



3Q 2021

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 on its 9M 2021 financial reports.

This presentation includes information regarding the Company's strategic plan for the years 2020-24. Accordingly, the presentation includes forward-looking information as defined in section 32A of the Securities Law 5728-1968.

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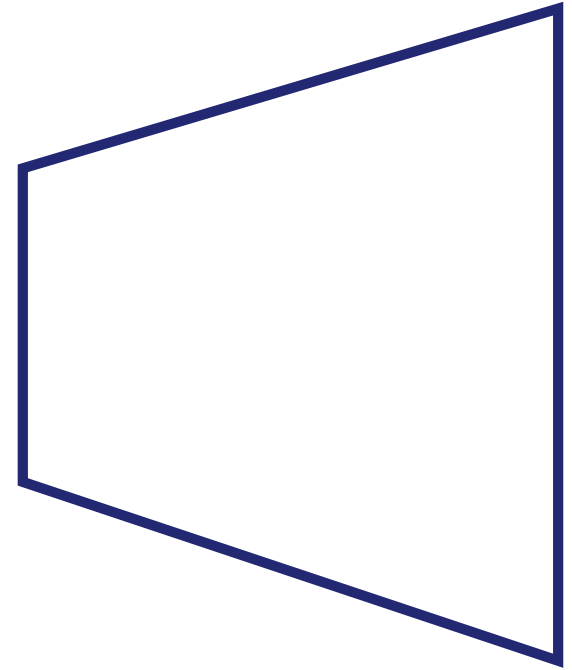
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For the avoidance of doubt, the Company does not undertake to update or change the information contained in this presentation.



Agenda

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





Phoenix Holdings at a Glance

➤ Leading Israeli insurance, asset management & financial group

➤ Proven and recognized experience

➤ Trusted by millions of customers

➤ Strong capital position

➤ High growth and compelling returns

TA35 index
Since 2018

9.8 NISb
Market cap⁽¹⁾

70+
Years of activity

AA- / AA+
Holding / Insurance Rating

>3m
Clients
c. half adult population

Top Ranked
in leaderboard for
investments⁽²⁾

196%
Solvency II Ratio⁽³⁾

9.1 NISb
Equity

13%
AUM CAGR
5-Year⁽⁴⁾

15%
ROE Average
5-Year⁽⁴⁾

(1) As of November 24, 2021

(2) Based on yields in the general plans: #1 out of 5 in Policies (1991-2003), #1 out of 5 in Pension, & #3 out of 11 in Provident Funds

(3) As of June 30, 2021, unaudited, with transitional measures, proforma for 300 NISm dividend distribution from Phoenix Insurance to Phoenix Holdings

(4) From 30.9.2016 until 30.09.2021

9M21 Performance Highlights

9M21

25.1%

ROE

1.6NISb

Comprehensive
Income

340NISb

AUM ¹

9.1NISb

Equity

196%

Solvency²

3Q21

19.5%

ROE

404NISm

Comprehensive
Income

Phoenix Holdings dividend announced

200NISm

Dividend
Announced

0.79NIS

Dividend per
Share

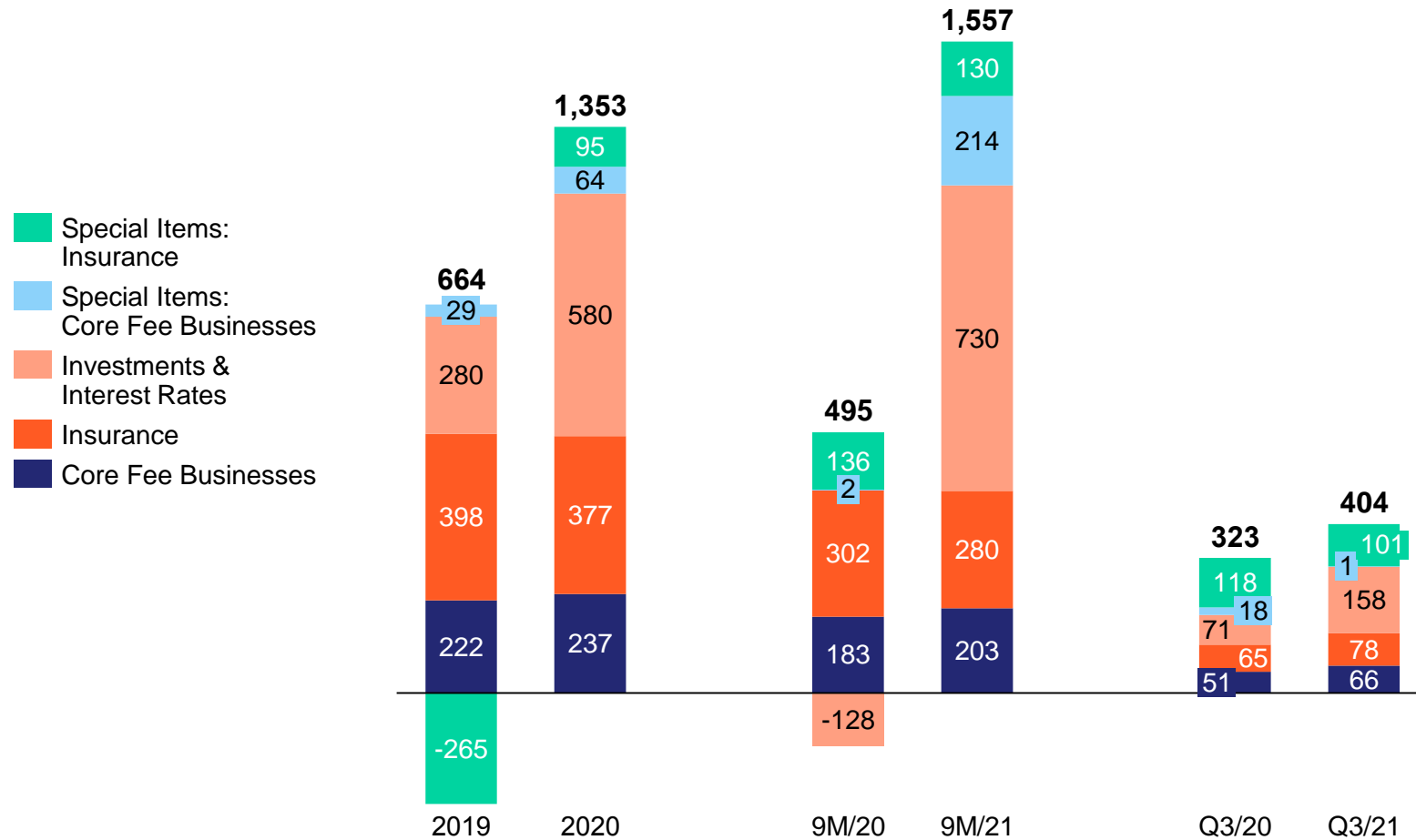
- *Performance driven by diverse businesses and investments*
- *Continued execution of strategic plan focused on growth and risk-adjusted returns*
- *Ad-120 divestment*
- *Announcement of 200 NISm dividend*

(1) Including Haldman-Aldubi corporate fund of 44 NISb

(2) As of June 30, 2021 with transitional measures, unaudited, and pro-forma for a 300 NISm dividend distribution from Phoenix Insurance to Phoenix Holdings

Income from Broad Activities

Comprehensive Income
NIS millions



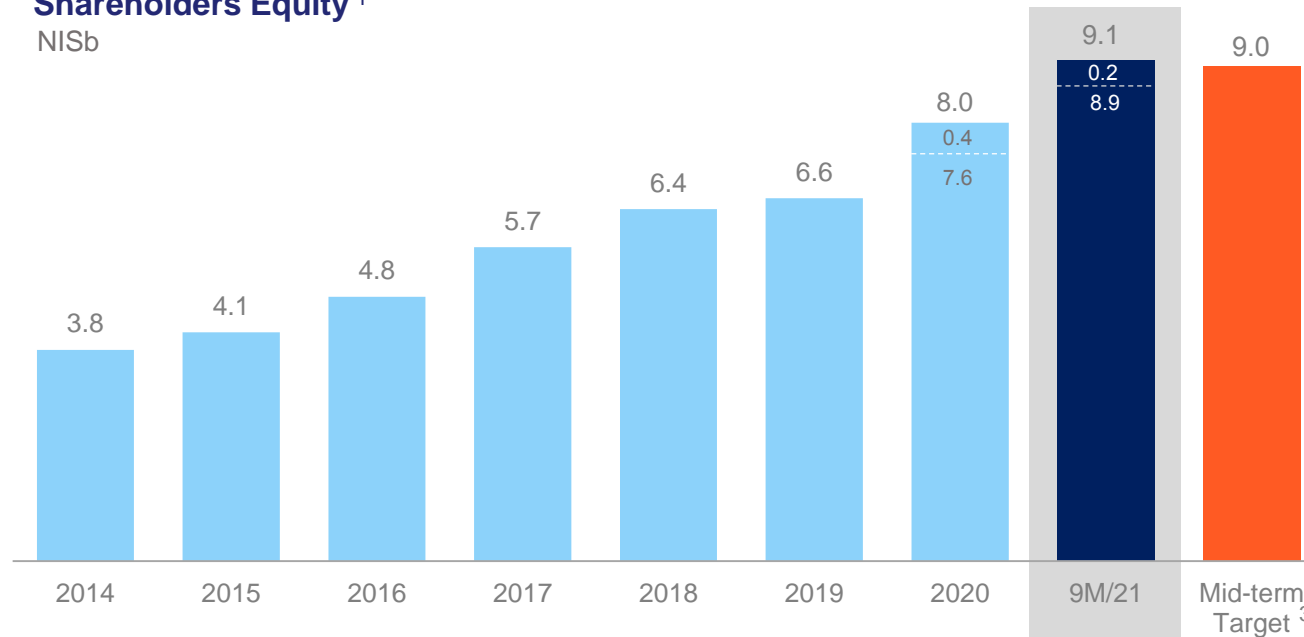
- » Continued growth driven by core businesses and diverse sources of income
- » Continued strategic plan execution
- » Investment yields and variable fees above 3% benefited from investment performance
- » Special Items (Core Fee Businesses) include income from Gama IPO (in Q2) and Ad-120 control divestment (90 NISm recognized in Q3 out of 270 NISm total net income)

Notes: Core fee businesses includes agencies, Excellence, and Gama. Investments include yields and variable management fees above 3% (previously reported within Insurance). See Appendix D for a detailed breakdown of 2019-20. 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.



Long-Term Equity Generation

Shareholders Equity ¹
NISb



- » Continued growth in shareholder equity driven by earnings
- » 200 NISm interim dividend from 2021 income announced after 9M21 reporting period
- » 74 NISm buyback executed during 9M21

Dividend And Buyback (NISm)	200	-	-	-	120	480 ²	406 ⁴	274⁵	30% of income
Dividend yield (BV)	6.3%	-	-	-	2.3%	4.7%	6.1%	3.4%	3-5%
ROE	12.0%	8.1%	15.5%	16.5%	8.3%	10.2%	18.5%	25.1%	12-15%³

(1) Including LAT restatement for 2018-19; 2020 figure is before dividend distribution

