



2022 Q1

Phoenix Holdings

Financial Review



Disclaimer

This presentation does not constitute an offer to purchase the Company's securities or solicitation to receive such offers and is designed solely to offer information as part of the Company's explanations regarding its Q1 2022 financial reports.

This presentation includes information regarding the Company's strategic plan for the years 2022-25 as well as forward-looking information as defined in section 32A of the Securities Law 5728-1968.

The realization and/or non-realization of forward-looking information which is stated in the financial reports and this presentation will be affected by risk factors that characterize the activities of the Company and group companies, as detailed in the Company's periodic reports, including changes in economic conditions, capital market in Israel and globally, the development of competition in the segments relevant to the group's activities, regulatory changes, changes in consumer preferences and consumption habits, changes in working assumptions or in the economic models and assumptions, and changes in implementation or execution – that can not be estimated in advance and may not be controlled by the Company. Hence, there is no certainty that the actual results and achievements of the Company in the future will be in accordance with these views and may differ, also substantially, from those presented in this presentation.

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This presentation was drafted for the sake of convenience and needs to be reviewed along side with the Company's public reports, including Q1 2022 Financial Statements, which contain the complete information about the Company, before making any decision to invest in the Company's securities.

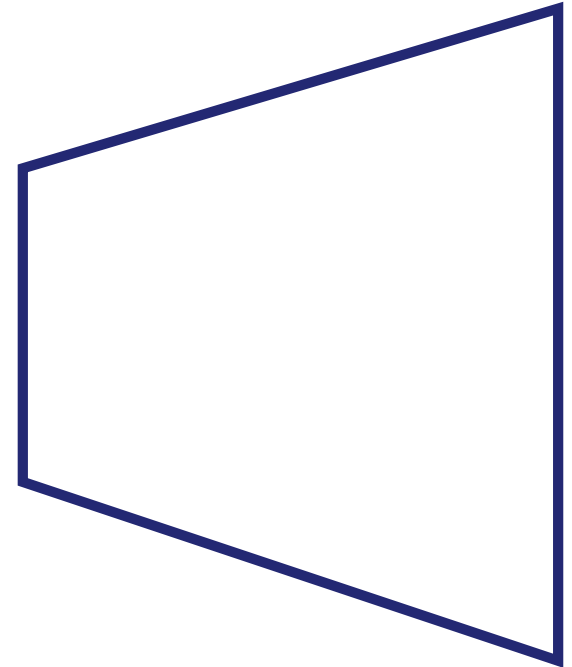
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For the avoidance of doubt, the Company does not undertake to update or change the information contained in this presentation.



Agenda

- > **Highlights**
- > Financial Results
- > Segment Breakdown
- > Appendix
- > Glossary



Phoenix Holdings at a Glance

Leading Israeli financials group

Proven and recognized experience

Distinctive performance

Strong capital position

Broad investment capabilities

TA35 index
Since 2018

9.2 NISb
Market cap¹

70+
Years of activity

AA- / AA+
Holding / Insurance Rating

18%
AUM CAGR²

15.6%
ROE Average²

190%
Solvency II Ratio³

9.5 NISb
Shareholders' Equity

370 NISb
AUM

Top Ranked
in leaderboard for
investments⁴

(1) As of May 26, 2022

(2) Five-year period (2017-21 end of year for AUM growth, 4/2017-3/22 full year for ROE)

(3) As of December 31, 2021, with transitional measures; includes events post report date of dividend distribution from Phoenix Insurance to Phoenix Holdings, raising Tier 2 capital, and Phoenixclass transfer to Phoenix Insurance

(4) Based on average yields over 3 years ended 31.03.2022 in the general plans: #1 out of 5 in Policies (1991-2003), #1 out of 5 in Pension, & #3 out of 10 in Provident Funds

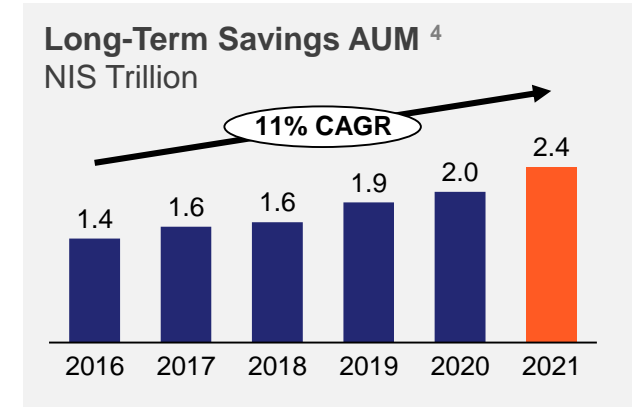
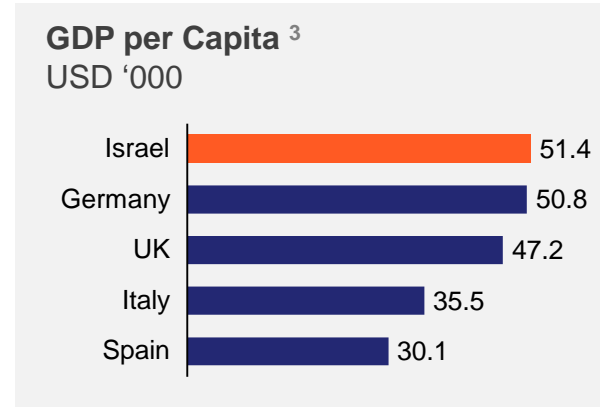
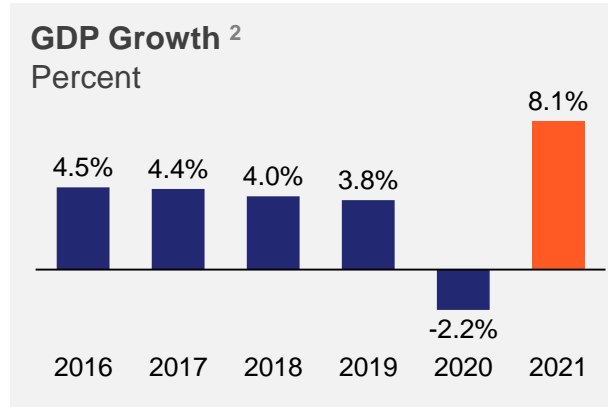


Israeli Economy: Impact of Global Volatility in Q1 2022

Increased uncertainty in Q1...

Macro trends: An increase in inflation, after the quarter the Bank of Israel increased its rate from 10bps to 35bps in April and 75bps in May

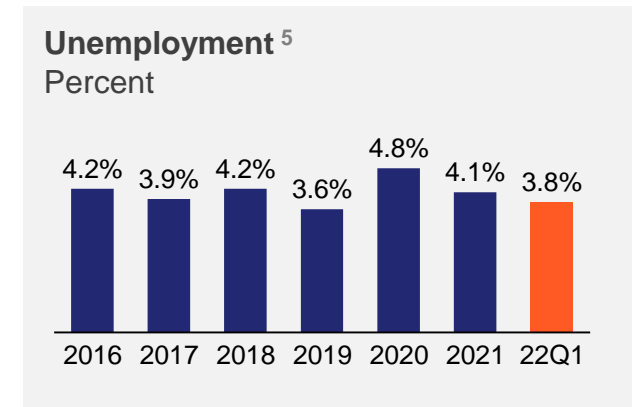
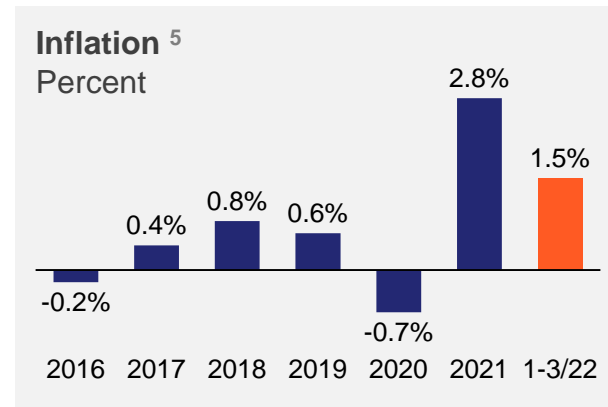
Capital Markets: Increasing volatility and declines in Israeli capital markets



...but strong long-term trends

Wealth accumulation: Continued AUM contributions despite the decline in capital markets

Innovation: Vibrant tech ecosystem, #1 startups per capital, #1 R&D investment as percent of GDP¹, however sector impacted by global changes



¹ Israel Securities Authority

² Israel Central Bureau of Statistics

³ World Bank, current USD, 2021

⁴ Bank of Israel (2021 figure is an estimate), including life insurance, pension, and provident funds

⁵ Bloomberg (inflation for 2022 is actual 3 months not annualized; long-term yields based on Israel 10-year government bond, not CPI-linked for the past 12 months)



Q1 2022 Highlights

15.5%

ROE

352NISm

Comprehensive
Income

370NISb

AUM

9.5NISb

Equity

190%

Solvency¹

56NISm

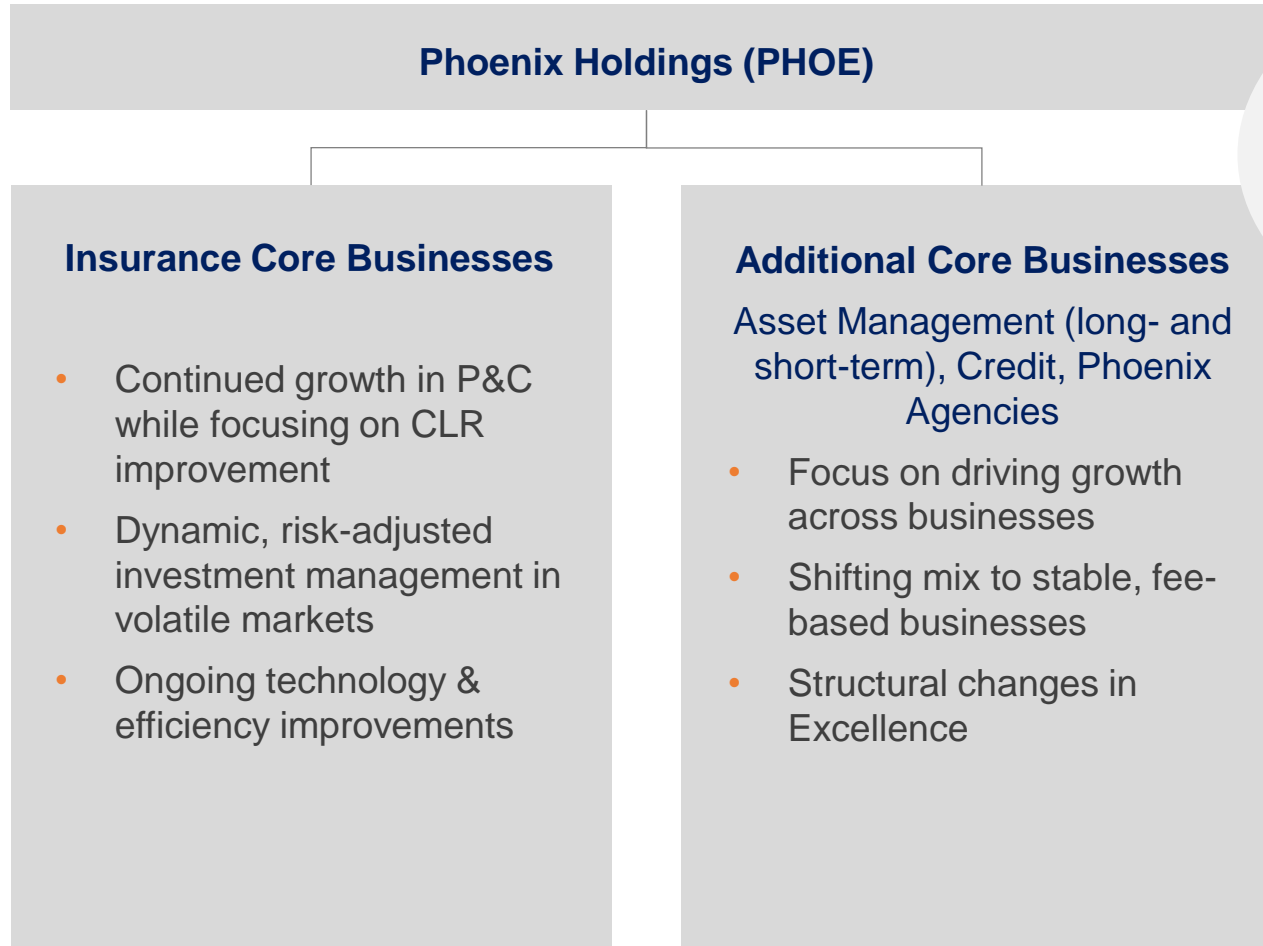
Share
Repurchases

- Continued **diversification** driven by strategic execution
- **Net positive 131 NISm pretax financial margin** from interest rate increase and capital market declines, benefiting from dynamic, risk-adjusted investment management (see Slide 19)
- **Stable AUMs** due to net inflows, despite capital market declines

