



# Financial Statements

March 2024

## 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

Eight months have passed since the outbreak of the Iron Swords War, in which Israel was the target of a murderous terrorist attack.

It is obvious that 2024 continues to be challenging and complex and during these defining moments, institutional entities play an enormously crucial role in reinforcing economic resilience, which has a direct effect on the State of Israel's national resilience.

Our hearts go out to the hostages, and we pray for their quick return to their families.

Our condolences to the families of IDF soldiers, who were killed in the line of duty, and to the families of the civilians who were murdered; we pray for a quick recovery for the injured.

We support IDF soldiers and hope for better days - for a life of security, peace and joy.





## **01 Key Points**

**02** Operating results highlights

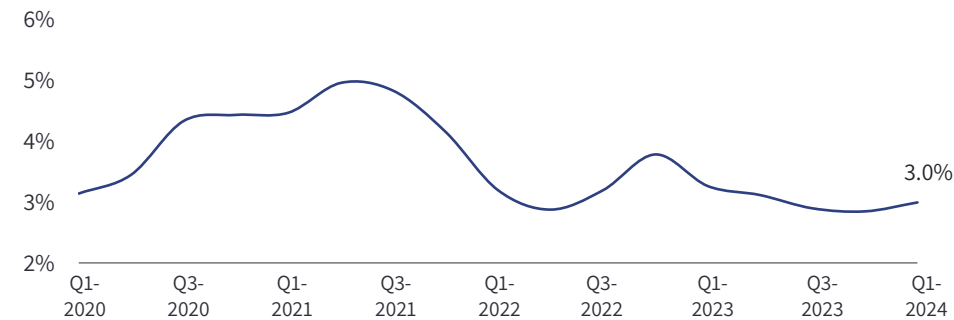
**03** Details of changes in income by segment

# The Israeli economy

## Robust macroeconomic data

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

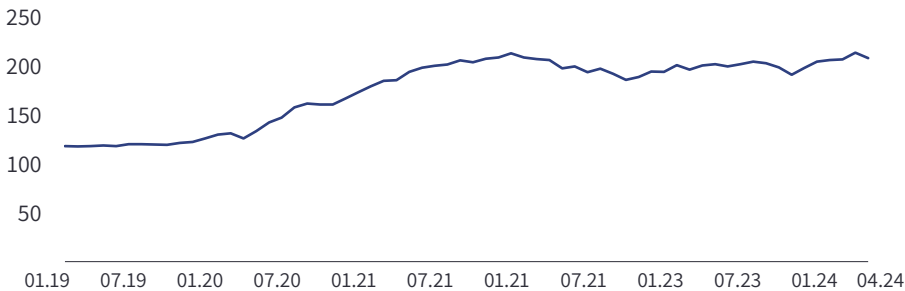
The unemployment rate in Israel is at record lows, at approx. 3%



Source: Bank of Israel

**Foreign exchange balances** (USD billion)

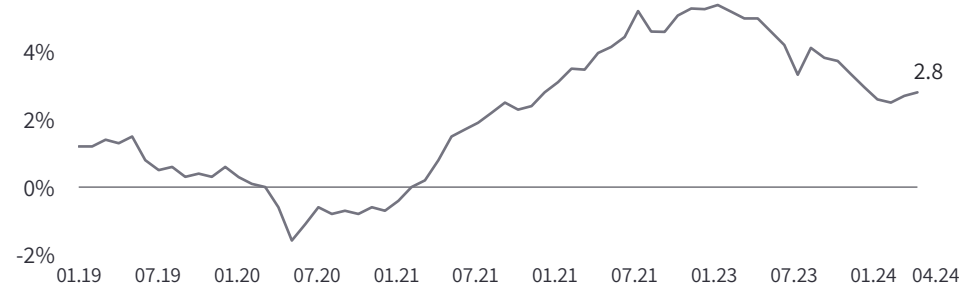
Foreign currency balances are at a record high and may support the Bank of Israel in stabilizing the exchange rate if needed



Source: Bank of Israel

**Inflation index**

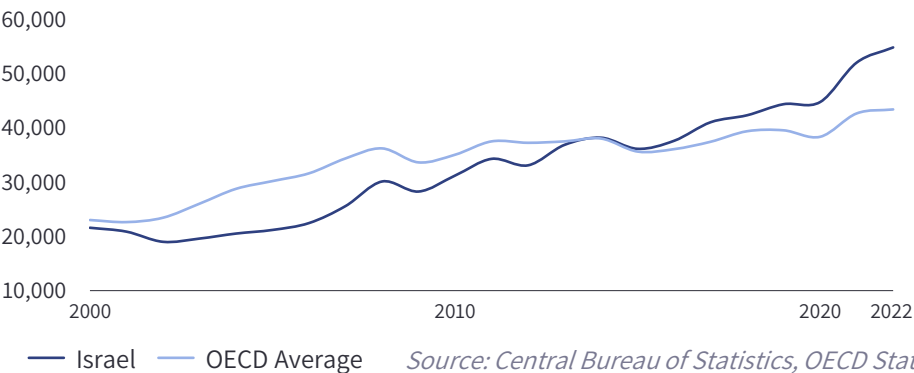
The annual inflation rate stands at 2.8%, which is similar to the Bank of Israel's inflation expectation (2.7%)



Source: Bank of Israel

**GDP per capita** (USD)

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



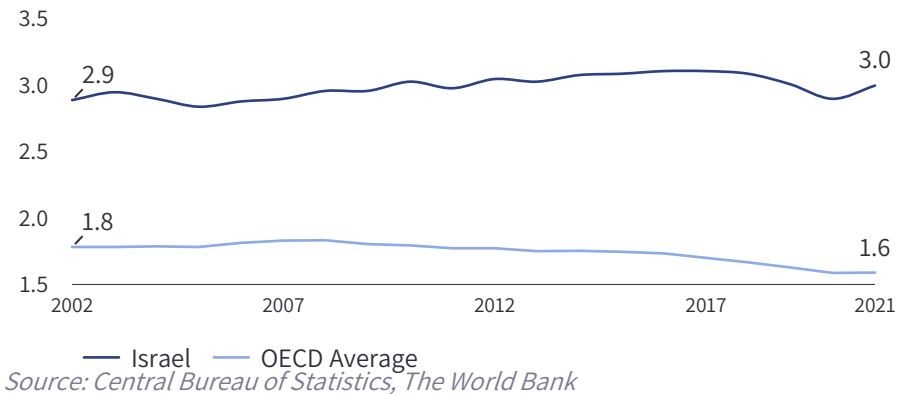
Source: Central Bureau of Statistics, OECD Statistics



# The Israeli insurance and credit market key drivers

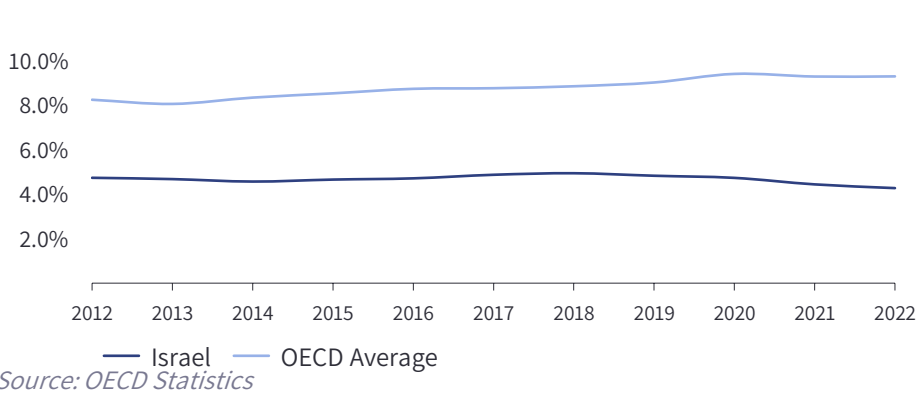
## Fertility rate, average no. of children per woman

This is a significant growth engine for the insurance, savings and credit subsegments. In the past twenty years, Israel's fertility rate has been approx. 90% higher than the average fertility rate of OECD countries.



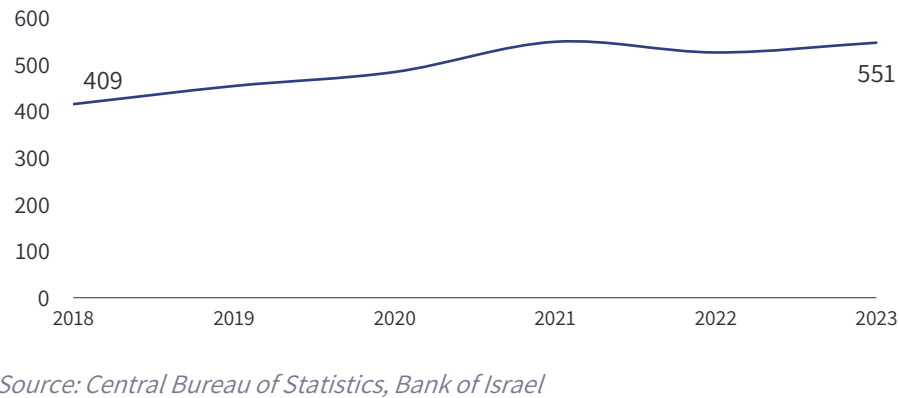
## Penetration rate - insurance products (%)

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.



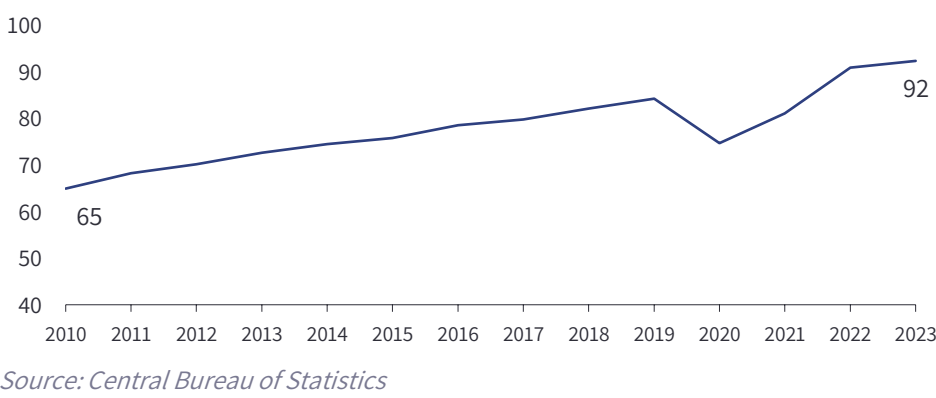
## Average savings per capita (NIS thousand)

Growth engine of long-term savings subsegment. One can see an average annual growth rate of approx. 8% during the past five years.



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

This is 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. 2.7% per annum.



## **Q1 2024 reflects the realization of the strategy, which was implemented in 2023**

In 2023, Clal Holdings completed the acquisition of the credit card company Max, and it is currently benefiting from two significant pillars - the insurance and long-term savings segment and the credit cards segment. Thus, Clal Holdings accelerated its transition 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.