(2) Including approximately 230 NISm of Mehadrin shares as a dividend in kind

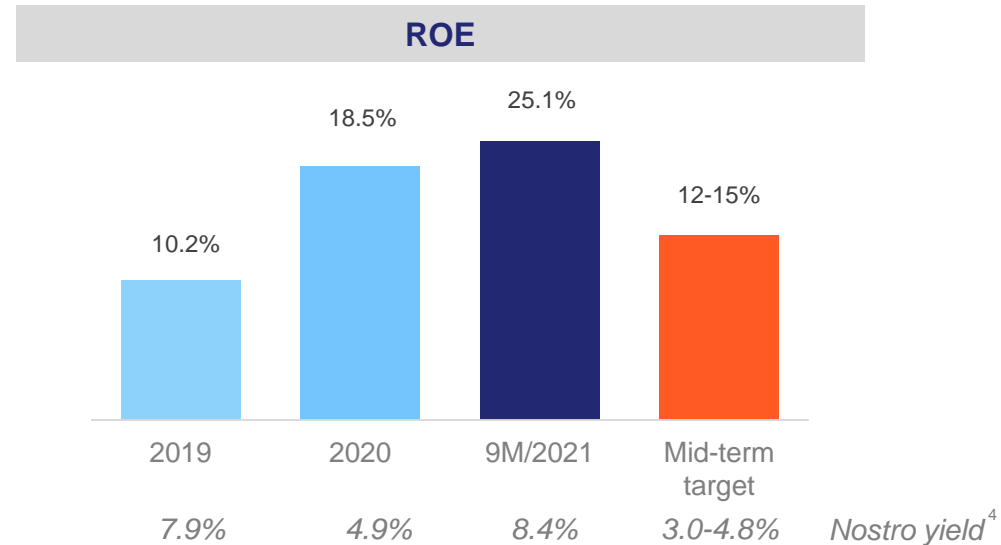
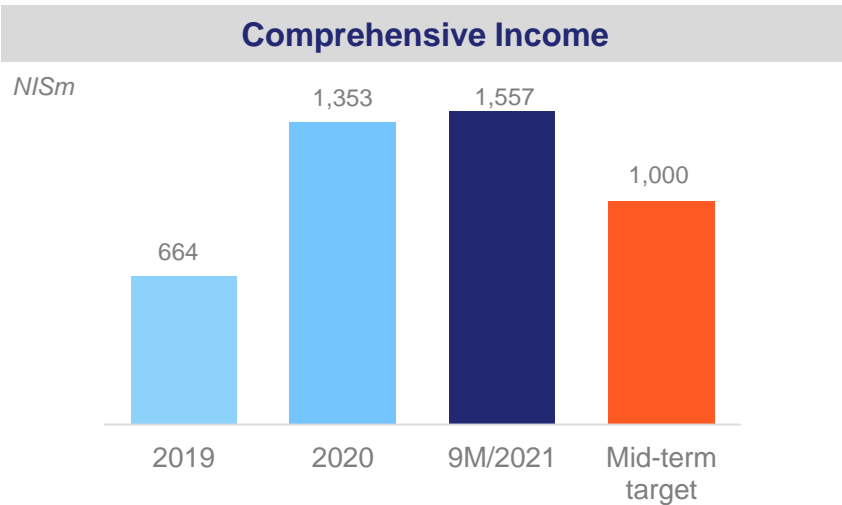
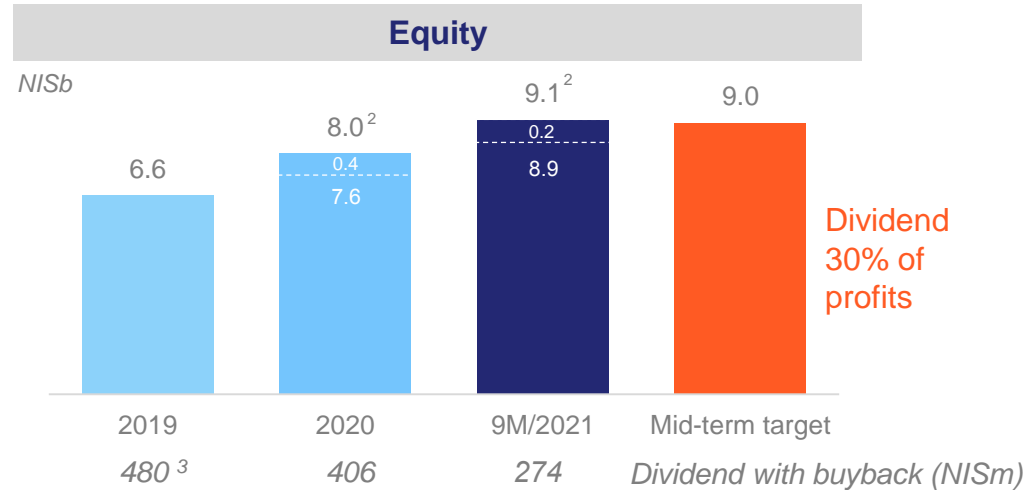
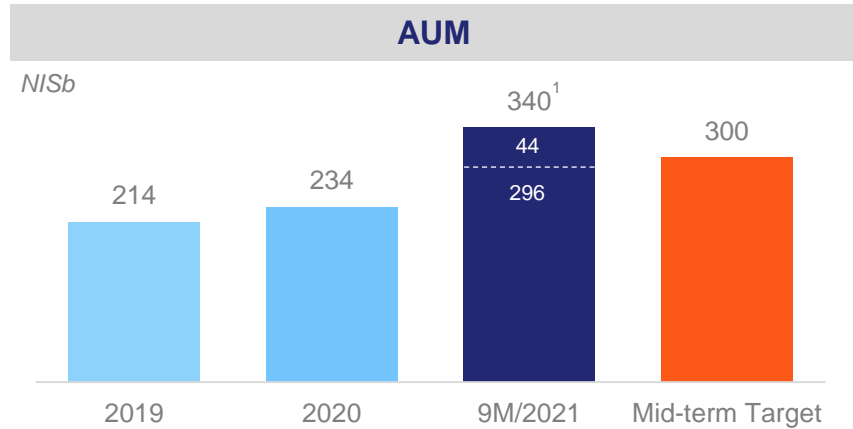
(3) Mid-term Target based on 5-year plan and assuming 3% return on investments. ROE target range assumes 3% to 4.8% return on Nostro investments (4.8% based on average actual annual return during 1.10.15-30.9.20)

(4) Including 2020 share buy-back program 26 NISm plus cash dividend 380 NISm 2020 distributed during 2021 H1

(5) 74 NISm buyback during the reporting period; after report date the company announced 200 NISm dividend



Performance and Mid-term Targets



Assessing
multi-year
plans and
targets across
group

(1) AUMs include Halman-Aldubi's 44 NISb corporate fund

(2) Before dividend distributions of 0.4 NISb in H1 2021 for 2020 income and 0.2 NISb announced in November for 2021

(3) Includes approximately 230 NISm of Mehadrin shares as a dividend in kind

(4) 2019 / 2020 / 9M2021 annual nominal nostro yields

Note: Mid-term Targets based on 5-year plan and assuming 3% return on investments. ROE target range assumes 3% to 4.8% return on Nostro investments (4.8% based on average actual annual return during 1.10.15-30.9.20). Actual performance will depend on financial markets, macroeconomic growth, industry trends, company performance and other variables



Strategy Implementation: Value Drivers

1 Accelerated growth in high-ROE activities



- **Asset management:** Growth in AUMs to 340 NISb, customer acquisition in private brokerage accounts, restructuring of alternative funds holding structure
- **P&C:** 9% growth in premiums 9M21 vs. 9M20
- **Agencies:** 17% growth in EBITDA
- **Gama:** 40% growth in SME credit portfolio since the beginning of the year (not including credit card transactions)

2 Innovation and efficiency



- **Innovation:** leading electric car insurance market with key international importer agreements; launching mobile app for locating and scheduling medical tests and appointments
- **Digitization:** Achieving targets in several areas including claims filling, production, files indexing, IVR dynamic routing and OCR solutions
- **Analytics:** machine-learning P&C pricing model implementation; new data analytics models in pilot phase
- **Service:** Improved customer and agent satisfaction scores
- **Efficiency:** successful results from work-from-home pilot

3 Active portfolio / group management



- **Ad-120:** Divestment of 53% of senior housing business
 - Implementation of disciplined portfolio strategy
 - Unlocking pre-tax income of 388 NISm, previously held at book value (partially recognized in 3Q21)
 - Acceleration of expected value creation by transfer of control to leading real estate and infrastructure player while retaining 47% holdings
 - Potential for improving reserves as a result of synergy
- **Halman-Aldubi:** integration completed

4 Capital management



- **Tier 1 Capital:** First Israeli insurance group to issue restricted Tier 1 capital
- **Dividend:** announced after end of reporting period, from Gama and Ad-120 transaction income (as part of 2021 distribution)
- **Restructuring of long-term savings:** Transfer of Phoenix pension and provident businesses from insurance subsidiary to Phoenix Holdings, improving Solvency ratio and creating flexibility for growth
- **Real estate restructuring:** transfer of 49% of the shares of prime Tel Aviv property (Phoeniclass) from Phoenix Investments to Phoenix Insurance



Looking Ahead

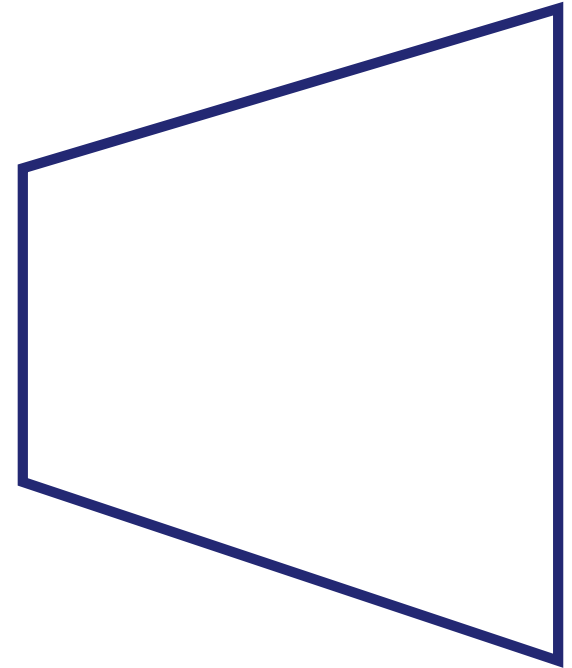
Priorities for next quarters

- Implementing strategic plan to drive risk-adjusted returns
 - Accelerated growth
 - Innovation & efficiency
 - Active portfolio / group management
 - Optimized capital deployment
- Assessing multi-year plans and targets across group



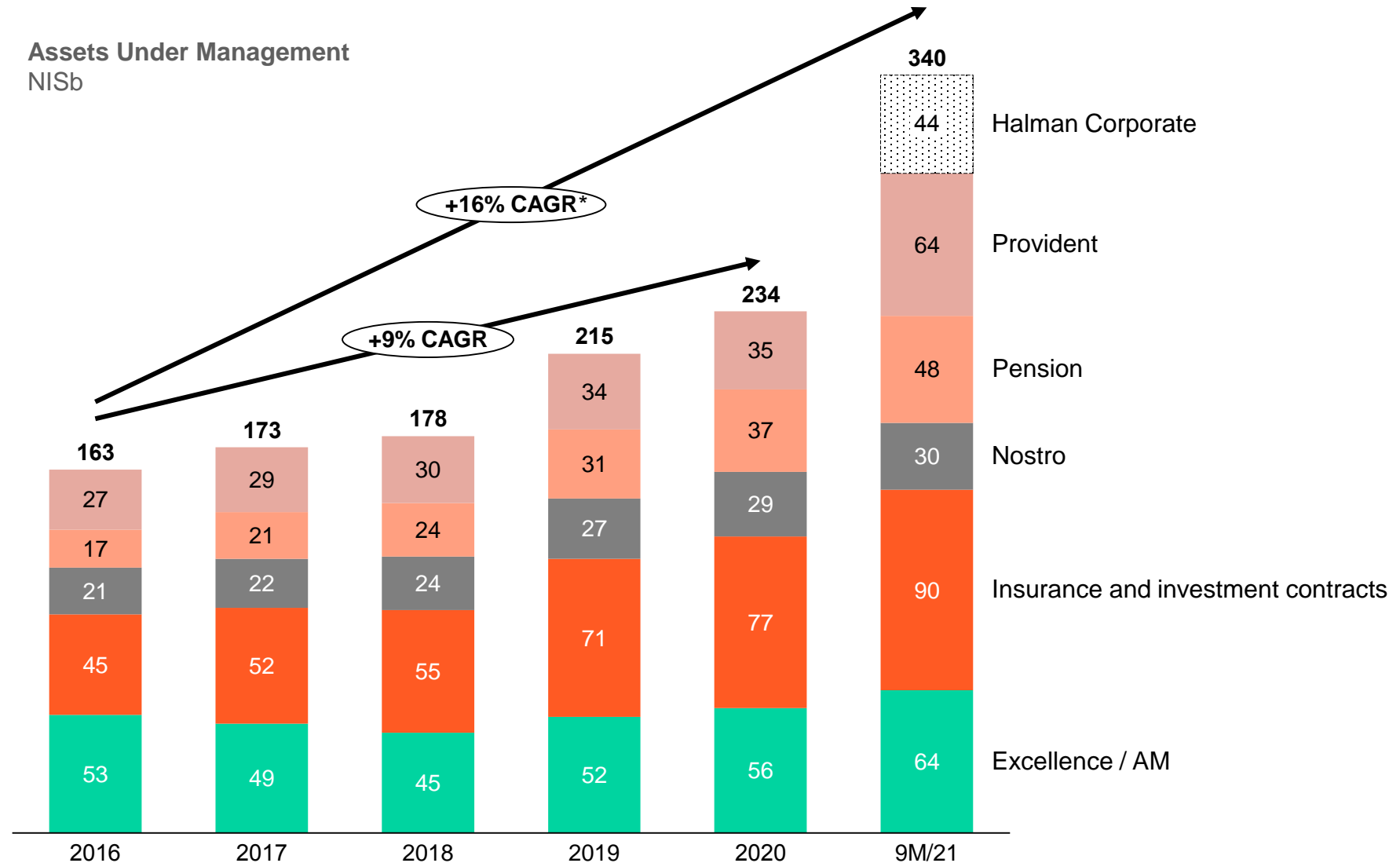
Agenda

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



Accelerated Growth in AUMs

- Provident** – organic as well as inorganic growth including Halman-Aldubi acquisition
- Excellence** – growth driven by mutual funds and ETFs
- Insurance, investment contracts, and pensions** – organic growth across products driven by monthly contributions and internal yields



