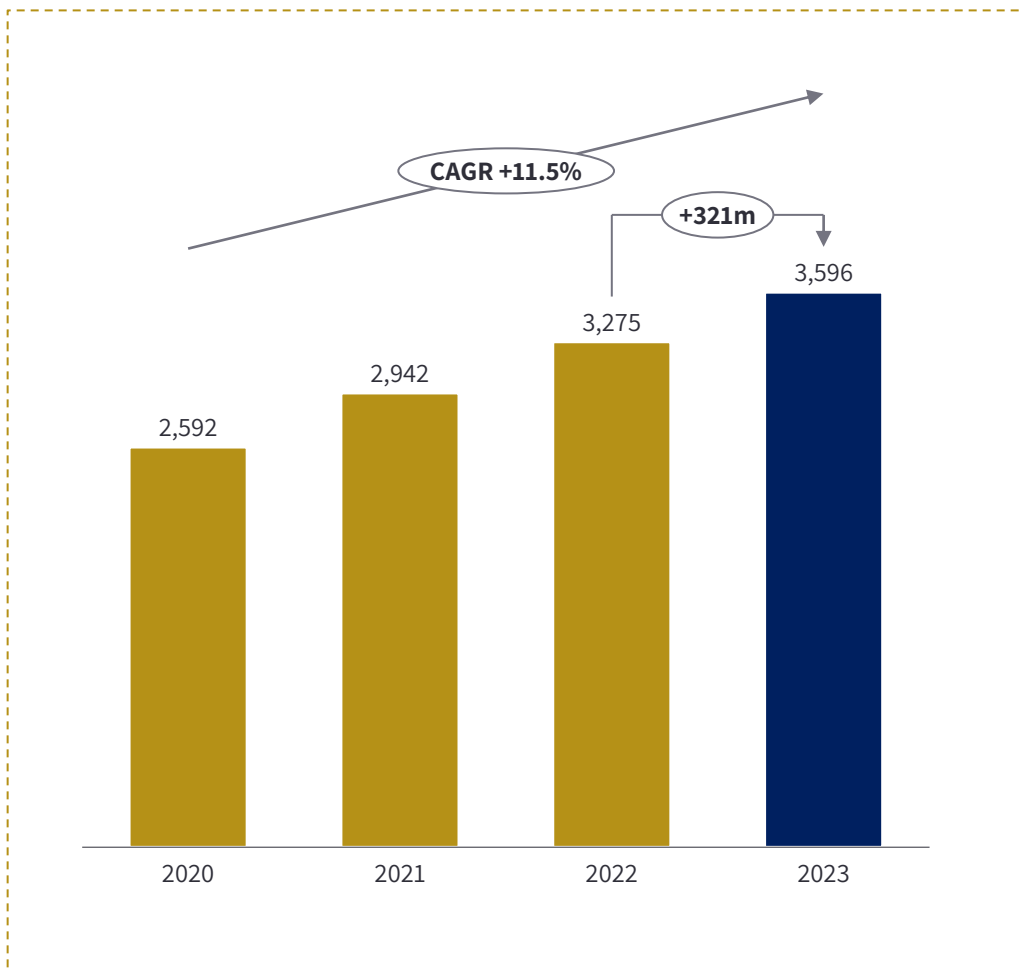
**Details of changes in income by segment 03**

# P&C insurance

Average annual growth of approx. 12% in gross premiums, mainly in the property subsegments