¹ Audited Solvency II ratio as of December 31, 2021 with transitional measures; includes events post December 31, 2021 - dividend distribution from Phoenix Insurance to Phoenix Holdings, raising Tier 2 capital, and real estate ("Phoeniclass") transfer to Phoenix Insurance



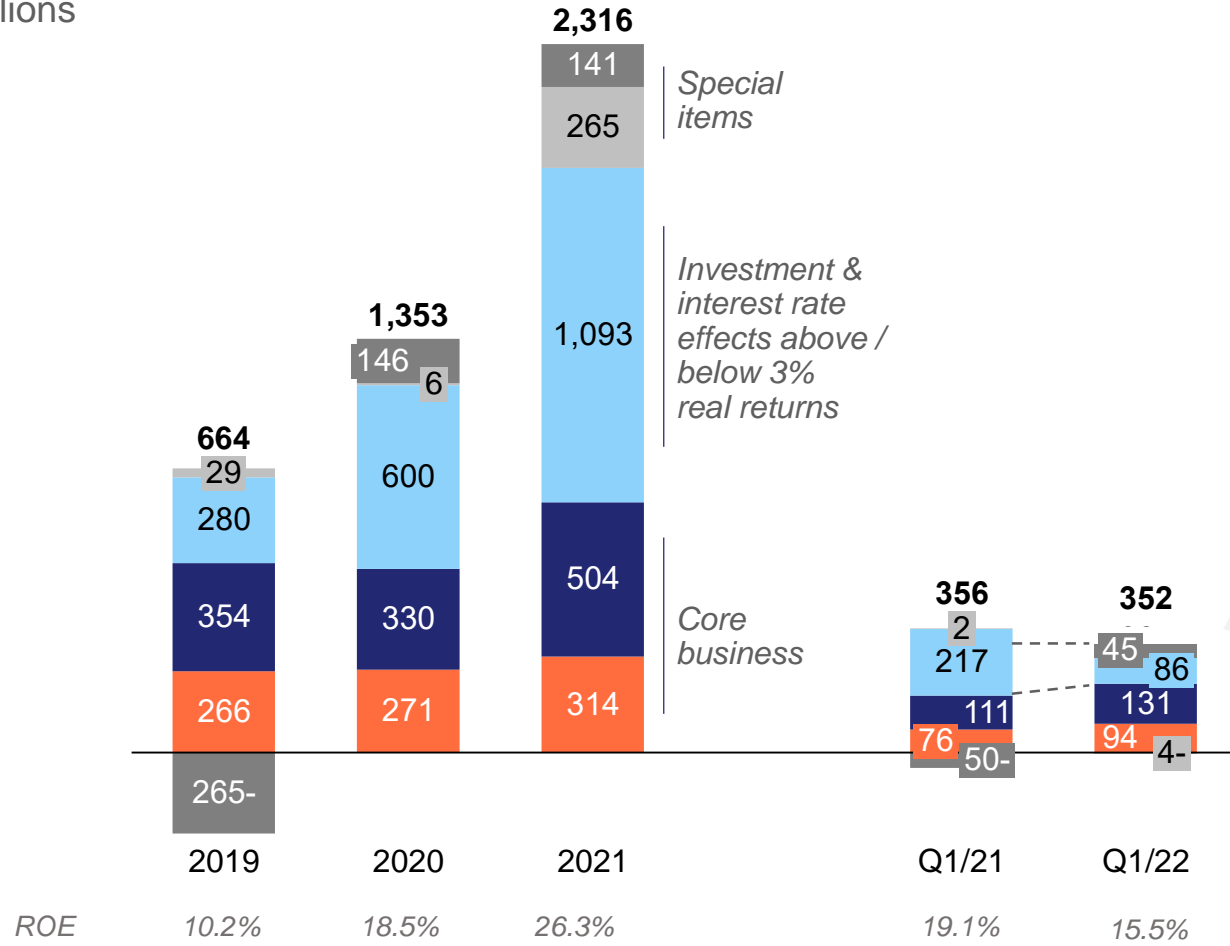
Q1 2022 Highlights: Strategic Execution



Income & growth
Diversification
Resilience & stability

Income Across Diversified Activities

Comprehensive Income
NIS millions



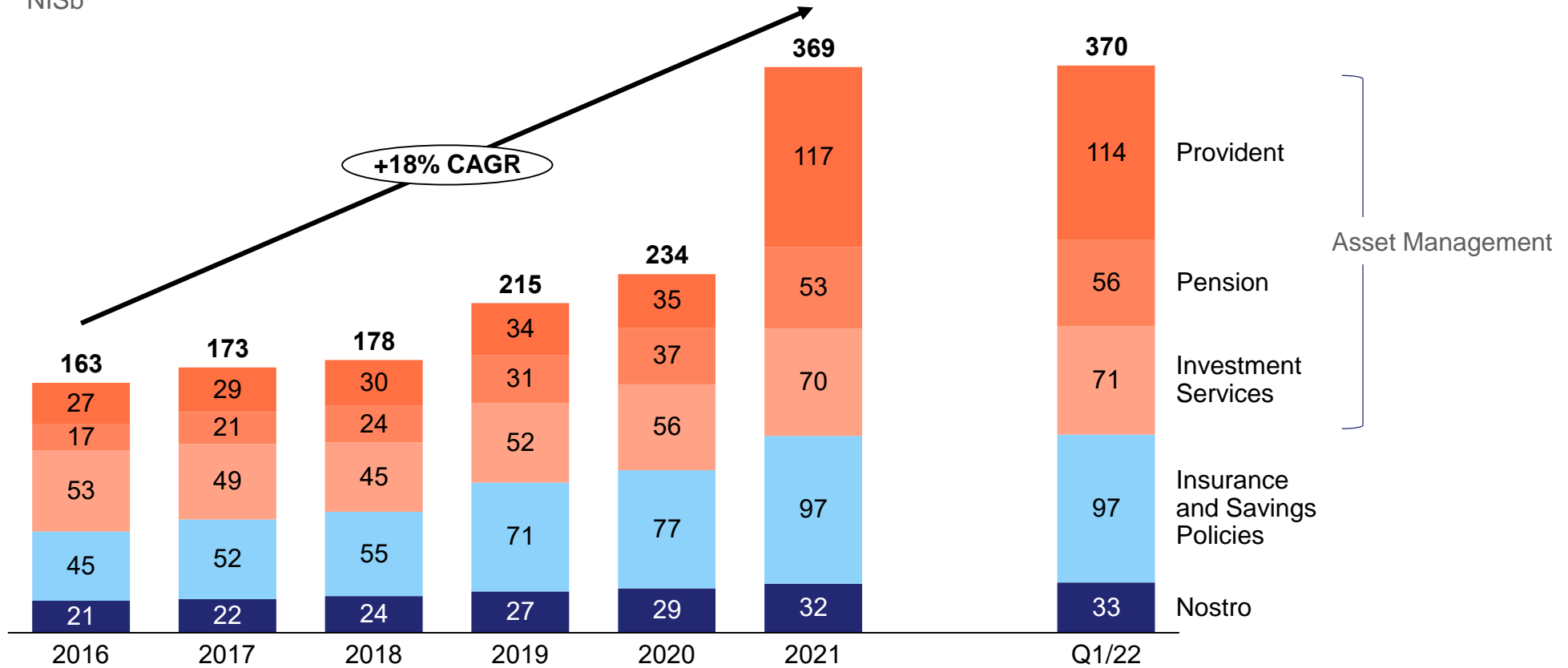
- Special Items: Insurance core Business
- Special Items: Additional Core Business
- Investments & Interest Rates
- Insurance Core Business
- Additional Core Business

- Q1 income similar to previous period, benefiting from **growth in core business from 187 to 225 NISm** and diverse activities
- **Positive financial margin**, despite capital market volatility
- Special items include **income from real estate** (“Phoeniclass”)

Notes: Additional Core Businesses includes Pension & Provident (previously held under the insurance company), Investment Services (formerly Financial Services, primarily Excellence), Agencies, and Gama. Investments include yields and variable management fees above / below real 3%. For the convenience of the presentation, the statutory tax rate in insurance and the core fee business is used, while the difference between the actual tax and the statutory tax is recorded in Special Items respectively. See Glossary for definition of Special Items.