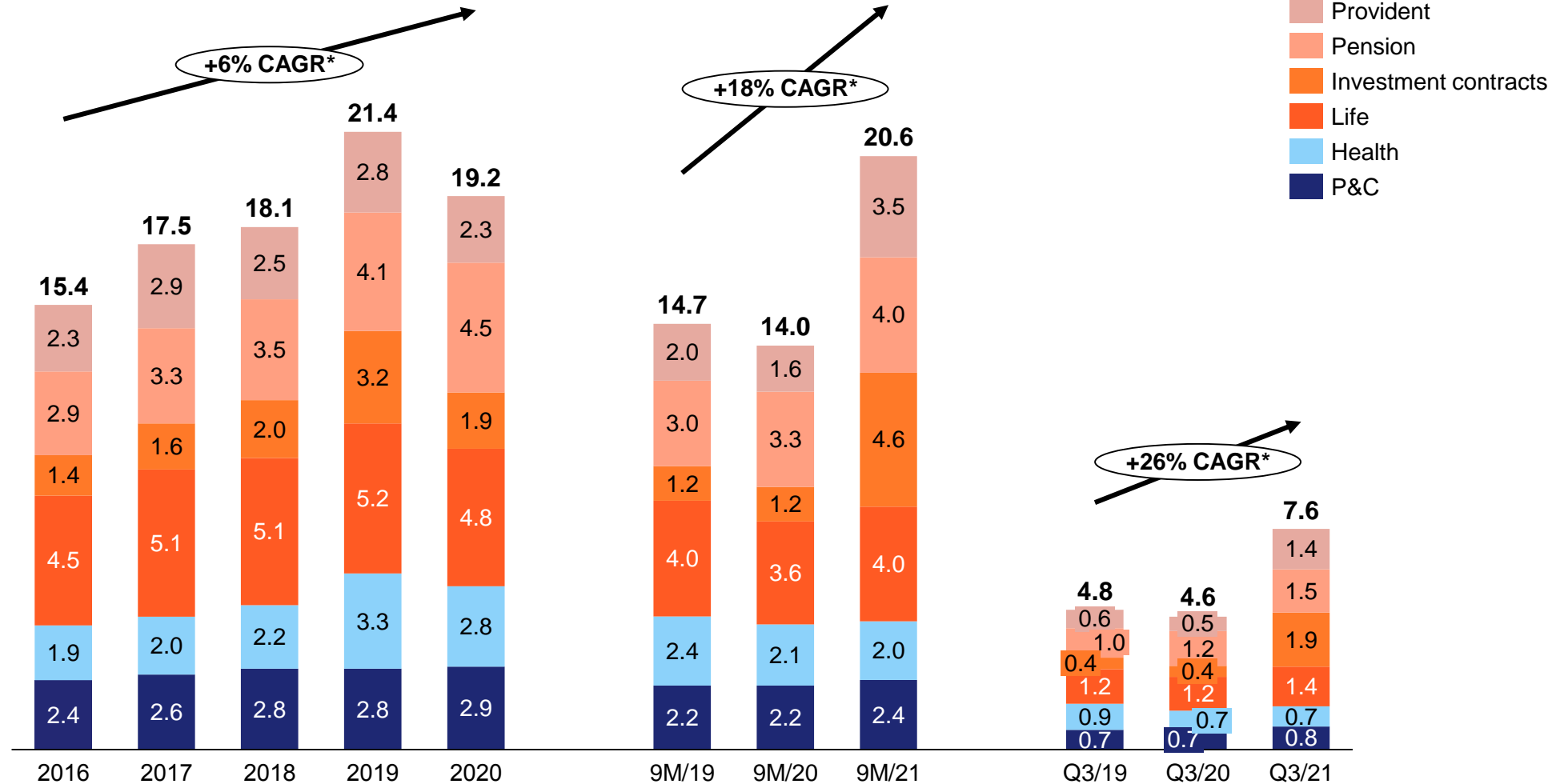
(*) 13% CAGR not including Halman corporate funds

Continued Growth Across Activities

Premiums, Benefit Contributions, & Investment Contracts
NISb

Growth driven by LTS and investment contracts

- LTS: strong growth due to investment performance and inflows
- P&C: 9% growth in 9M21 compared previous year



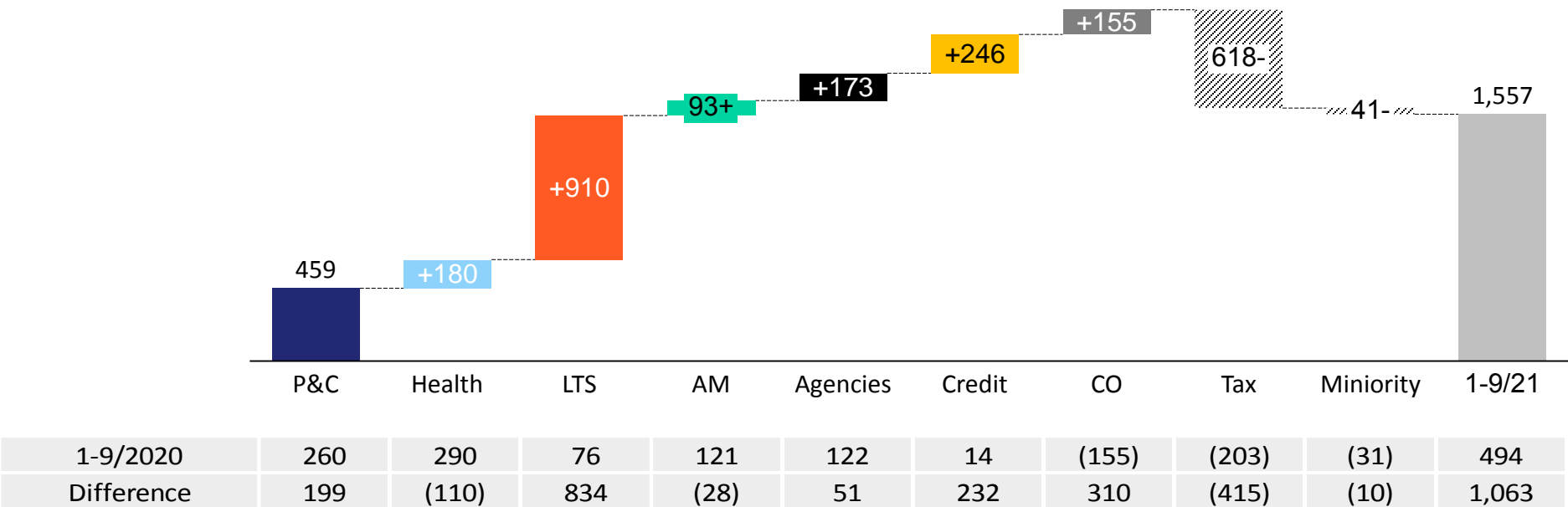
* Includes investment contracts for peer comparison, previous versions of this chart showed premiums and benefit contributions only



9M21 Comprehensive Income

Comprehensive Income
NISm

- 1.6 NISb comprehensive income
- Systematic implementation of strategic plan across segments
- Strong performance across business activities, driven by P&C and LTS/Life

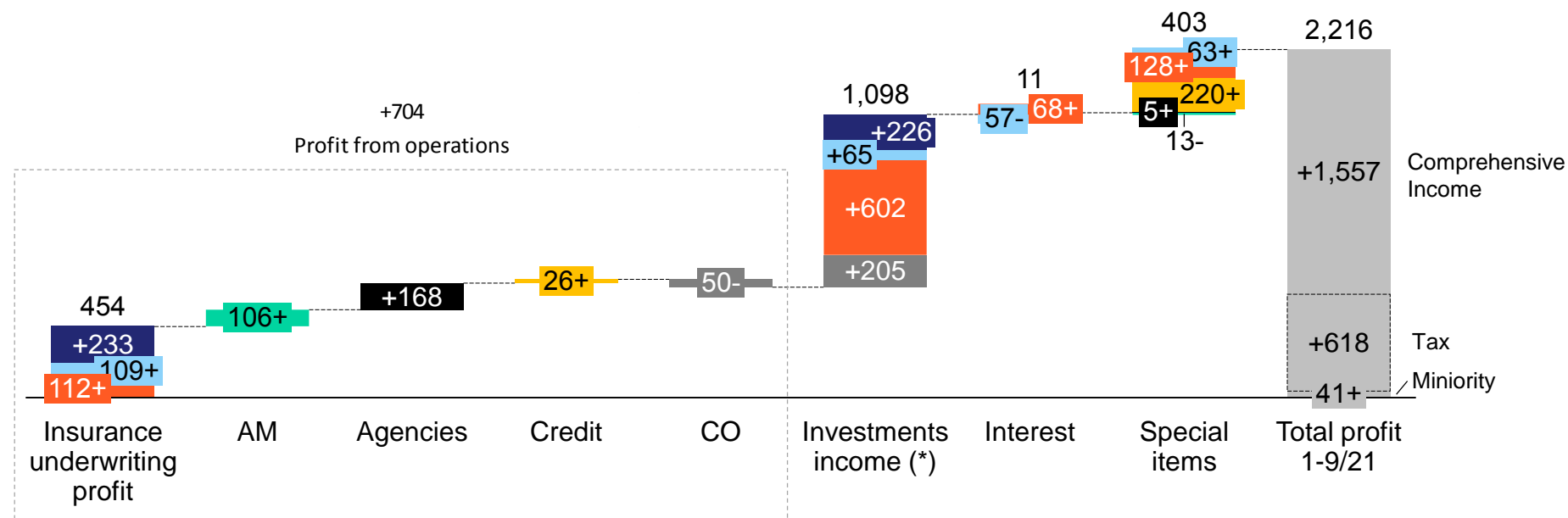


Note: For full breakdown please see Appendix B

9M21 Operational PBT Breakdown

Comprehensive Income Before Tax NISm

- Continued strategic growth
- Income generation from investment yields and variable fees
- Unlocking portfolio value through Ad-120 (partial recognition at 9M21) and Gama transactions



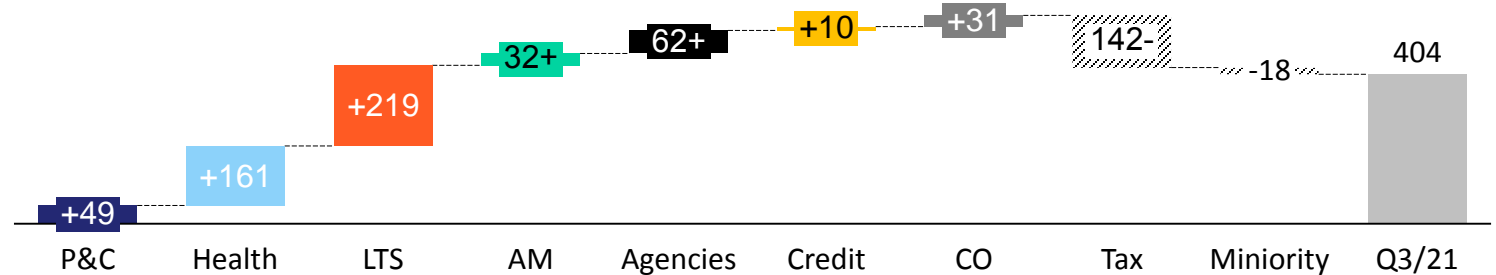
■ P&C ■ AM
■ Health ■ Credit
■ LTS ■ Agencies
■ CO

1-9/2020	453	118	122	14	13	(269)	73	204	728
Difference	1	(12)	46	12	(63)	1,367	(62)	199	1,488

3Q21 Comprehensive Income

- Continued performance across activities during quarter
- LTS/Life contributed strong operating and investment results
- Health includes partial recognition of Ad-120 income from divestment
- Agencies continue to grow and improve performance

Comprehensive Income
NISm

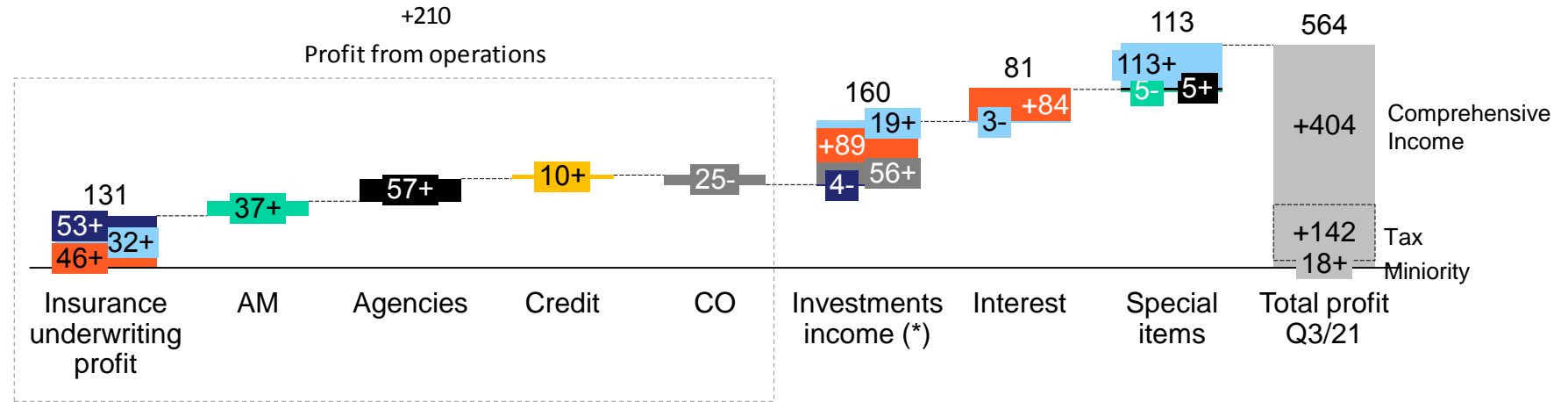


Q3/2020	193	64	136	26	44	5	3	(138)	(10)	323
Difference	(144)	97	83	6	18	5	28	(4)	(8)	81

3Q21 Operational PBT Breakdown

Comprehensive Income Before Tax NISm

- Growth across core operations
- Continued investment performance







P&C CO
 Health Credit
 LTS Agencies
 AM

Q3/2020	104	26	44	5	(2)	124	(14)	184	471
Difference	27	11	13	5	(23)	36	95	(71)	93

(*) Investment income and variable management fees above 3% annual return and after offsetting the guaranteed yield to policyholders (123 NISm) and interest expenses
 Note - For full 2020 breakdown please see Appendix C.