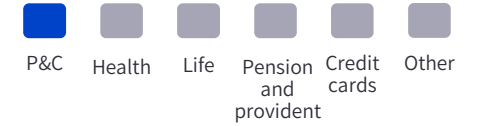


Premiums, gross, NIS million

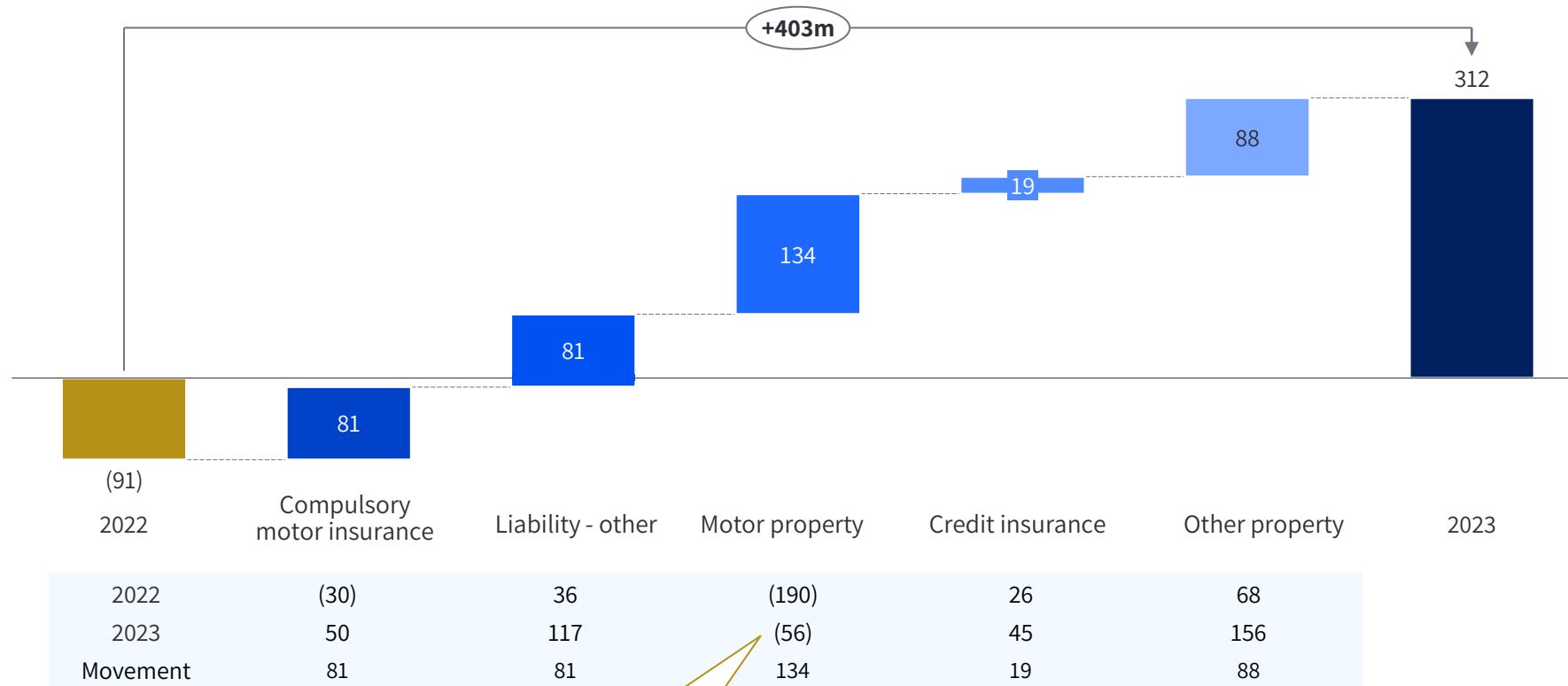


# P&C insurance

Improvement in the performance across all subsegments, contributing approx. NIS 400 million before tax to income



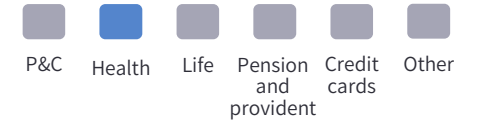
Comprehensive income, before tax, by operating segment, NIS million



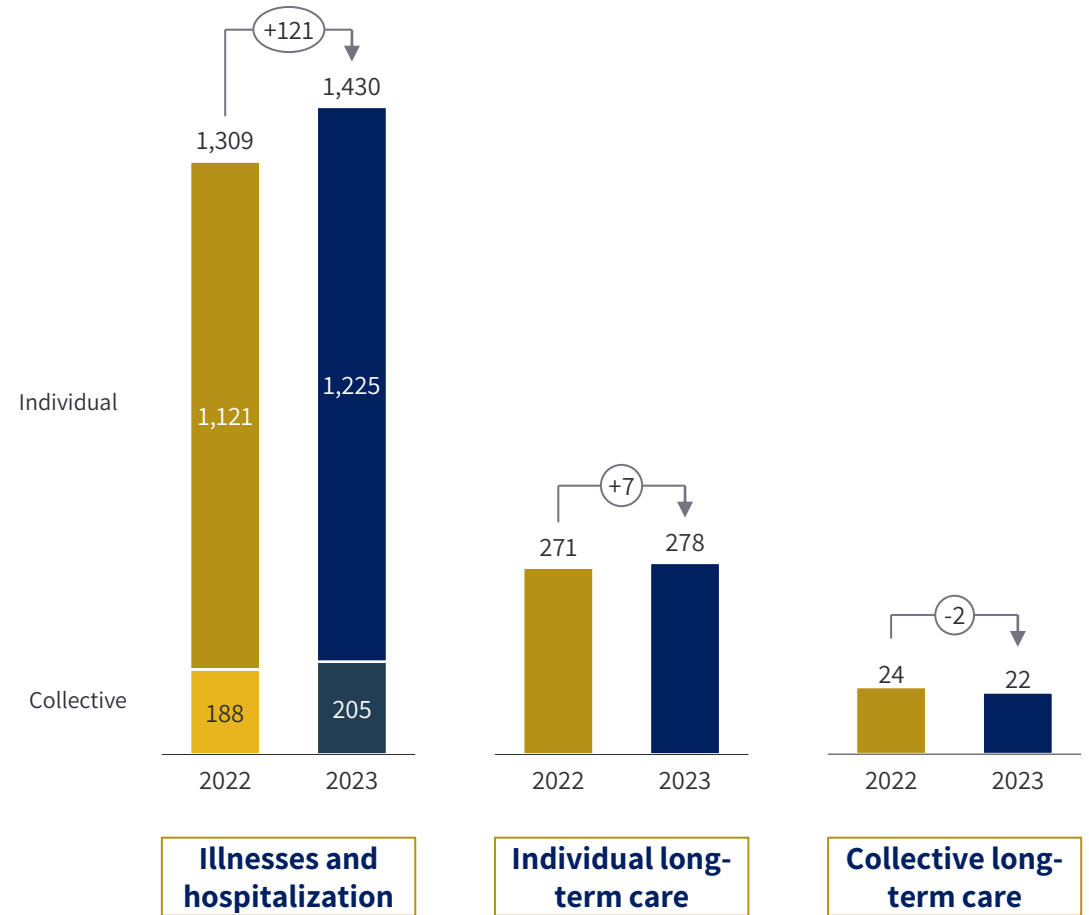
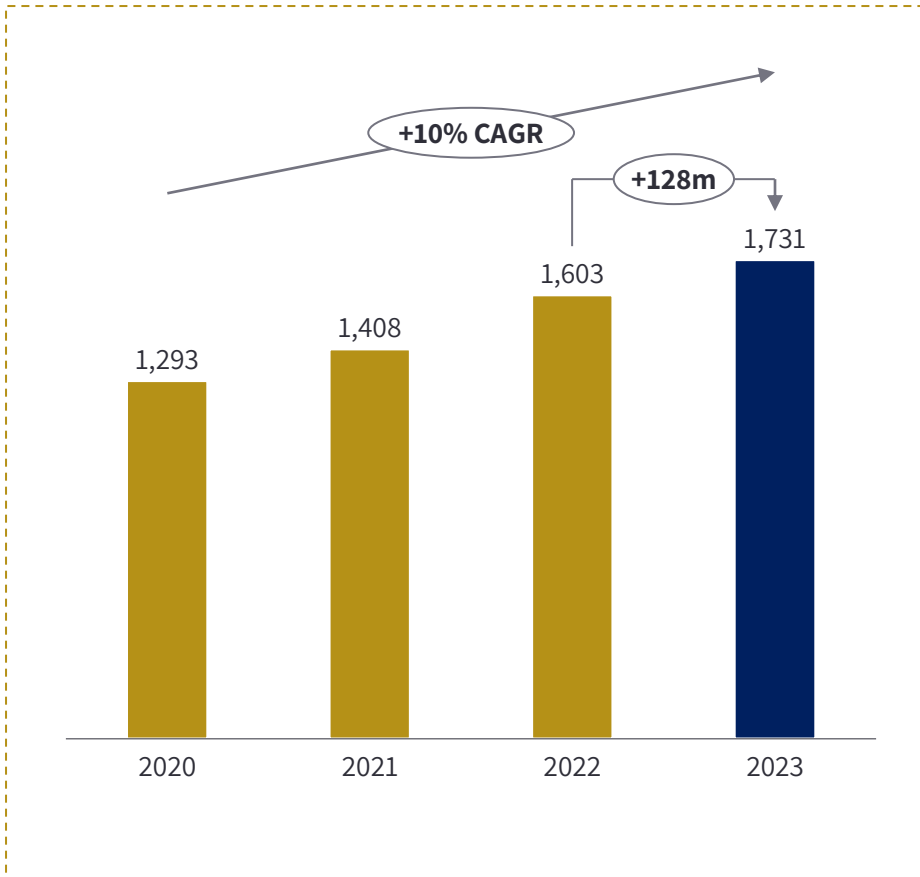
In Q4/2023, motor property recorded a profit of approx. NIS 8 million