Stable AUMs Due to Inflows, Despite Negative Returns

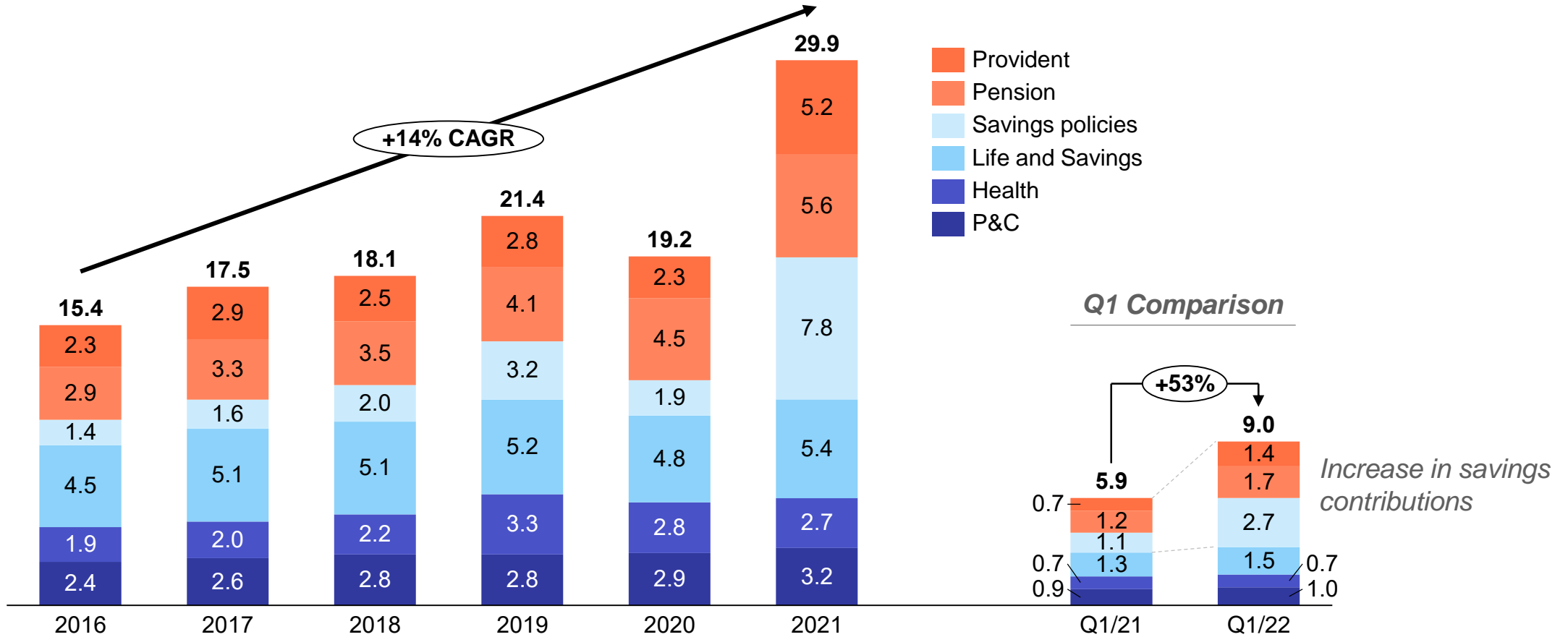
Assets Under Management
NISb





Continued Growth Across Activities

Premiums, Benefit Contributions, & Investment Contracts
NISb





Equity Generation and Dividend Distribution

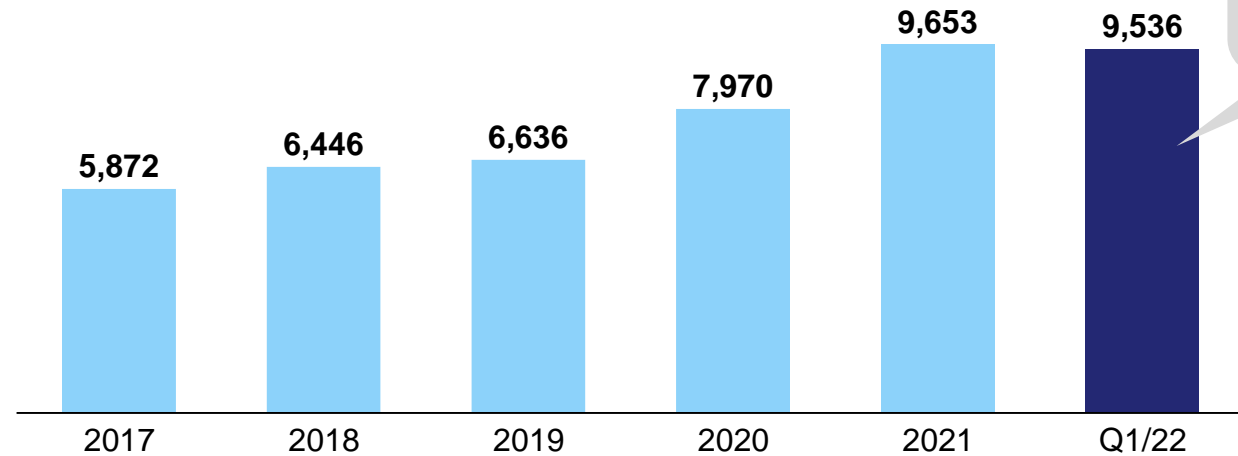
Equity

- Building economic capital in insurance subsidiary (Solvency)
- Capital deployment for optimization and growth

Dividends

- 30% of comprehensive income
- Goal to extend track record of predictable, growing distributions
- **2022 updates:** share repurchases counted separately; semi-annual distributions

Shareholders' Equity NISm



ROE* 16.5% 8.3% 10.2% 18.5% 26.3% 15.5%

Analysis under dividend policy 2020-21

Total cash dividends relating to annual income

Plus: Share repurchase during calendar year

Total under dividend policy

-	120	480	380	621	-
			26	74	56
			406	695	56

As reflected in financial statements

Dividend distributed in cash during calendar year

-	120	480	-	580	421
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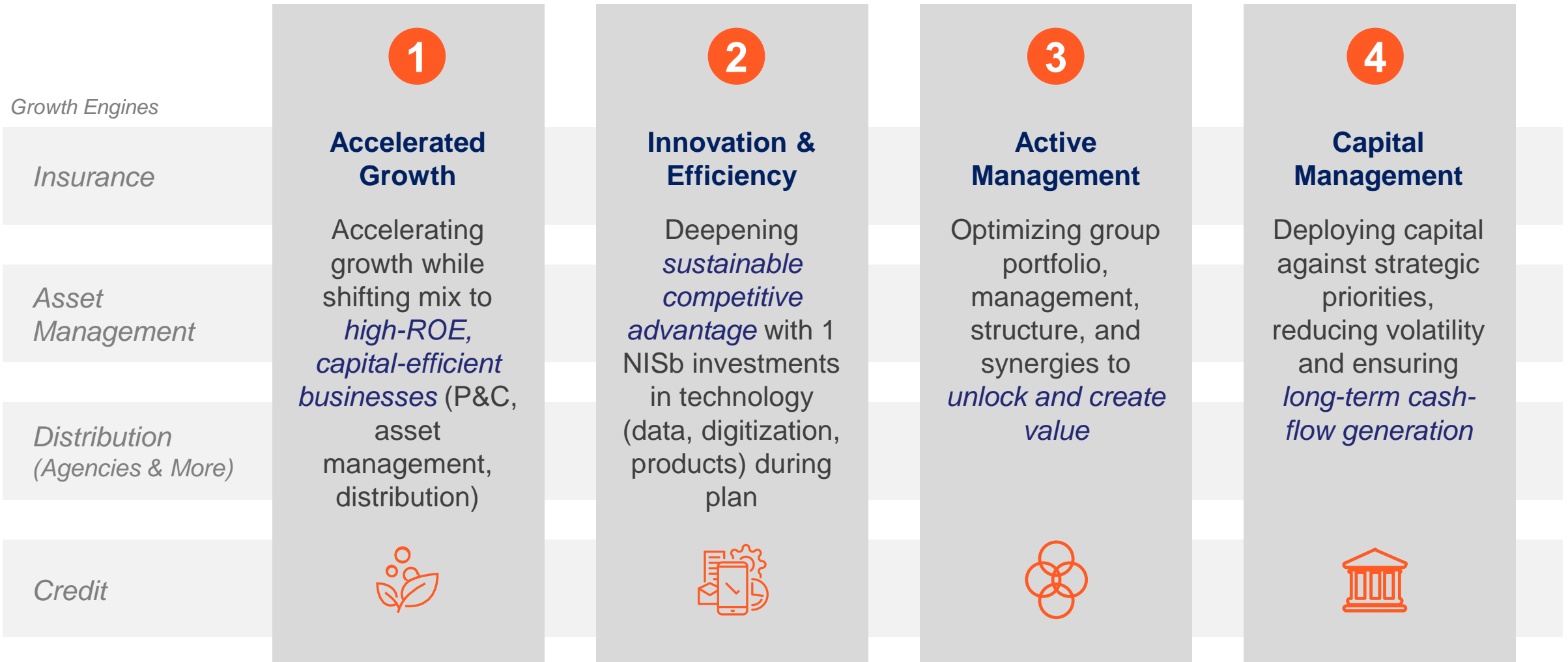
After dividend of 421 NISm & buyback of 56 NISm

* Calculated based on average shareholders' equity for the beginning and end of the year



Group Strategy Value Drivers

Value Drivers



Quarterly Highlights

1 Accelerated growth in high-ROE activities

- **P&C:** 12% growth in P&C premiums, driven in part by growth in Smart direct car policies (compulsory & property together)
- **Asset management:** Stability in AUMs although the in volatility in capital markets
- **Agencies:** 34% growth in revenue
- **Credit:** 63% growth in Gama credit portfolio

2 Innovation and efficiency

- **Technology: (1) Product innovation:** Launch of “Smart Travel” insurance mobile app; **(2) Digitization:** Continue to achieve targets; **(3) Data & Analytics:** Recruitment of Chief Data Officer (CDO) and establishment of new data unit; successful implementation of analytics risk tool in luxury vehicle underwriting
- **Efficiency:** consolidation of pension and provident fund operations / back office with life insurance operations; increase in online users and use of digital channels

3 Active portfolio / group management

- **Phoenix Advanced Investments:** Building alternative investment unit with broad offering
- **Gama:** Organic growth of all activities
- **Agencies:** inorganic as well as organic growth
- **Excellence:** structure optimization and management appointments

4 Capital management & Optimization

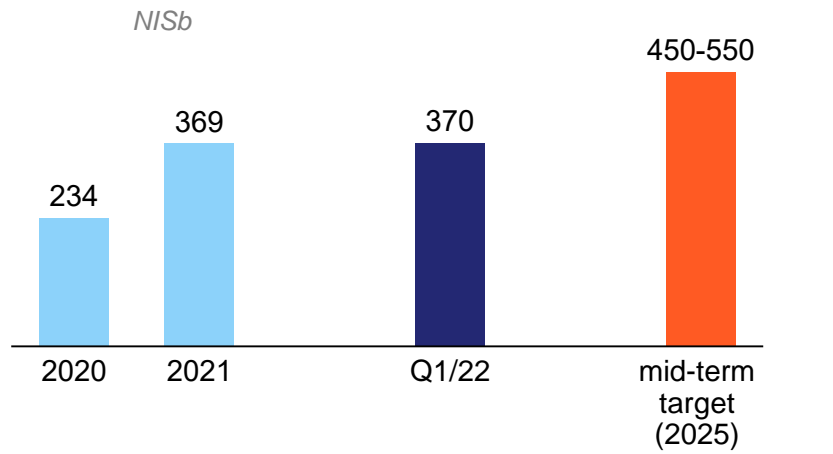
- **Reinsurance transaction:** Optimized insurance equity using PHI transaction (recognized Q4 2021)
- **Real estate restructuring:** Transferred 49% of the shares of prime Tel Aviv property (“Phoeniclass”) from Phoenix Investments to Phoenix Insurance
- **Dynamic investment management** for risk-adjusted returns (e.g., inflation, interest rates, capital markets)
- **Buy back:** executed 56 NISm purchases out of 100 NISm plan



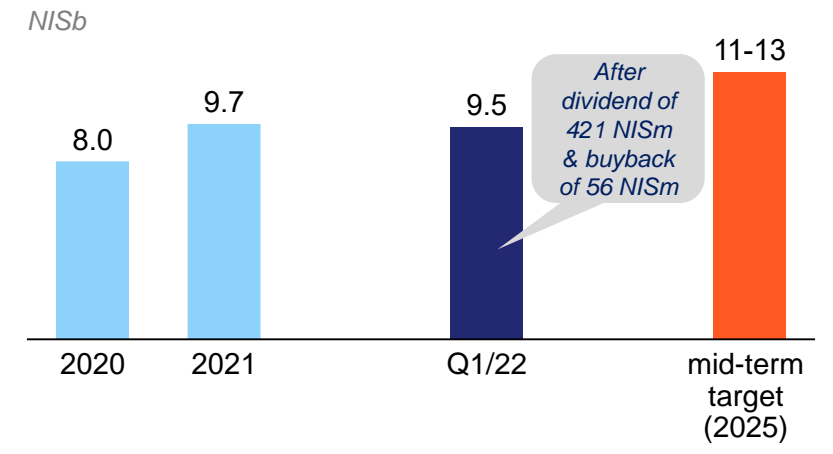
Group Targets

- Continued strategic execution toward targets
- Dynamic management of interest and capital markets exposure for risk-adjusted returns