Select Expense KPIs

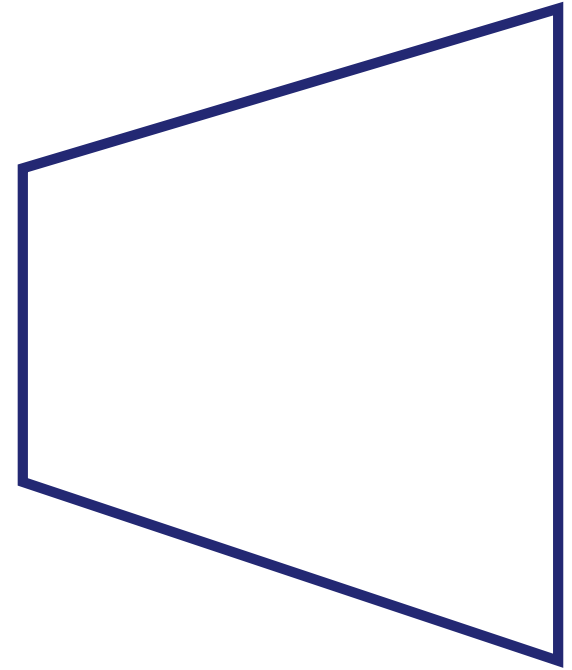
				
	P&C	Health	Life	Pension & Provident
2020	5.08%	5.82%	0.49%	0.23%
9M2020	4.66%	5.80%	0.53%	0.26%
9M2021	4.57%	5.51%	0.49%	0.22%
	<i>Expenses as % of Gross Earned Premiums</i>		<i>Expenses as % of AUMs</i>	

Note: Expenses include general and administrative expenses, as well as other expenses



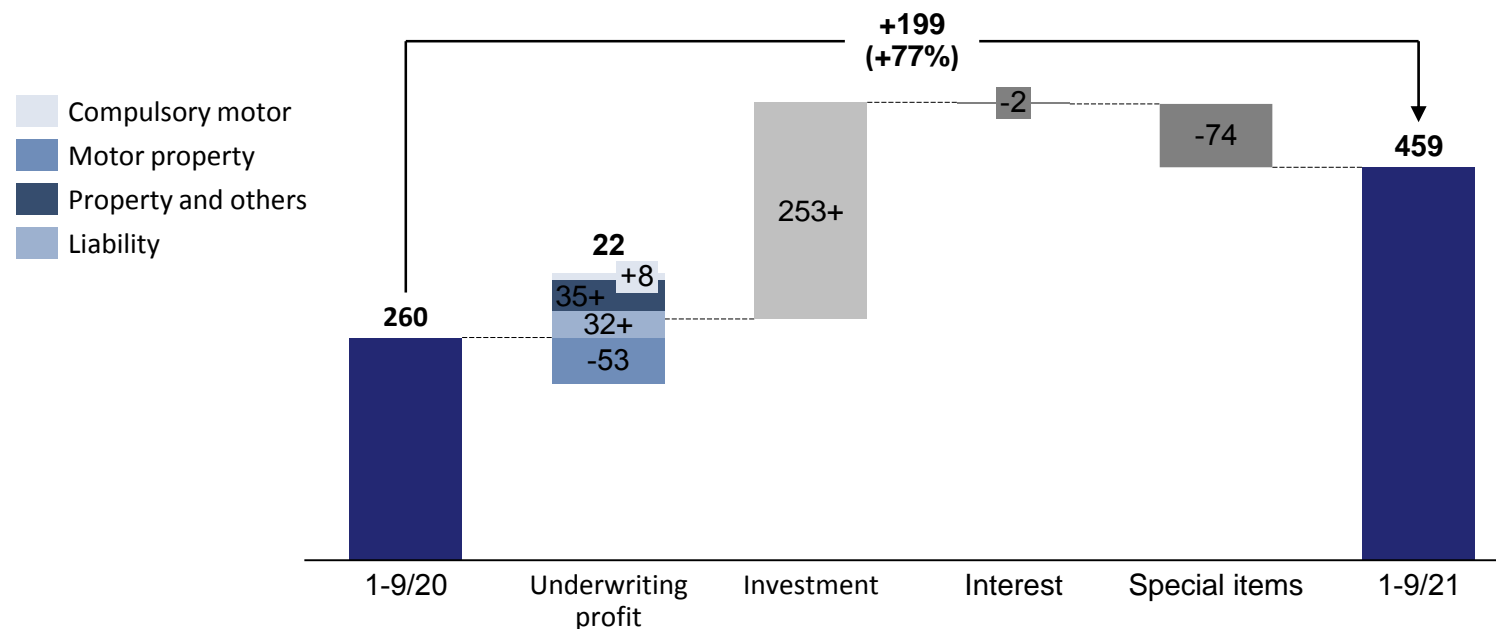
Agenda

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



Comprehensive Income Before Tax NISm

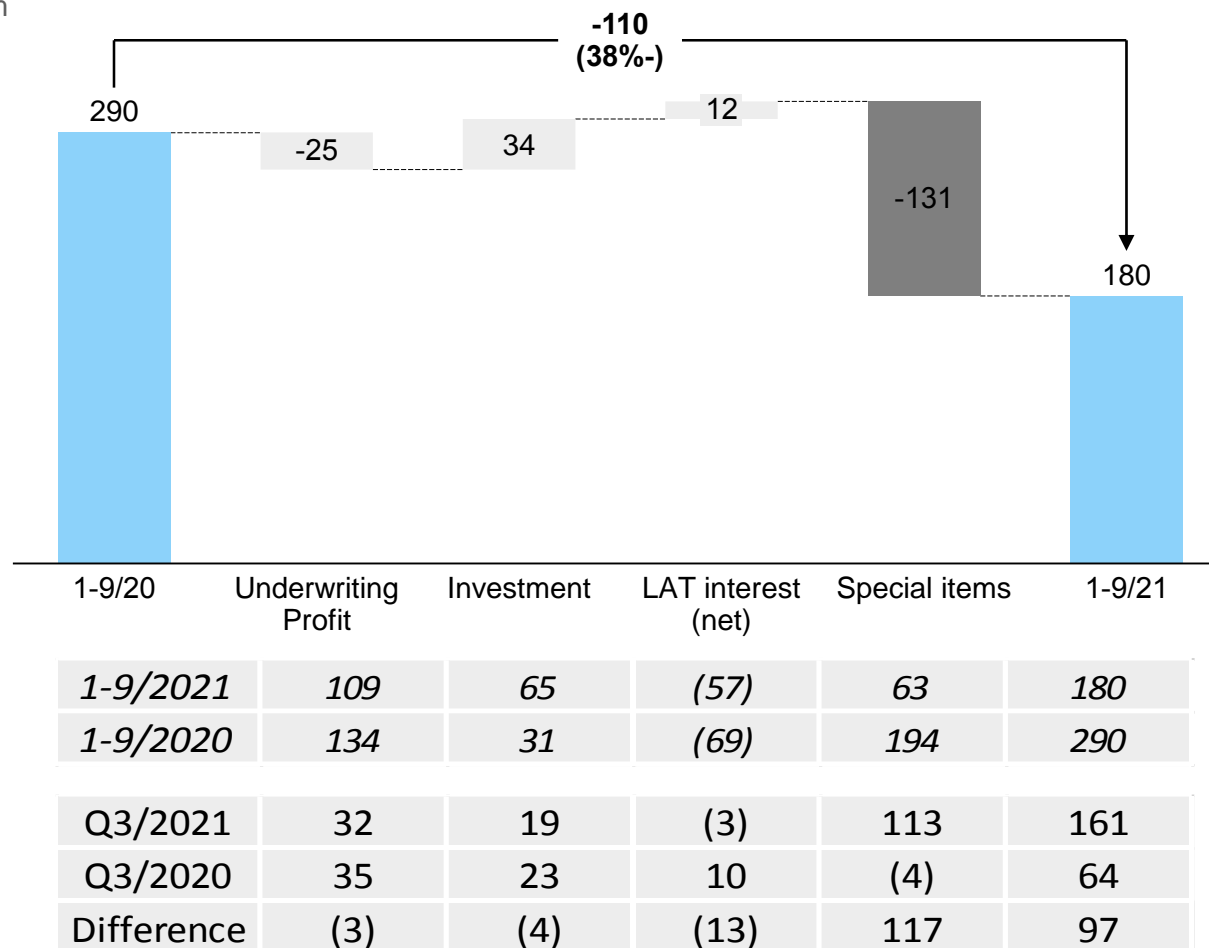
- Improvement in 9M2021 due to underwriting as well as investments, with 9% growth in premiums compared to previous year
- Underwriting income growth driven by property insurance, despite lower margins from motor due to post-Covid accident frequency
- No impact from special items during the period, compared to positive income in relevant period 2020 (Vinograd effect)



1-9/2021	233	226	-	-	459
1-9/2020	211	(27)	2	74	260
Q3/2021	53	(4)	-	-	49
Q3/2020	43	63	12	75	193
Difference	10	(67)	(12)	(75)	(144)

- Decrease in underwriting profit, especially in LTC
- Return to growth in travel insurance
- Special items income before tax of 63 NISm includes partial recognition of income from Ad-120 transaction in Q3 and actuarial research, compared to higher income from LAT reserve changes during relevant period of 2020 (initial application of regulatory amendments to the LAT circular and CSM income)

Comprehensive Income Before Tax NISm

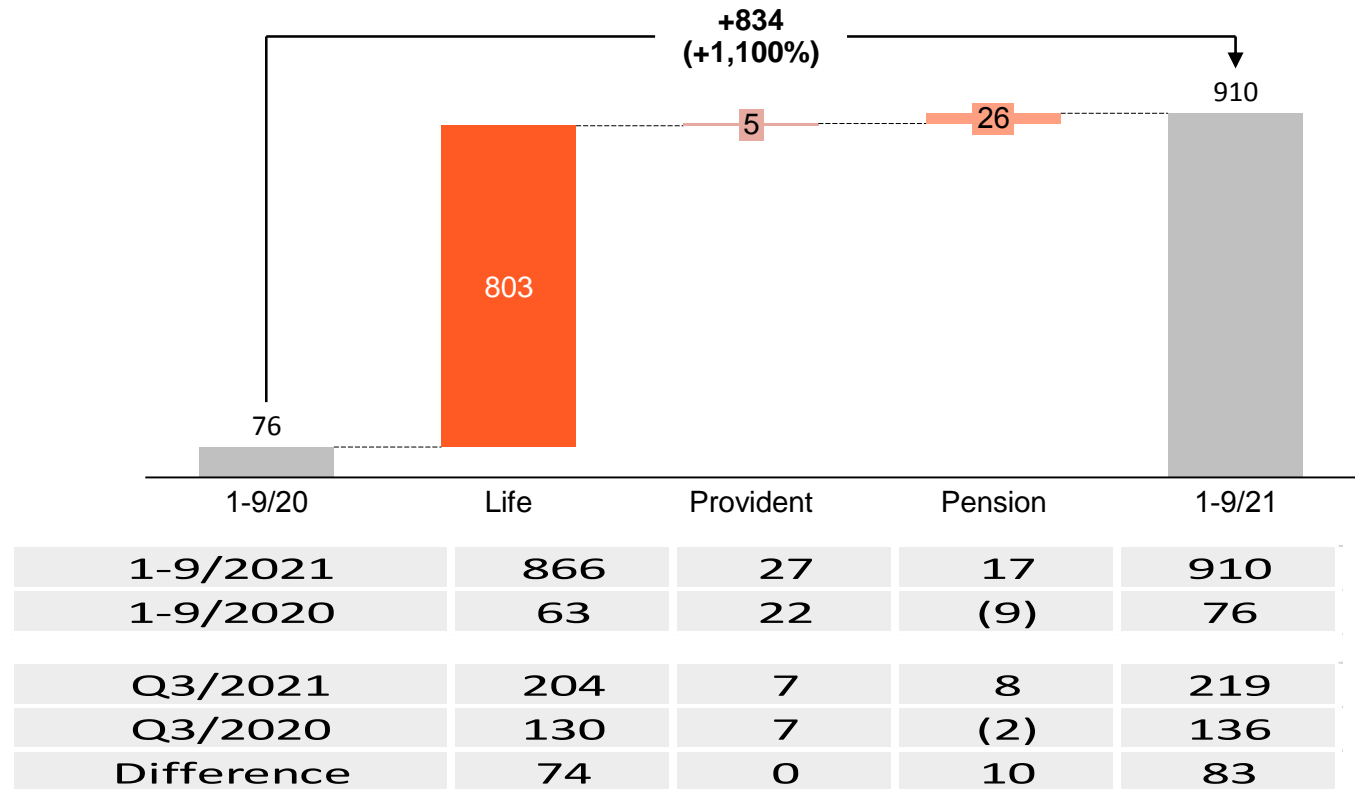


(*) The underwriting profit assume a real rate of return of 3%, investment income includes income from own (Nostro) investments above or below a 3% real return