# Health insurance

Growth in the illnesses and hospitalization subsegment compared to a run-off in the long-term care subsegments



Premiums, gross, NIS million



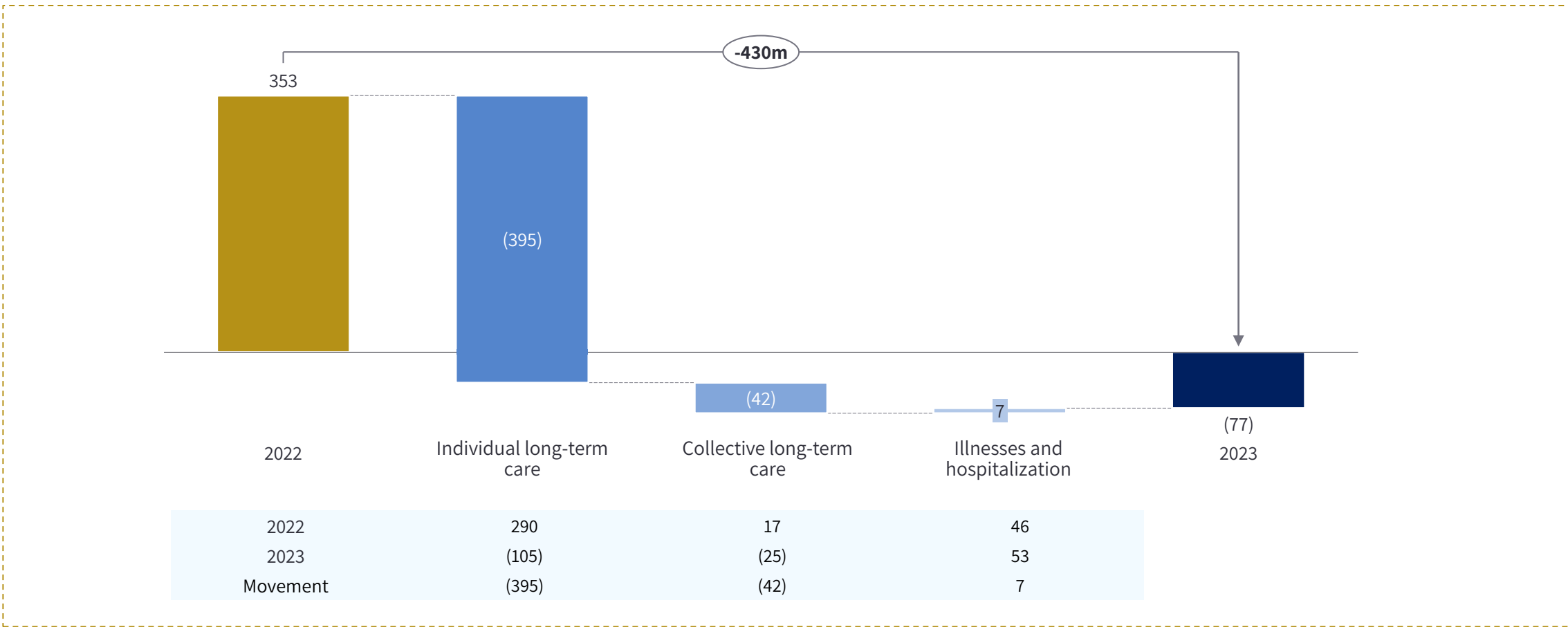


# Health insurance

Lower comprehensive income due to the lack of interest rate effect alongside an increase in incidence of LTC claims