In the insurance and long-term savings segment, Clal continues to achieve growth in products, which are at the core of its strategy, and at the same time continues to manage its historical businesses, which undergo a runoff process.

# The Group's Key Results, Q1 2024

NIS 6.5  
billion

Premiums

With added contributions towards  
benefits and investment contracts

NIS 348  
billion

Assets under management

NIS 164  
million

Comprehensive income,  
after tax

Attributable to shareholders

7.6%

Return on equity

Attributable to shareholders

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

The Company's rating

NIS 8.7  
billion

Shareholders equity

Attributable to shareholders

NIS 0.9  
billion

Excess capital

Net of Transitional Provisions

109%

Solvency ratio

Net of Transitional Provisions





## Main trends



**Comprehensive income of approx. NIS 164 million in the quarter compared to an approx. NIS 102 million loss in the corresponding quarter last year**



**Doubling the pre-tax comprehensive income in the insurance and savings subsegments**, to a total of approx. NIS 136 million compared to an income of approx. NIS 65 million last year



**Improvement of underwriting income across all insurance subsegments**, mainly property and casualty insurance



**The improvement in the Group's profitability despite the slowdown in activity and transactions executed abroad due to the War** (effect on Max, travel insurance)



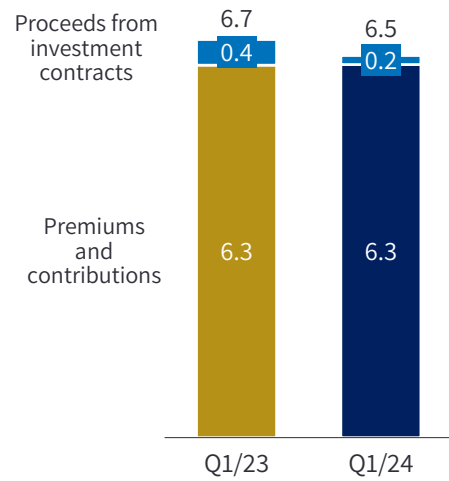
**Better income diversification and profitability from a variety of activities** while reducing dependence on past loss-making activities



**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 December 2023)

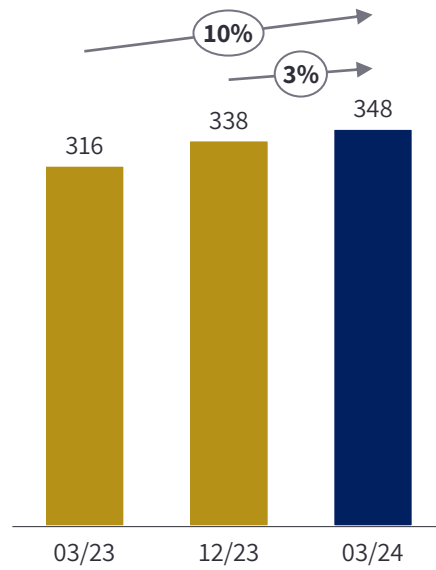
## Main trends

Continued improvement across the Company's key KPIs



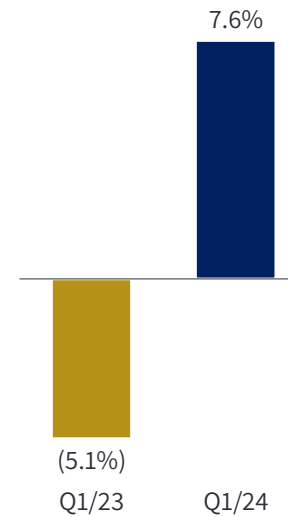
**Premiums** (NIS billion)

**Focusing on core products**



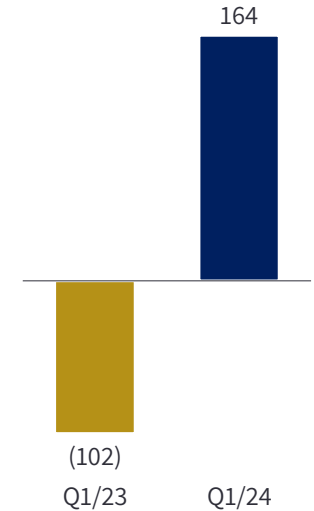
**Assets under management**

(NIS billion)



**Return on equity (%)**

Attributable to shareholders



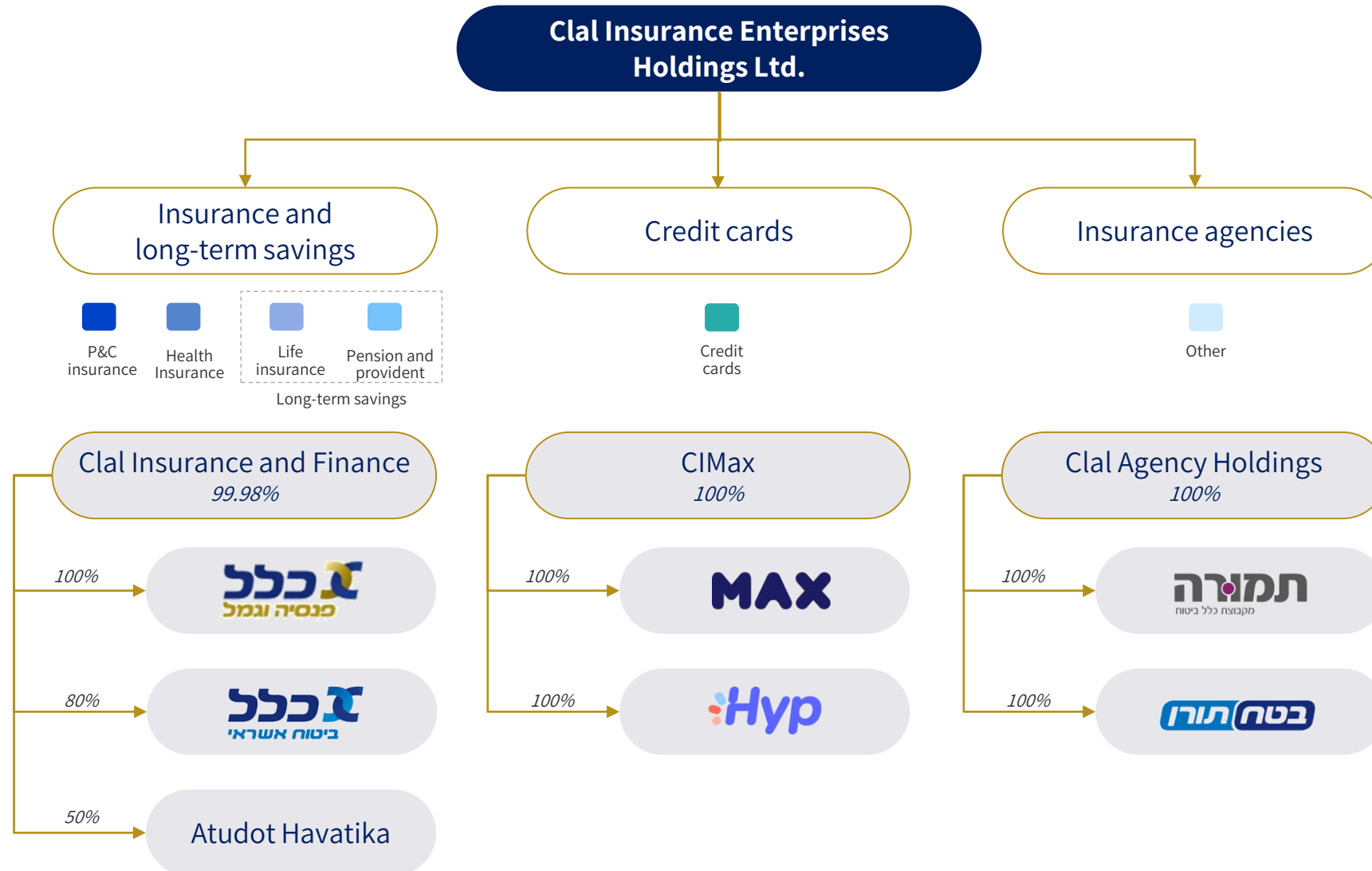
**Comprehensive income, after tax**

(NIS million)

Attributable to shareholders

# Structure of main holdings

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



*Classification of operating segments*

# 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



01 Key Points

**02 Operating results highlights**

03 Details of changes in income by segment

# Equity

Return on equity of approx. 7.6%, despite the challenges arising from the War

NIS million

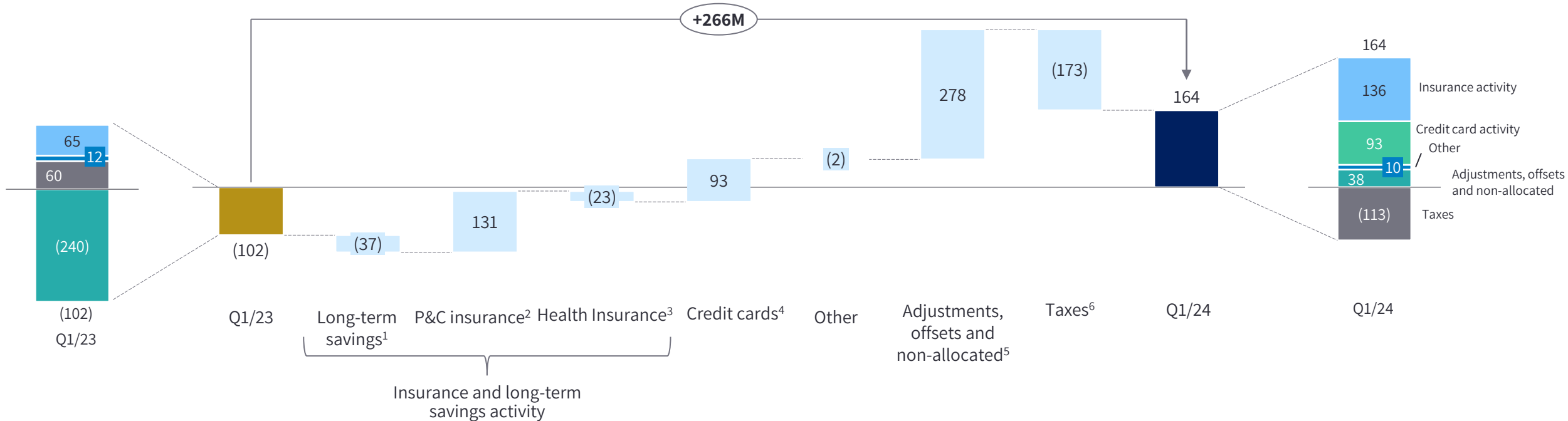


\* Return on equity, annualized

# Comprehensive income, after tax, by operating segment

The Company transitioned from loss to profitability, with an increase of approx. NIS 266 million in comprehensive income, after tax

NIS million



Q1/23	118	(44)	(9)	-	12	(240)	60
Q1/24	81	87	(32)	93	10	38	(113)
Movement	(37)	131	(23)	93	(2)	278	(173)