(**) LAT interest - Including all changes in interest rate and excess non-marketable assets in LAT only

Comprehensive Income Before Tax NISm

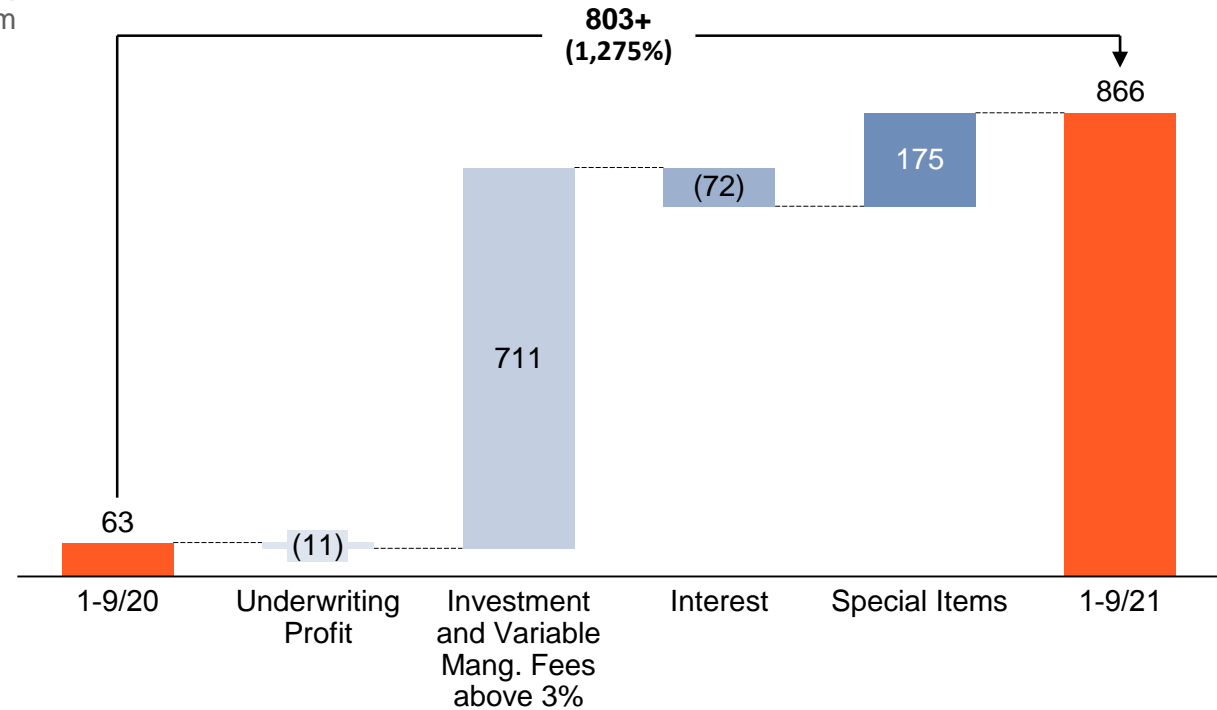
- Provident and Pension segments reaching scale and growing profitability due to organic growth and acquisition of Halman-Adlubi, with continued synergy capture expected in 2022
- Investment yields and variable fees drove significant improvement in Life segment compared to 2020
- Transfer of shares of pension and provident business as dividend in kind from Phoenix Insurance to Phoenix Holdings, improving future Solvency generation and group liquidity



LTS Breakdown: Life

- Performance in Life driven by investment yields and variable fees
- Special items include actuarial research at 9M21, compared to growth in reserves last year (due to influence of K reserves because of variable management fee deficit)

Comprehensive Income Before Tax NISm



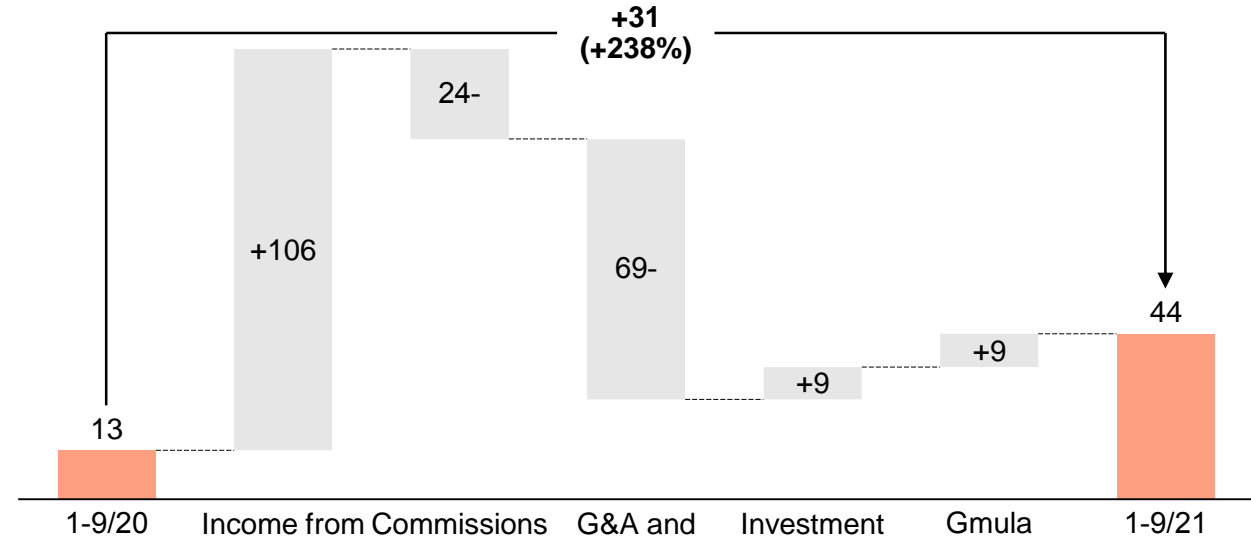
1-9/2021	78	592	68	128	866
1-9/2020	89	(119)	140	(47)	63
Q3/2021	34	86	84	-	204
Q3/2020	24	9	(36)	133	130
Difference	10	77	120	(133)	74



LTS Breakdown: Pension and Provident Funds

Comprehensive Income Before Tax NISm

- Strong AUM growth including inflows, yields, and Halman acquisition
- Reaching scale and profitability due to inflows and organic growth as well as integration of Halman-Aldubi's activities (synergies partially captured in 2021, to be fully captured in coming quarters)



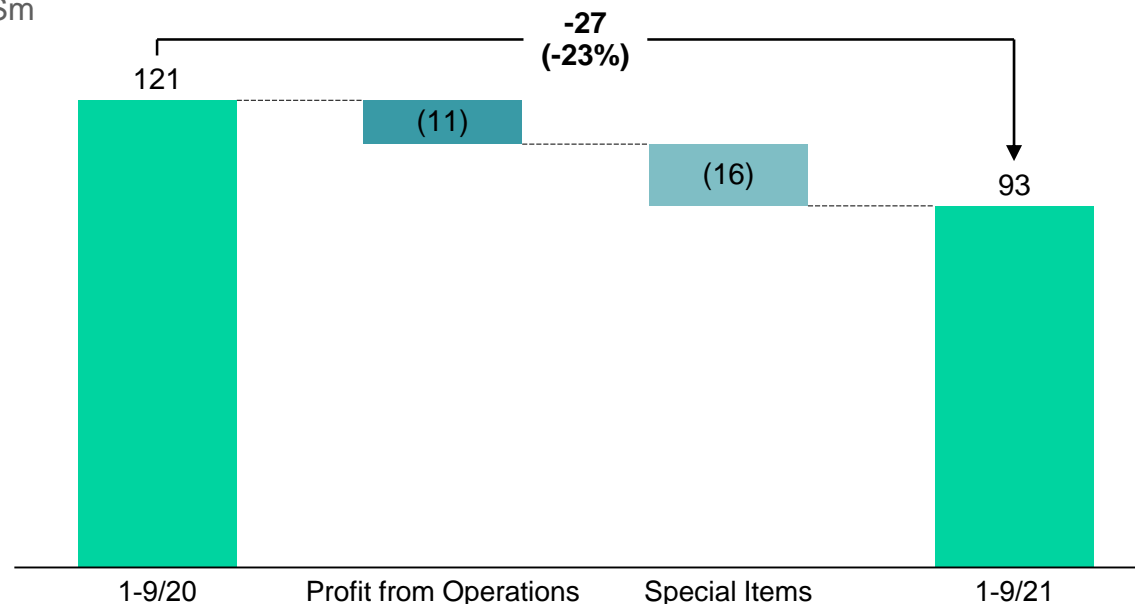
		+30 Underwriting profit		+14 Market impact		
1-9/2021	381	(154)	(197)	8	6	44
1-9/2020	275	(130)	(128)	(1)	(3)	13
Q3/2021	141	(55)	(74)	1	2	15
Q3/2020	94	(46)	(42)	1	(2)	6
Difference	47	(9)	(32)	0	4	9

* Includes consolidation adjustments (amortization cancelation)



- Continued strong growth in AUMs to 64 NISb at the end of 3Q21 as part of strategic plan implementation (includes Excellence as well as alternative funds)
- Growth in private client brokerage clients and activities, including further investments in capabilities which contributed to overall profitability
- However, profitability lower than 2020 due to capital market volatility, market making, and FX deposit activity last year

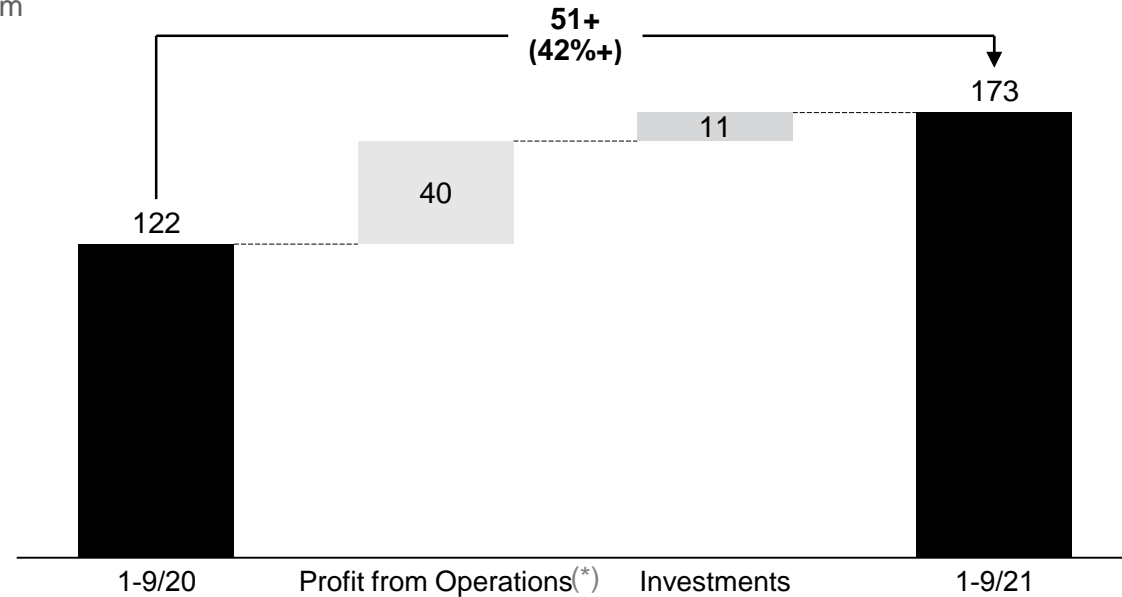
Comprehensive Income NISm



1-9/2021	106	(13)	93
1-9/2020	118	3	121
Q3/2021	37	(5)	32
Q3/2020	26	-	26
Difference	11	(5)	6