- P&C
- Health
- Life
- Pension and provident
- Credit cards
- Other

Comprehensive income, before tax, by operating segment, NIS million



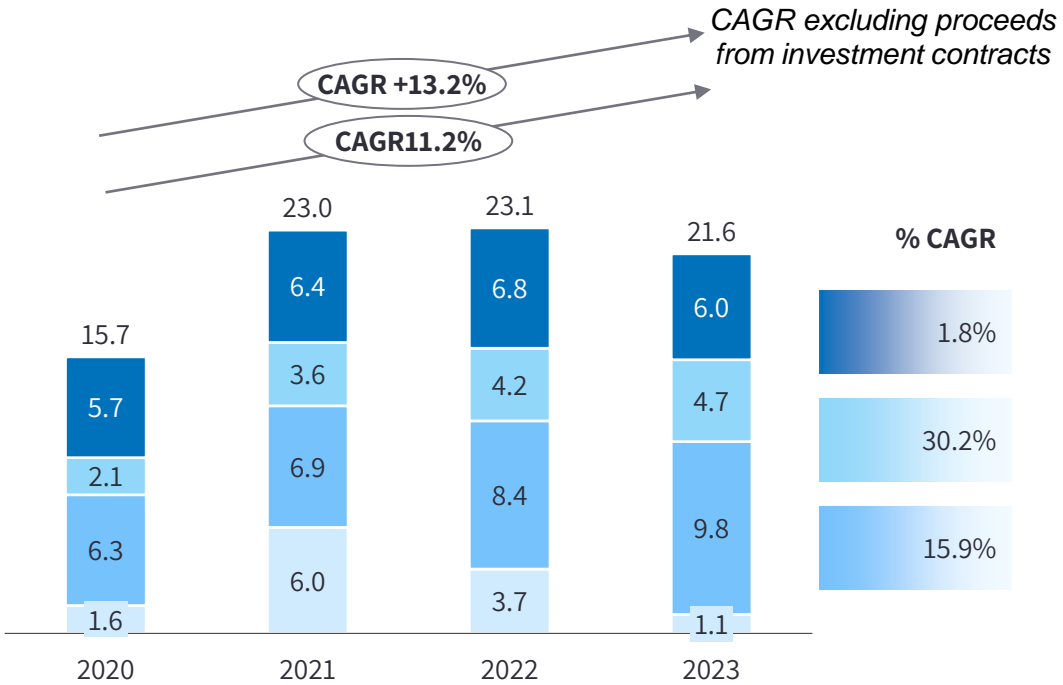
# Long-term savings

Improvement of approx. NIS 360 million in comprehensive income, alongside an average annual growth of approx. 11% in premiums



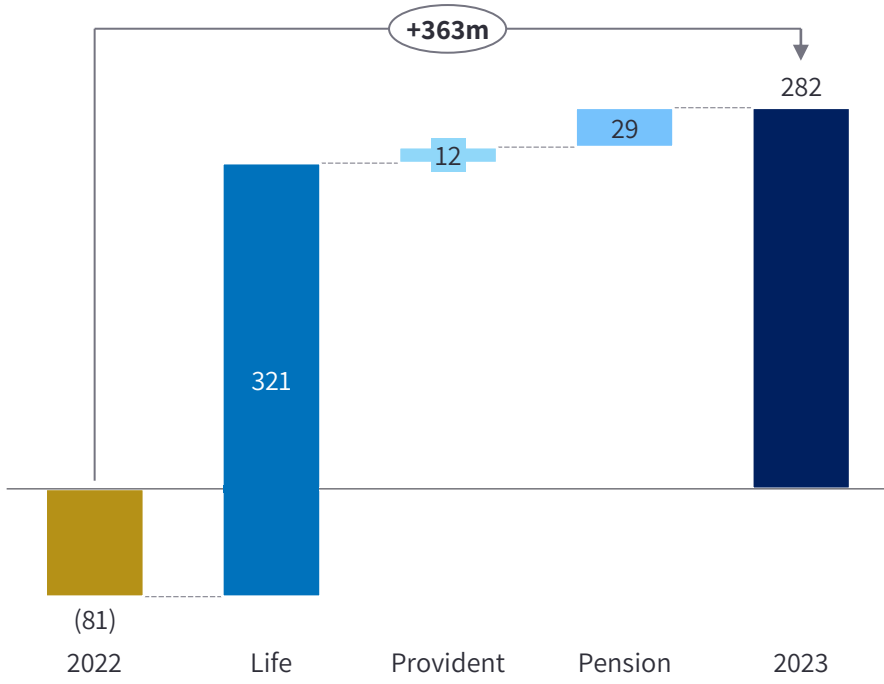
## Premiums, contributions towards benefits and proceeds in respect of investment contracts, NIS billion

Growth in pension and provident, alongside a run-off in life insurance (executive insurance), and a decrease in proceeds for investment contracts



- Premiums earned - life insurance
- Contributions towards benefits - pension
- Contributions towards benefits - provident
- Proceeds from investment contracts