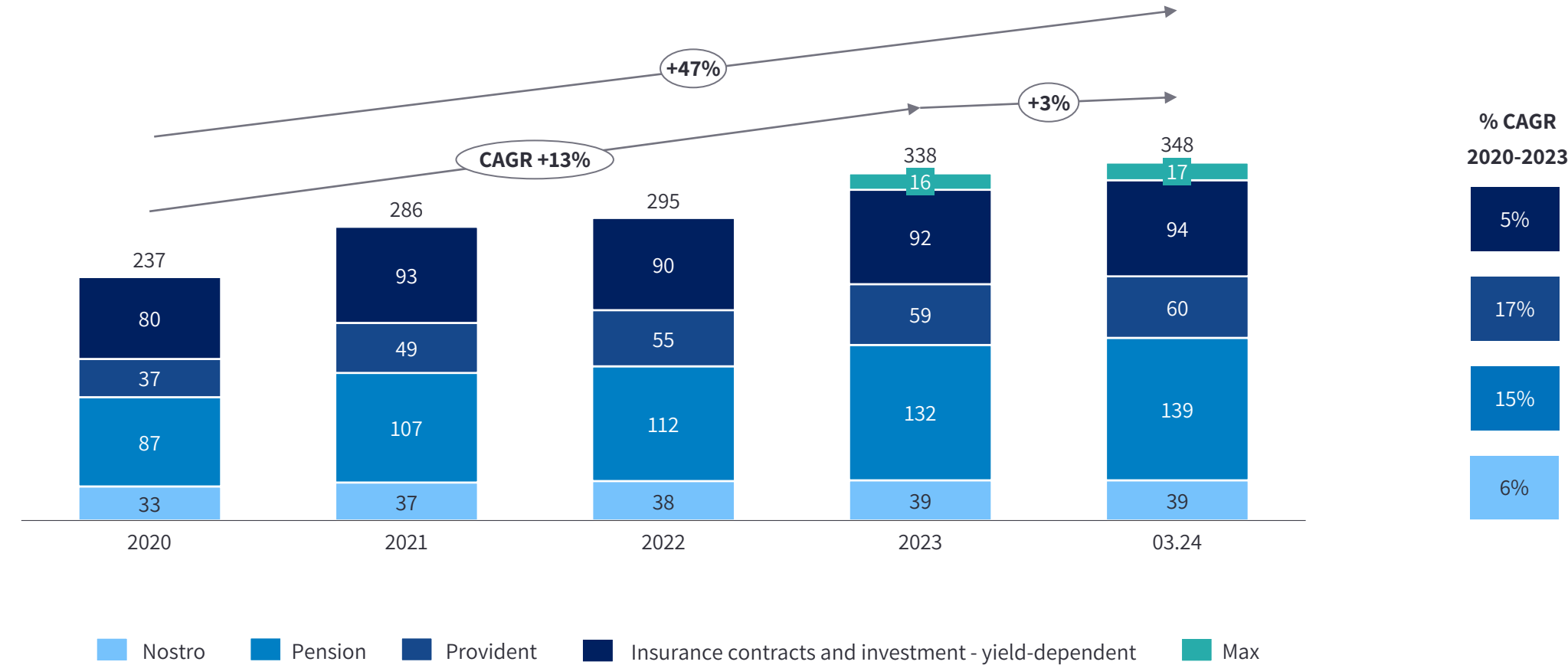
- 1 The lower income is mainly due to a decrease in reserves last year in the amount of approx. NIS 104 million due to the higher interest
- 2 The increase in income arises from substantial improvement in underwriting income
- 3 The increase in loss arises from an increase of approx. NIS 44 million in liabilities in the long-term care subsegment due to the interest rate effect

- 4 The results of Max and Milo, as well as of companies under their control, were consolidated under the Company's results as from Q2/23
- 5 In Q1/23 including a provision for credit default of approx. NIS 220 million upon the acquisition of Max
- 6 In Q1/24 including a one-off increase of approx. NIS 18 million in tax expenses

# Assets under management

Growth of approx. 47% in AUM since 2020

NIS billion

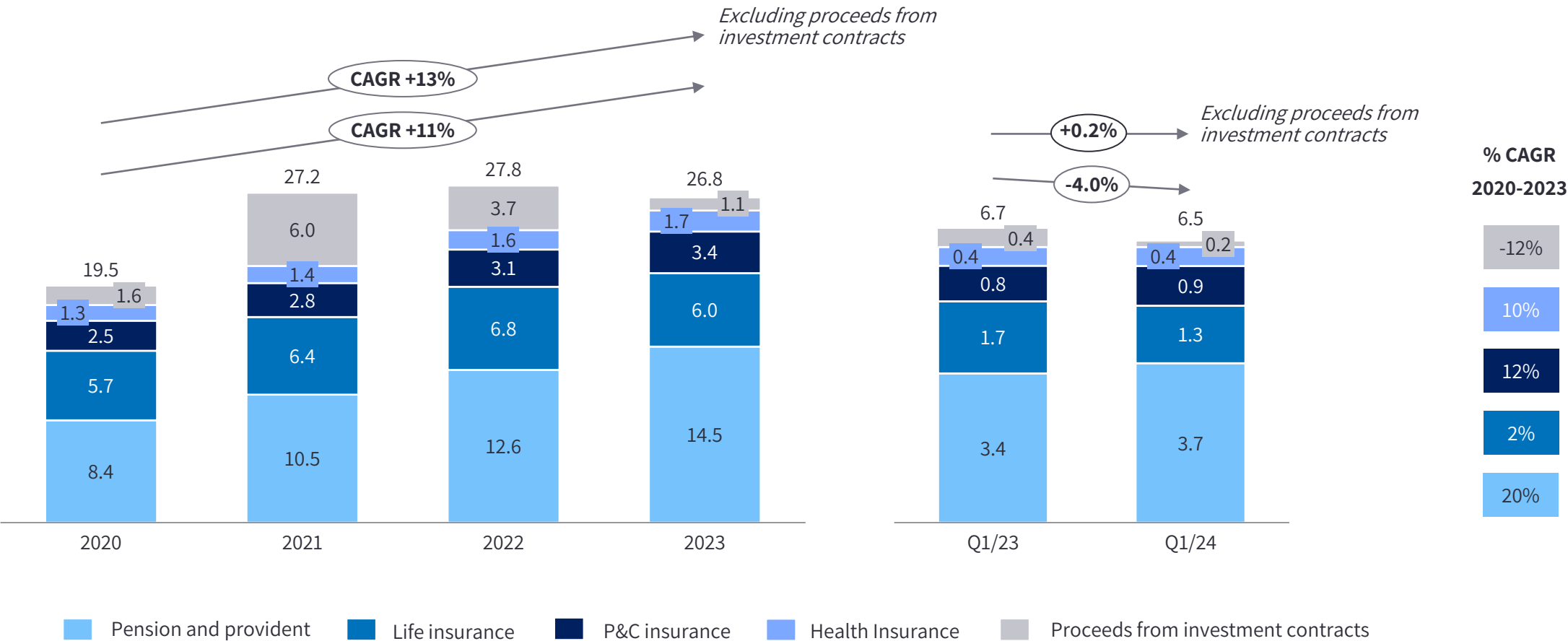




# Scope of the insurance and long-term savings activity

Strong growth in core activity (P&C and life) against a run-off in executive insurance and a decrease in proceeds from investment contracts.

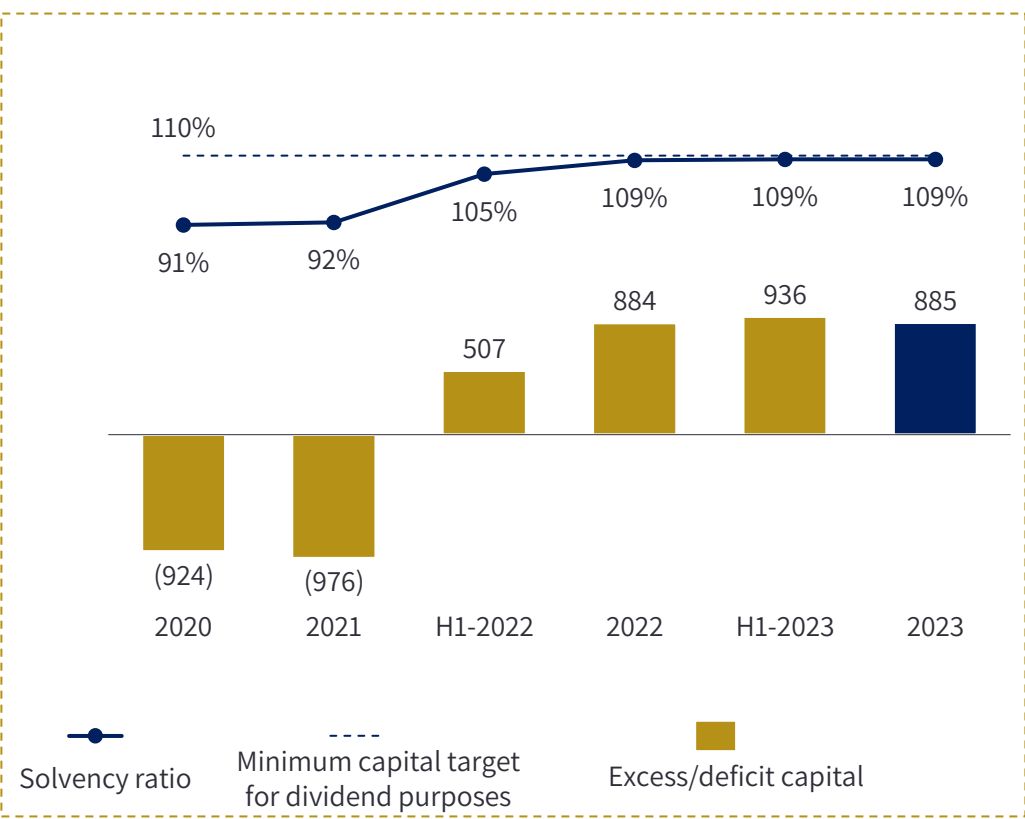
Premiums earned, gross, contributions towards benefits and proceeds in respect of investment contracts, NIS billion