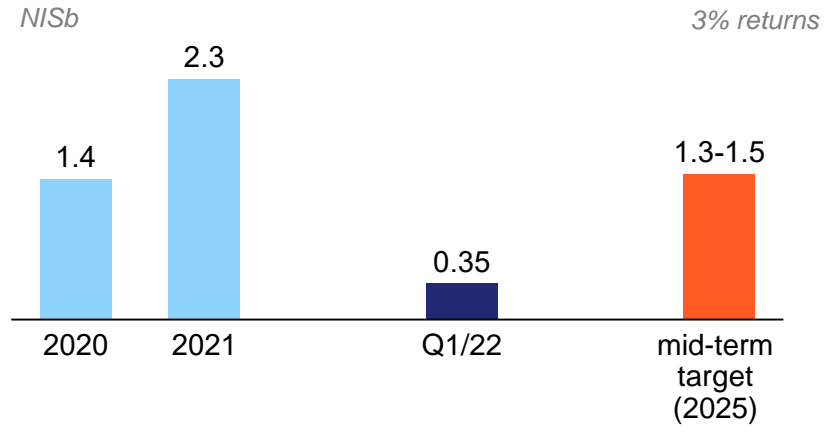
AUM



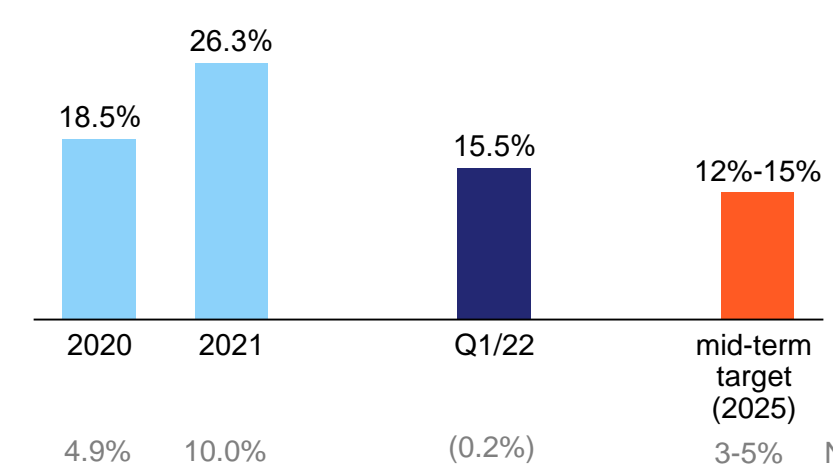
Shareholders' Equity



Comprehensive Income



ROE

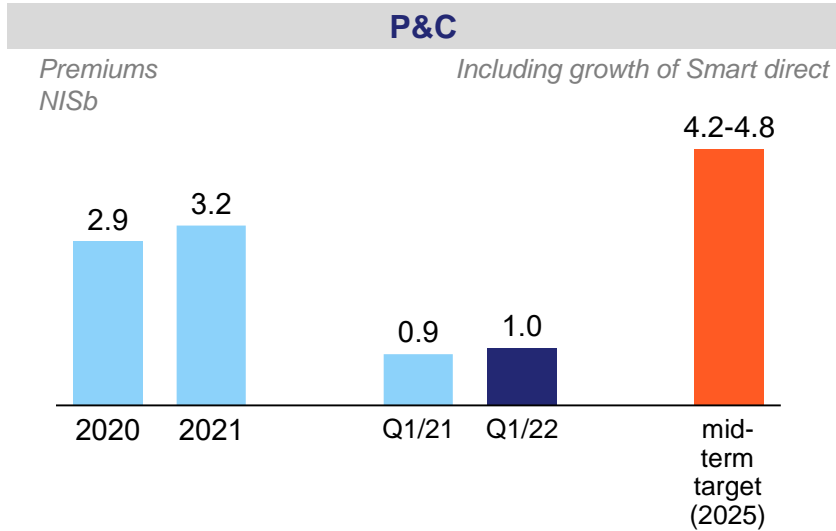


(1) Nominal nostro yields

Note: Mid-term Targets based on 5-year plan 2020-25 and assuming 3% return on investments. ROE target range assumes 3-5% return on Nostro investments. Actual performance will depend on financial markets, macroeconomic growth, industry trends, company performance and other variables

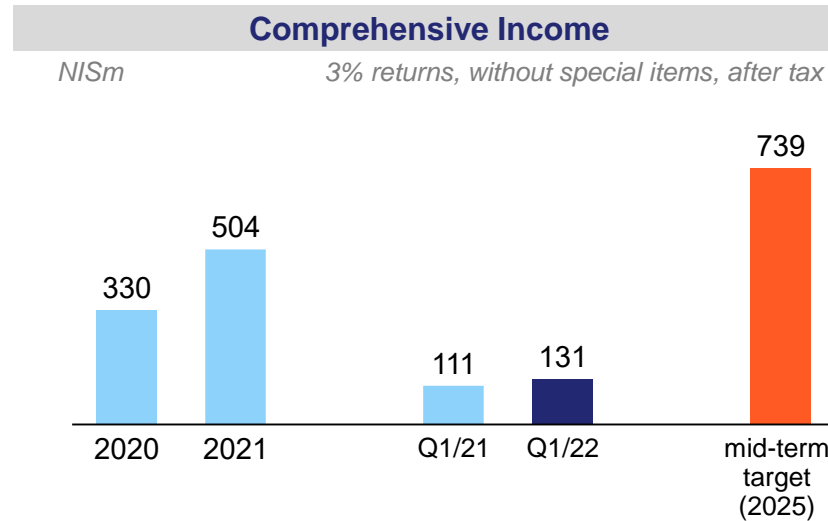
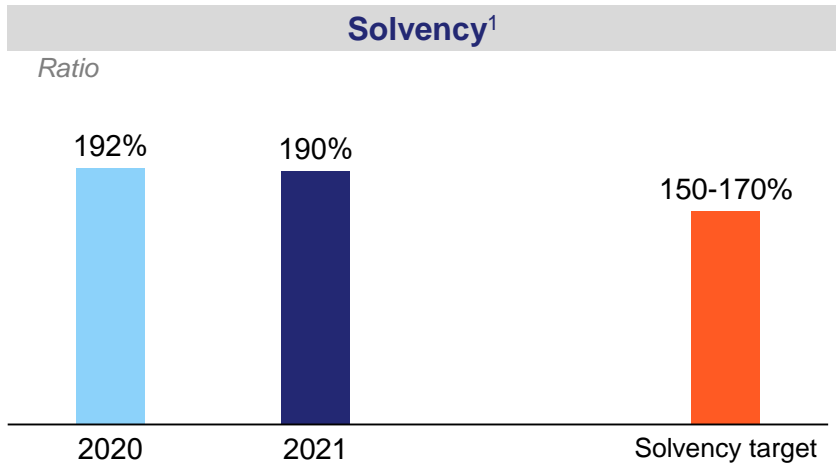


Insurance Targets



Expenses Ratios²

	P&C	Health	Life	
2019	4.10%	5.57%	0.50%	
2020	5.08%	5.82%	0.49%	
2021	4.40%	5.50%	0.41%	
Q1/22	3.85%	5.39%	0.39%	
	3.4-3.7%	5.4-5.8%	0.27-0.30%	Mid-term target (2025)
	3.2 premiums	2.7 premiums	97 AUM	Base 2021 (NISb)



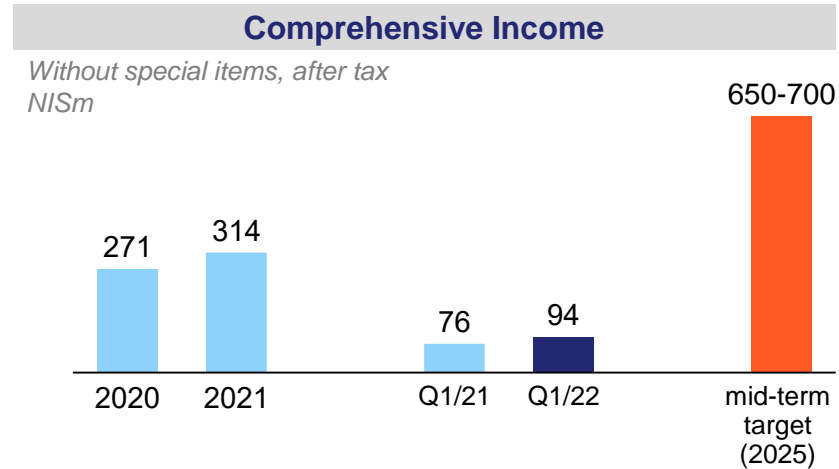
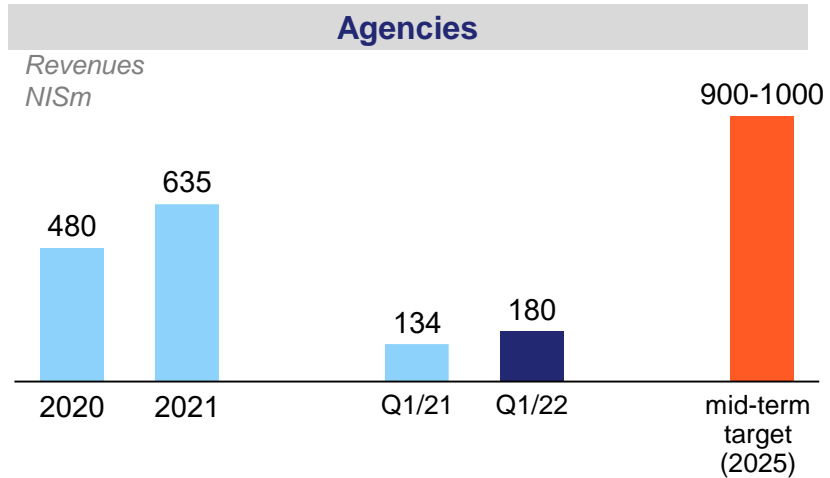
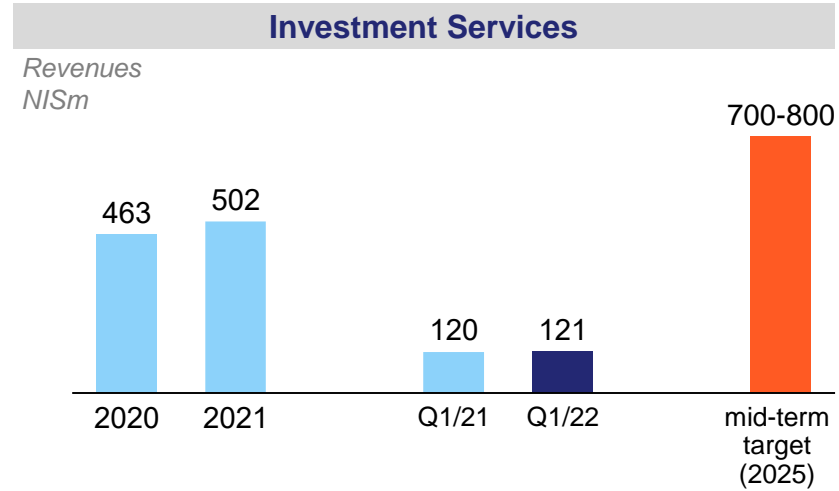
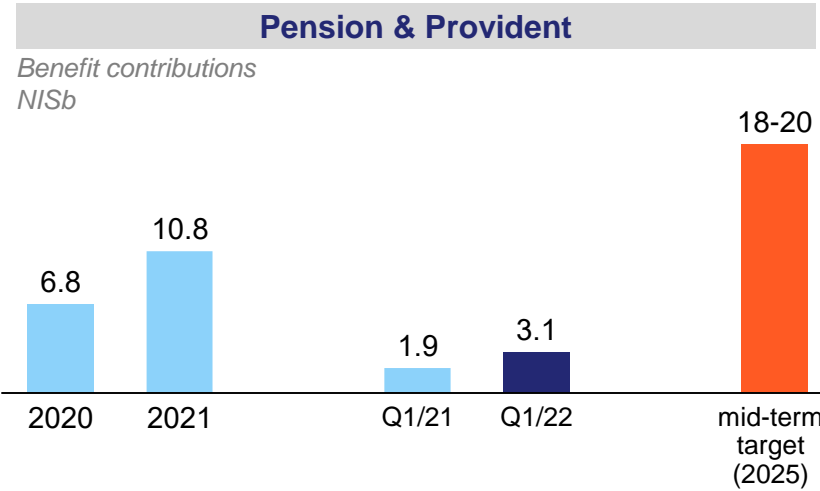
¹ Solvency ratio with standard transitional measures; target range based on reduced transitional measures over time

² Expenses as percent of gross earned premiums (P&C and Health) and AUMs (Life); expenses include general and administrative expenses, as well as other expenses; Health mid-term targets without HMO activity

Note: Mid-term Targets based on 5-year plan 2020-25 and assuming 3% return on investments.



