




# 2022

## Phoenix Holdings

Annual 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 2022 Financial Statements.

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.

Furthermore, the presentation includes data and assessments based on external sources, the contents of which were not independently tested by the Company and therefore the Company is not responsible for their accuracy.

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

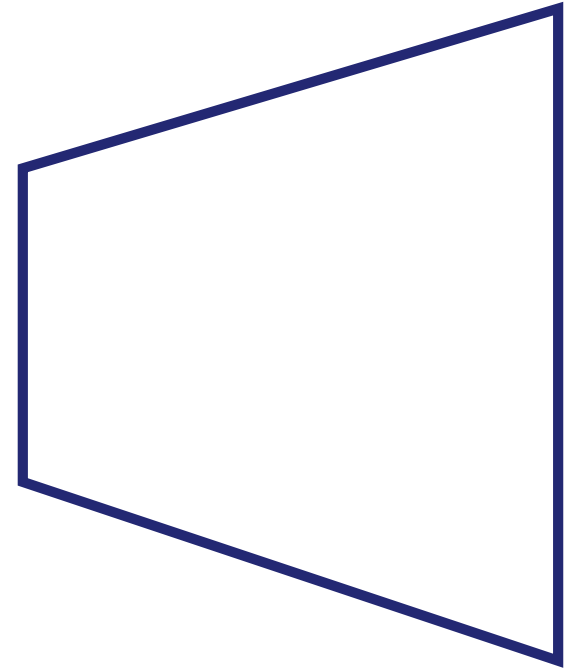
This presentation may include information that is presented differently from the way it was presented in the company's official reports, some information may be presented and/or categorized and/or edited and/or segmented differently from the company's official past reports.

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



# Agenda

- > **Highlights**
- > Strategy & Targets
- > Financial Results
- > Segment Breakdown
- > Appendix
- > Glossary





# Phoenix Holdings – Overview

## Highlights

Leading Israeli  
financials group

**TA-35**  
*Leading index*

**8.9 NISb**  
*Market cap <sup>1</sup>*

Proven and  
recognized  
experience

**70+**  
*Years of activity*

**AA- / AA+**  
*Holding / Insurance  
Rating*

Distinctive  
performance

**20%**  
*AUM CAGR  
5-year average <sup>2</sup>*

**15%**  
*ROE  
5-year average <sup>2</sup>*

Strong capital  
position

**202%**  
*Solvency II Ratio <sup>3</sup>*

**10.1 NISb**  
*Shareholders'  
Equity*

Broad investment  
capabilities

**Top Ranked**  
*In Leaderboard <sup>4</sup>*

**100+**  
*Investment  
professionals*

## Group Activities

Insurance

P&C  
Health  
Life

**19.7 NISb**  
*Premiums, Contracts  
& Contributions*

Asset  
Management

Pension & Provident  
Investment House  
(funds, ETFs, portfolios)  
Alternatives platform

**371 NISb**  
*AUM <sup>5</sup>*

Distribution

Agencies / brokers

**769 NISm**  
*Revenues*

Credit

SME (Gama)  
Real Estate  
Brokerage

**5.1 NISb**  
*Portfolio*

(1) As of March 20, 2023

(2) Five-year period (2018-22), acquisitions included

(3) As of June 30, 2022, with transitional measures; includes dividend from Phoenix Insurance to Phoenix Holdings announced June 30, 2022

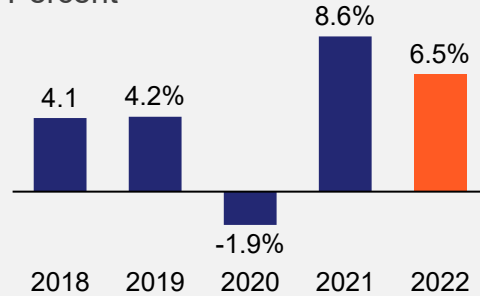
(4) Based on average yields over 3 years ended 12.2022 in the general plans: #1 out of 5 in Policies (1991-2003), #1 out of 5 in Pension, & #4 out of 10 in Provident Funds

(5) Includes insurance activities

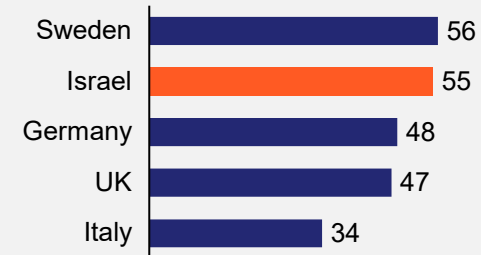
# Economic Snapshot

- Resilient economic performance in 2022 despite volatile macro conditions and capital markets
- Relative resilience to inflation, impacting less than OECD peers
- Long-term structural trends (e.g., wealth accumulation, vibrant tech sector) <sup>1</sup>
- Possible impact of macro trends & proposed judicial changes in 2023

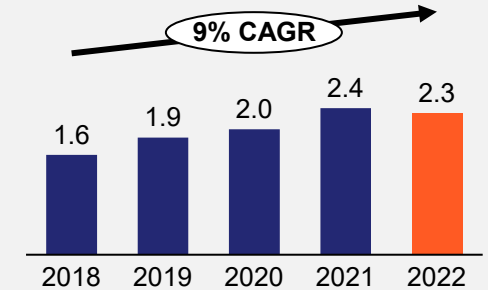
**GDP Growth <sup>2</sup>**  
Percent



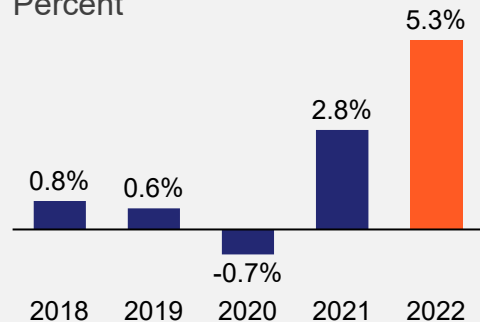
**GDP per Capita <sup>3</sup>**  
USD '000



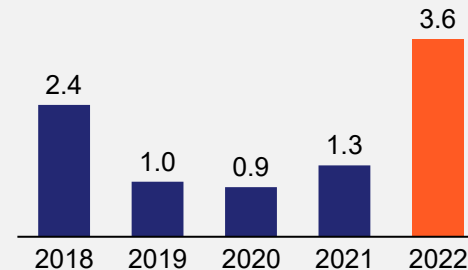
**Long-Term Savings AUM <sup>4</sup>**  
NIS Trillion



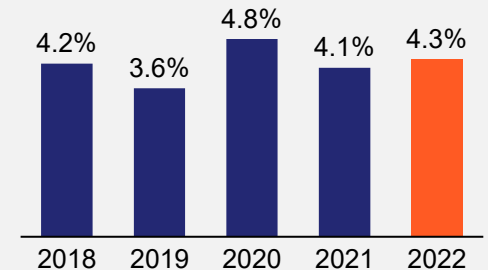
**Inflation <sup>5</sup>**  
Percent



**Long-Term Yields (10Y) <sup>6</sup>**  
Percent



**Unemployment <sup>7</sup>**  
Percent



Note: historical figures are updated periodically including changes in initial estimates and methodologies