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

maintaining a solvency ratio of 109%

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

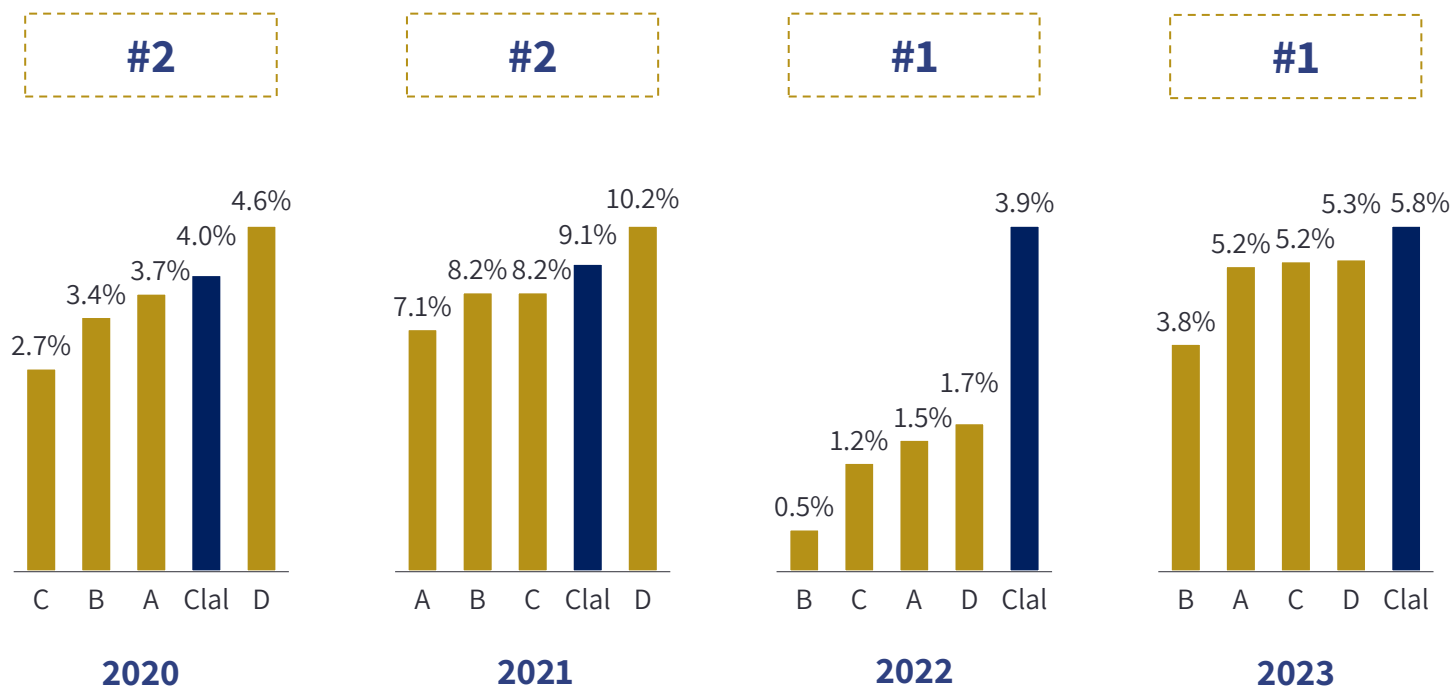
Aa1

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. 14%, without taking into account the Transitional Provisions, and with an additional rate of approx. 9%, taking into account the Transitional Provisions.

# 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



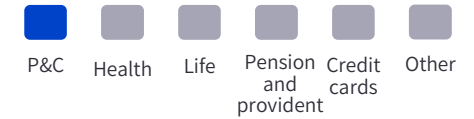
01 Key Points

02 Operating results highlights

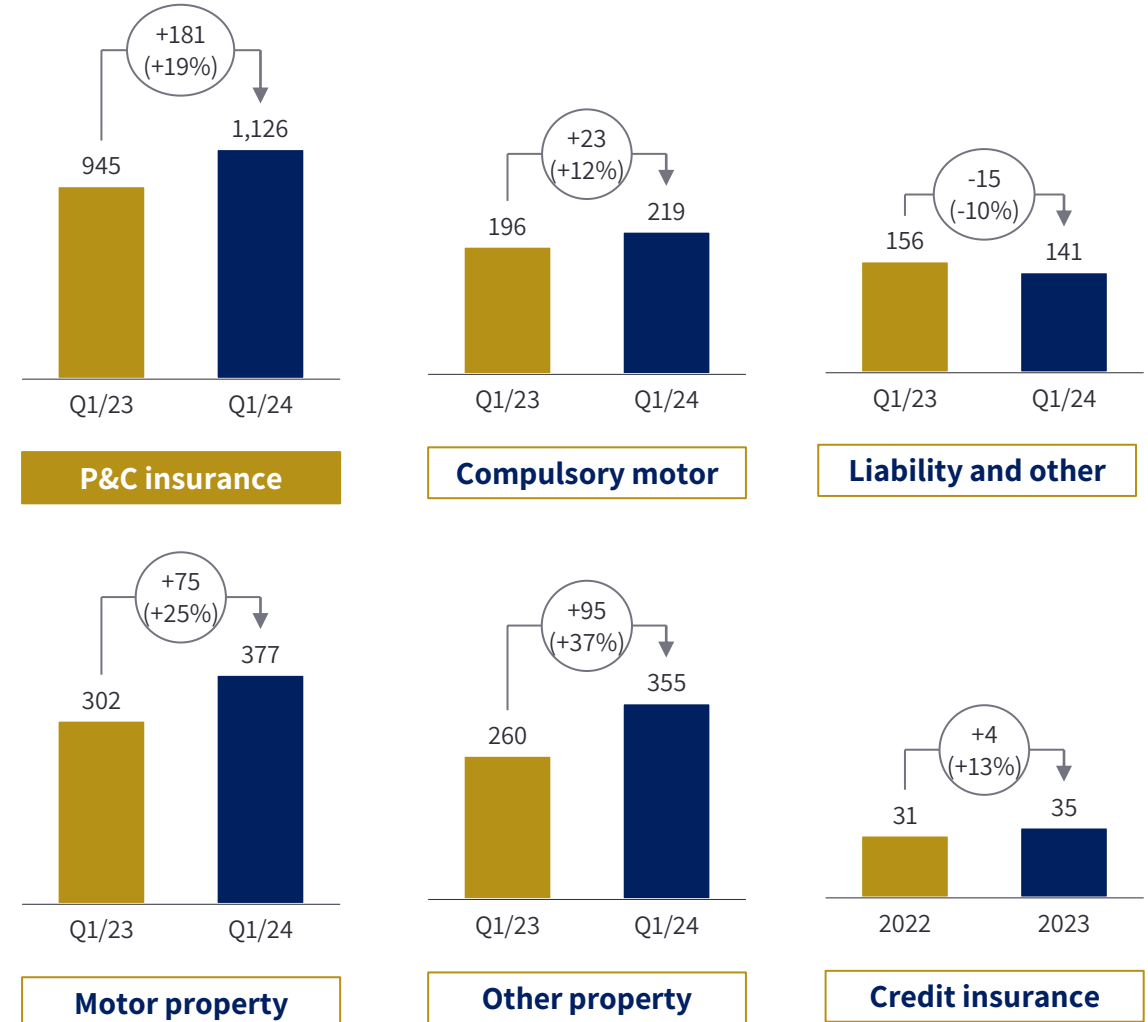
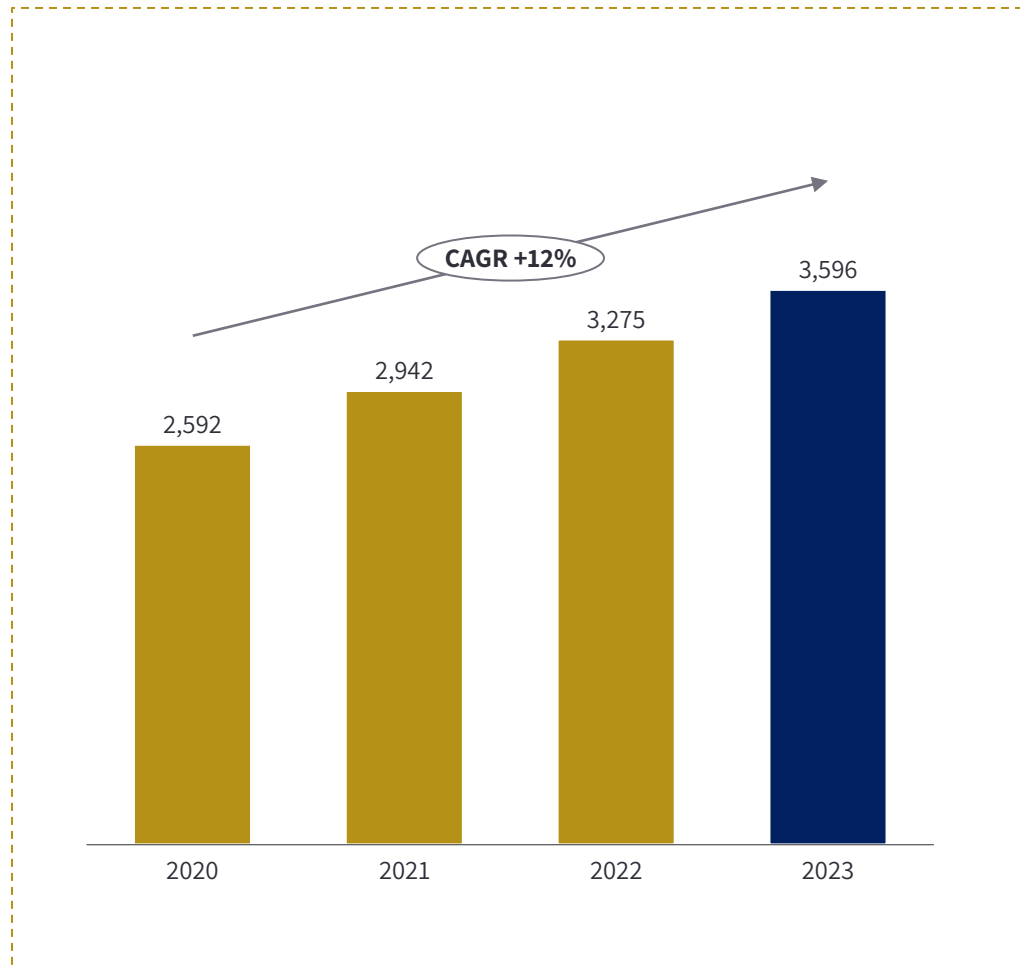
**03 Details of changes in income by segment**

# P&C insurance

Strong growth of approx. 19% in gross premiums in Q1/24, mainly in the property subsegments

