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**As of March 31 2021, the Company's shareholders' equity was approximately NIS 8.0 billion, compared with approximately NIS 6.1 billion as of March 31, 2020**

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**In the first quarter of 2021, the return on shareholders' equity was 19.1% on an annualized basis**

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**The Phoenix Insurance published its Solvency II ratio as of December 31 2020 of 192%, including transitional measures (standard model). Excluding transitional measures, the Solvency II ratio was 116%, exceeding the 105% capital target set by the Board of Directors (135% including transitional measures)**

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**On March 24, 2021, The Phoenix Insurance's Board of Directors assessed the issuance of an additional Tier 1 capital instrument, recognized as regulatory capital under the Economic Solvency Regime, in order to strengthen its capital and improve its Solvency ratio. The issuance amount is expected to be approximately NIS 400 million. The Phoenix Insurance is working to obtain the regulatory approvals required for executing the issuance**

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**On September 30, 2020, the Phoenix Holdings' Board of Directors approved a share repurchase plan for a period of one year, totaling up to NIS 100 million, after assessing relevant economic and regulatory factors. As of the report publication date, the Company has repurchased shares in the amount of NIS 75.9 million**

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**Rating agency S&P (Maalot) reiterated the Company's rating at iIAA, with a stable outlook, following Moody's (Midroog) Aa3.il rating with a stable outlook.**

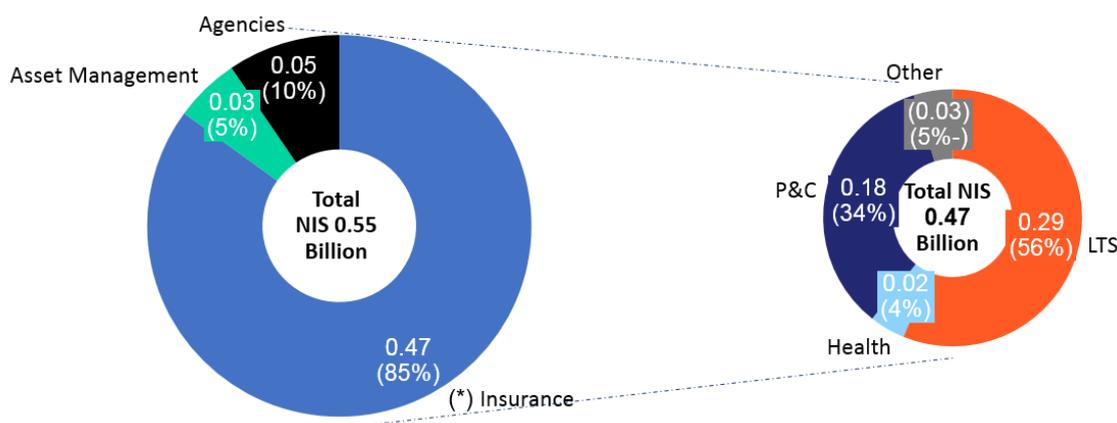
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**In May 2021, Gama published an IPO prospectus and sale offer. In accordance with the draft, the Phoenix intends, simultaneously with the execution of the proposal according to the issuance prospectus, to purchase additional shares in Gama so that after the offer, it will hold 60%, on a fully diluted basis. To the extent that the issuance will indeed proceed and the Company shall increase its holding stake in Gama to over 50%, Phoenix Holdings is expected to record a one-time gain in the range of NIS 230 million to NIS 280 million depending on the issue price. At the time of the report's publication date, the IPO is planned to be carried out during June 2021.**

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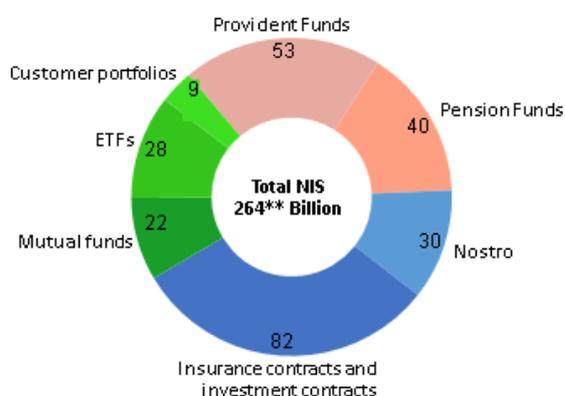
## Business results for 1-3/2021