## Comprehensive income, before tax, by operating segment, NIS million



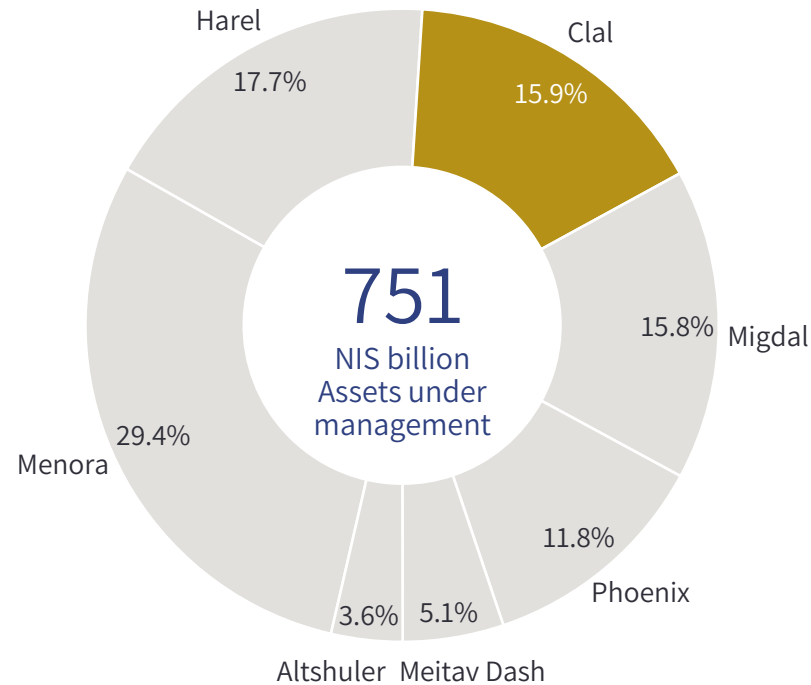
2022	(96)	(2)	18
2023	225	10	47
Movement	321	12	29

# Long-term savings - pension

The Company maintains its market positioning with a market share of approx. 16%

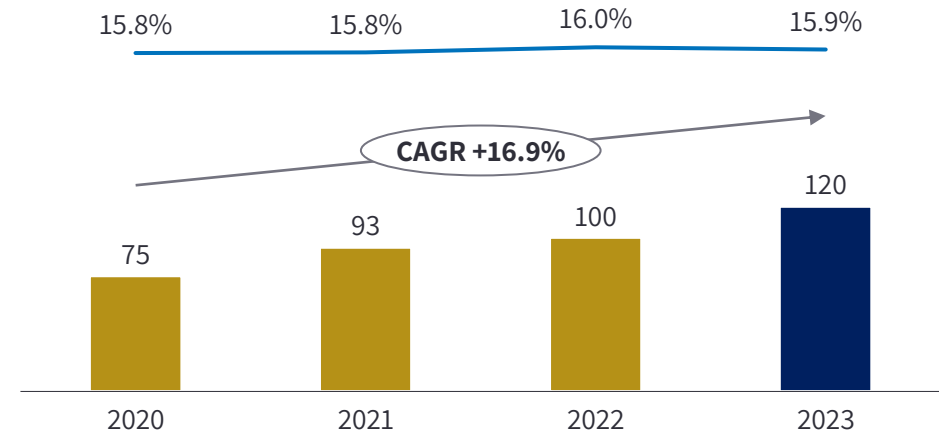


## Market breakdown in 2023 - Pension assets under management - comprehensive and supplementary



## Pension assets under management (comprehensive and supplementary) and market share (NIS billion)

The Company's pension assets under management grew by an average of approx. 17% annually in the last three periods, hand in hand with the market's growth, while maintaining a stable market share, despite the entry of new players.



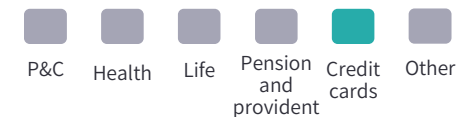
## Market size - Total pension assets under management (comprehensive and supplementary) (NIS billion)

2020	2021	2022	2023
475	590	621	751

- Clal's market share
- Pension assets under management - comprehensive and supplementary

# Credit cards - MAX's results vs. the competition

MAX leads in return on equity, maintaining profitability similar to 2022, despite the Iron Swords War