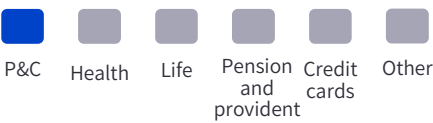


Premiums, gross, NIS million

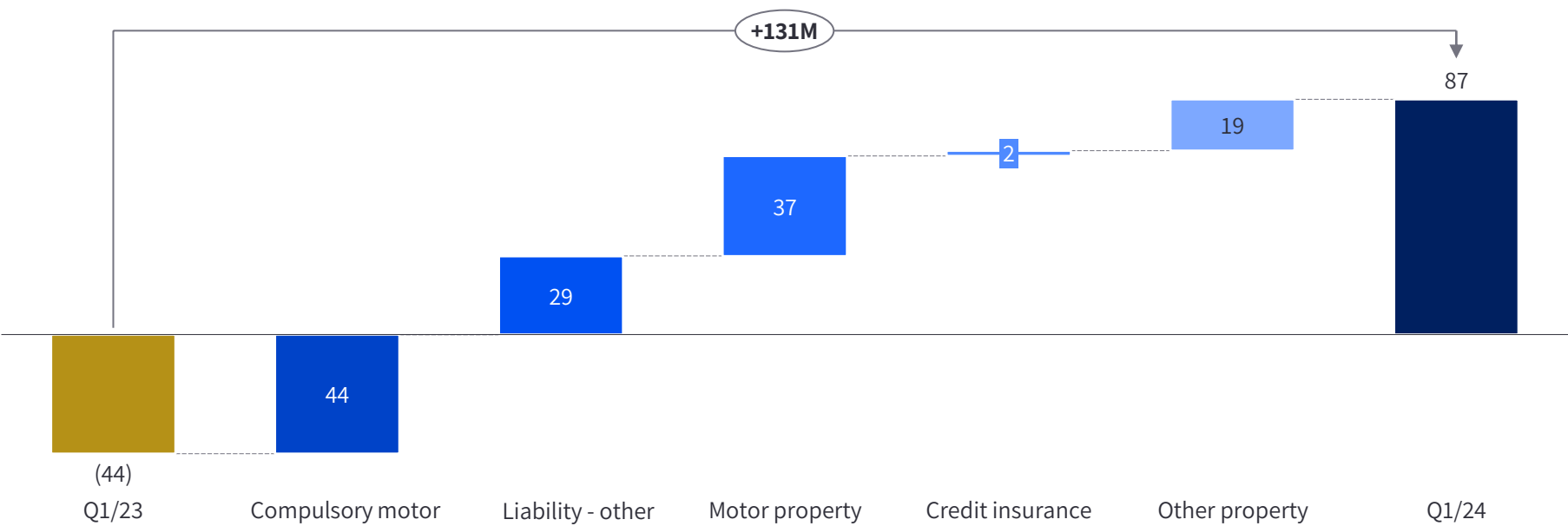


# Property and casualty insurance

Improvement in underwriting results in all subsegments, mainly in the motor property and other property subsegments



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



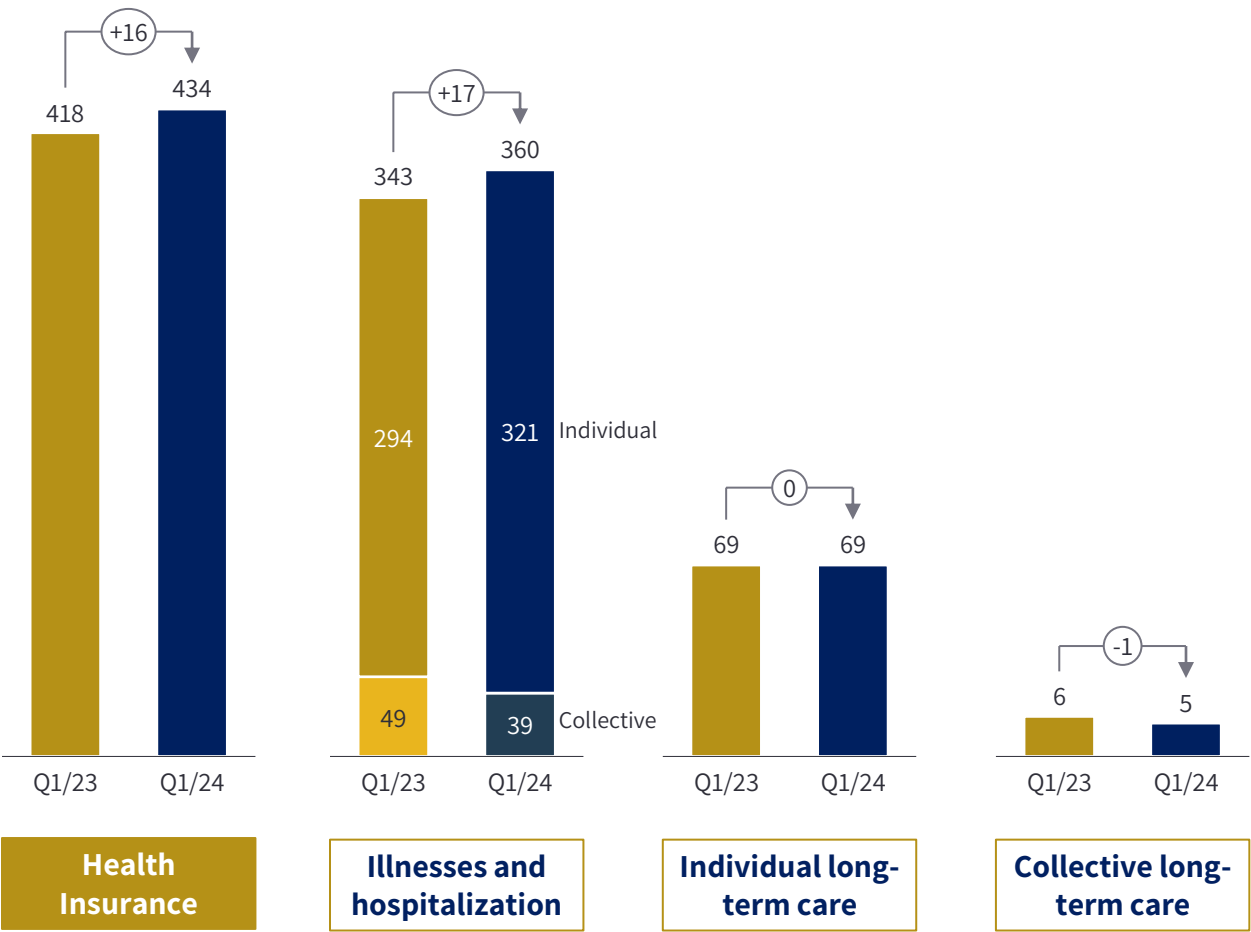
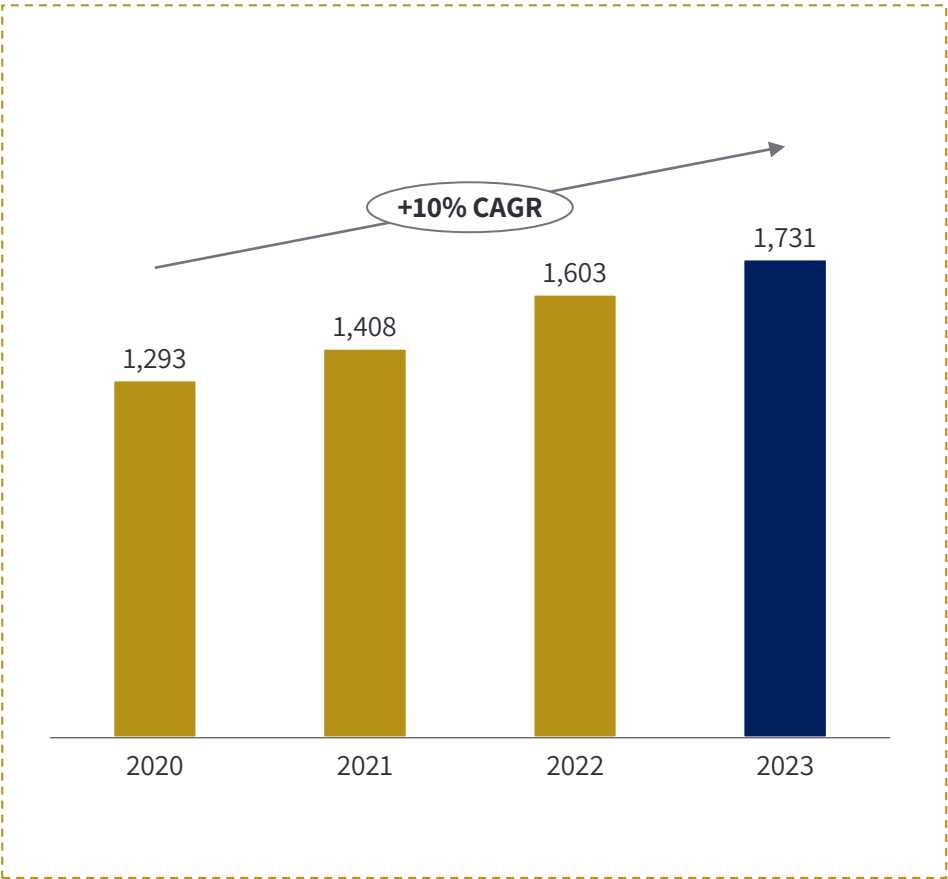
Q1/23	(21)	(24)	(27)	10	18
Q1/24	23	5	10	12	37
Movement	44	29	37	2	19

# Health insurance

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

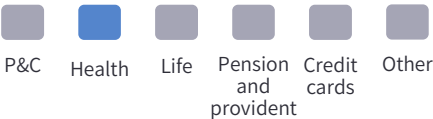
- P&C
- Health
- Life
- Pension and provident
- Credit cards
- Other

Premiums, gross, NIS million

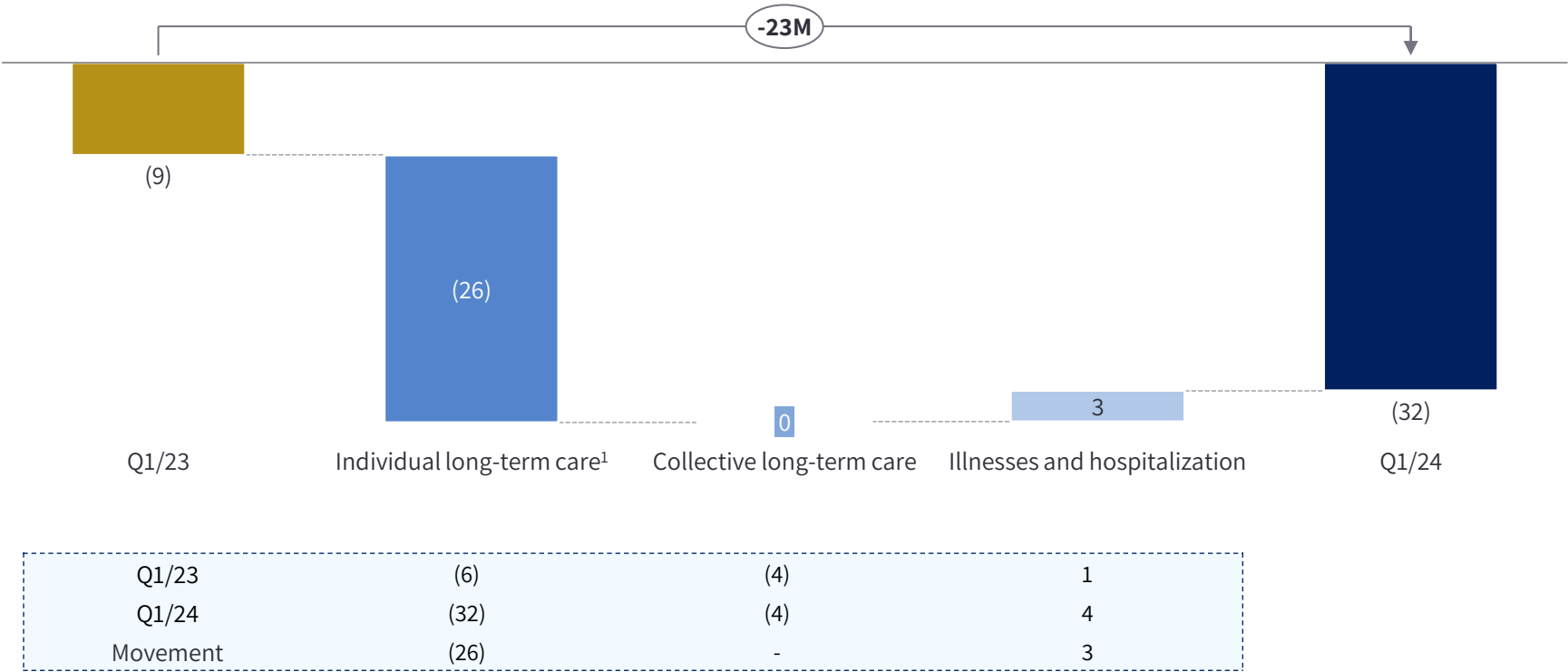


# Health insurance

Decrease in comprehensive income in the long-term care subsegment mainly due to the effect of the interest rate environment



