

May 31, 2022

Phoenix Holdings Reports Results for the First Quarter of 2022 Continues to Execute Against Strategic Objectives

Phoenix Holdings Ltd., a leading Israel-based diversified financial, insurance, and investment group (TASE: PHOE) (“Phoenix” or “Company”), today reported its results for the first quarter of 2022.

Highlights

- The group reports comprehensive income of 352 million NIS, reflecting a return on equity of 15.5%
- As of March 31, 2022, equity amounts to 9.5 billion NIS after distributing dividends of 421 million NIS (with respects to 2021 profits), and repurchasing shares in an amount of 56 NIS million
- Assets under management as of March 31, 2022 are 370 billion NIS, compared to 369 billion NIS on December 31, 2021, reflecting growth in inflows that has surpassed capital market declines
- Total premiums and contributions in Q1 2022 amounted to NIS 9 billion, reflecting growth of approximately 53% compared to Q1 2021

Q1 2022 was characterized by high volatility in the capital markets, which led to declines in market yields and an increase in interest rates. Applying dynamic risk adjusted investment management commensurate with market volatility, the group generated positive margin during this challenging period

Phoenix Holdings continues to realize the updated objectives of the strategic plan with four growth engines: insurance, asset management, distribution and credit, achieves growth and meets profit, capital and asset management goals

The group recorded a pre-tax profit of 529 million NIS, approximately 400 million NIS from insurance activities and 130 million NIS from provident and pension activities, insurance agencies, investment services and credit

Stability in the solvency ratio, dividend distributions and credit rating

As of December, 31 2021, the Phoenix Insurance solvency ratio is 190% (including transitional measures), a rate similar to December 31, 2020. This is after dividend distributions and capital actions carried out

Phoenix Holdings’ credit rating is AA-, Phoenix Insurance’s credit rating is AA+

ESG

The group will publish its first full ESG report in June 2022

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Eyal Ben Simon, CEO of Phoenix Holdings:

"Phoenix Holdings continues to consistently and successfully execute its strategic plan. The total profit and return on equity reported this quarter are the result of structural and business changes that we have made that greatly improve the optimization of capital, and attest to close control as well as adherence to the efficiency indicators of each of the group's activities.

The Phoenix group is focused on continuing to cultivate relationships with its clients while also increasing the client base in all activities by investing in technological infrastructure, high quality service and strong investment management. Being an attractive choice for clients has led to consistent growth, and along with the group's extensive activities base, constitutes a significant competitive advantage in a changing market environment.

Phoenix Holdings is well positioned for the current macro conditions by setting up deep infrastructure (people and technology) and by a significantly strengthening the group's financial resilience. Looking ahead and against the backdrop of the strong Israeli economy, we are well prepared to take advantage of the opportunities that this period may present.

In 2022, Phoenix Holdings will distribute dividends to its shareholders semiannually, based on 30% of the annual comprehensive income. For the first time, Phoenix will separate the buyback program from the cash dividend to be distributed. We continue rapid execution of the strategic plan in order to meet the objectives we have set and to ensure the continuous value creation for the Company's shareholders.

The Phoenix wishes to thank all its employees, as well as our business partners, for their contributions to the group's success."

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Phoenix Holdings reports its financial results for the Q1 2022 reflecting the continued execution of the strategic plan. The Group reports a total profit of 352 million NIS, reflecting return on capital of 15.5%, and a total of 370 billion NIS in assets under management.

The Group recently increased the targets of the strategic plan, and it reports that Q1 2022 highlights continued growth in activities with high returns on equity as well as the strengthening of operational efficiency and optimization of the capital structure.

The following are highlights from the Q1 2022 financial statements:

Comprehensive income to shareholders:

The total comprehensive income to shareholders in Q1 2022 amounts to **352** million NIS, reflecting a return on equity to shareholders of **15.5%**. The profit in Q1 2021 was similar and amounted to 356 million NIS.

Shareholders' equity and solvency ratio:

The equity attributable to the company's shareholders amounts to approximately **9.5** billion NIS as of March 31, 2022.