Additional Core Business Targets



Note: Mid-term Targets based on 5-year plan 2020-25 and assuming 3% return on investments



Managing in Volatile Markets in 2022

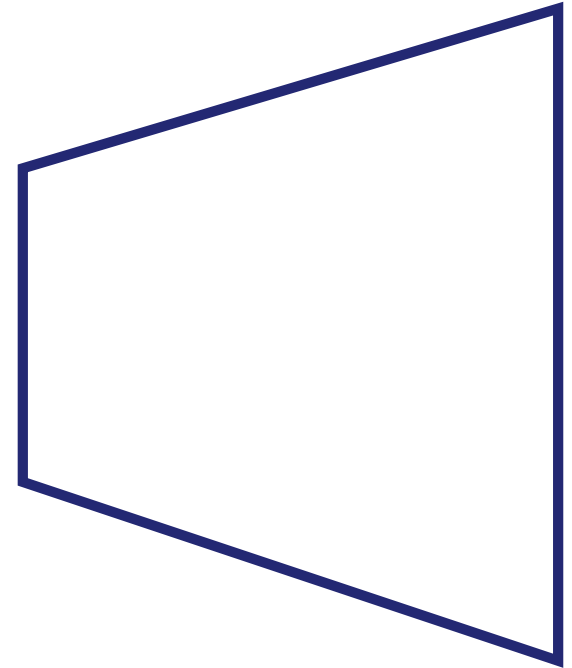
*Growth,
Income, &
Resilience:
Quality
Businesses*

- **Dynamic investment management** for risk-adjusted returns (e.g., inflation, interest rates, capital markets)
- **Continued execution** of strategy, driving diversification and stability
- Seeking strategic **opportunities**



Agenda

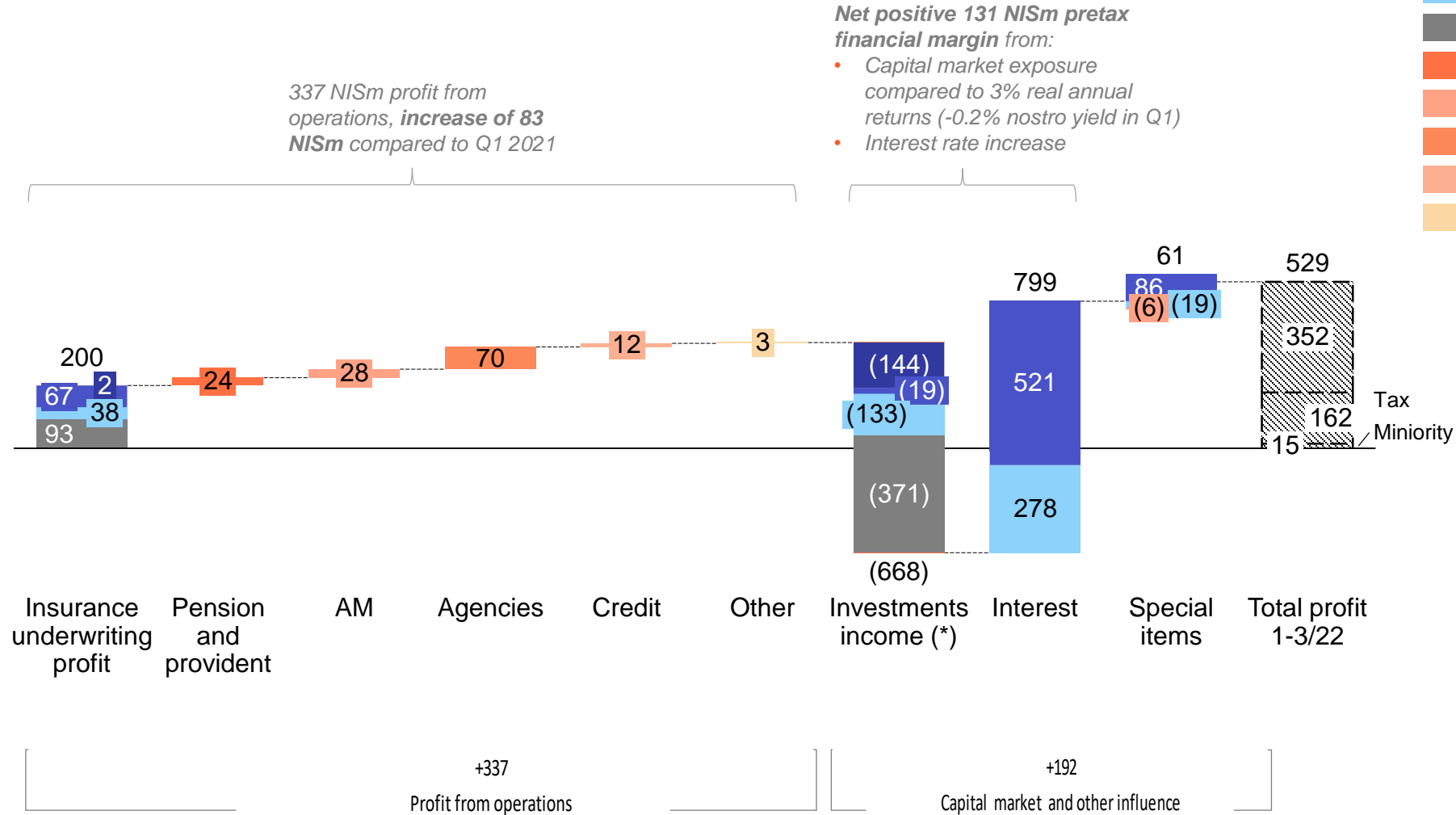
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Income by Source

2022 Q1, NISm

- P&C
- Health
- Life
- Other Equity Returns
- Pension and provident
- AM
- Agencies
- Credit
- Other



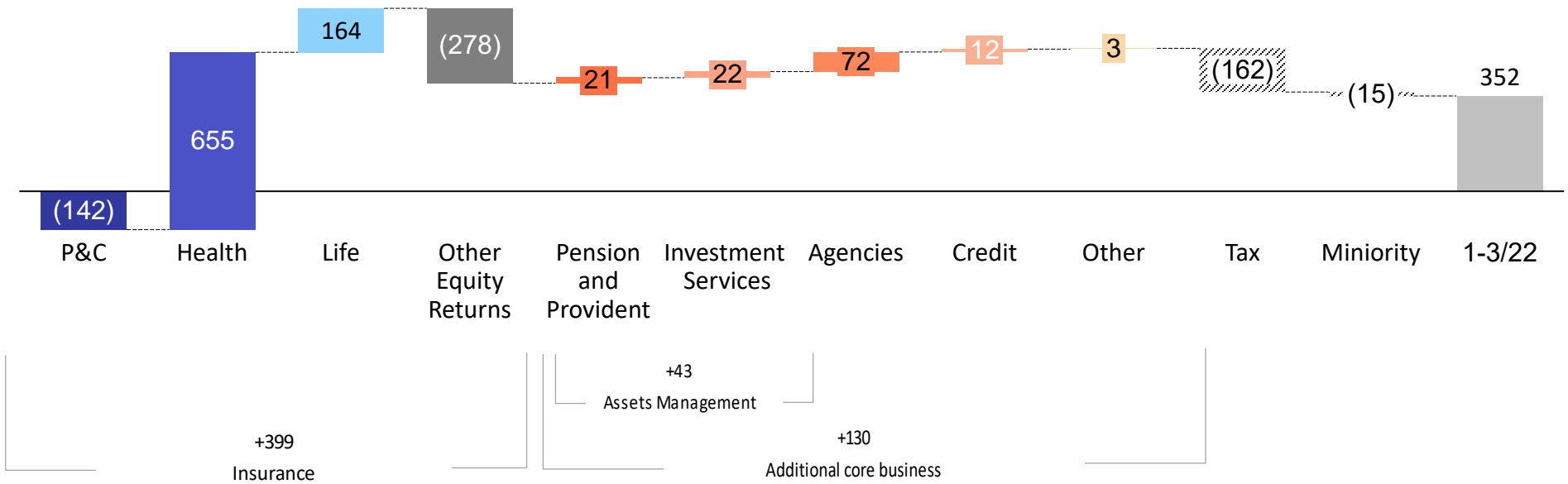
1-3/2021	153	10	32	48	4	7	368	(33)	(41)	548
Diff	47	14	(4)	22	8	(4)	(1,036)	832	102	(19)

(*) Investment income and variable management fees above/below 3% annual return and after offsetting guaranteed yield to policyholders (248M)

Income by Segment

2022 Q1, NISm

- 352 NISm income in Q1; stability compared to previous period, despite change capital markets
- 15.5% ROE
- Negative contribution of P&C due to capital markets, claim increase and CLR worsening
- Positive contribution in Health due to interest rate increase



1-3/2021	178	23	276	(36)	14	32	52	2	7	(181)	(11)	356
<i>Diff</i>	(320)	632	(112)	(242)	7	(10)	20	10	(4)	19	(4)	(4)



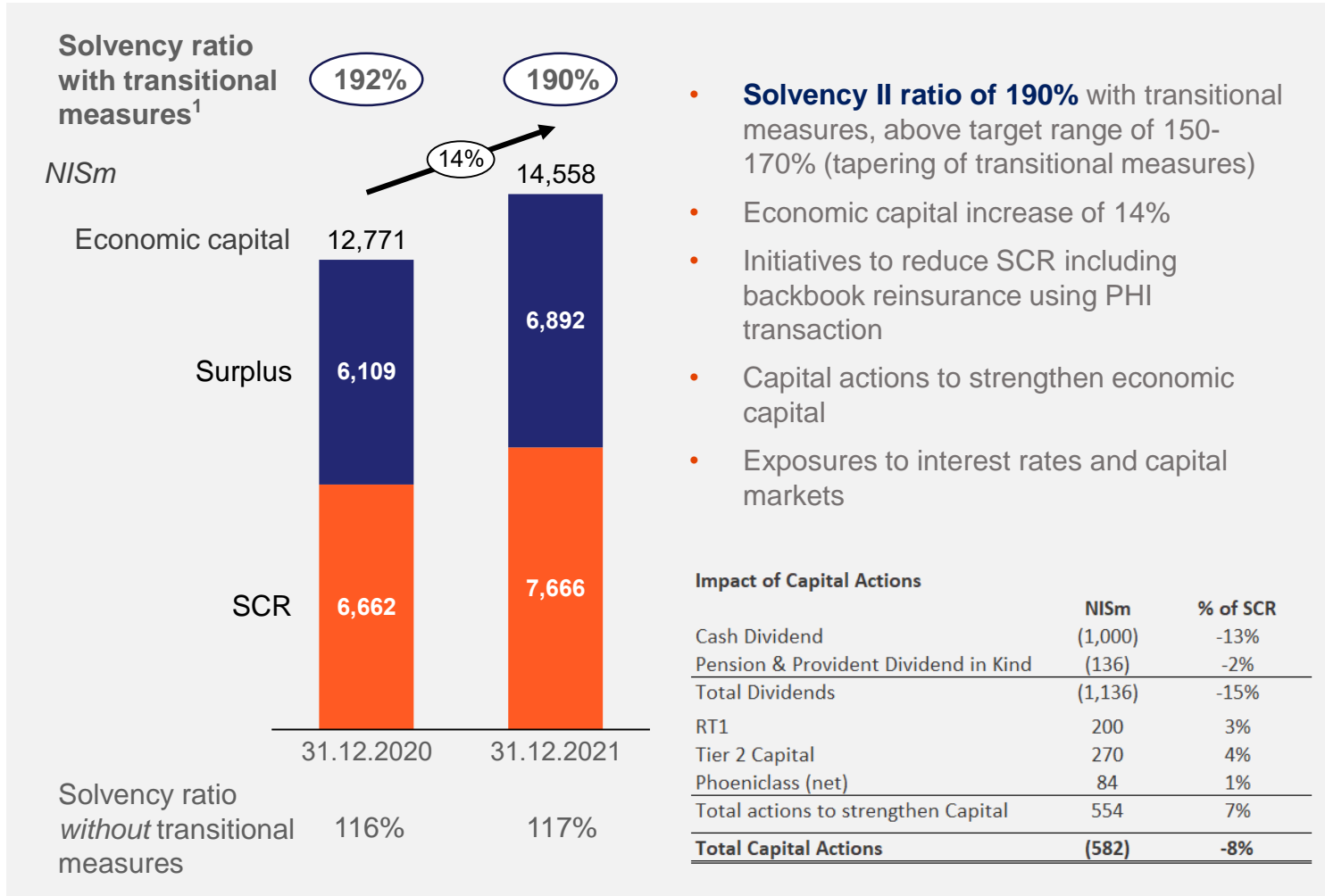
Strong Balance Sheet

Phoenix Holdings NISm	<u>31/12/2021</u>	<u>31/03/2021</u>	<u>31/03/2022</u>	<u>Difference 12/21-3/22</u>	
Cash	2,154	2,249	3,380	1,226	Note 1
Intangible Assets	2,775	2,299	2,823	48	
Deferred acquisition costs	2,011	1,819	2,156	145	
Investments in associates	1,346	771	1,318	-28	
Investment property - other	1,125	2,722	1,086	-39	
Credit for purchase of securities	2,550	-	2,711	161	
Other Assets	5,804	5,482	6,175	371	
Other Financial Investments	28,698	27,477	28,415	-283	
Assets for yield-dependent contracts	97,117	82,335	97,385	268	
Total Assets	143,580	125,154	145,449	1,869	
Financial liabilities	8,813	7,748	9,447	634	Note 2
Liabilities in respect of non-yield-dependent insurance contracts and investments contracts	25,113	23,905	24,973	-140	
Liabilities in respect of yield-dependent insurance contracts and investments contracts	95,629	81,296	96,604	975	
Other Liabilities	4,102	4,135	4,611	509	Note 3
Total equity	9,923	8,070	9,814	-109	
Total equity and liabilities	143,580	125,154	145,449	1,869	