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



1. Including an increase of approx. NIS 44 million in liabilities in the individual long-term care subsegment due to the interest rate effect, which was partially offset by an improvement in underwriting income in this subsegment

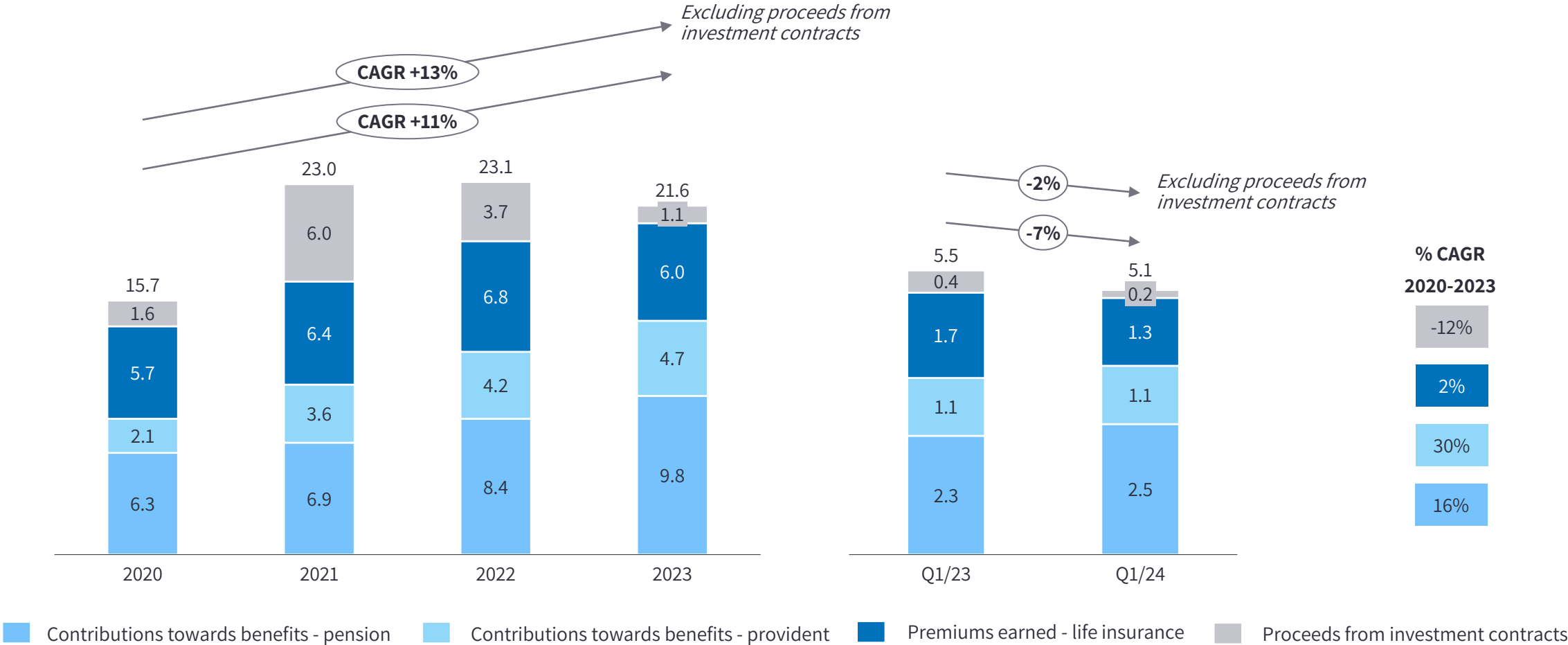


# Long-term savings

Strong growth in contributions towards pension benefits in the quarter, alongside continued run-off in life insurance (executive insurance) and a decrease in proceeds from investment contracts



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

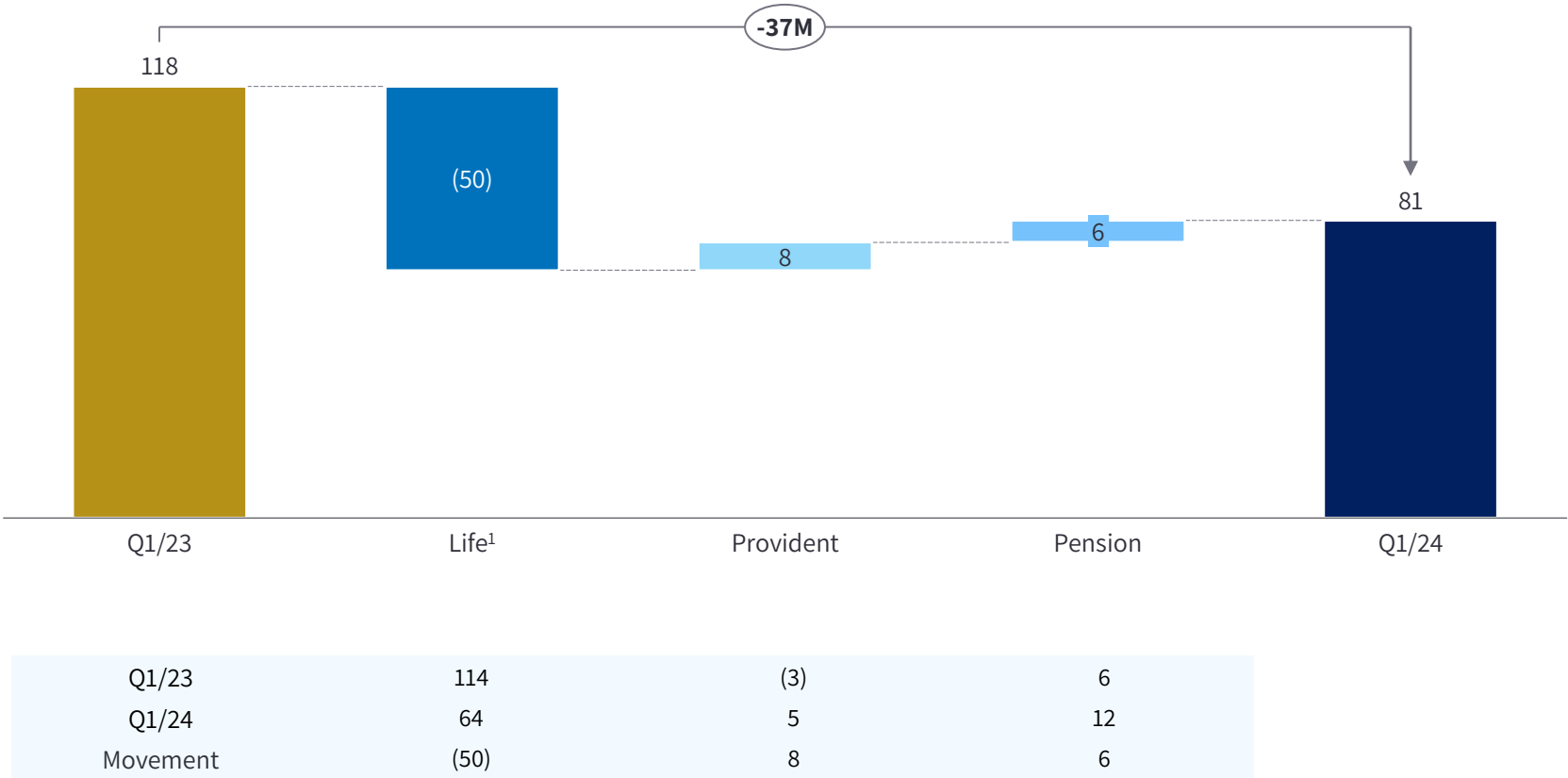


# Long-term savings

Decrease in income from life insurance mainly due to a decrease in reserves last year due to the interest rate environment; improvement in Retirement (Pension and Provident) profitability



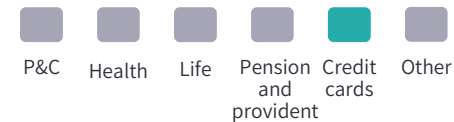
Comprehensive income before tax, by operating segment, NIS million



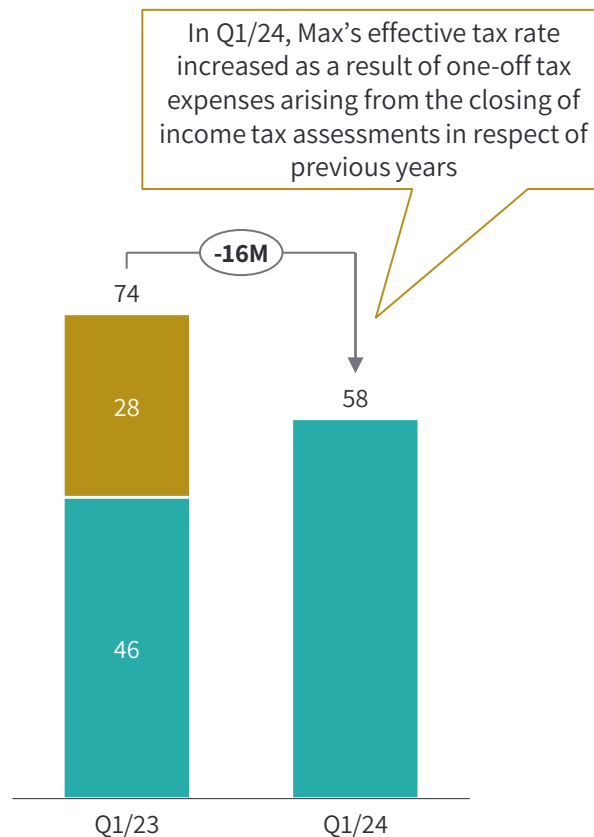
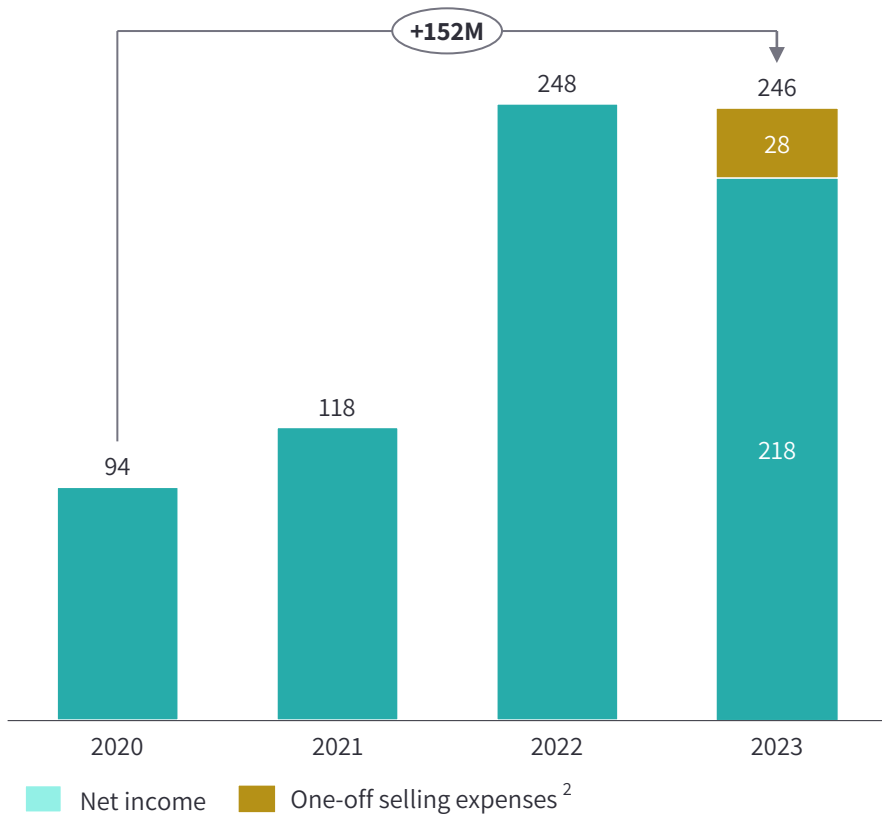
1. The lower income is mainly due to a decrease in reserves last year in the amount of approx. NIS 104 million due to the higher interest