<sup>1</sup> Israel Securities Authority

<sup>2</sup> Israel Central Bureau of Statistics, Bank of Israel

<sup>3</sup> IMF; current USD, as of November 2022

<sup>4</sup> Bank of Israel; includes funds managed by institutional investors; 2022 decline due to yields

<sup>5</sup> Bloomberg; annual inflation, last twelve months

<sup>6</sup> Bloomberg; long-term yields based on Israel 10-year government bond (not CPI-linked), for the last month of the period

<sup>7</sup> Bloomberg, IMF; end of period unemployment

# 2022 Performance Highlights

2022

11.4%

ROE

1.1NISb

Comprehensive  
Income

371NISb

AUM

10.1NISb

Shareholders  
Equity

202%

Solvency <sup>1</sup>

Q422

23.0%

ROE

526NISm

Comprehensive  
Income

337NISm

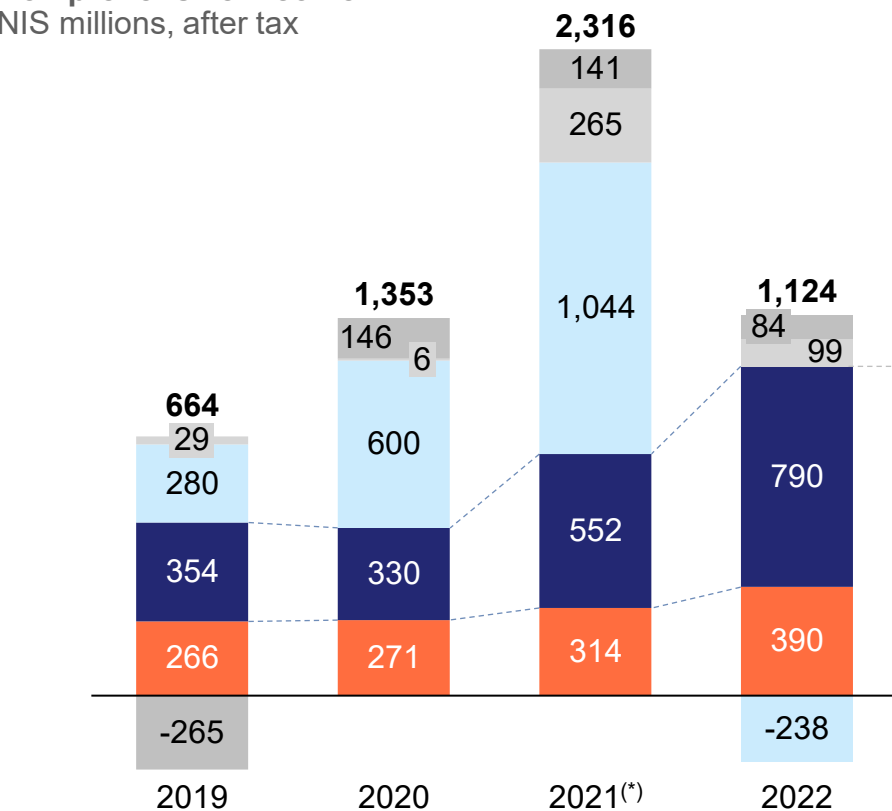
Dividends from  
2022 Income

Announcing dividend of **177 NISm** (0.70 NIS/share), in addition to dividend of **160 NISm** (0.64 NIS/share) distributed in September 2022

(1) As of June 2022, with transitional measures, includes dividend from Phoenix Insurance to Phoenix Holdings announced June 30, 2022

# Growth in Core Business

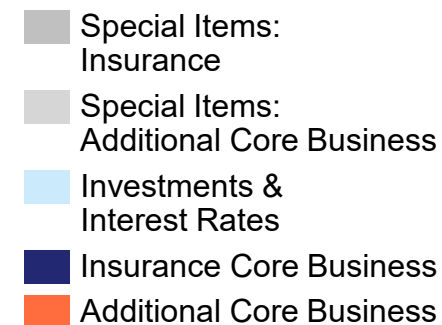
**Comprehensive Income**  
NIS millions, after tax



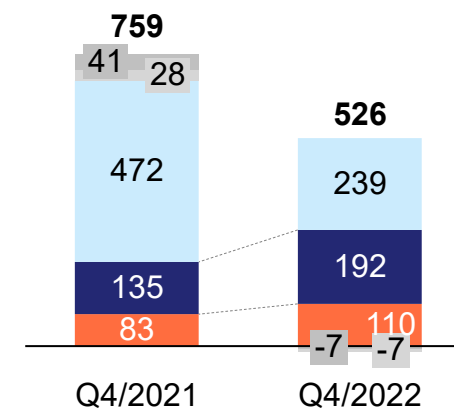
**Continued growth in core businesses:**

- **Insurance:** increased underwriting income across segments
- **Additional businesses:** strong growth in asset management, distribution, and credit

**Negative capital market impact** (below 3% real returns), offset by interest rates



**Comprehensive Income – Q4**  
NIS millions, after tax



26.3%	23.0%
10.0%	13.0%

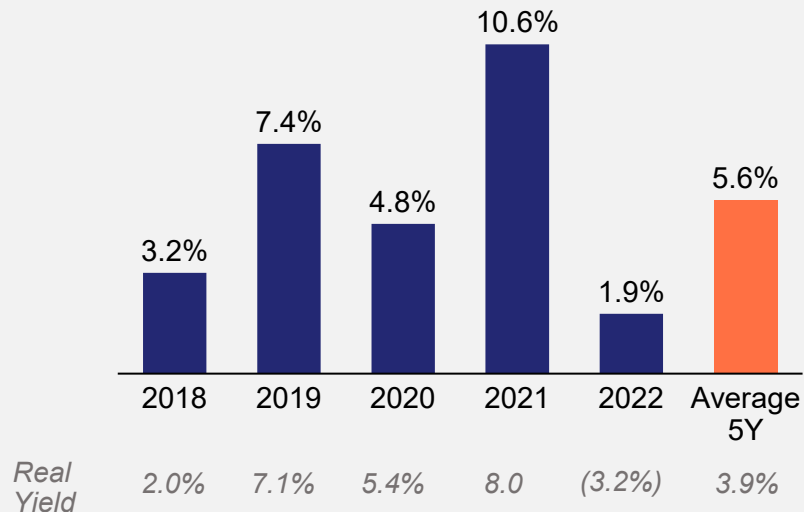
(\*) Reclassification, for details see Appendix

Notes: Additional Core Businesses includes Asset Management (Pension & Provident, Investment Services), Distribution (Agencies), and Credit (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. ROEn is normalized for 3% real yields and special items. See Glossary for definition of Special Items.