1. Cash – growth in liquidity reserves
2. Financial liabilities – increase of 634 NISm mainly due to an increase in derivatives (260 NISm) and short-term loan obtain by Gama (370 NISm)
3. Other liabilities – increase of 509 NISm mainly due to dividend distributed in April 2022

Active Solvency & Capital Management

Economic Capital / Solvency (Insurance Company)



Cash-flow (Holding Company)

- **Phoenix Insurance** dividend policy of 30-50% of comprehensive income, in line with solvency target range
- **Pension and Provident**
- **Investment Services**
- **Agencies**
- **Liquidity** at holding level, including Phoenix Insurance Tier 1 capital notes

Accounting Profit

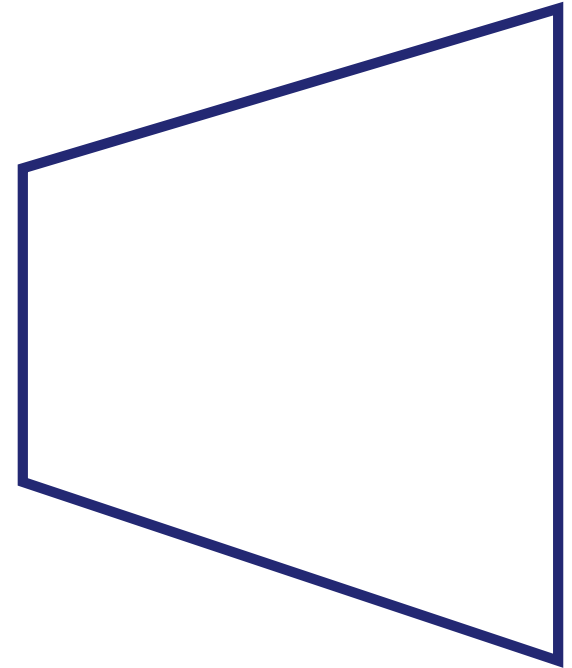
- Stable profit in Q1
- Dynamic management of the various exposures
- Preparing for **IFRS-17** implementation in 2024, which is expected to reduce volatility

¹ Audited Solvency II ratio as of December 31, 2021 with transitional measures (standard model), published in May 2022 as per regulation; includes events post December 31, 2021 - dividend distribution from Phoenix Insurance to Phoenix Holdings, raising Tier 2 capital, and real estate ("Phoeniclass") transfer to Phoenix Insurance



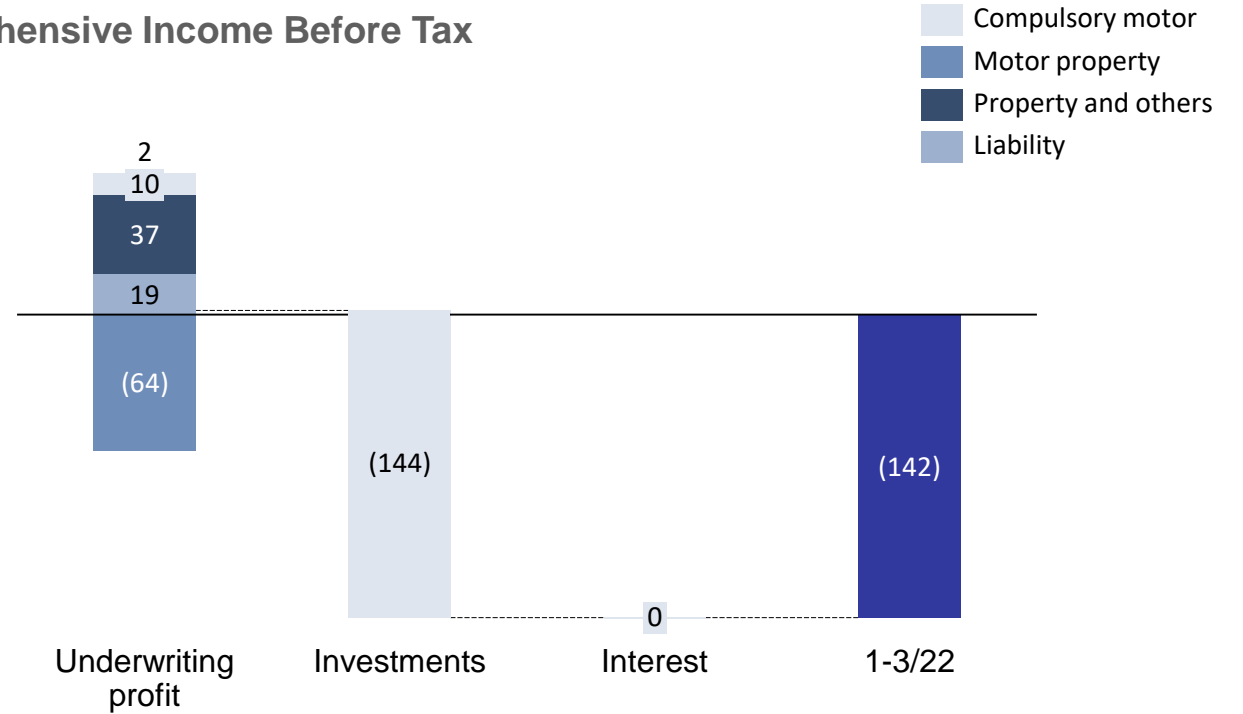
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- **Motor property** impacted by fast & strong cyclical changes in frequency and severity (global & Israel)
 - Phoenix adjusted business to market and costs
 - Cyclical trends create opportunities for well-positioned players who have capabilities (technology, data & analytics, infrastructure, people)
 - Implemented data-driven pricing model based on machine learning
- **12% growth in premiums** overall, driven by agencies and Smart direct business
- **Investment performance** impacted by capital markets

Comprehensive Income Before Tax NISm

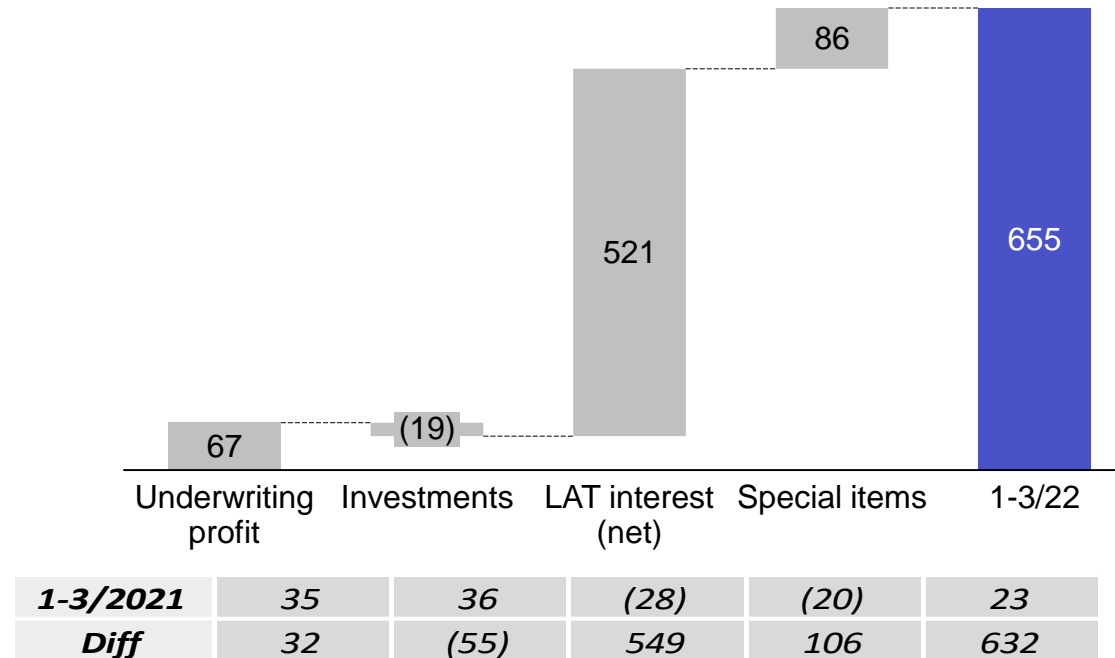


1-3/2021	72	106	-	178
Diff	(70)	(250)	-	(320)

(*) The underwriting profit assume a real rate of return of 3%, investment income includes income from corporate account (Nostro) above or below a 3% real return

Comprehensive Income Before Tax NISm

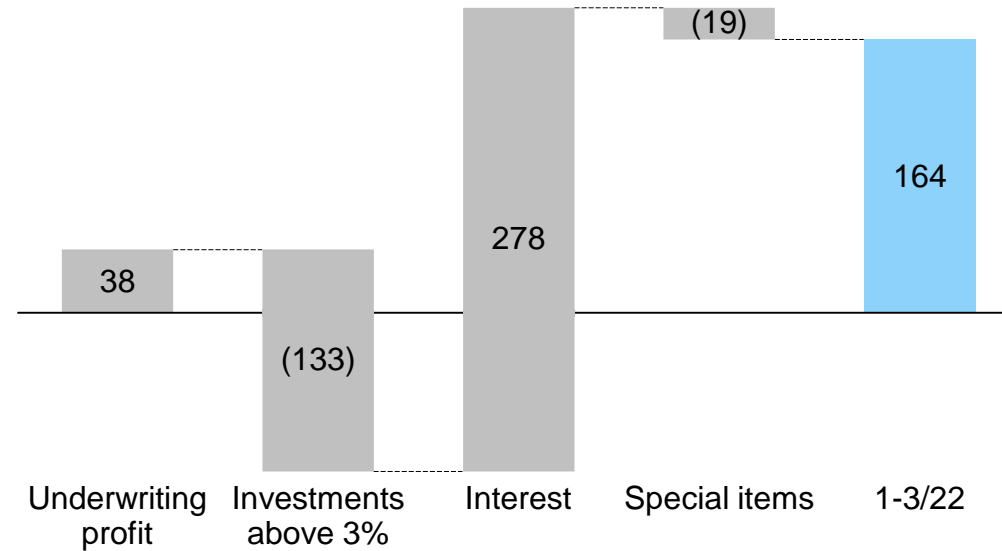
- Profit growth mainly due to an increase in risk-free interest rates offset by capital market effects
- Special items include the profit from Phoeniclass transfer under the LTC reserve
- Improvement of underwriting profit, mainly in LTC



(*) The underwriting profit assume a real rate of return of 3%, investment income includes income from own (Nostro) investments above or below a 3% real return
 (**) LAT interest - Including all changes in interest rate and excess non-marketable assets in LAT only

- Decreased profitability mainly due to results of Nostro investment and the policies participating in profits, which were partially offset by the impact of increase in interest rates
- Underwriting profit decreased due to risk products
- Deficit in variable management fees of 113 NISm as of Q1/22 and 340 NISm as of report publication date