- Accelerated growth in proprietary distribution channels / owned agencies
- Driven by continued organic and inorganic growth
- Growth across diverse base of agencies, including both LTS/Life and P&C focused agencies
- EBIDA increased from 161 NISm in 9M2020 to 189 NISm in 9M2021

Comprehensive Income Before Tax NISm

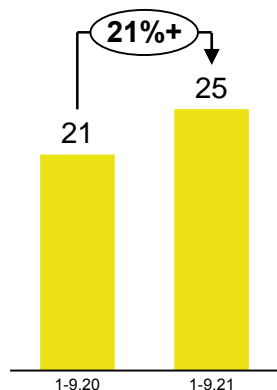


1-9/2021	165	8	173
1-9/2020	125	(3)	122

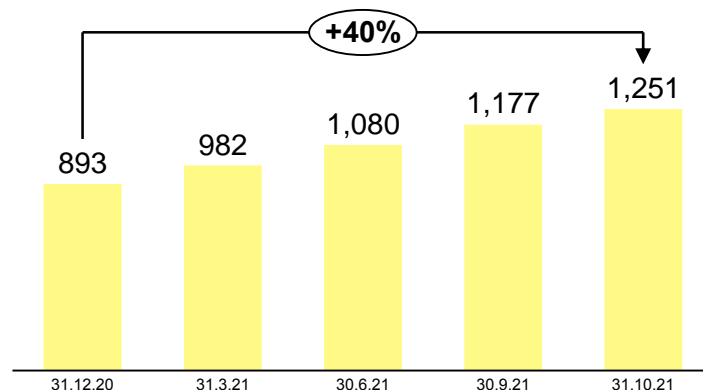
Q3/2021	63	(1)	62
Q3/2020	43	1	44
Difference	20	(2)	18

(*) Including: Ramon Granit, Omri and Phoenix agencies (solo)

Transaction Volume
NISb

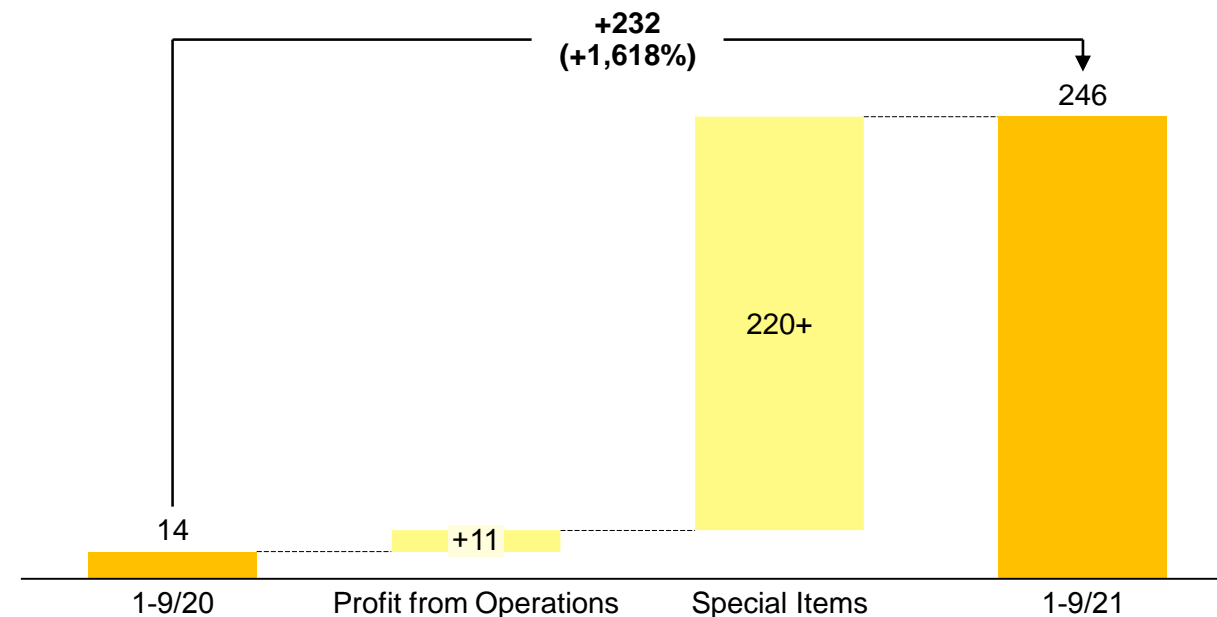


Credit Portfolio (without credit cards)
NISm



- 40% growth in credit portfolio since the beginning of 2021
- Continued growth in Gama core activities during 9M21, including accelerated growth in SME credit
- Special items includes unlocking of value from Gama IPO in June 2021, recording net capital gain of 220 NISm

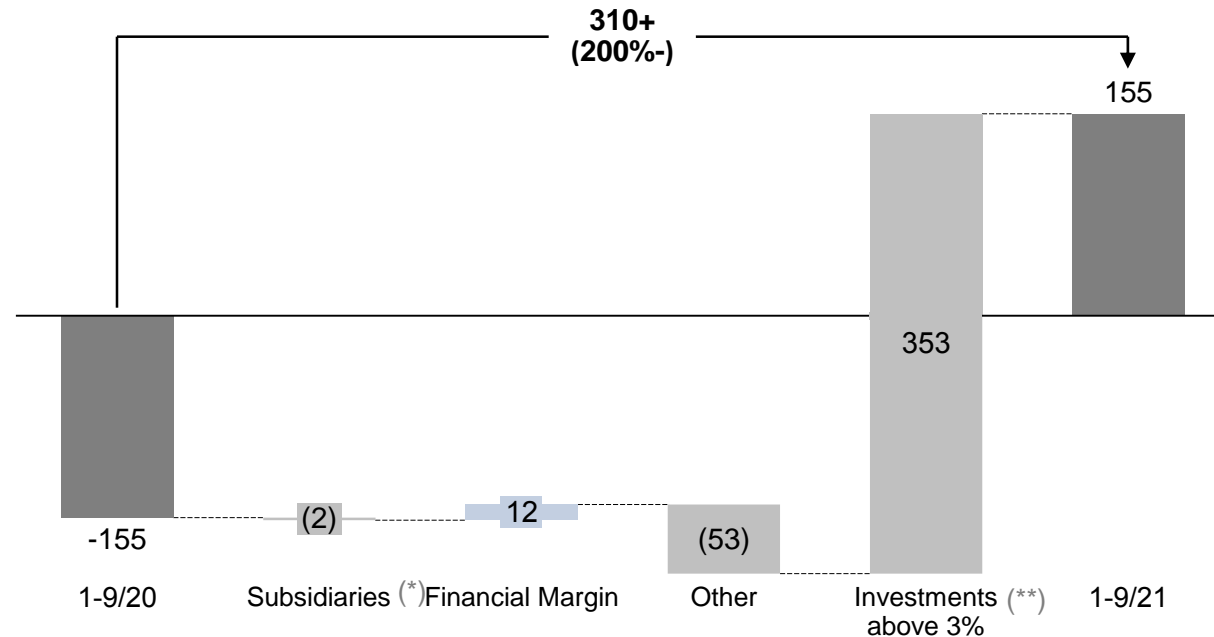
Comprehensive Income Before Tax
NISm



1-9/2021	26	220	246
1-9/2020	14	-	14
Q3/2021	10	-	10
Q3/2020	5	-	5
Difference	5	-	5

- Increase in income driven by investments and capital markets
- Increase in financial expenses as a result of CPI increase which were offset by investment income increase
- Real estate restructuring via transfer of 49% of the shares of prime Tel-Aviv property (Phoeniclass) from Phoenix Investments to Phoenix Insurance

Comprehensive Income Before Tax NISm



1-9/2021	(2)	43	(91)	205	155
1-9/2020	-	31	(38)	(148)	(155)

Q3/2021	-	13	(38)	56	31
Q3/2020	-	(8)	(14)	25	3
Difference	-	21	(24)	31	28

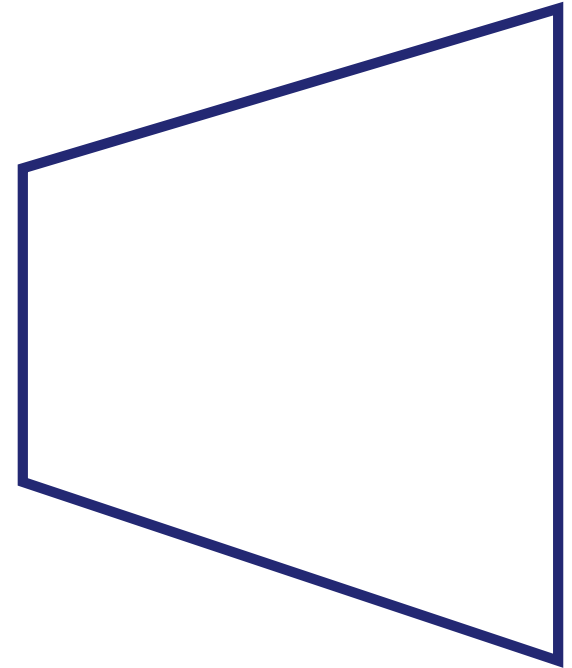
(*) Phoeniclass and other subsidiaries held by Phoenix Investments

(**) Investment fees above 3%.



Agenda

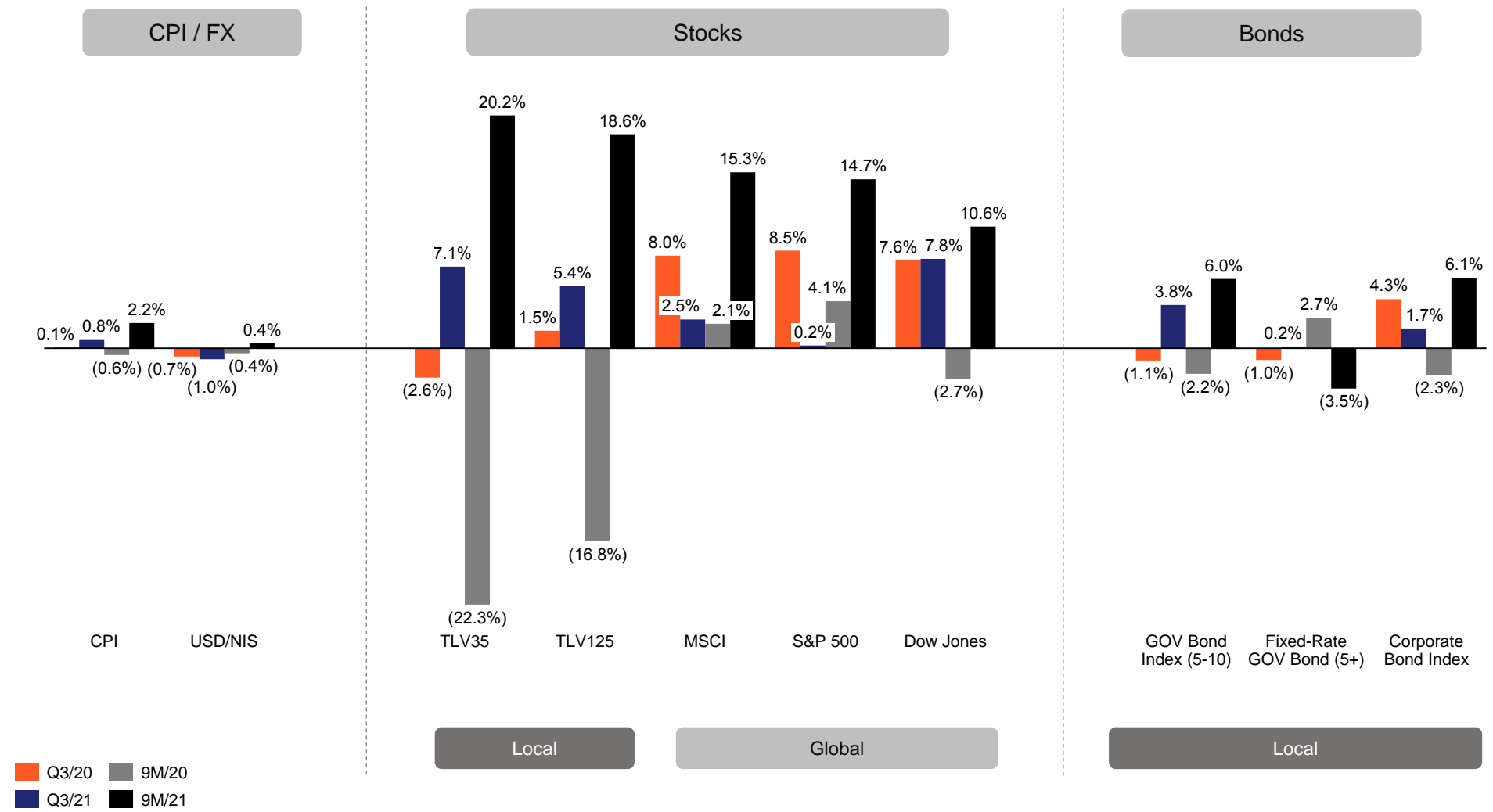
- > Highlights
- > Financial Results
- > Segment Breakdown
- > **Investments**
- > Appendix
- > Glossary