# Investment Core Capabilities

## Investment performance & track record

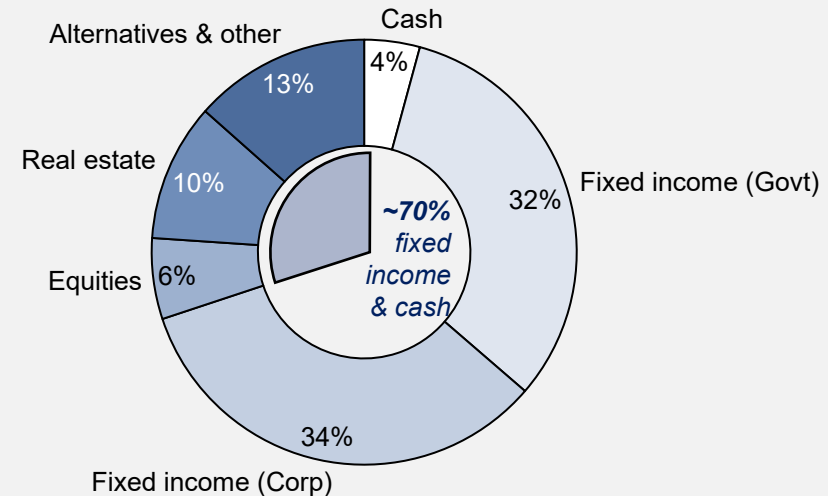
Returns - Insurance Nostro / Corporate Account  
Percent (nominal)



- Team of over 100 investment professionals across group, managing corporate account and client assets
- Proactive and proprietary dealflow and sourcing
- 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 (December 31, 2022)



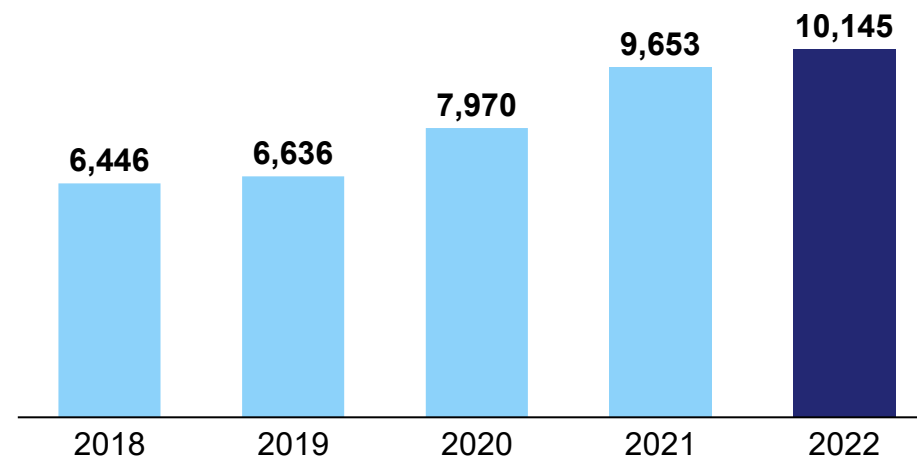
- Balanced asset allocation
- International investments (equity, debt & real estate) with leading partners, co-investments, & direct positions
- Full range of asset classes including fixed income, equities, real estate, and alternatives
- Responsible asset and liability management



# Equity Generation and Dividend Distribution

- Dividend announced of **177 NISm**
- Represents **30%** of 2022 comprehensive income (sum of **337 NISm** together with **160 NISm** distributed in September 2022), as part of dividend policy of at least 30% of annual comprehensive income
- **100 NISm** 2023 buyback policy announced (in addition to dividends)

Shareholders' Equity  
NISm



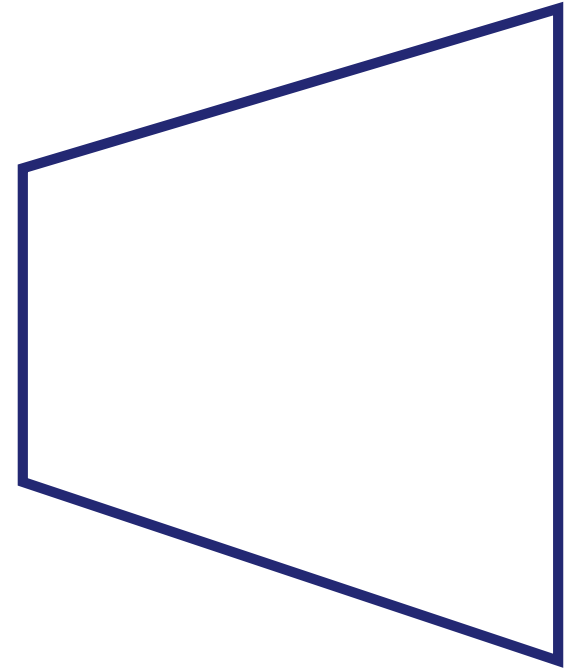
Comprehensive Income	512	664	1,353	2,316	1,124
Dividends from annual income (including in subsequent calendar year)	120	480	380	621	337
Dividends distributed (during calendar year)	120	480	-	580	581
Dividends per share (during calendar year)	1.0	1.9	-	2.3	2.3
Buybacks executed			26	74	56