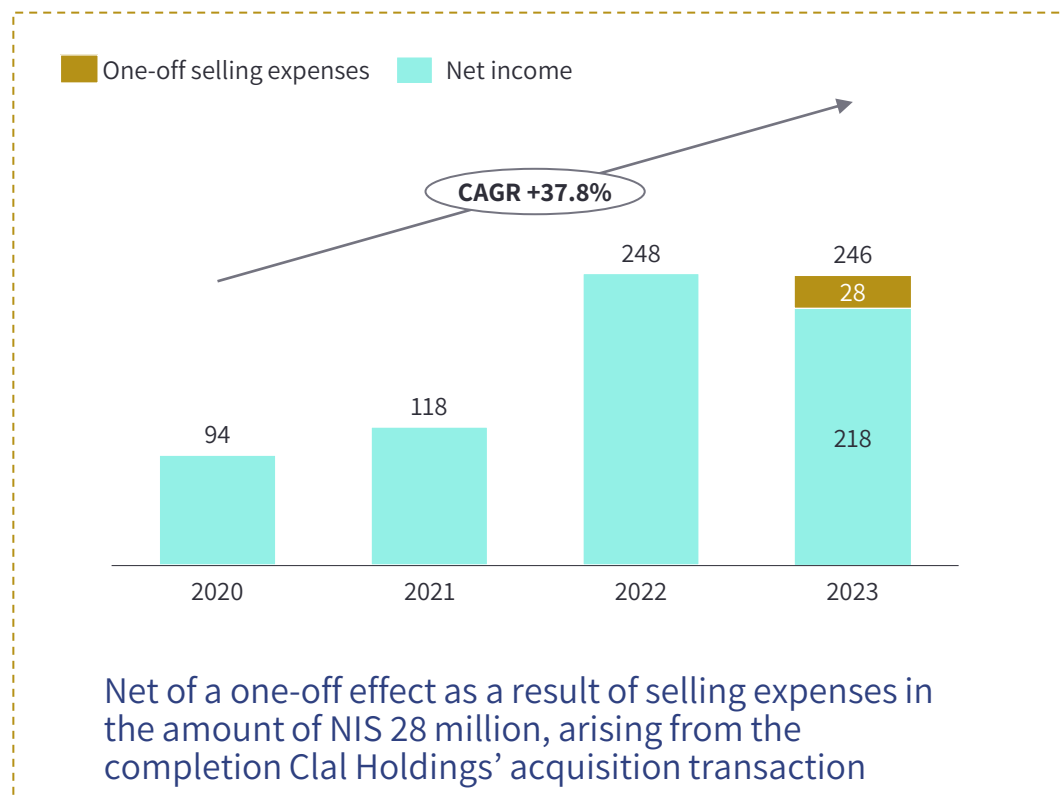


## Credit card activity

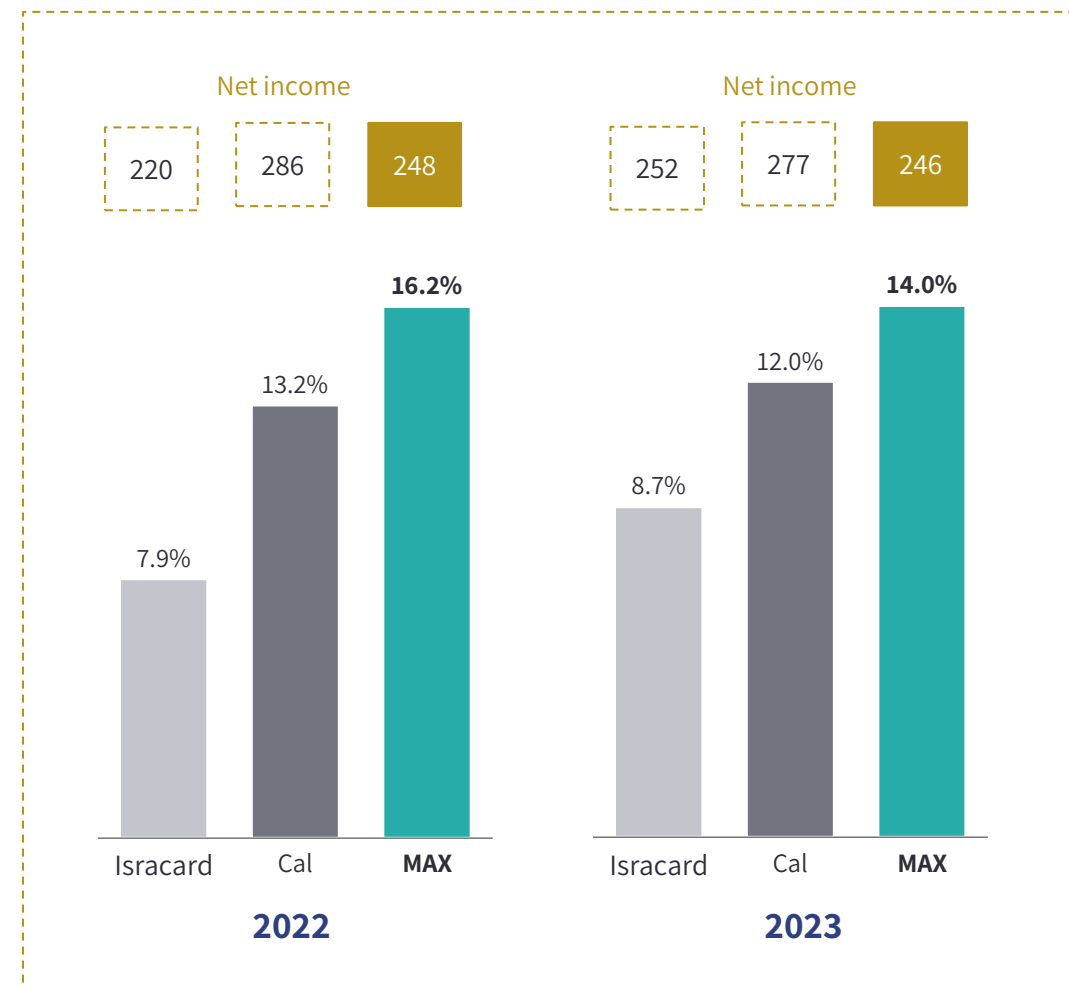
Includes the operating results of the credit cards company, which engages in issuance, acquiring and credit origination

The results of MAX and Milo, as well as of companies under their control, were consolidated under the segment as of April 1, 2023