Comprehensive Income Before Tax NISm

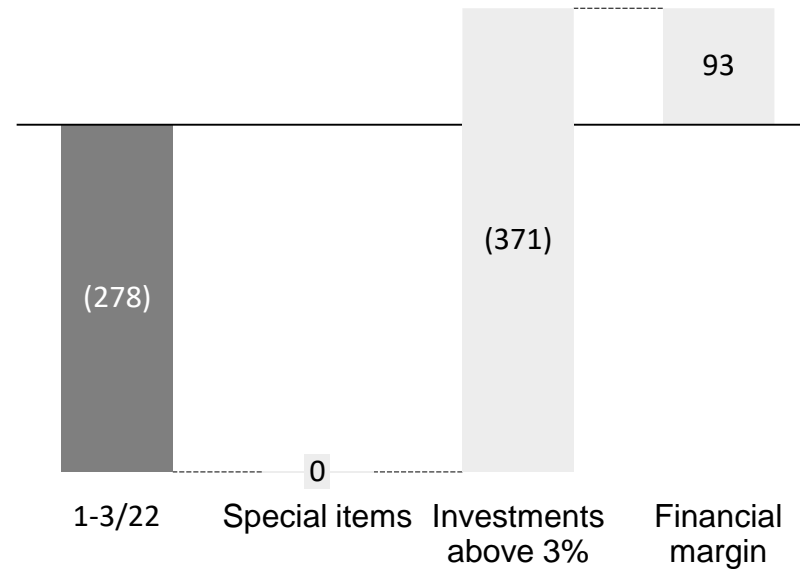


1-3/2021	26	274	(5)	(19)	276
Diff	12	(407)	283	0	(112)

Other Equity Returns (Insurance)

- Increase of financial margin due to CPI increase
- Negative impact of capital markets on investment results

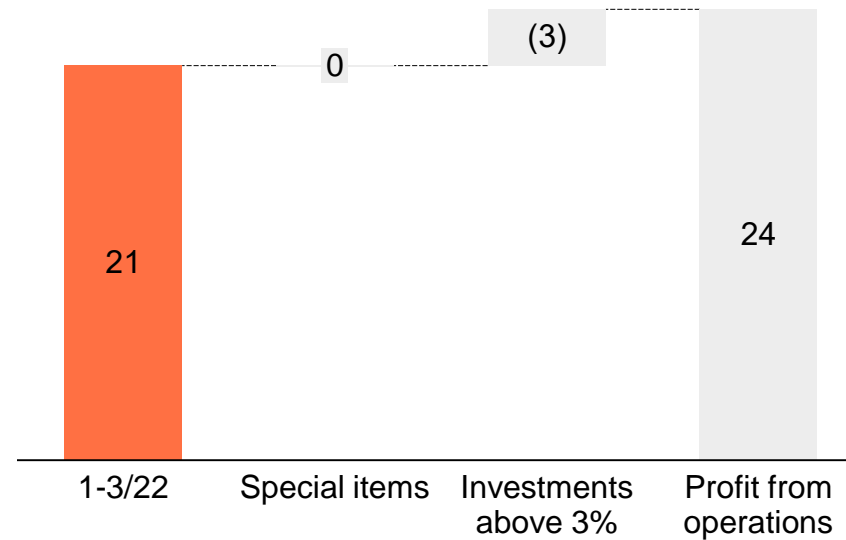
Comprehensive Income Before Tax NISm



1-3/2021	20	(56)	-	(36)
Diff	73	(315)	-	(242)

Comprehensive Income Before Tax NISm

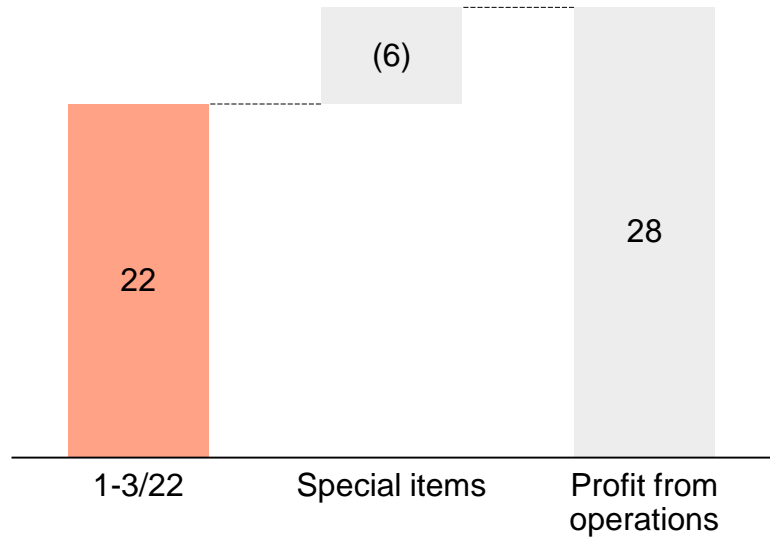
- Robust organic growth
- Improvement in underwriting profit
- Halman-Aldubi merger synergies in current run rate (24 NISm versus 11 NISm), full impact expected 2022
- A negative effect of investment results on sector profit



1-3/2021	11	3	-	14
Diff	13	(6)	-	7

Comprehensive Income Before Tax NISm

- Steady AUMs and revenues despite market declines
- Special items of roughly 6 NISm mainly due to an increase in client acquisition costs (growth strategy in private client brokerage and active mutual funds)
- Restructuring of Excellence
 - Management changes for strong business focus
 - Structural changes to reduce overhead costs

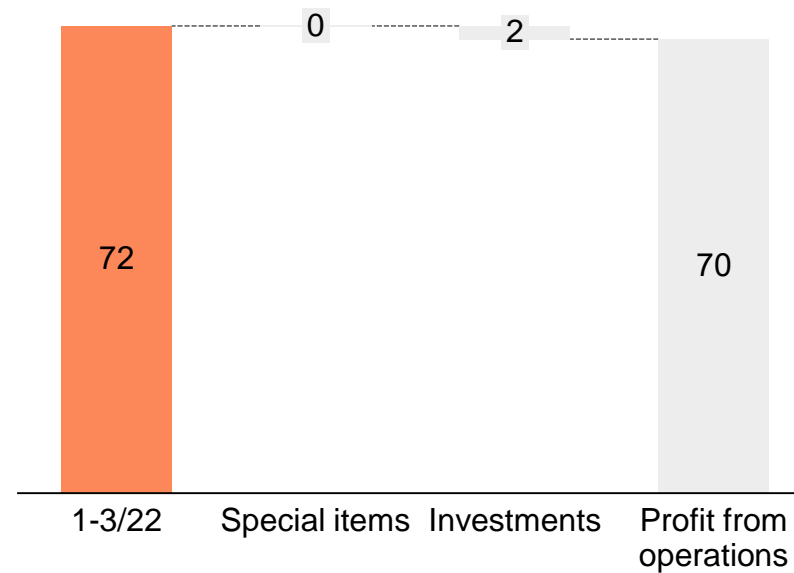


1-3/2021	32	-	32
Diff	(4)	6	(10)

* Formerly "Financial Services" segment, includes Excellence Investment House and alternative investment business

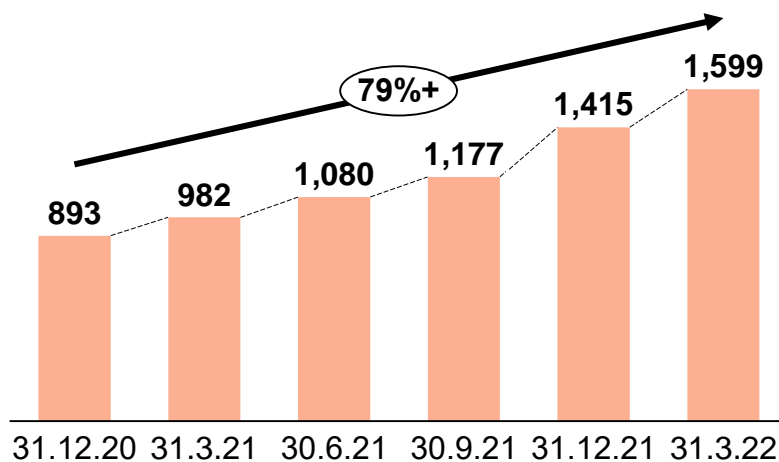
- Continued growth across agencies driven by both organic efforts and continued acquisitions
- Increase in profitability from operations from 48 NISm to 70 NISm

Comprehensive Income Before Tax NISm

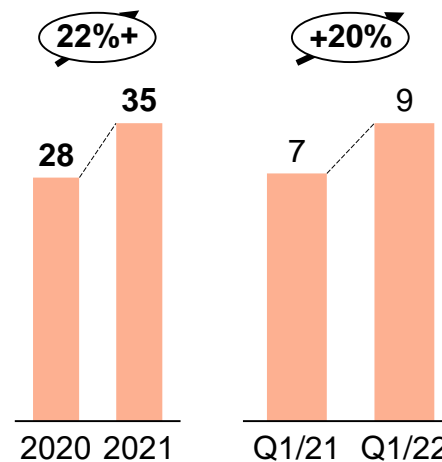


1-3/2021	48	4	-	52
Diff	22	(2)	-	20

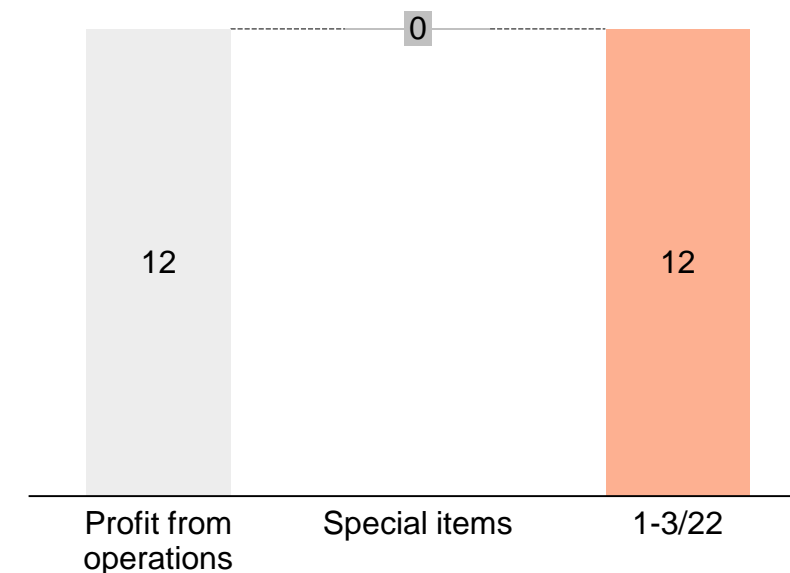
Credit Portfolio (without credit cards) NISm



Transaction Volume NISb



Comprehensive Income Before Tax NISm

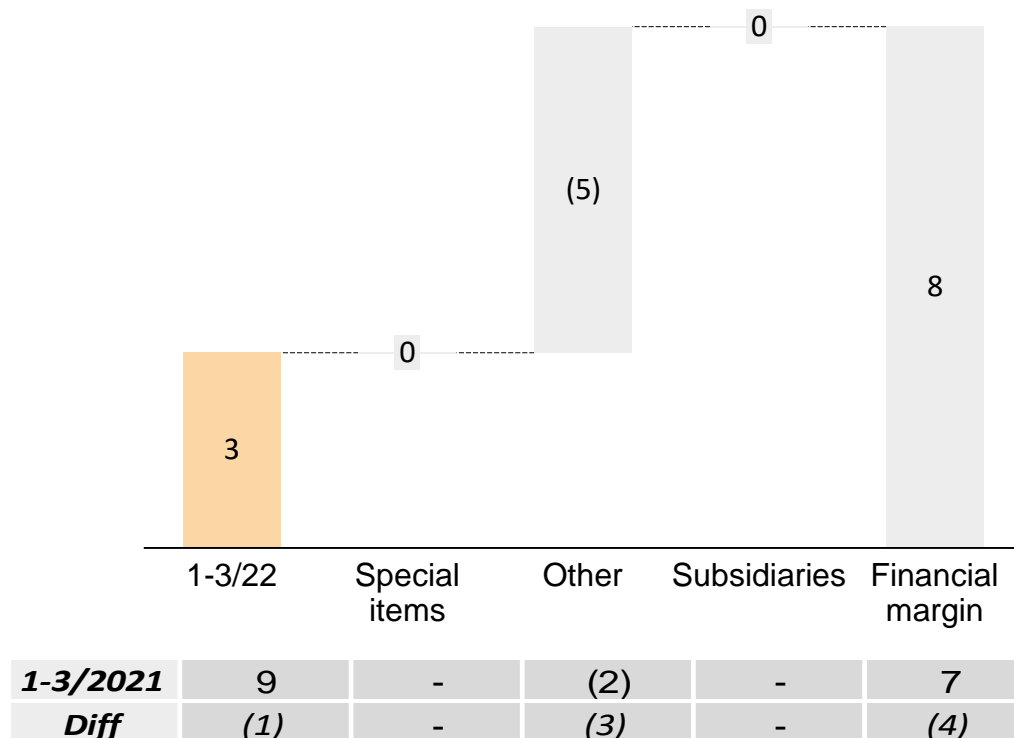


- Appointed Chairman
- Continued growth in Gama core activities during Q1/22
- Accelerated growth in credit (63% growth in credit portfolio during the last year)