Building  
dividend  
track record

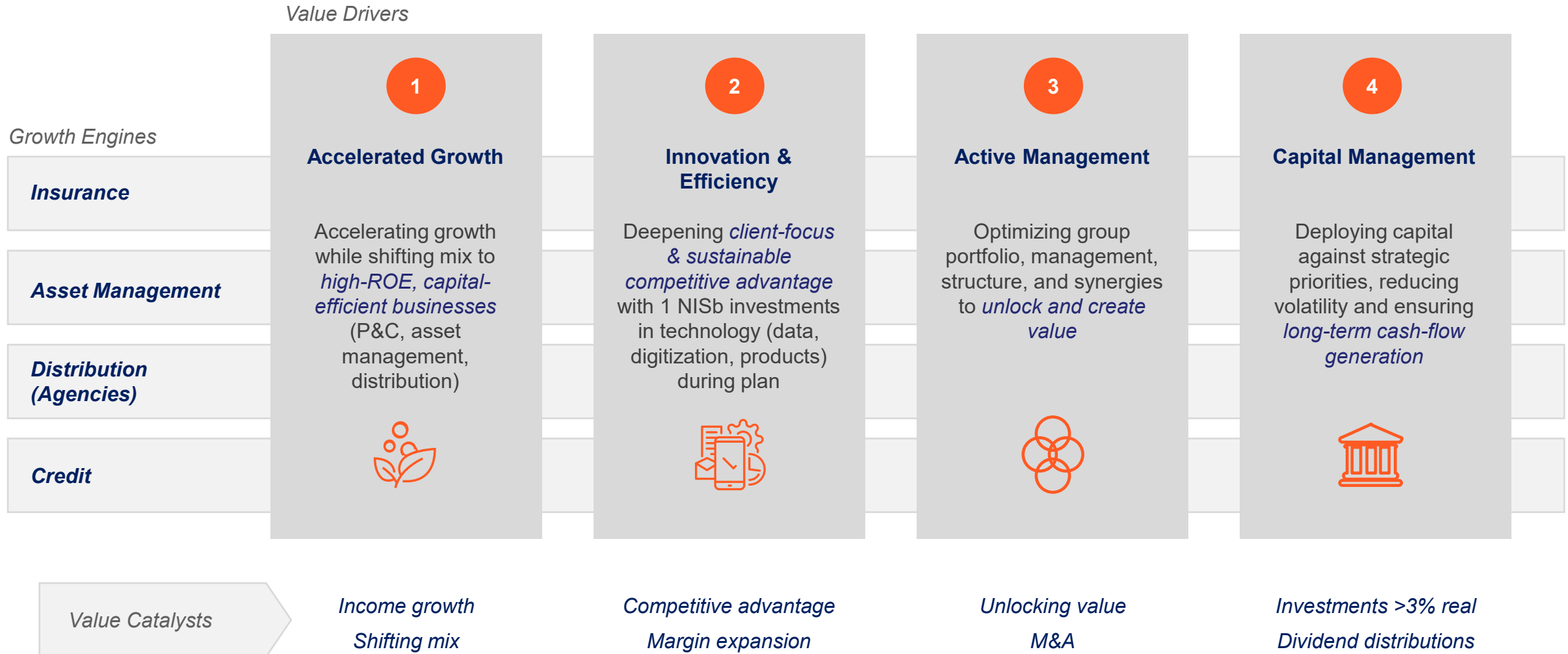


# Agenda

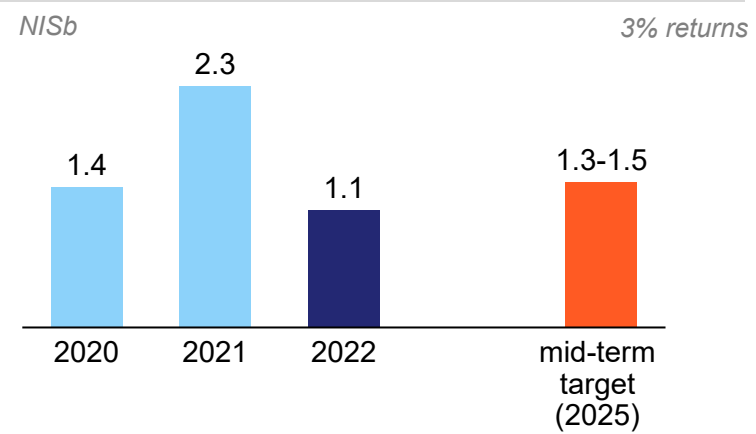
- > Highlights
- > **Strategy & Targets**
- > Financial Results
- > Segment Breakdown
- > Appendix
- > Glossary



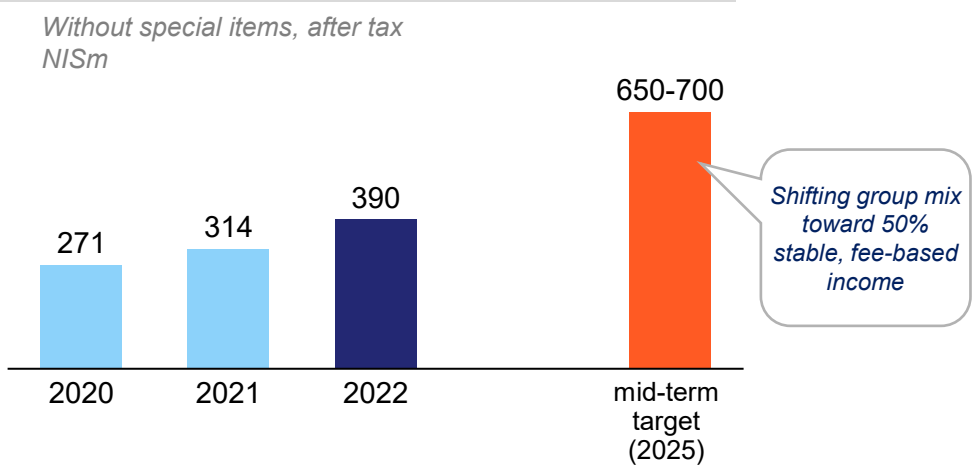
# Value Creation Strategy & Catalysts



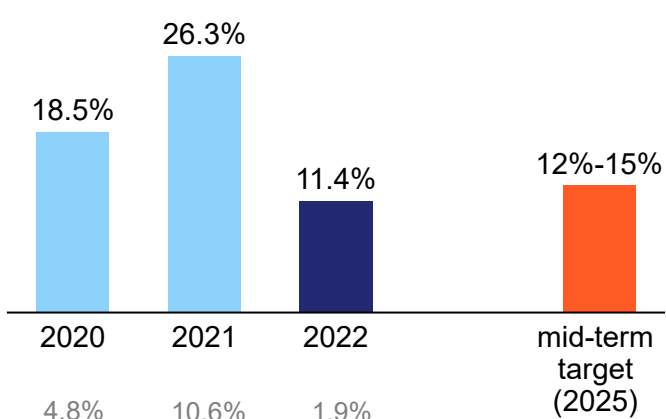
## Comprehensive Income



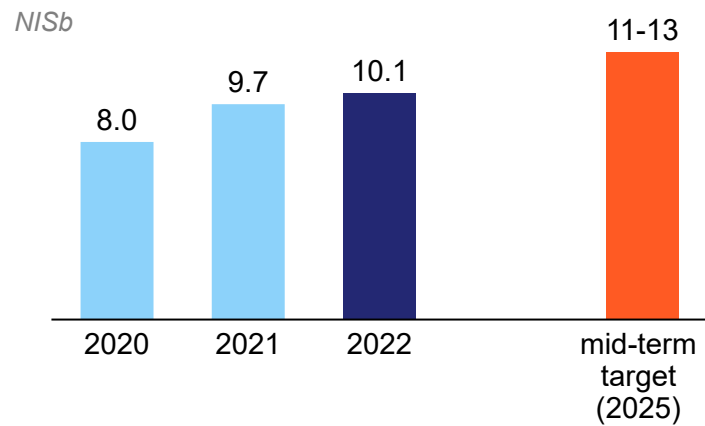
## Income from Non-Insurance Core Businesses