### Pre-tax profit in Q1 2021



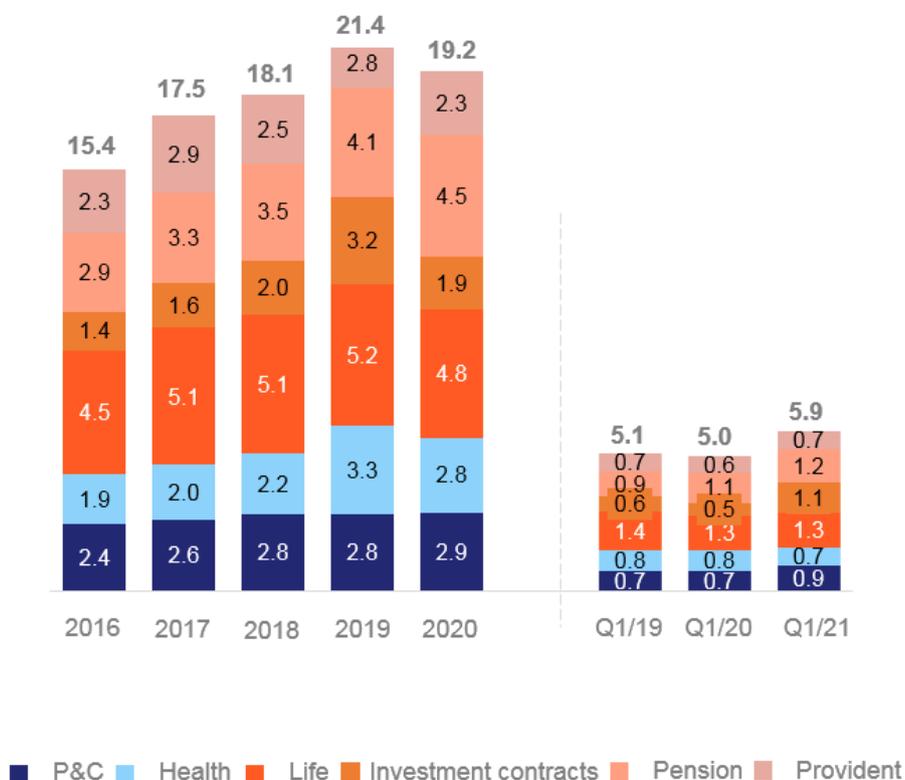
(\*) In this chart, insurance income includes investment returns and intra-group adjustments. Asset Management refers primarily to Excellence Investment House, whereas long-term savings appears within the insurance segment.

### Assets under management as of March 31 2021

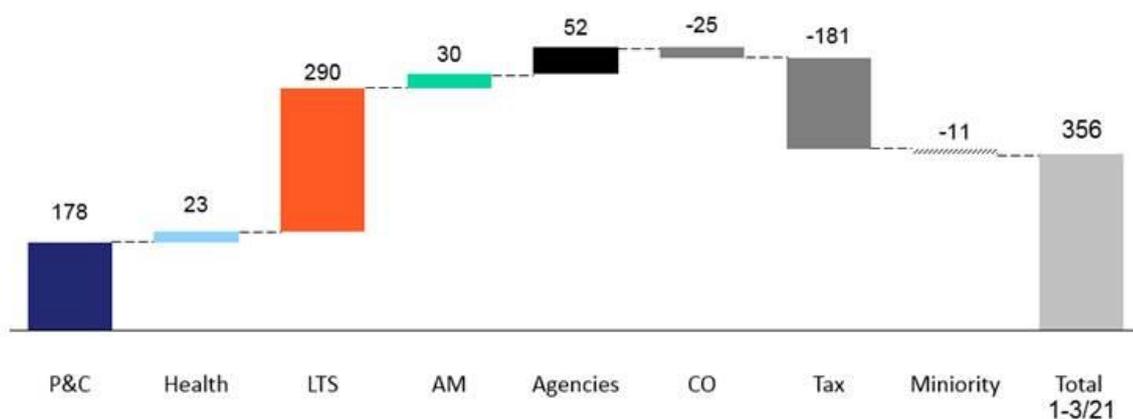


(\*\*) Including the assets of the Halman-Aldubi Investment House, but excluding provident fund assets of the IEC and IPC (assets and liabilities of the IEC and IPC in the amount of NIS 46 billion; total assets under management for the group including these assets was NIS 310 billion).