1-3/2021	4	(2)	2
Diff	8	2	10

Comprehensive Income Before Tax NISm

- Segment includes Phoenix Holdings solo profits (including RT1 holding), adjustments and offsets

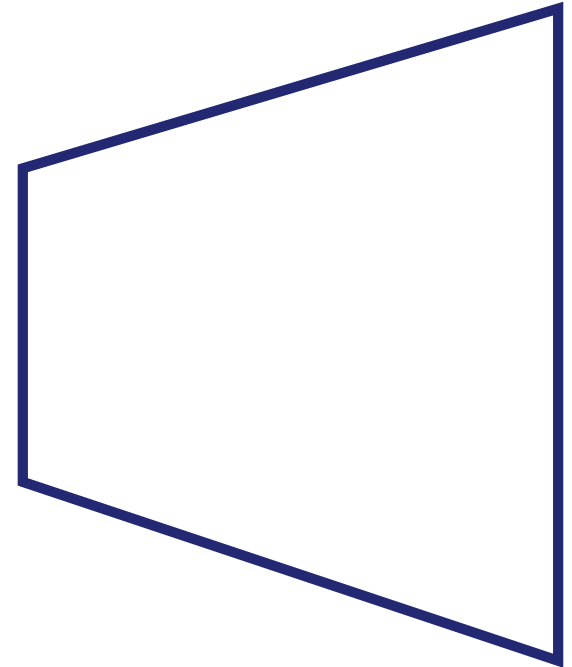


(*) Phoeniclass and other subsidiaries held by Phoenix Investments
 (**) Investment fees above 3%



Agenda

- > Highlights
- > Financial Results
- > Segment Breakdown
- > **Appendix**
- > Glossary

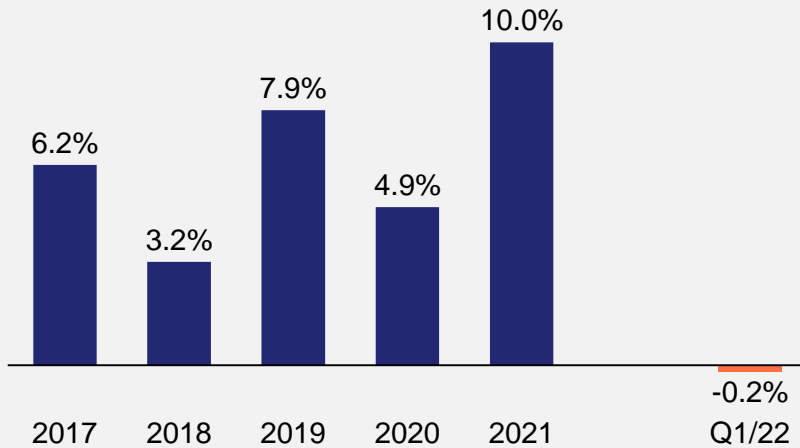




Phoenix Investment Core Capabilities

Investment performance & track record

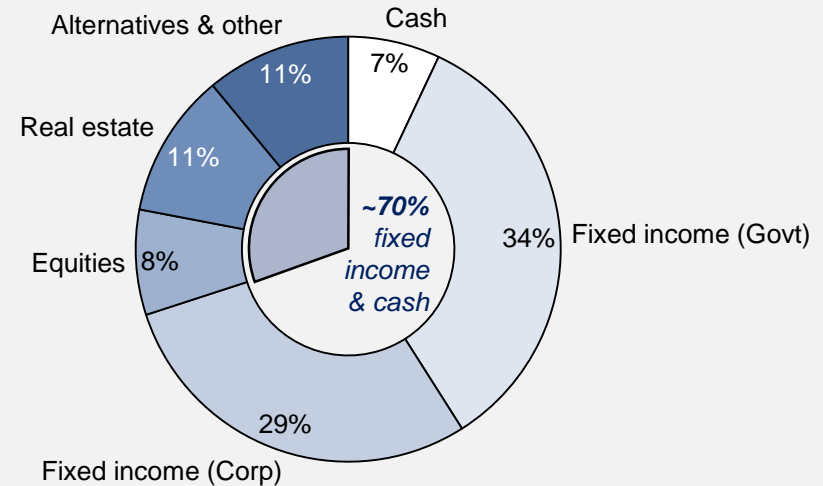
Returns - Insurance Nostro / Corporate Account
Percent (nominal)



- Team of over 100 professionals across group, managing corporate account and client assets
- Proactive and proprietary dealflow and sourcing (Partner, Acro, and more)
- Investing in capabilities including international investments and technology platforms
- Group plans based on 3% real returns and stable rates

Responsible allocation & risk management

Asset Allocation - Insurance Nostro / Corporate Account
Percent (Q1/22)



- Balanced asset allocation
- International investments (equity, debt & real estate) with leading partners, co-investments, and direct positions
- Full range of asset classes including fixed income, equities, real estate, and alternatives



Investment Highlights

1

Unique opportunity in a **growing, underpenetrated market** with high barriers to entry
Strong demographic & wealth trends with high compulsory savings rates & potential for greater penetration

2

Strong market position with distinctive growth & performance through the cycle
Leading diversified financial services group with over \$100b AUM (including multiline insurance, asset management, credit, & distribution), delivering best-in-class ROE of 15.6% and growth of 18% AUM CAGR over the past 5 years

3

Value creation driven by **diversified activities with untapped potential**
Significant share of income generated by recurring fee-based non-balance sheet businesses, with plan to unlock value of assets currently held at book value

4

Proven strategic plan with focus on growth, innovation, & value creation
Focus on accelerating growth in high ROE businesses, innovation and technology for competitive advantage and efficiency, active management of businesses to unlock & create value, & focused capital management & deployment

5

Leading financial results & organic capital generation, driving strong and resilience balance sheet
Consistent growth in shareholder equity with a Solvency ratio of 190% (with transitional measures) and 30% dividend distribution policy

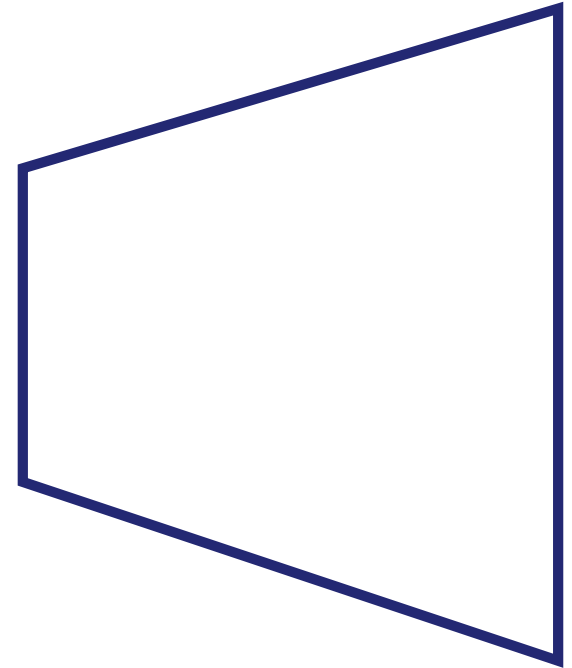
6

Experienced leadership team backed by **value-oriented shareholders**
Deep sector and broad functional experience at both board and management levels



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Glossary

AM	Asset Management; i.e. Excellence Nessuah
AUM	Assets Under Management; the total market value of all the investments that are managed by the Group
Bps	Basis Points; 1 basis points is .01%
CGU	Cost Generating Unit
CI	Comprehensive Income
CLR	Combined Loss Ratio
CO	Corporate, Other and Consolidation
CPI	Consumer Price Index; measures the average change of prices in an agreed upon basket of consumer goods and services over time
CSM	Contractual Service Margin
D&O	Directors and Officers Liability Insurance
DAC	Deferred Acquisition Cost
ESOP	Employee Stock Ownership Plan; workplace benefit program, that provides the employees with ownership interest in the company.
ETF	Exchange Traded Fund; an open end, tradable basket of securities that tracks an underlying index, sector, or security type
Fixed-Rate Gov Bonds	A government issued bond for which the interest income payment is agreed upon and does not change
FX	Foreign Exchange Currency
Gama	Financial services and credit company owned by the Phoenix Group
Halman corporate funds	Israeli Electric Company (IEC)
Illiquidity Premium	Or Liquidity Premium; premium demanded by investors when any given security cannot be easily converted into cash for its fair market value.
IMF	International Monetary Fund
Index Linked Gov Bonds	A government issued bond for which the interest income payment is related (or linked) to the CPI
LAT	Liability Adequacy Test
Liquidity Premium	See Illiquidity Premium
LOB	Line of Business
LTC	Long Term Care insurance; typically helps pay for costs associated with long term care
LTS	Long Term Services; including but not limited to Life, Provident and Pension funds
Marketable Securities	Liquid financial assets that can be quickly converted into cash; most are trading assets



Glossary

MF	Management Fees; wages charged by a financial manager
Moody's	A credit risk rating agency
MSCI	Morgan Stanley Capital International Emerging Markets Index; measures the performance in equity markets, specifically in global emerging markets
Mutual Fund	Open end, non-tradable basket of securities that tracks the performance of an undelaying index, sector, or security type
Net Inflows	The net amount of new cash, excluding the impact of investment market value; calculated by subtracting withdrawals from new deposits
NIS	New Israeli Shekel
Non-Marketable Securities	Asset group that is considered to be difficult to buy or sell due to the fact they are not traded on any major exchange; could include government issued debt securities, limited partnerships, real estate investments and more
Nostro	The account in which a financial institution manages its own funds
OPEX	Operational Expenses
P&C	Property and Casualty insurance
PH	Phoenix holdings
PHI	Permanent Health Insurance
PI	Phoenix insurance
PLI	Professional Liability insurance
Reinsurance	A balancing risk strategy; one or more insurers that share the liability
Revenue	All encompassing streams of income; including, but not limited to: premium, management fees, benefit contributions
RFR	Risk Free Rates
ROE	Return On Equity; calculated by dividing net income over total equity
SME60	"The Rest Index"; tracks the performance of the 60 largest market value companies that are excluded from the Tel Aviv Stock Exchange
Special Items	Changes in profit or loss that are not part of the usual business of the Company, including changes in actuarial research, actuarial model changes, other structural changes and strategic acquisition costs in AM segment
Tel Bond 20	Index that tracks the performance of the 20 largest Index Linked Corporate Bonds in terms of market value
Tel Bond 40	Index that tracks the performance of the 40 largest Index Linked Corporate Bonds in terms of market value
Tel Bond 60	Index that tracks the performance of the 60 largest Index linked Corporate Bonds in terms of market value
TLV 125	An index that tracks the performance of the 125 largest market value companies in the Tel-Aviv Stock Exchange
TLV 35	An index that tracks the performance of the 35 largest market value companies in the TLV Stock Exchange
TLV 90	An index that tracks the performance of the 90 largest market value companies in the TLV stock Exchange
TMTTP	Transitional Measures on Technical Provisions
Workers' Compensation Insurance	Insurance coverage for employees' injuries or sickness
Yield Curve	A line that plots interest rates of bonds with equal credit risk with different maturity dates in the future



Investor relations email contact:
IR@fnx.co.il

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Phoenix Holdings

Financial Review