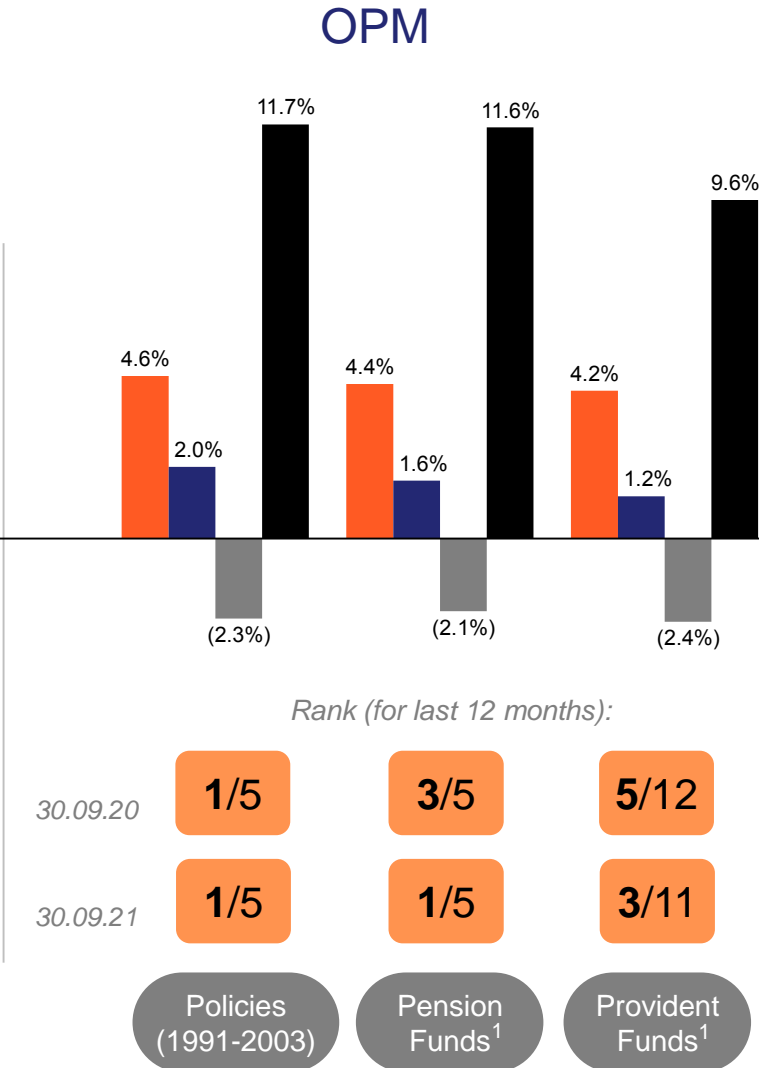
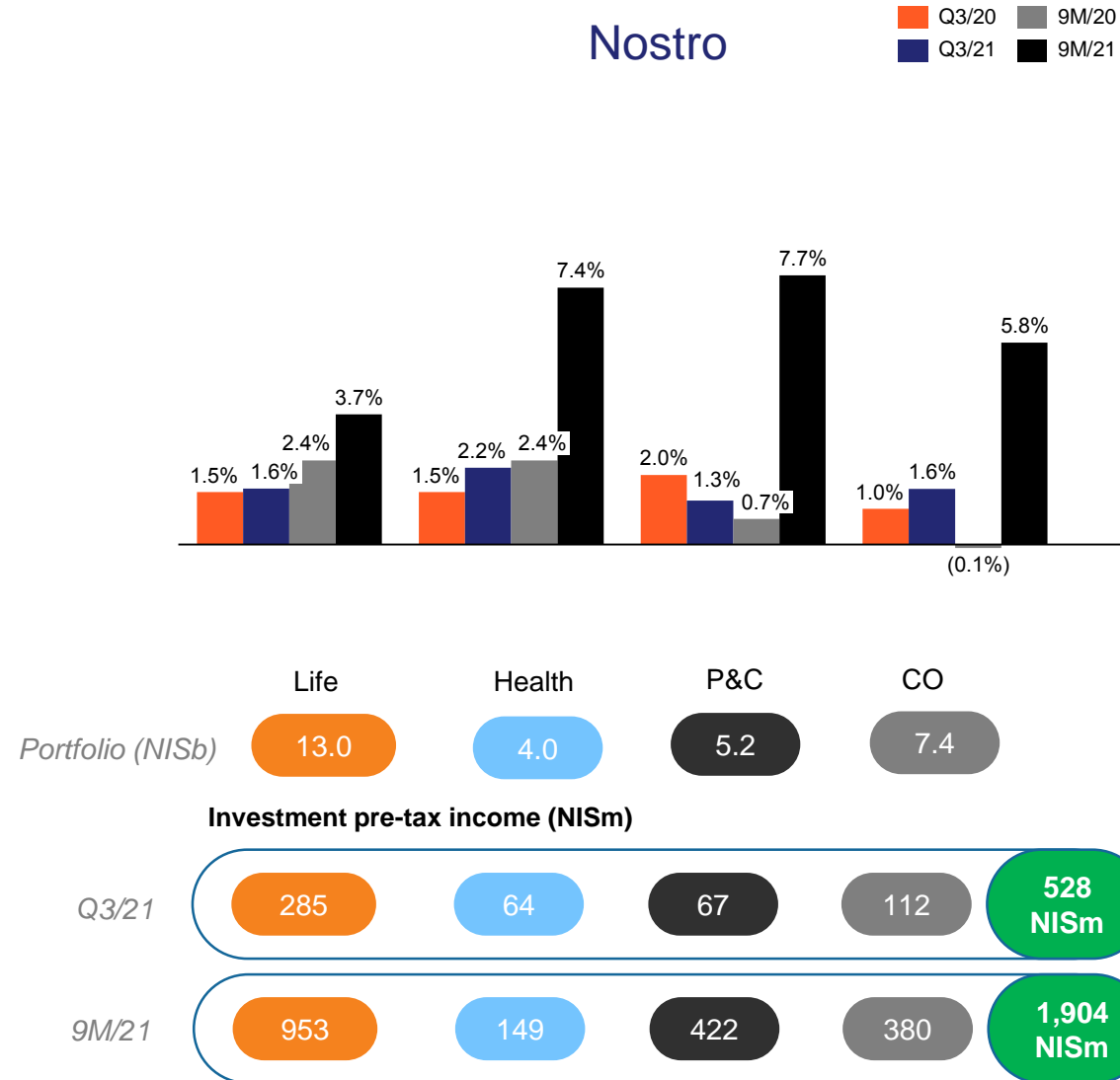
Market Indices – Highlights

- Strong capital markets
- Improved 9M21 market performance compared to COVID-19 impact in 2020



Phoenix Investment Yields – Highlights

- Strong investment performance of Israeli asset managers
- High rank compared to market
- Above average Nostro income from investments during 9M21
- OPM profitability increase in policies (1991-2003), pension funds and provident funds