## Development of net income, m NIS



## Return on equity and net income\* (% , m NIS)

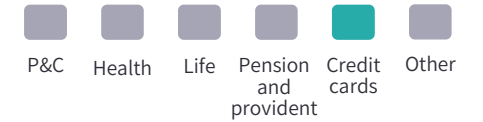


\* net of a one-off effects

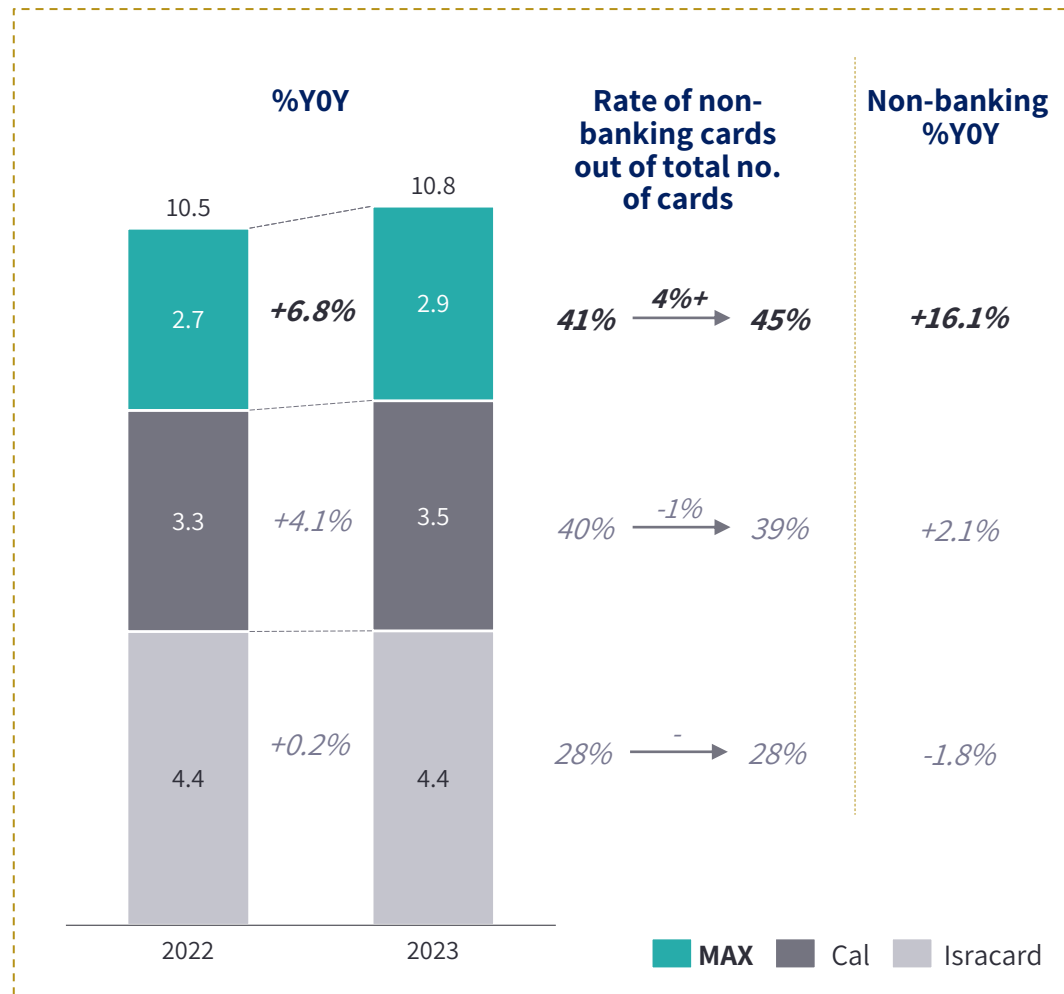


# Credit cards - MAX's results vs. the competition

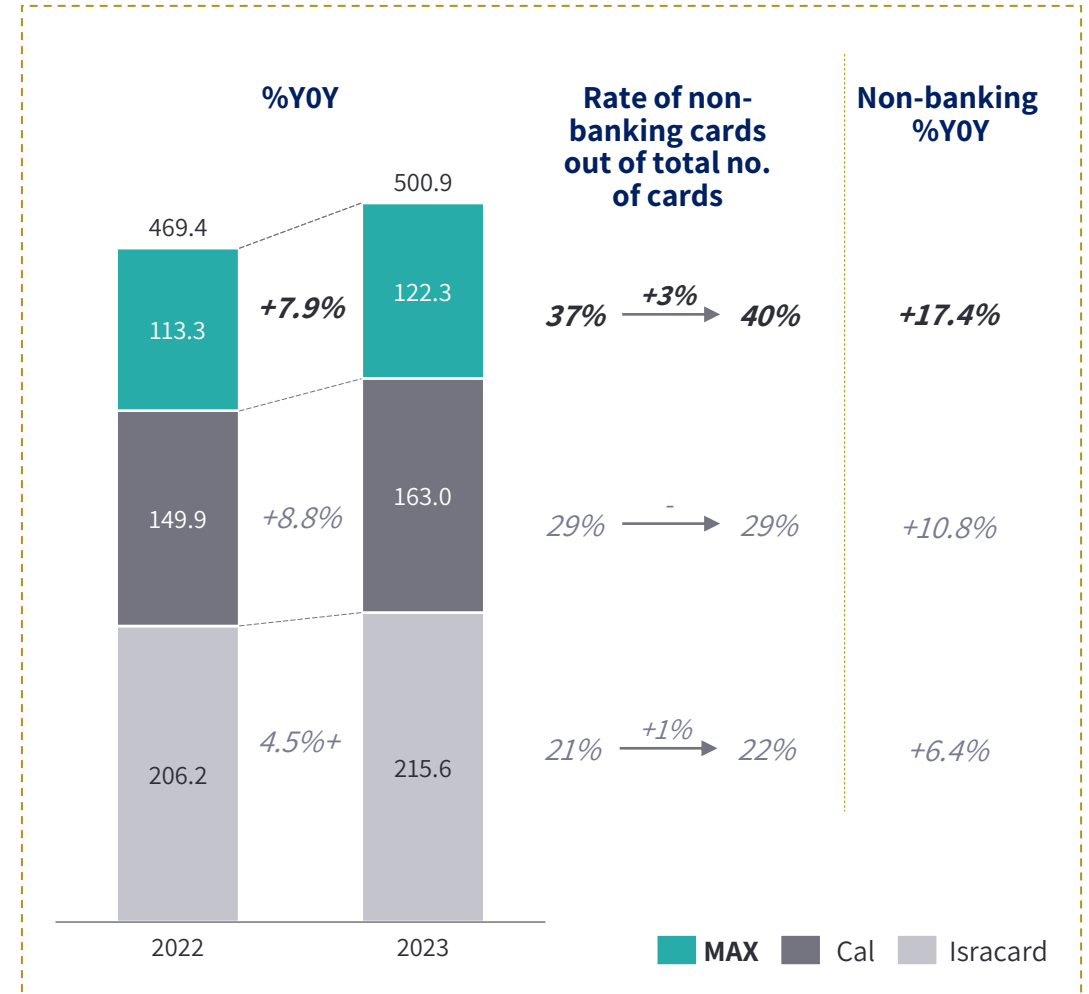
## Realization of growth strategy in non-banking cards