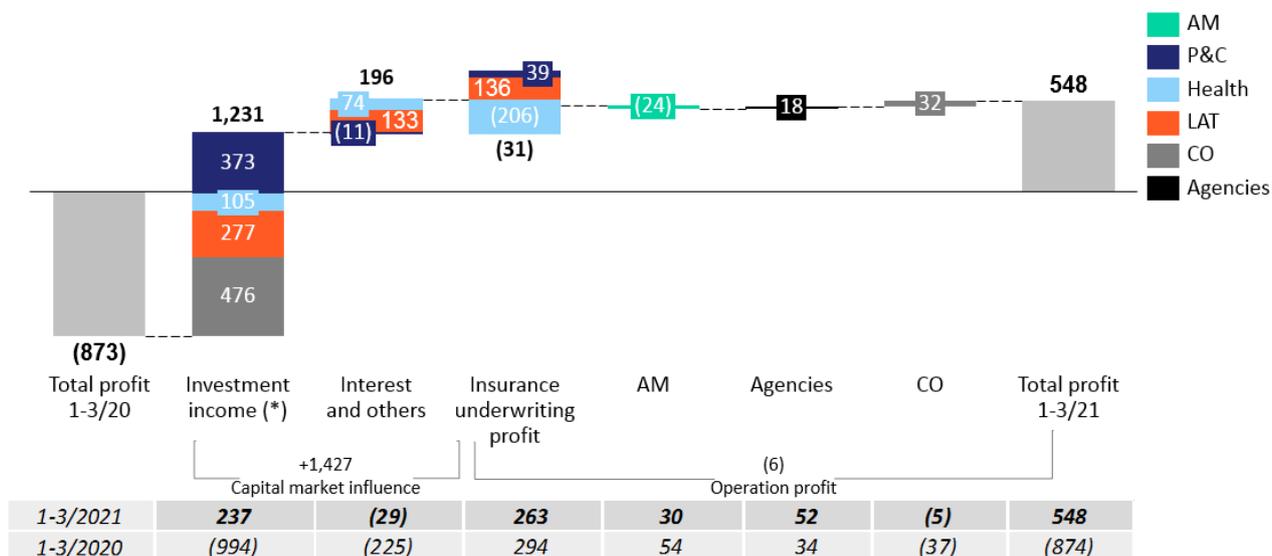
**Earned premiums, gross and contributions towards benefits for 1-3/2021**



The comprehensive income for the Q1 2021 period attributed to Company's shareholders totaled NIS 356 million. Below is a breakdown of the company's income in the first quarter of 2021 (in NIS million):



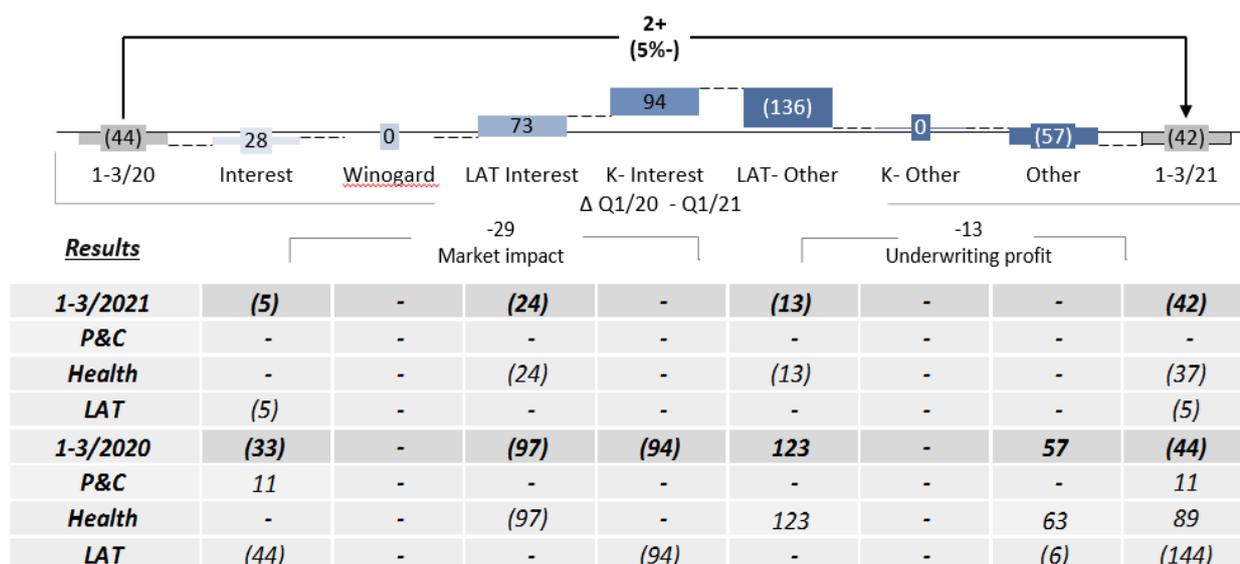
The following is an analysis of the sources of the Company's pre-tax income in Q1 2021 compared to Q1 2020 (in NIS million):



(\*) The underwriting earnings in health insurance and in property and casualty insurance assume a real return of 3%, while all remaining investment income above or below a real return of 3% are included in capital market effects. Furthermore, investment income in life insurance is presented net of yield credited to policyholders.

(\*\*) The underwriting earnings in health insurance include collected variable management fees (without a 3% real rate of return assumption).

Set forth below is an analysis of the interest rate curve and other non-recurring pre-tax effects in the first quarter of 2021 compared with the corresponding quarter last year (in NIS million)





## **Property and casualty**

The pre-tax comprehensive income in Q1 2021 totaled NIS 178 million compared to NIS 223 million pre-tax loss in the corresponding quarter last year.