## ROE



## Shareholders' Equity



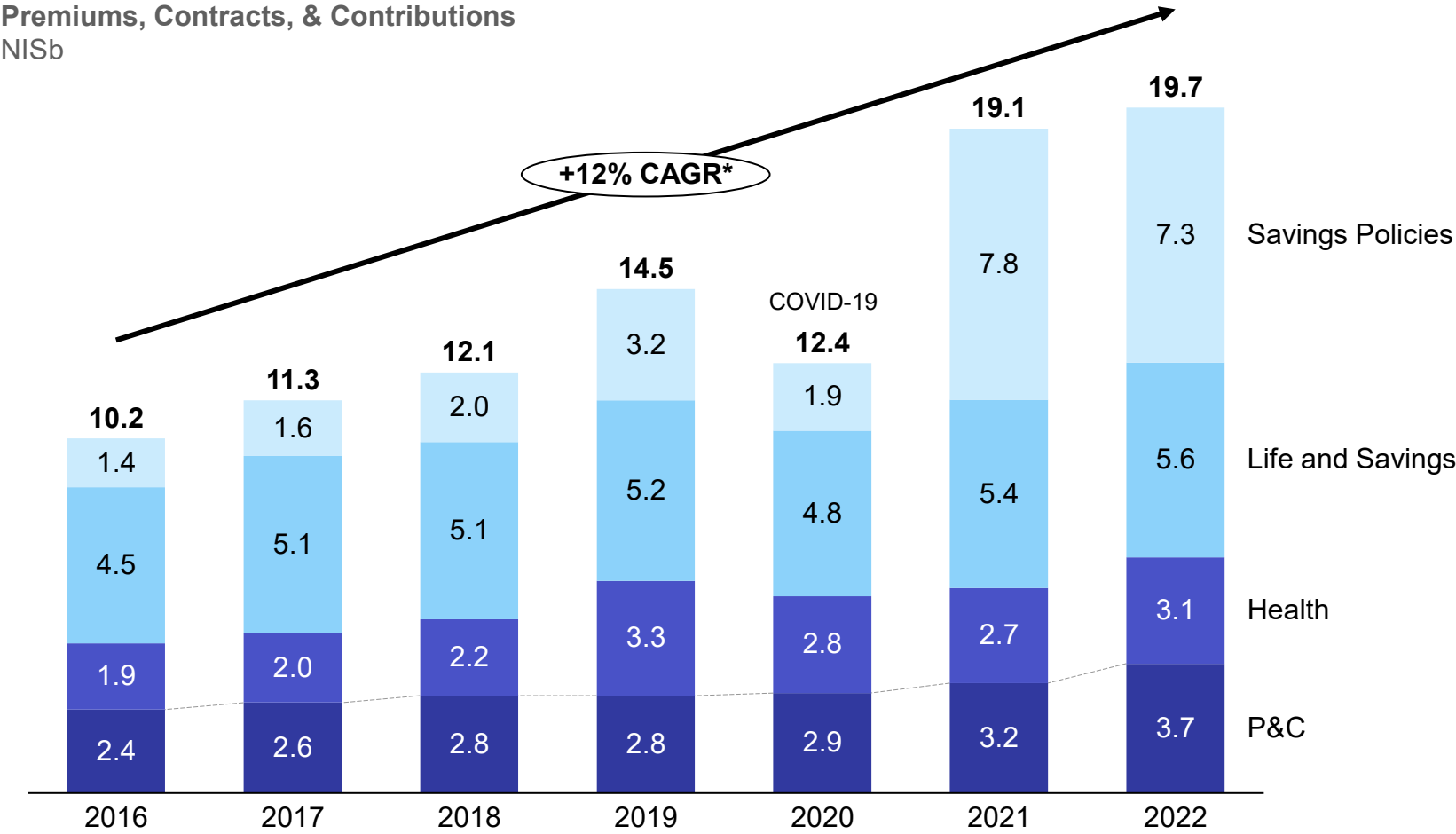
Nostro yield	Nominal	4.8%	10.6%	1.9%	
	Real	5.4%	8.0%	(3.2)%	3-5%*

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

\* Average real yield over five years (2018-22) was 3.86%



# 1. Insurance: Continued Growth



\* Includes investment contracts for peer comparison, previous versions of this chart showed premiums and benefit contributions only; does not include Pension & Provident contributions, as they are shown as part of asset management



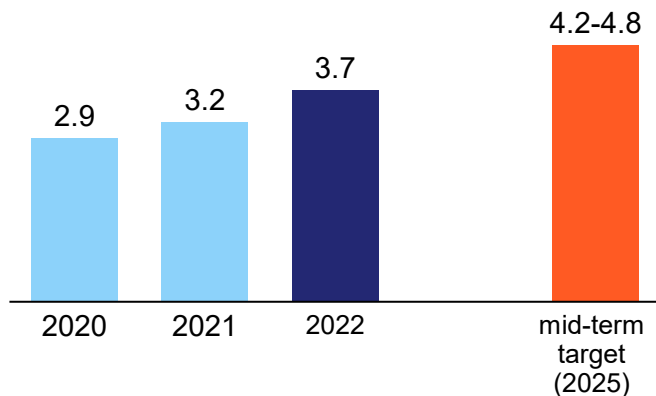
# 1. Insurance: Targets

Insurance
Asset Management
Distribution
Credit

## P&C

Premiums  
NISb

Including growth of Smart direct

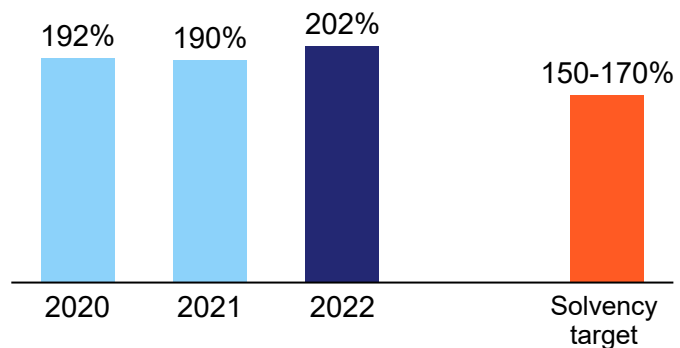


## Expense Ratios<sup>2</sup>

	P&C % of premiums	Health % of premiums	Life % of AUM
2019	4.10%	5.57%	0.50%
2020	5.08%	5.82%	0.49%
2021	4.40%	5.50%	0.41%
2022	3.53%	5.00%	0.40%
Mid-term target (2025)	3.4-3.7%	5.4-5.8%	0.27-0.30%

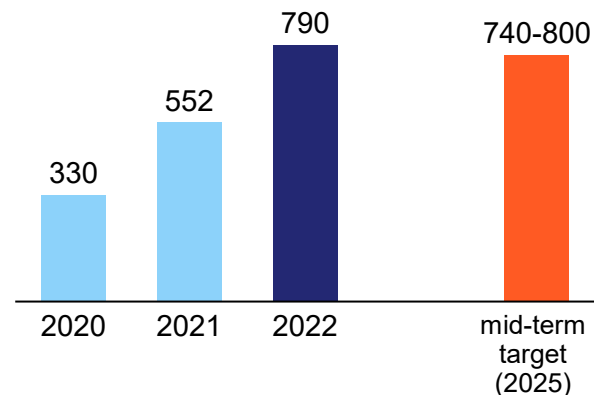
## Solvency<sup>1</sup>

Ratio



## Comprehensive Income

NISm, 3% real returns, without special items, after tax



<sup>1</sup> Solvency ratio with transitional measures (2022 figure as of June 30); target range based on reduced transitional measures over time

<sup>2</sup> 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% real return on investments

## 2. Asset Management: Full Range of Solutions

Insurance

Asset Management

Distribution

Credit

### ETFs & Passive Funds

*Market pioneer and leader*

### Active Mutual Funds

*Broad set of strategies / sectors*

### Discretionary Portfolios

*Private & institutional*

### Brokerage Accounts

*Private & institutional*

### Alternative Investments

*Proprietary & external managers*

### Pension Funds

*Broad solutions*

### Provident Funds

*Lump-sum, range of strategies*

### Executive Insurance

*Retirement & risk solution*

### Private Savings Policies

*Liquid investments*

**Investment Services Segment** for private and institutional clients (usually liquid / short-term) including Phoenix Investment House & Phoenix Advanced Investments