Phoenix Insurance published a Solvency II ratio as of December 31, 2021, of 190% with transitional measures. This ratio includes events after the reporting period which includes dividends from Phoenix Insurance to the Company, the issuance of a tier 2 capital instrument and the transfer of Phoeniclass (49%) within the Phoenix group. The medium-term solvency target for Phoenix Insurance is in the range of 150%-170%.

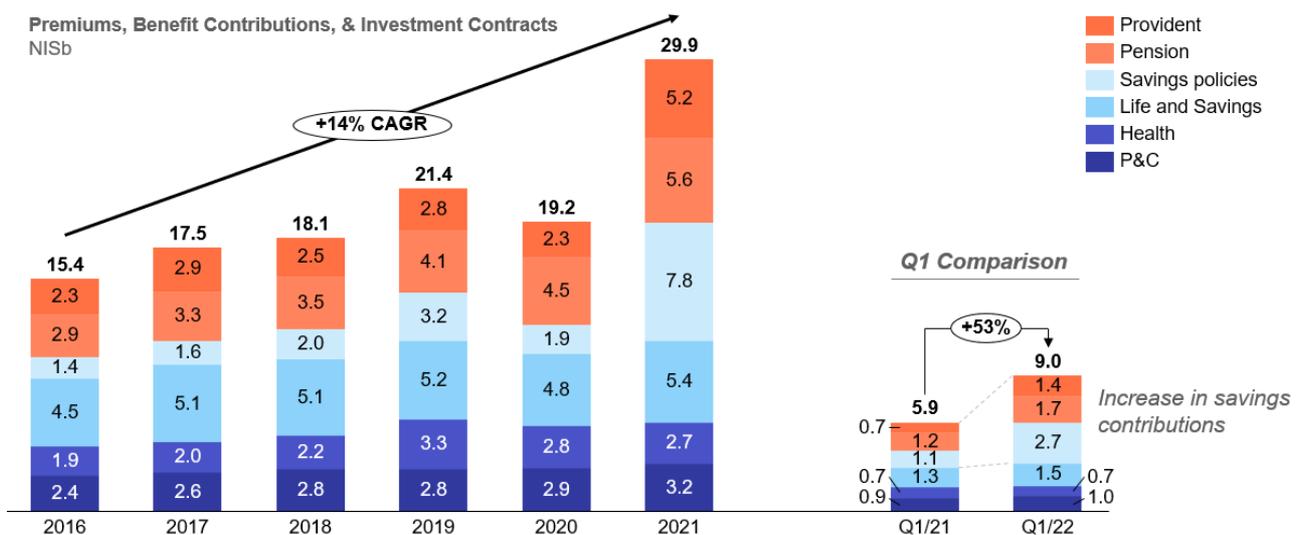
The impact of the interest rate increase and the capital markets:

The group was prepared for changes in the macro conditions and current challenges in the capital markets, and reports a contribution of 131 million NIS to pre-tax profit, resulting from the net effect of the increase in interest rates and the decline in the capital markets.

The effect of increased interest rates amounted to a positive total of 799 million NIS. The negative return on Nostro investments was only (0.2%). From this return an annual real return of 3% and variable fees calculated based on the same annual real return, were transferred (deducted) to the underwriting profit, so that the total negative impact of the capital markets, after the aforementioned deduction, was 668 million NIS.

Premiums and contributions:

Premiums and contributions in Q1 2022 totaled **9** billion NIS compared to approximately 5.9 billion NIS in the Q1 2021, an increase of over **53%**.



Improving and creating value in portfolio companies –

As part of the Group's capital management strategy, the group transferred capital rights of investee company Phoeniclass from the Company to Phoenix insurance, unlocking a pre-tax profit of 99 million NIS, which also positively affected the solvency ratio by approximately 1%.