Compared with the corresponding quarter last year, the results in the first quarter were mainly impacted by the increase in investment income due to the rally in financial markets in Israel and internationally compared with the declines in the corresponding quarter last year, mainly due to the spread of the COVID-19 in Q1 2020. The increase in underwriting earnings in the first quarter compared to the corresponding quarter last year is due to the decrease of the insurance liabilities for previous years, driven by the effect of weather damage and losses in the flight cancellation subsegment due to COVID-19.

## **Life insurance and long-term savings (LTS)**

The pre-tax comprehensive income in Q1 2021 totaled NIS 290 million compared to NIS 256 million pre-tax loss in the corresponding quarter last year.

### *Life insurance*

The pre-tax comprehensive income in Q1 2021 totaled NIS 276 million compared to NIS 260 million pre-tax loss in the corresponding quarter last year. Compared with the corresponding quarter last year, the results in the first quarter were mainly impacted by the increase in income from nostro investments, increase in underwriting earnings, changes in the risk-free interest rate curve and changes in the K factor. Most of the increase in underwriting earnings arose from management fee income due to collection of variable management fees in the amount of NIS 199 million. This resulted from the rallies in financial markets in Israel and internationally, which brought about a year-on-year increase in the value of planholders' portfolios, compared with declines and limited collections in the same period of last year.

### *Provident funds*

The pre-tax comprehensive income amounted to approximately NIS 12 million compared to approximately NIS 7 million in the same period last year. The increase in profit is mainly due to the increase in capital market yields, which affected both the margin in guaranteed return provident funds and in the investment income from the management company's nostro portfolio which totaled NIS 15 million in investment income compared with last year. The revenue increase was partially offset by an increase in expenses.

### *Pension funds*

The increase in profit arose mainly from an increase in the returns in the capital market, which affected the nostro investment income of the management company compared to last year, in the amount of NIS 4 million.



## **Health insurance**

The pre-tax comprehensive income in Q1 2021 totaled NIS 23 million compared to NIS 50 million in the corresponding quarter last year. Compared with the corresponding quarter last year, the results of the first quarter were positively impacted by the increase in nostro investment income totaling NIS 105 million and by changes in the interest rate curve of NIS 73 million. On the other hand, the NIS 205 million decrease in the underwriting profit was mainly due to a decrease in the LAT reserve in the corresponding quarter last year as a result of updated actuarial assumptions and other effects.

## **Financial services (Excellence Investment House)**

The pre-tax comprehensive income in Q1 2021 totaled NIS 30 million compared to NIS 54 million in the corresponding quarter last year. The decrease in earnings in the first quarter compared with the corresponding quarter last year stemmed mainly from the Company's recognizing one-off earning of NIS 15 million in the market-making activity in the corresponding quarter last year. The company has increased the number and growth rate of brokerage customers, which drove an increases in expences.

## **Insurance agencies**

The pre-tax comprehensive income in Q1 2021 totaled NIS 52 million compared to NIS 34 million in the corresponding quarter last year. Most of the increase in profit is due to an increase in sales and investment income.

## **Other segments and operation not attributed to the operating segments**

This area includes the results of investments against capital, finance expenses and results of investees that are not under Group control. The comprehensive loss in Q1 2021 amounted to approximately NIS 25 million compared to a pre-tax loss of approximately NIS 532 million in the same quarter last year. This change stems primarily from capital market returns, which were higher compared to the returns in the same quarter last year.

In addition, in May, 2021, Gama published a draft prospectus for an IPO and sale offer. In accordance with the draft, the Phoenix intends, simultaneously with the execution of the proposal according to the prospectus, to purchase additional shares in Gama so that after the offer, the Phoenix will hold 60% on a fully diluted basis. To the extent that the issuance will indeed proceed and the Company shall increase its holding stake in Gama to over 50%, the Company is expected to record a one-time gain in the range of NIS 230 million to NIS 280 million, dependening on the issue price. At the time of the report's publication date, the IPO is planned to be carried out during June 2021. However, this information is forward-looking and there is no certainty that the issuance will be carried out or what will be its terms.



### **New chairman for OPM Investment Committee**

In June, 2021, Eldad Fresher will begin his term as Chairman of the OPM Investment Committee of the Group's insurance, provident and pension operations. Eldad has extensive experience in investments and finance, as well as in macro- and micro-economic analysis, and his appointment is expected to advance the Phoenix's commitment to deliver the best returns for its clients and policyholders. The Phoenix, which has NIS 175 billion in OPM assets under management, is proud to have Eldad as chairman of the OPM Investment Committee.

Eldad will replace Jacob Rosen, who served as the Committee's chairman for the past nine years. The Phoenix thanks Jacob for his substantial contribution to the Phoenix's performance and achievements over the past few years.