**Pension & Provident Segment** synergetic to life insurance business and distribution

**Life Insurance Segment** offering on-balance sheet solutions

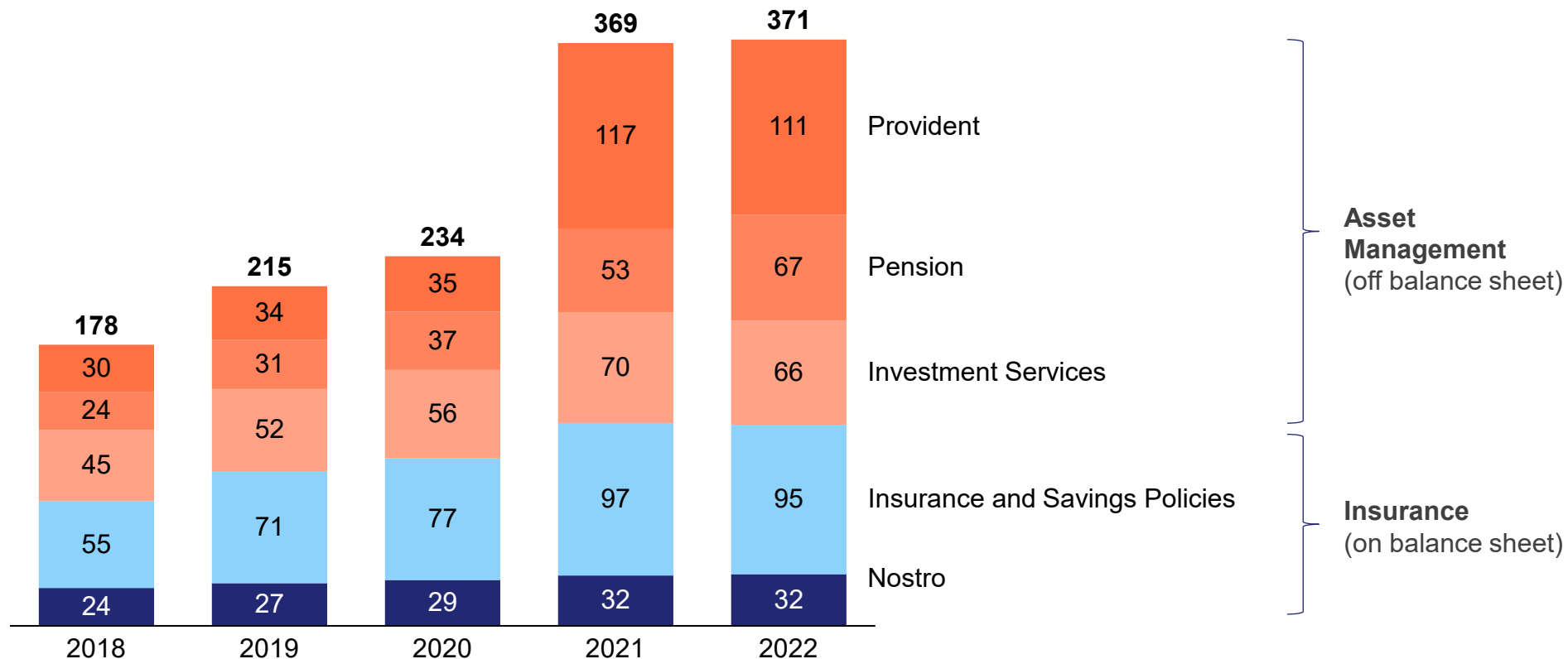
- Client-focused
- Multi-channel
- Investment performance & track record



## 2. Asset Management: AUM Growth

Insurance
Asset Management
Distribution
Credit

Assets Under Management  
NISb

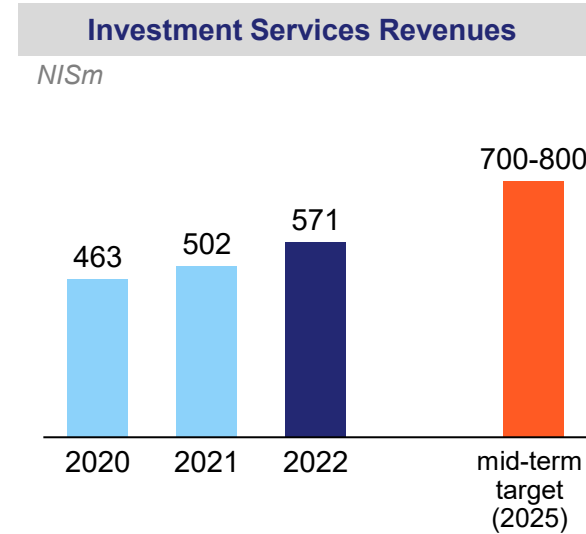
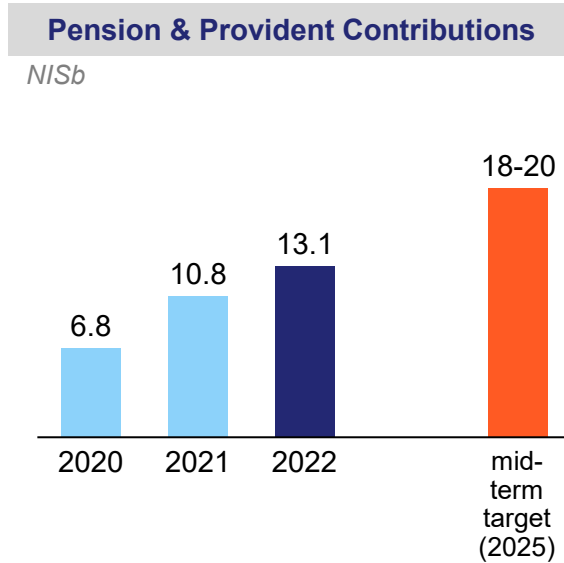
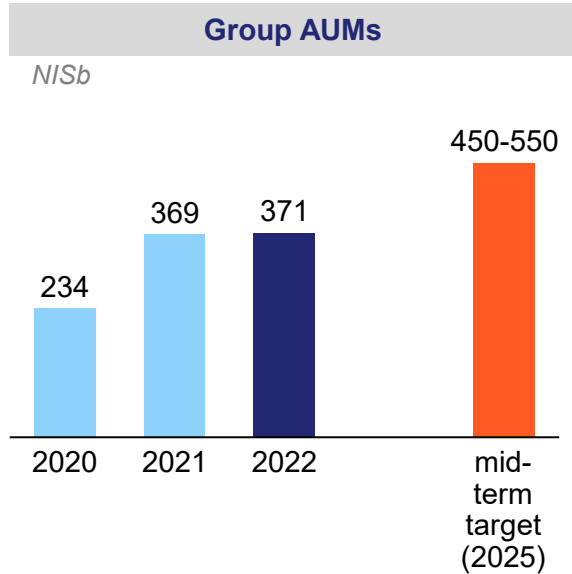


- Stable AUMs in 2022 due to continued inflows, offsetting negative yields
- Pro forma AUM of 399 NISb including acquisitions of Epsilon & Psagot assets (subject to regulatory approvals & completion)



# 2. Asset Management: Targets

Insurance
Asset Management
Distribution
Credit



**Expense Ratio: Pension & Provident**  
% of AUM

2019	0.24%
2020	0.16%
2021	0.13%
2022	0.12%
Mid-term target (2025)	0.11%

- Market leadership with full offering
- Focus on investment performance & record, branding, & distribution

- Marketing & distribution
- Track record
- Service
- Economies of scale

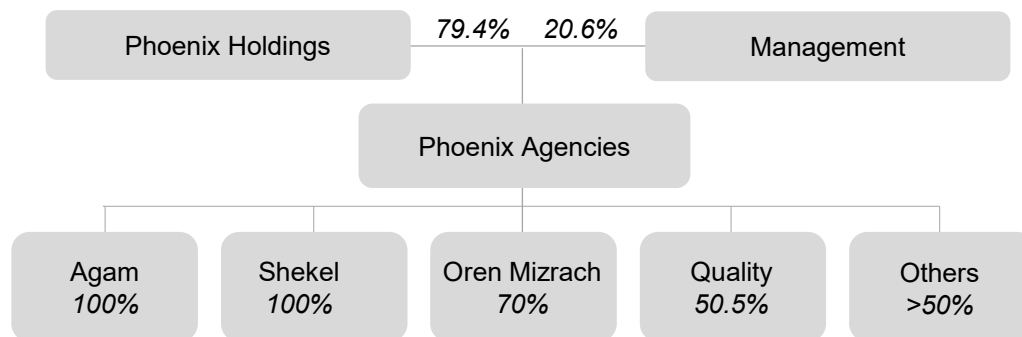
- Includes Phoenix Investment House (formerly Excellence) & alternatives platform
- Growth and value creation across activities