# Credit cards - Max's results<sup>1</sup>

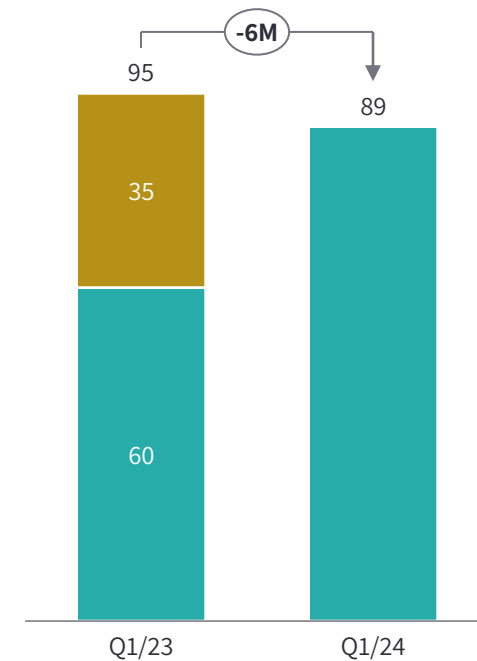
Profitability level is similar to that of the corresponding quarter despite the Iron Swords War



Net income, NIS million



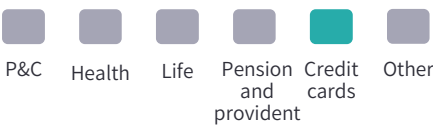
Profit before taxes, NIS million



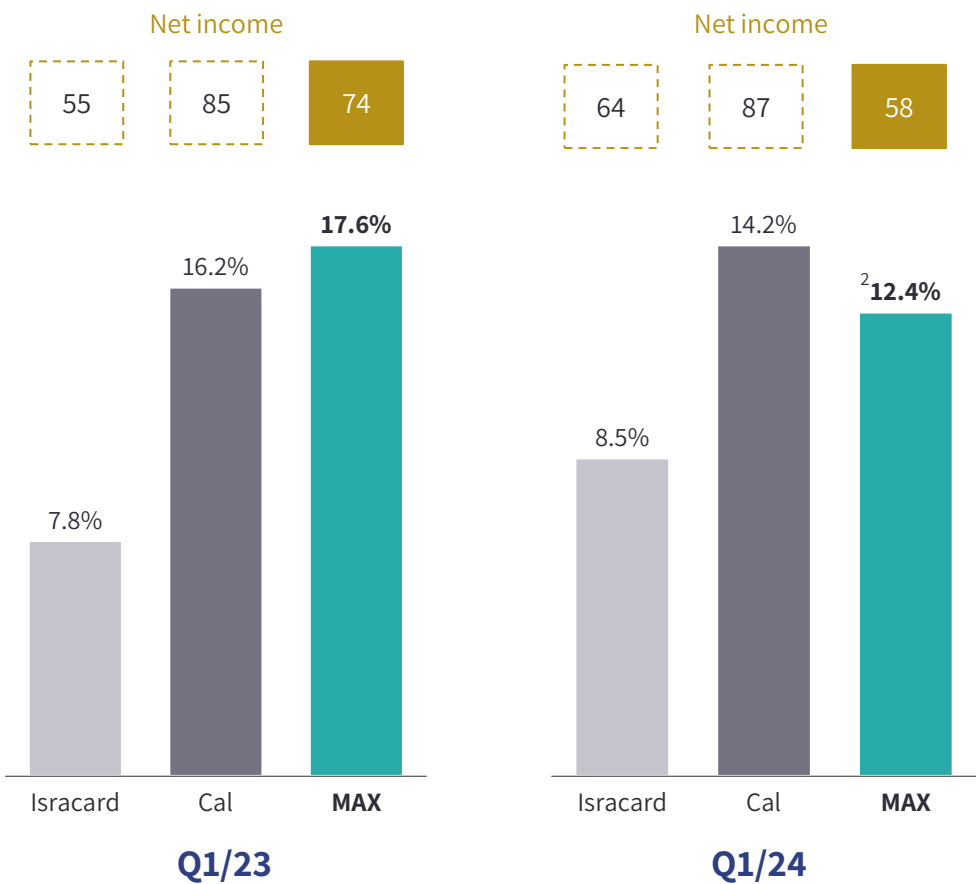
1. The results of Max were consolidated under the segment as from April 1, 2023
2. One-off selling expenses arising from the completion Clal Holdings' acquisition transaction

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

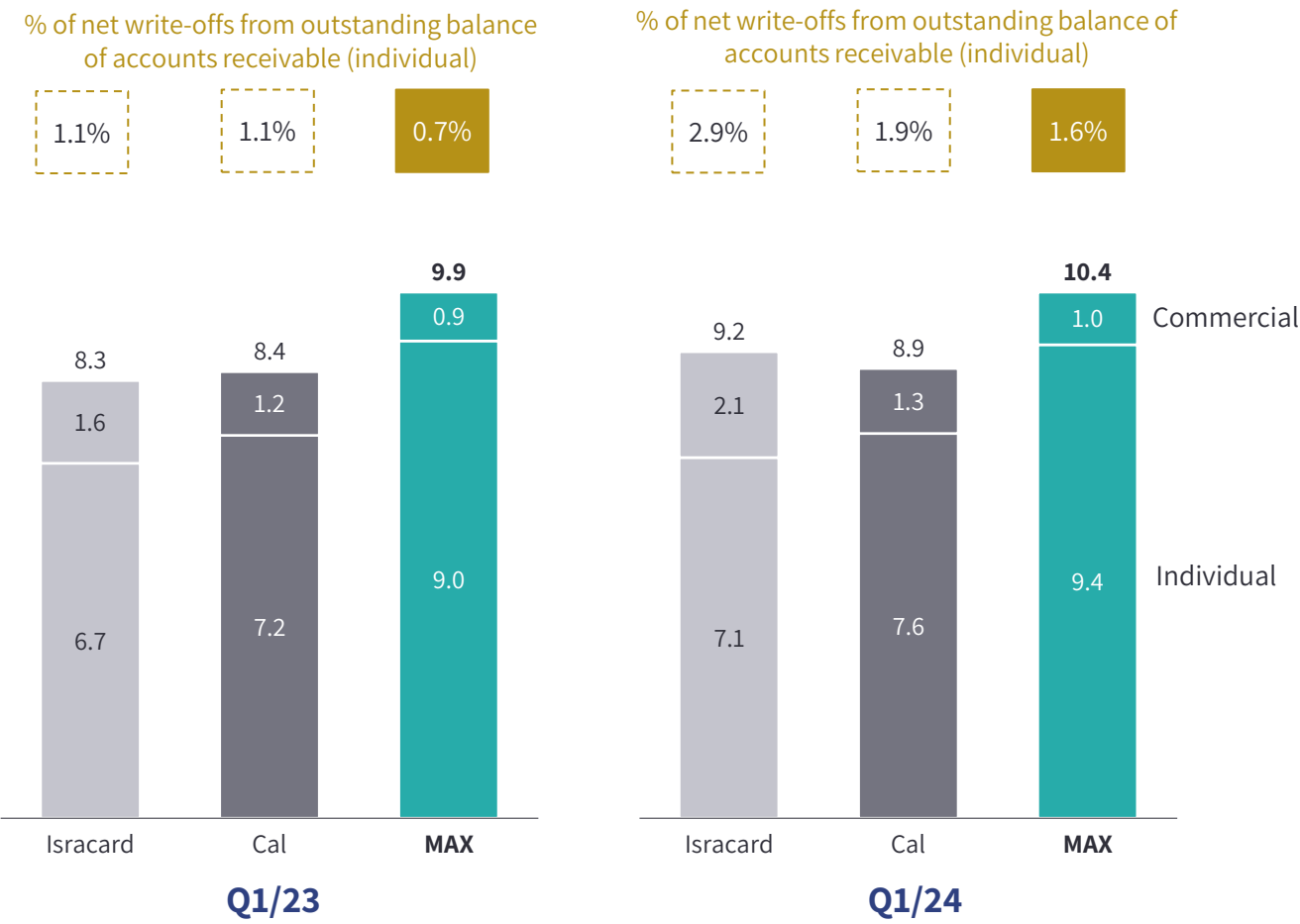
A return of 12.4% in the first quarter; leading in terms of the size and quality of the credit portfolio



Return on equity and net income<sup>1</sup> (% , NIS million)