Investment in innovation –

Phoenix Holdings consistently invests in innovation and digitization as part of focusing on client needs and maintaining a high standard of service. Investment in advanced technology and data capabilities provides the group with analytics and measurement tools to ensure operational efficiency and ongoing improvement of performance. To that end, the group appointed a Chief Data Officer and the Company has increased its efficiency by consolidating the provident and pension operations.

Financial strength:

Phoenix Holdings' credit rating is AA-, while Phoenix Insurance's credit rating is AA+. The group has financial flexibility and a high liquidity profile.

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The following are the main financial results of the Group's activity segments:

(For more details regarding changes in financial results, see the Financial Statements and investor presentation)

P&C segment:

The total pre-tax loss in Q1 2022 reached **142** million NIS, compared to a total pre-tax profit of 178 million NIS in the corresponding period. The decrease in profit is attributed mainly to the increase in severity and frequency in claims in the casco line of business and capital markets negative effect. The Phoenix has made relevant adjustments including full implementation of its advanced data model.

Health insurance segment (including long-term care insurance, medical expense insurance, travel abroad, foreign workers):

The total pre-tax profit for Q1 2022 reached **655** million NIS, compared to a profit of 23 million NIS in the corresponding period. The increase in profit is attributed mainly to the increase in the free-risk interest rate resulting in decrease in reserves which was offset by the capital markets negative effect.

Life insurance segment:

The total **pre-tax** profit for Q1 2022 reached **164** million NIS, compared to a profit of 276 million NIS in the corresponding period. The decrease in the profit is attributed mainly to the capital markets negative effect and the inability to collect variable management fees which was offset by the increase in the free-risk interest rate resulting in decrease in reserves.

As of March 31, 2022, the total effect of the decrease in OPM portfolio results in inability to collect management fees in the future of approximately 113 million NIS before tax (as of report publication date approximately 340 million NIS before tax).

Asset management - provident and pension funds segment:

The total pre-tax profit for Q1 2022 reached **21** million NIS, compared to 14 million NIS in the corresponding period.

Asset management – investment services segment (including Excellence):

The total pre-tax profit for Q1 2022 reached **22** million NIS, compared to 32 million NIS in the corresponding period. The decrease in profit is attributed mainly to the increase in acquisition costs as a result of the growth strategy in the brokerage private customers portfolio and zero management fees in ETFs.

The insurance agency segment (including the activities of the arrangement agencies and other unified insurance agencies):

The total pre-tax profit for Q1 2022 reached **72** million NIS, compared to a profit of 52 million NIS in the corresponding period. The increase in profit is attributed mainly to the continued organic growth along with implementing agencies and operations acquisition strategy.

The credit segment (including Gama):

The total pre-tax profit for Q1 2022 reached **12** million NIS, compared to NIS 2 million in the corresponding period. The increase in profit is attributed mainly to the continued organic growth.

Other segments (including activity segments that do not meet the quantitative threshold for reporting):

The total pre-tax profit for Q1 2022 amounted to **3** million NIS, compared to a pre-tax profit of 7 million NIS in the corresponding period.

Other capital gains segment:

The total pre-tax loss for Q1 2022 amounted to 278 million NIS, compared to a pre-tax loss of 36 million NIS in the corresponding period. The decrease in profit is attributed mainly to the capital markets negative effect.

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Conference Call Information

Phoenix Holdings will hold a conference call on Tuesday, May 31, 2022 at 1pm local time in Hebrew and at 5pm local time / 3pm UK / 10am ET in English, and has published dial-in details and the presentation through the Tel Aviv Stock Exchange website.

About Phoenix Holdings

Phoenix Holdings is a leading Israel-based diversified financial, insurance, and investment group traded on the Tel Aviv Stock Exchange (TASE: PHOE). Group activities include multi-line insurance, investment and asset management, credit, and financial product distribution, and have demonstrated strong growth and performance across the cycle. The Phoenix serves a significant portion of Israeli households with a broad set of activities and solutions across businesses and client segments. Managing over \$100 billion in assets, the Phoenix accesses Israel's vibrant and innovative economic activity through a robust investment portfolio, creating value for both clients and shareholders.

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