- Consolidated operations & backoffice (with Life Insurance)
- Digitization & service (for clients & agents)



### 3. Distribution (Agencies): Stand-Alone Value

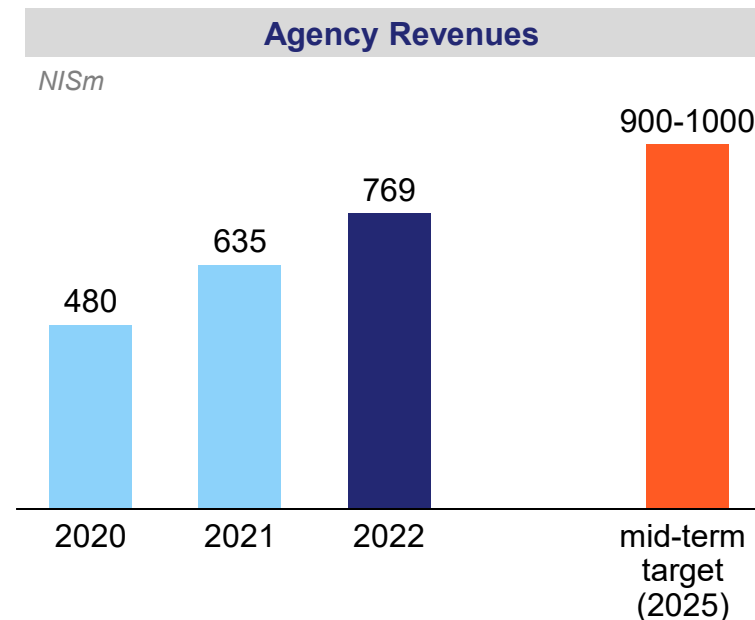
Insurance
Asset Management
Distribution
Credit



Restructuring in December 2022 to accelerate value creation (subject to completion)

- Client-focused activities include employee benefits & retirement planning, life, health, P&C, and specialties
- Independent agencies with experienced management (aligned with equity) and open architecture – providing access to all insurance carriers and long-term savings managers
- Focused on stand-alone value creation: cash-generative & capital-light business model, market leader with only 6% market share<sup>1</sup> and room to grow
- Aggregator platform with scale & infrastructure to support small agents
- Independent IT infrastructure & efficient digital platforms
- Possible regulatory changes may impact business

Share of group sales <sup>2</sup>	
Pension & Provident	30%
Life	21%
Individual Health	14%
P&C	10%



- Continued growth & scale economies
- Investment in digital platforms & client service
- Unlocking value
- Growth of financial & investment products

(1) Israel Ministry of Finance, share of commissions 2021

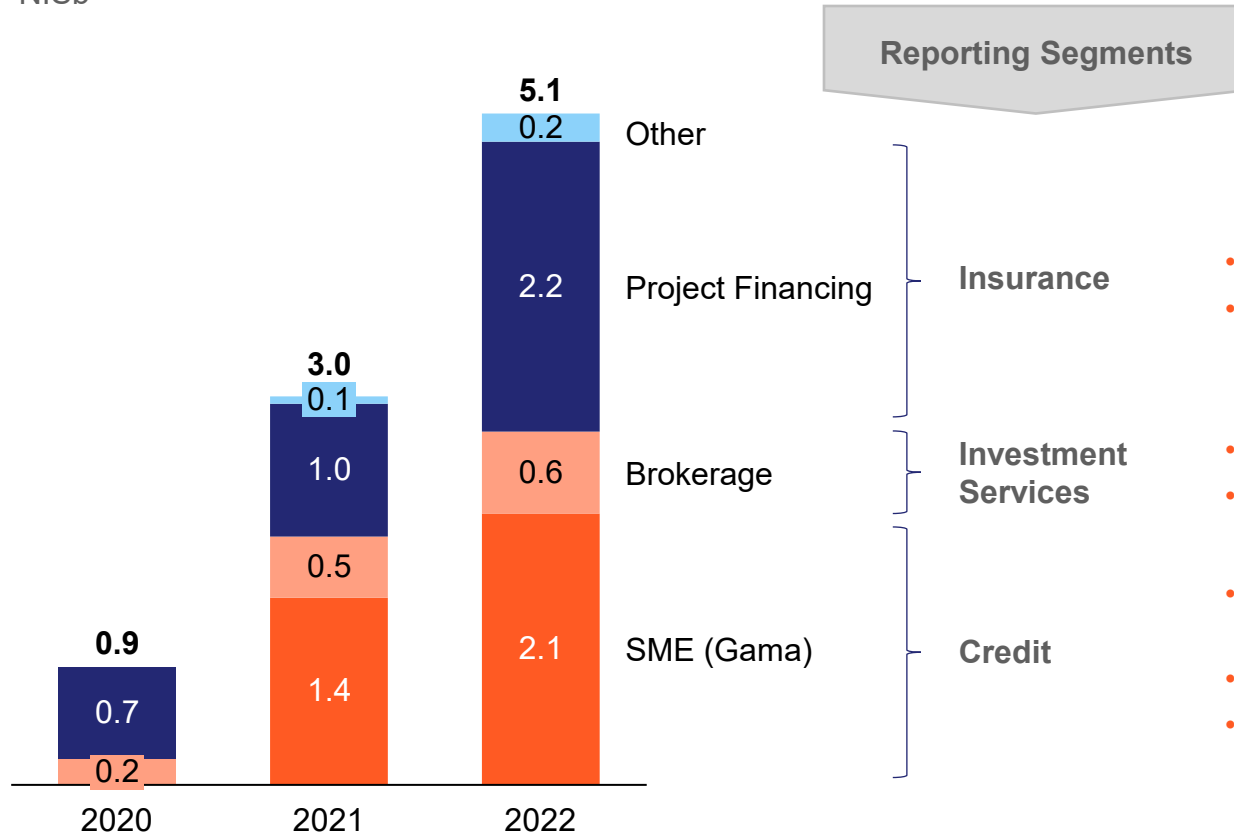
(2) Share of Phoenix group insurance premiums or pension / provident fund contributions that are distributed by Phoenix Agencies, 2022

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

# 4. Credit: Building Group Activities

Insurance
Asset Management
Distribution
Credit

Group Credit Activities  
NISb



Phoenix Holdings has several credit activities - publicly traded Gama is the primary platform and is included in the Credit Segment, but in addition several other activities provide credit from corporate account (Nostro) funds or invest in fixed income instruments and are not included in the Credit Segment