Credit portfolio, NIS million

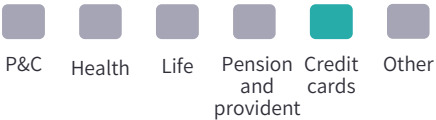


1. Net of one-off effects

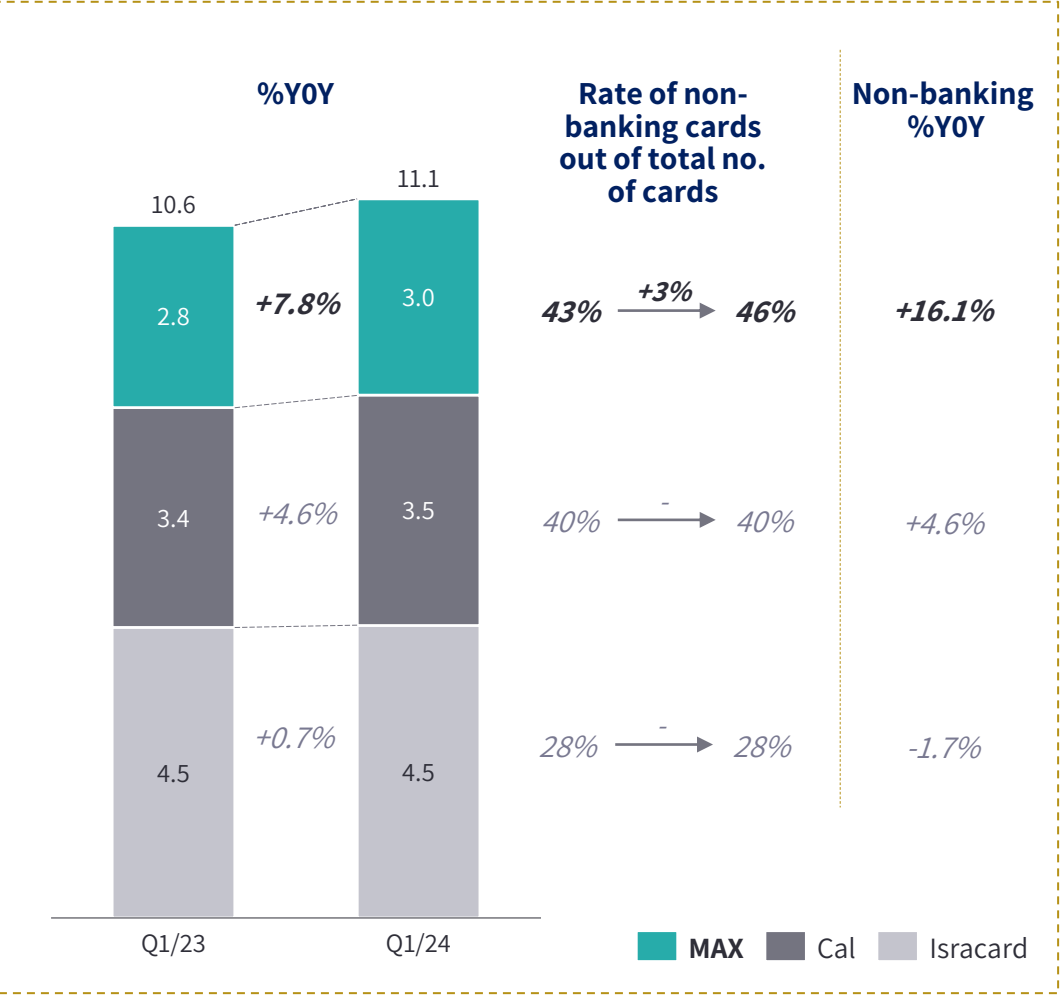
2. In Q1/2024, Max's effective tax rate increased as a result of one-off tax expenses arising from the closing of income tax assessments in respect of previous years

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

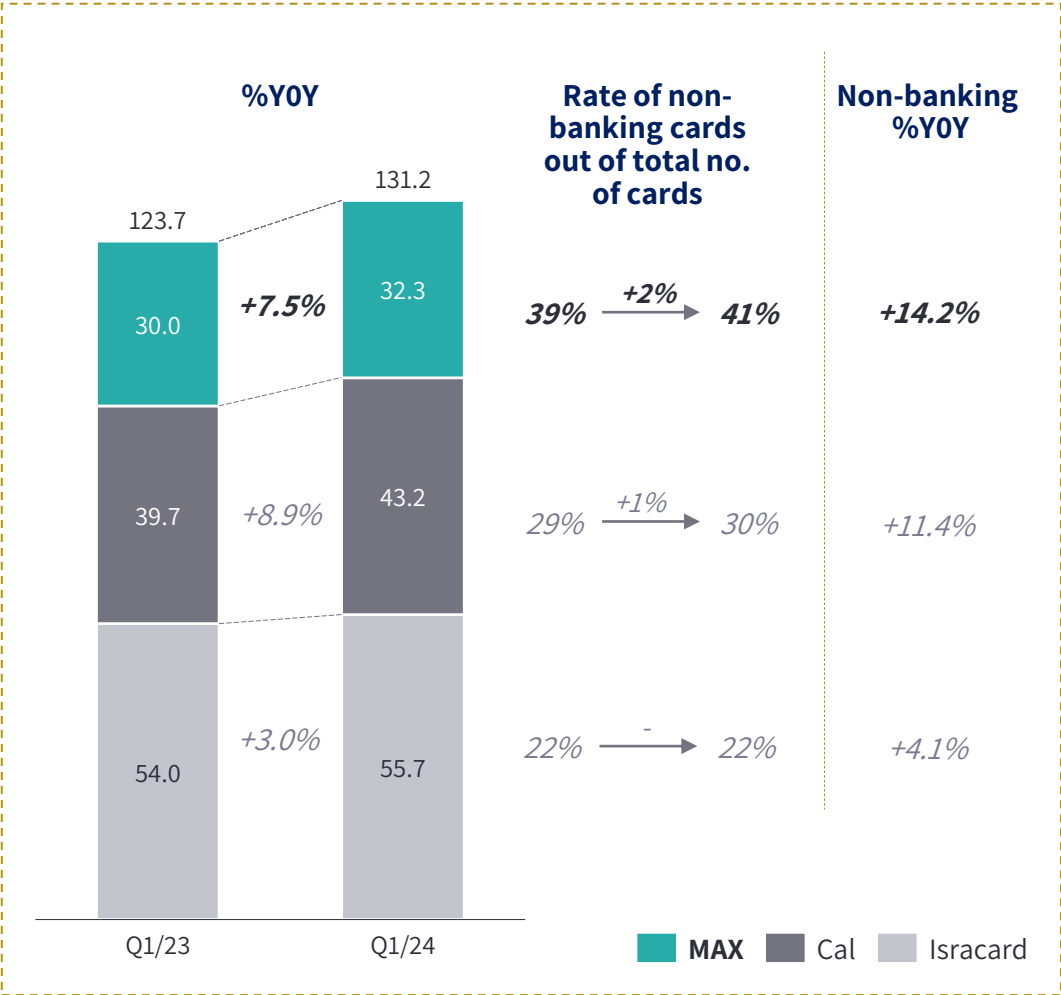
## Realization of growth strategy in non-banking card



No. of active cards, millions of units



Issuance turnover, NIS million

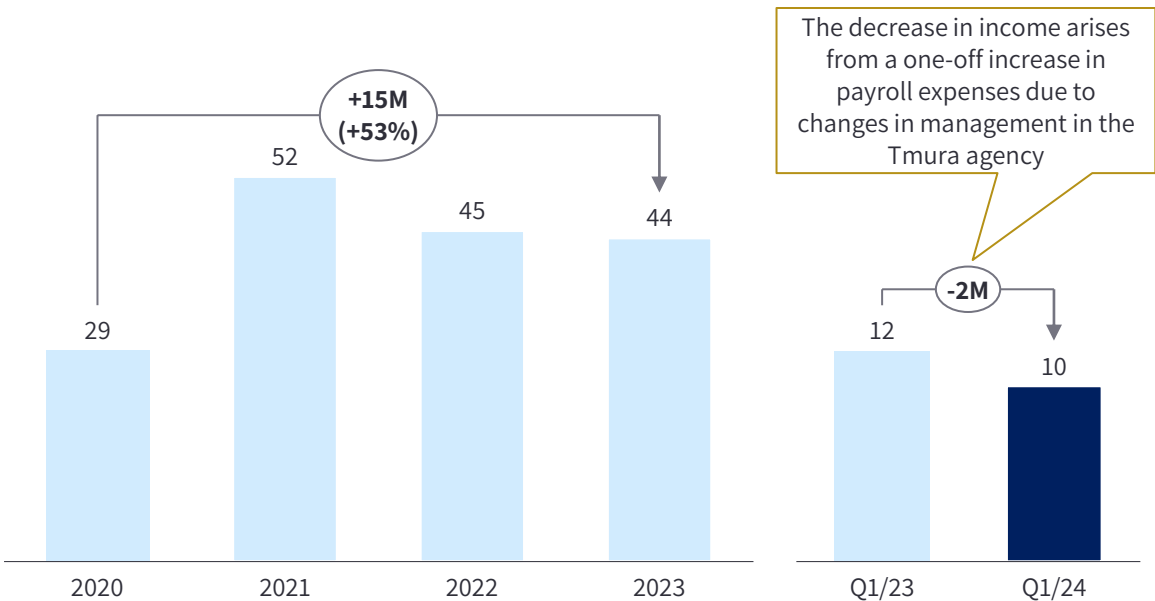


# Other segment

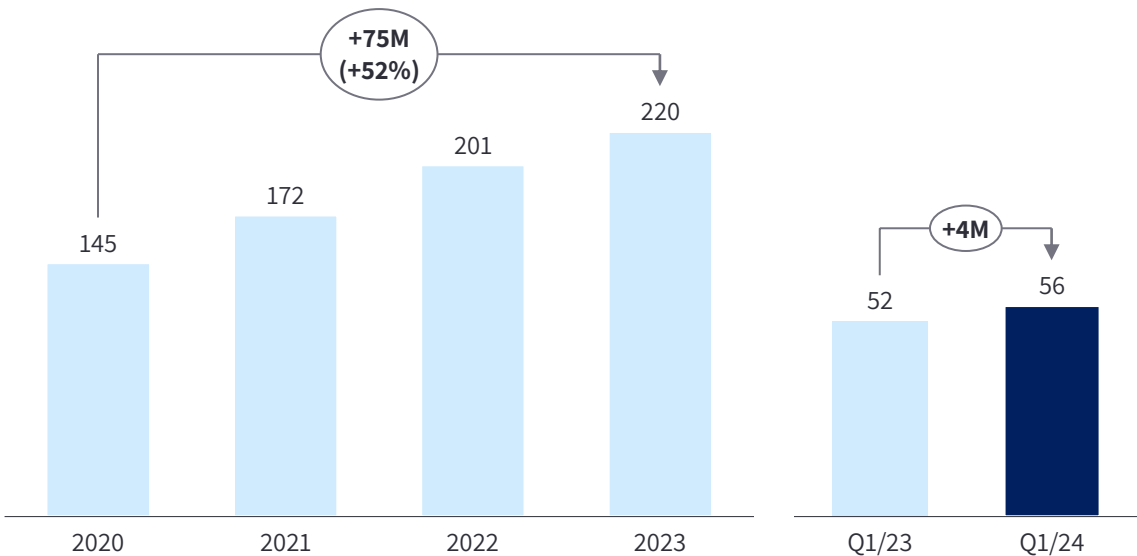
growth of approx. 53% in comprehensive income in the past three years, mostly in respect of own agencies

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

Comprehensive income, before tax, NIS million



Income from fees and commissions, NIS million



## Sisterhood of warriors

Clal Insurance and Finance held a commemoration event for fallen women soldiers of the Iron Swords War, in collaboration with the Hebrew University of Jerusalem, in which approx. 50 families of fallen female soldiers awarded scholarships to female students who served in significant reserve duty service during the War.