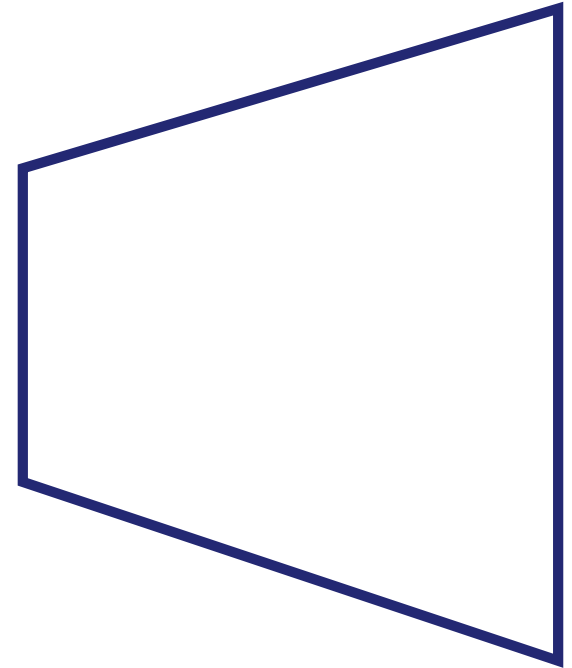


(1) Refers to yields in the general plan

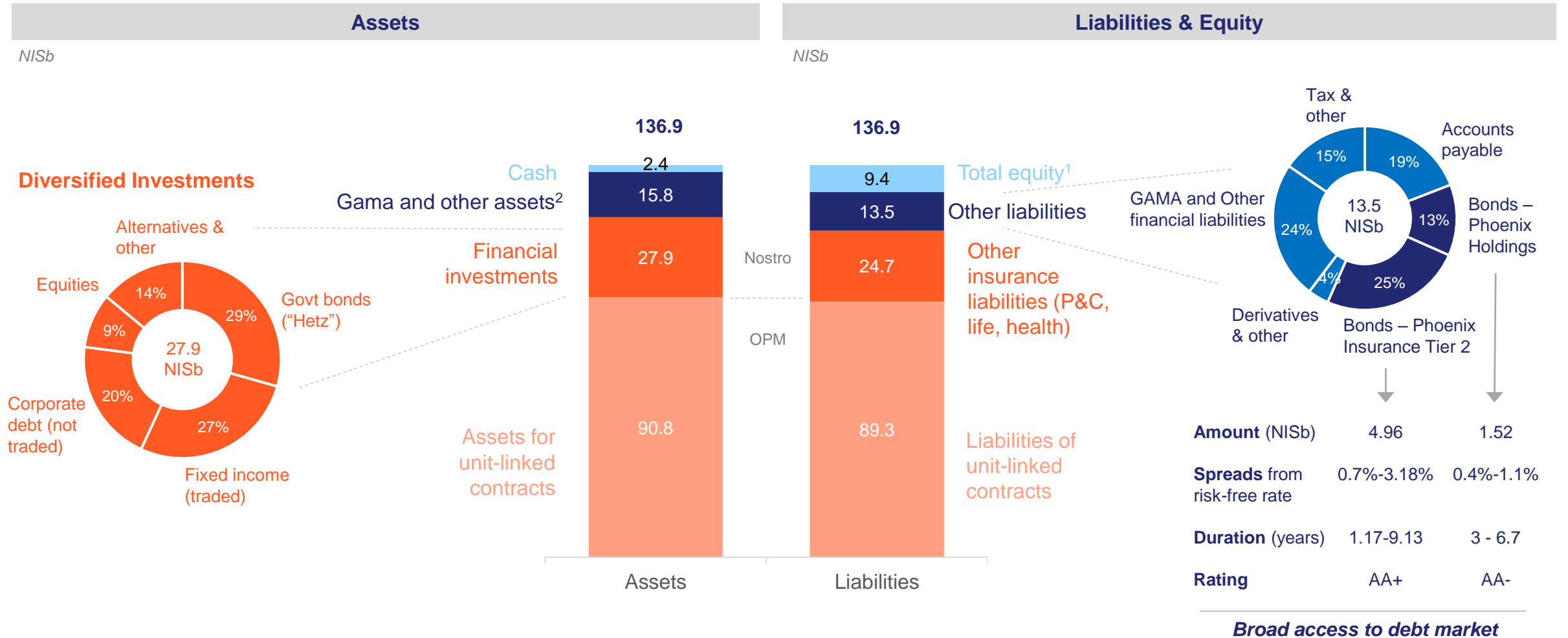


Agenda

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



Appendix A – 9M21 Balance Sheet Highlights

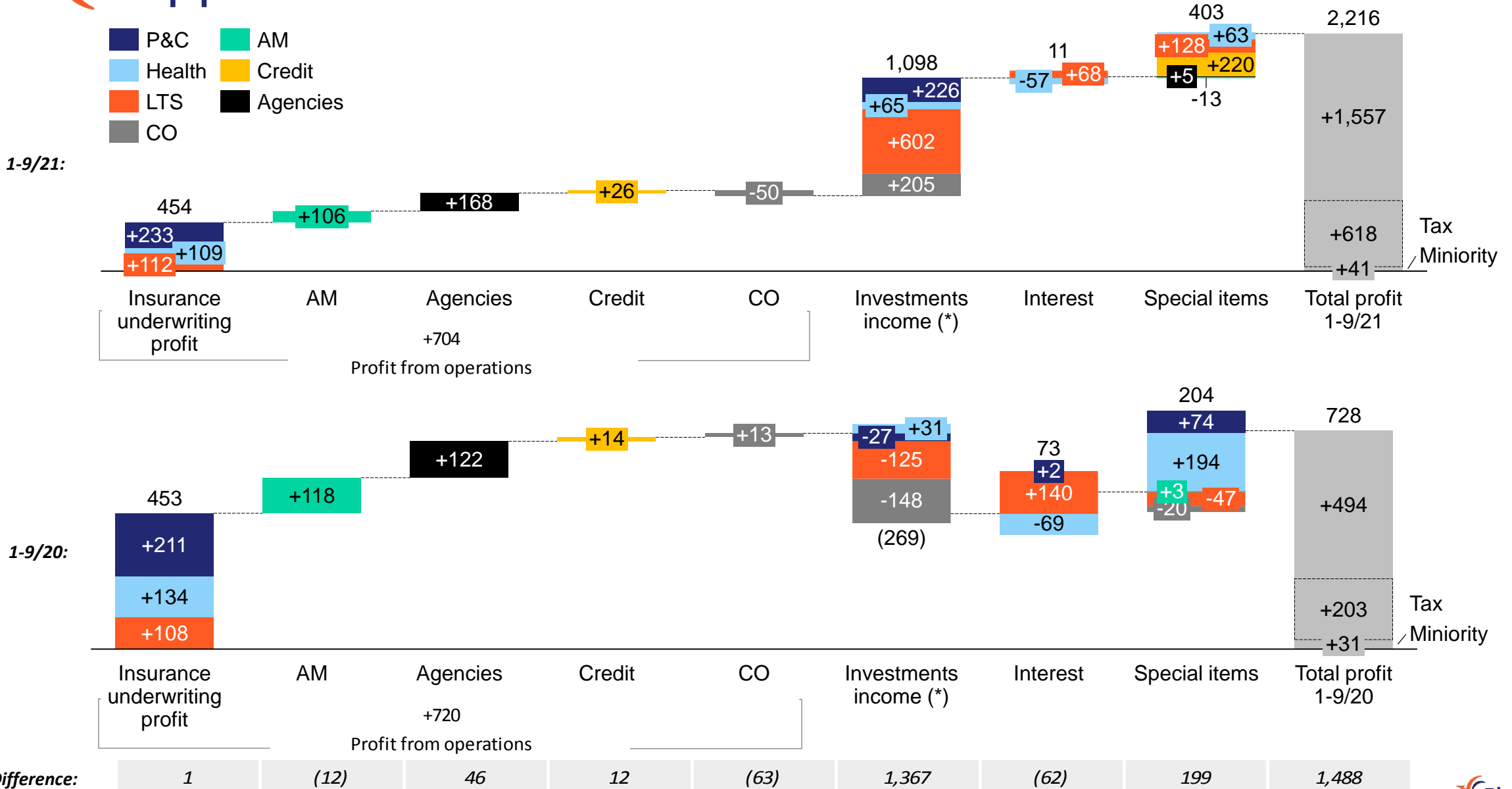


(1) Includes non-controlling interests

(2) Includes real estate 3.1 NISb, re-insurance assets 2.7 NISb, DAC 1.9 NISb, intangible assets 2.7 NISb and insurance assets and others 5.4 NISb.



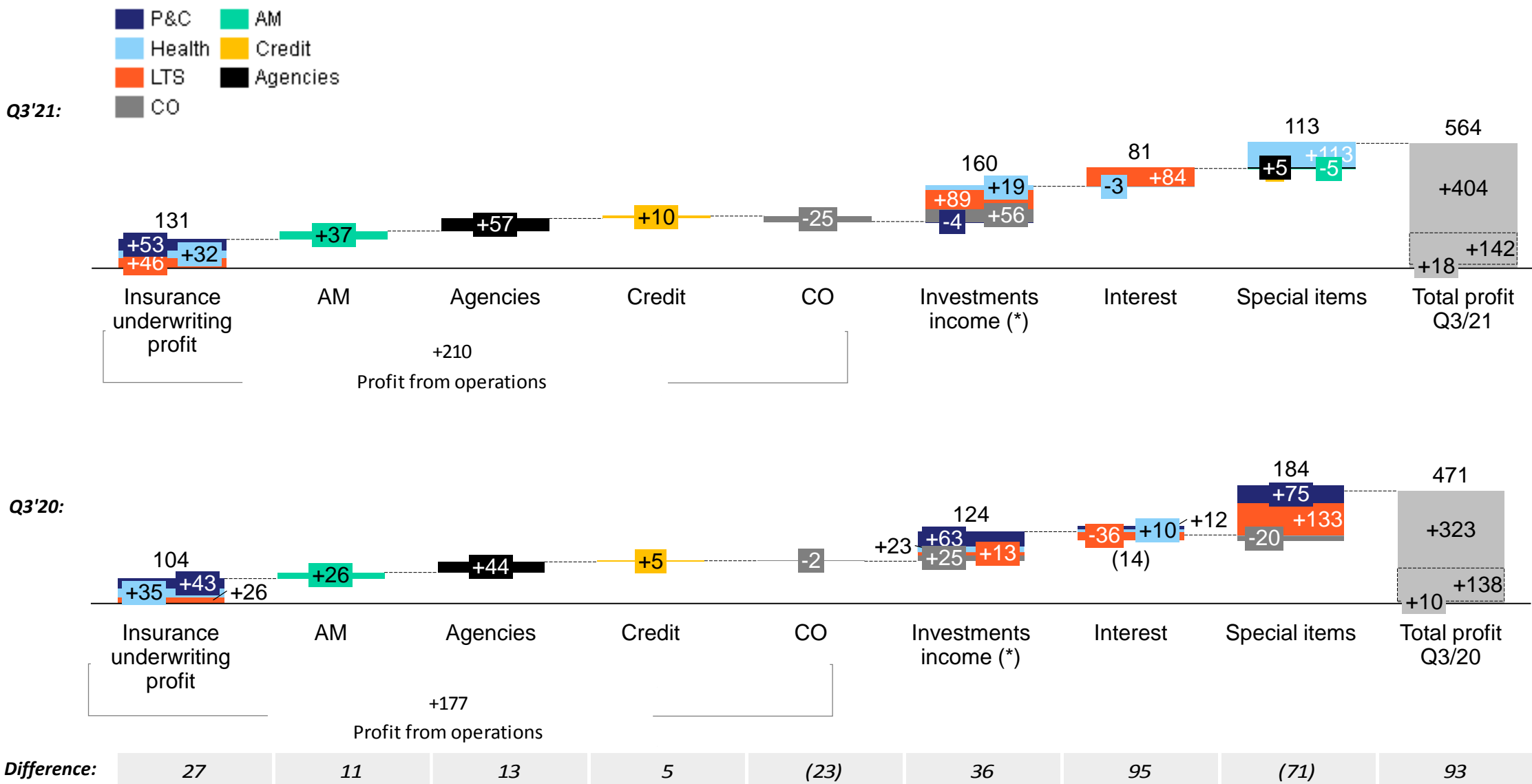
Appendix B – Profit 9M2021 vs 9M2020



(*) Investment income and variable Mang. fees above 3% annual return and after offsetting the guaranteed yield to policyholders and interest expenses.



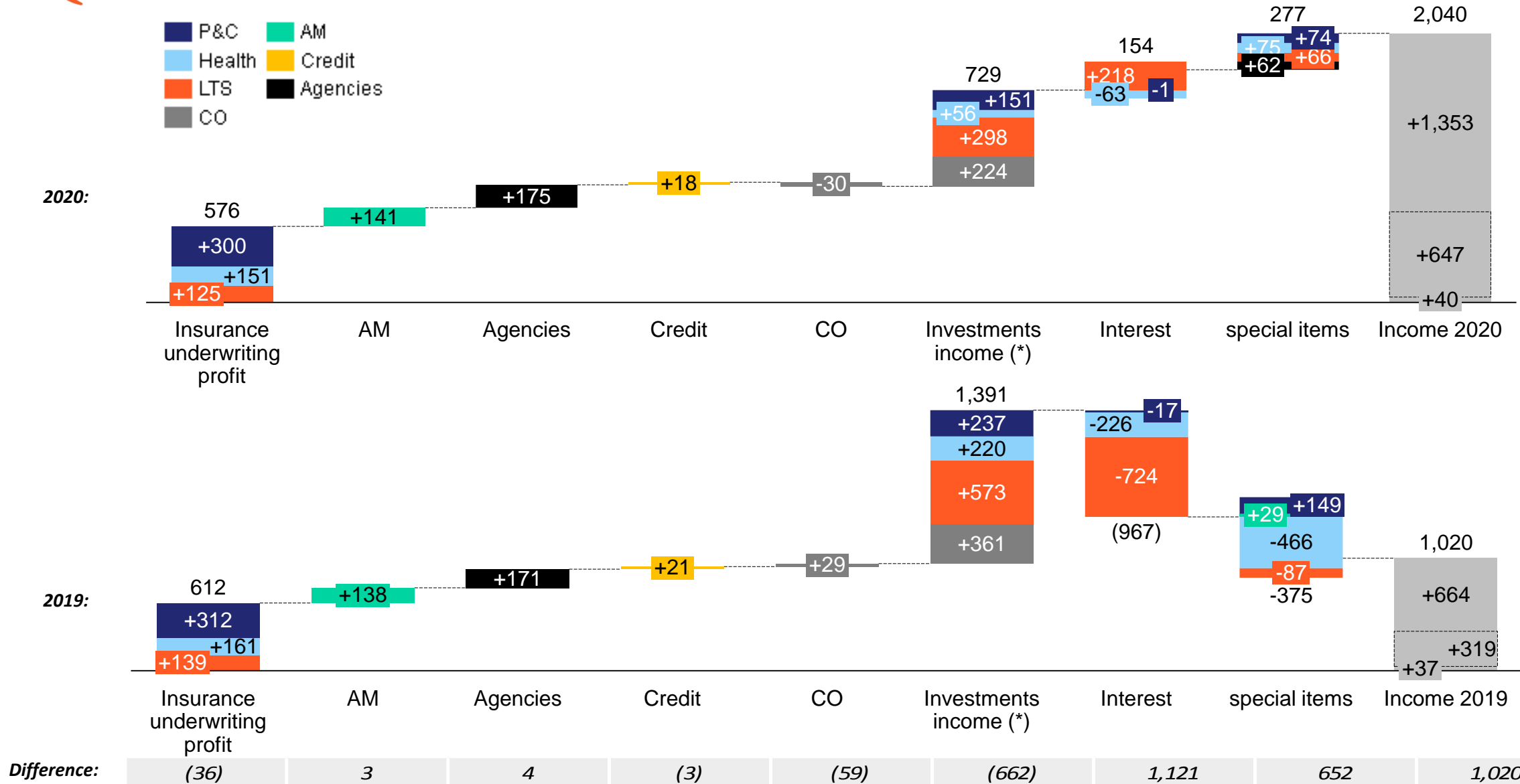
Appendix C – Profit 3Q2021 vs 3Q2020



(*) Investment income and variable Mang. fees above 3% annual return and after offsetting the guaranteed yield to policyholders (123M) and interest expenses.



Appendix D – Profit 2020 vs 2019

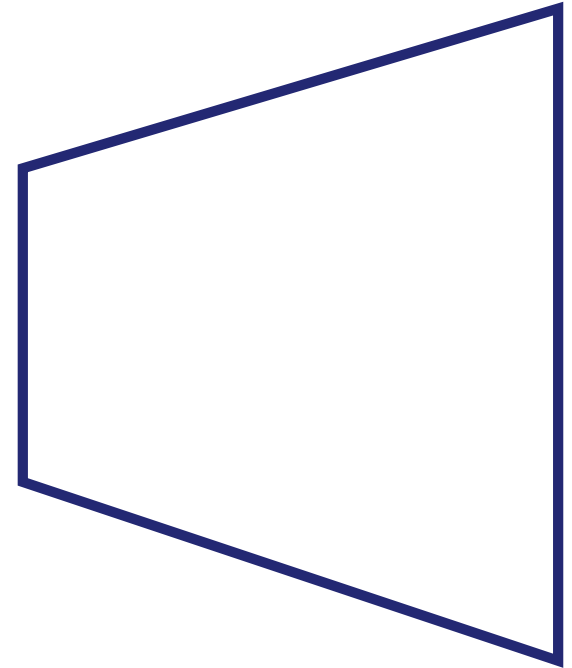


(*) The company classified in relation to previous periods its variable management fees under 3% annual return to operation profit, investment income and variable management fees above 3% annual return and after offsetting the guaranteed yield to policyholders and interest expenses to capital market investments and actuarial research to special items



Agenda

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





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
TMTp	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



2021 Q3

Phoenix Holdings

Financial Review

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