No. of active cards, millions of units

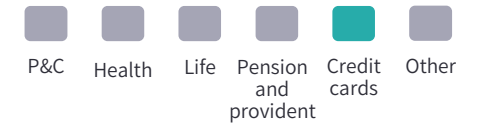


Issuance turnover, NIS million

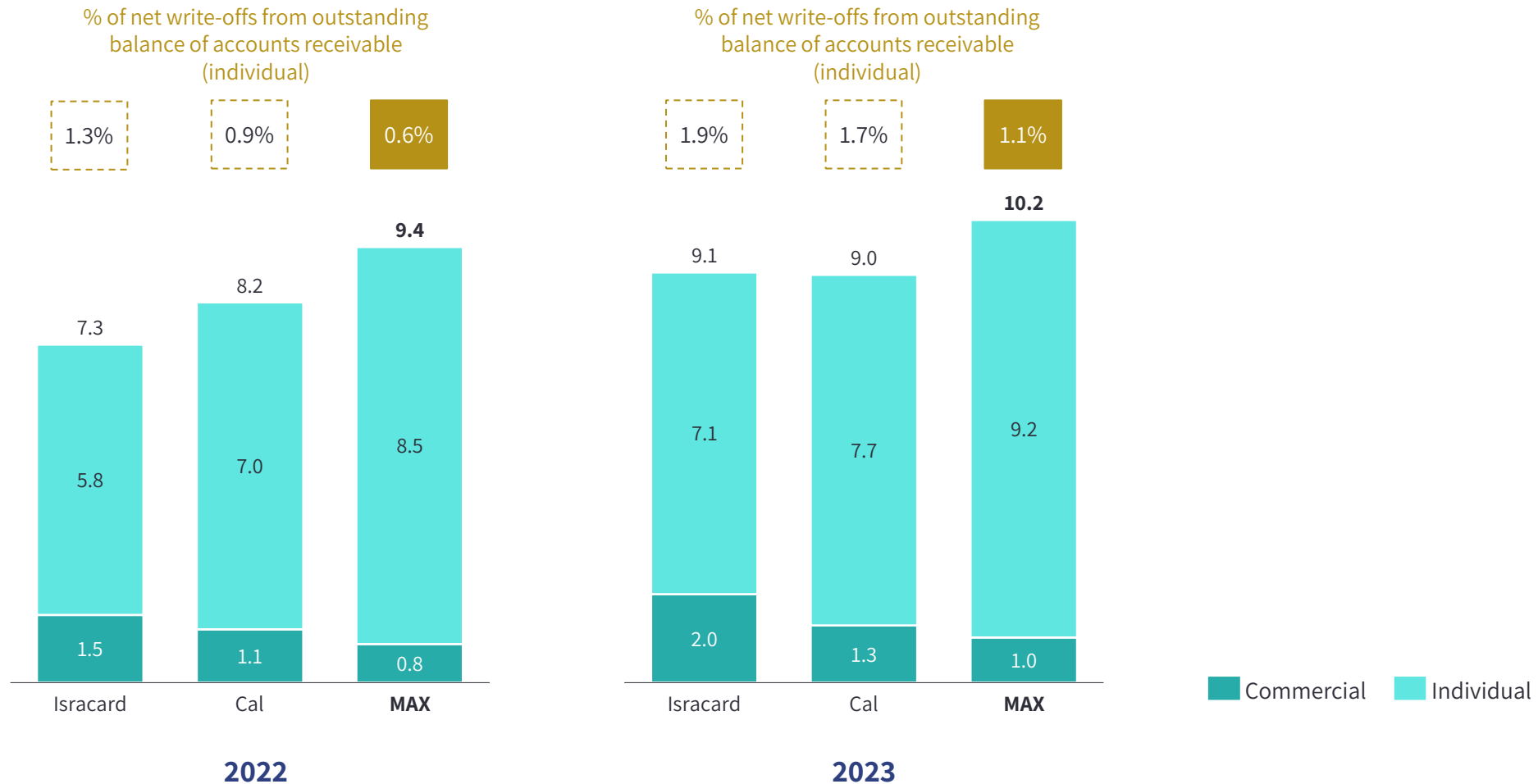


# Credit cards - MAX's results vs. the competition

MAX has the largest credit portfolio in the industry; leads in portfolio size and quality



## Credit portfolio, NIS million



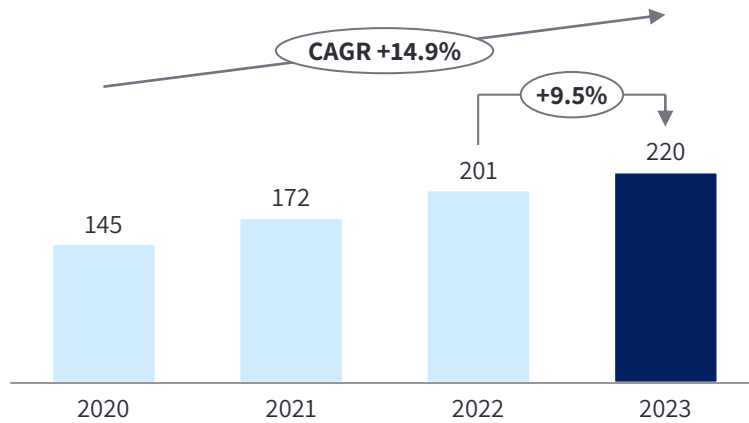
# Other segment

Growth of approx. 53% in comprehensive income in the past three years in respect of own agencies



## Income from commissions, NIS million

Income from commissions provided by insurance agencies activity grew by approx. 10% compared to the corresponding period last year, with the average annual growth being approx. 15% in the past three periods.



## Comprehensive income, before tax, NIS million

Average annual growth is approx. 15% in the past three periods. The 2021 income was affected by a one-off income from an investment in Michlol.