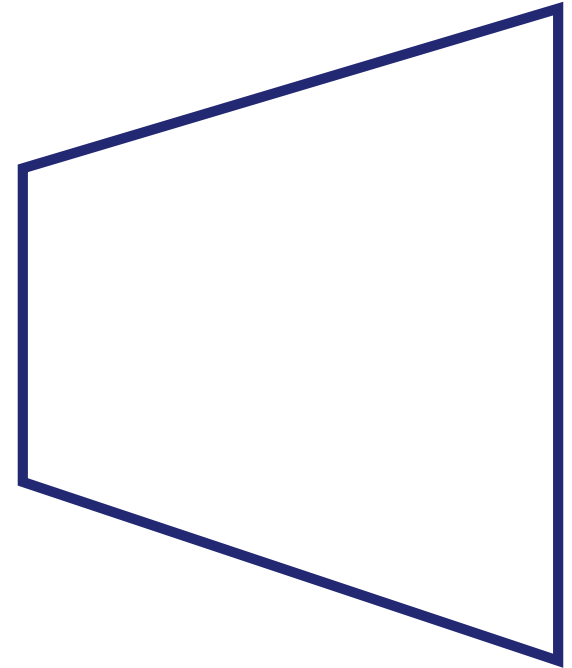
## *Resilience, Growth & Value Creation*

- **Ongoing value creation** from strategic execution and unlocking of value
- **Well positioned** for continued volatility in 2023, with strong balance sheet & liquidity; assessing strategic opportunities; dynamic investment management for risk-adjusted returns (e.g., inflation, interest rates, capital markets)
- **Investment** in capabilities, including digital transformation / data & analytics, client-focus, leadership, & culture
- **Continued strategic focus** through potential control transaction (25% of shares)
- Expansion of **ESG** strategy & reporting



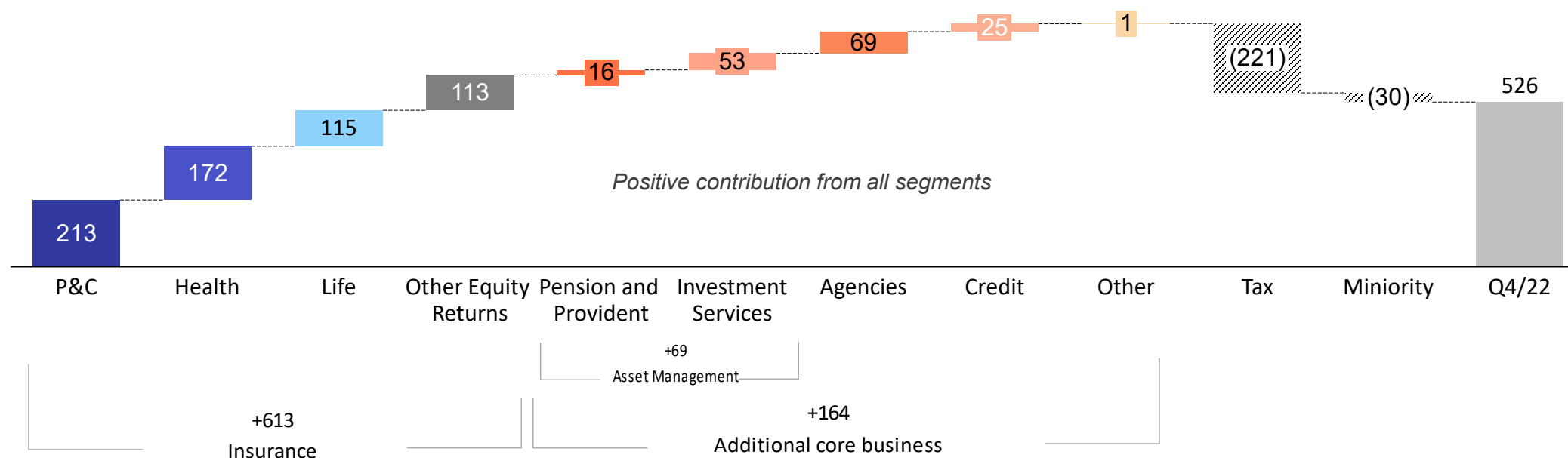
# Agenda

- > Highlights
- > Strategy & Targets
- > **Financial Results**
- > Segment Breakdown
- > Appendix
- > Glossary



# Q4 2022 Income by Segment

Comprehensive income before tax  
Q4 2022, NISm

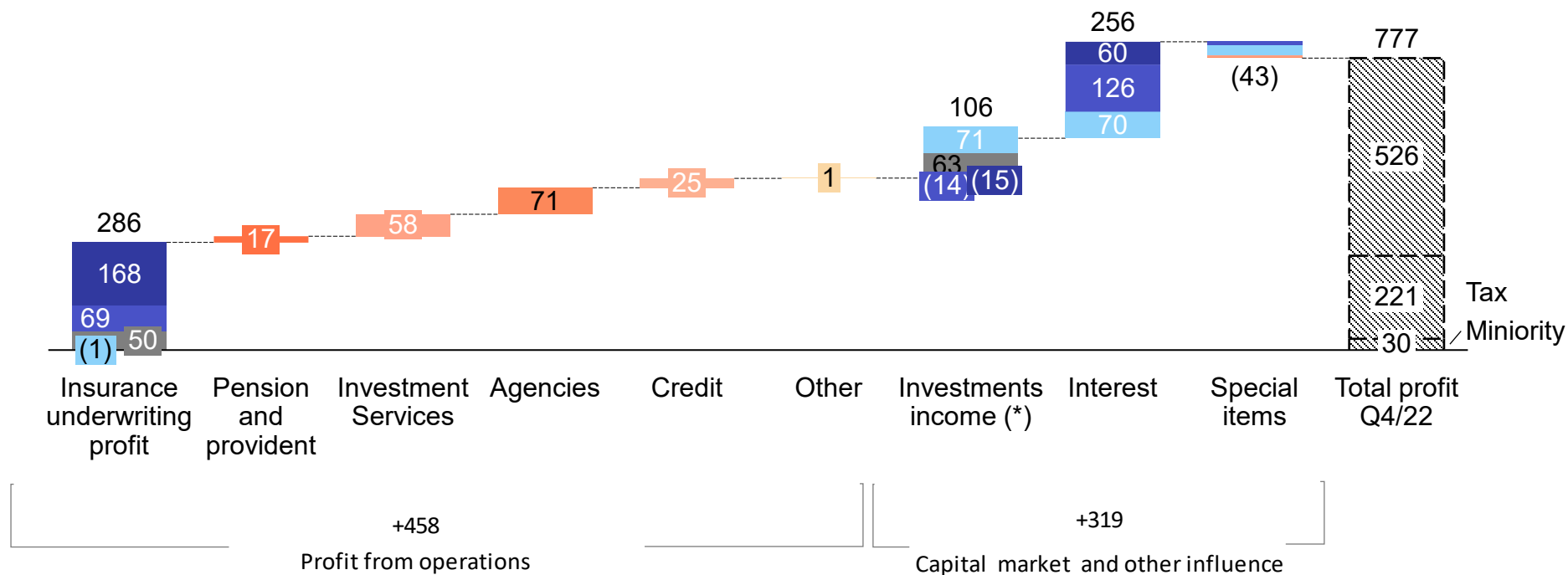


Q4/2021	26	(172)	669	360	5	18	99	11	2	(241)	(18)	759
Diff	187	344	(554)	(247)	11	35	(30)	14	(1)	20	(12)	(233)

# Q4 2022 Income by Source

Comprehensive income before tax  
Q4 2022, NISm

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

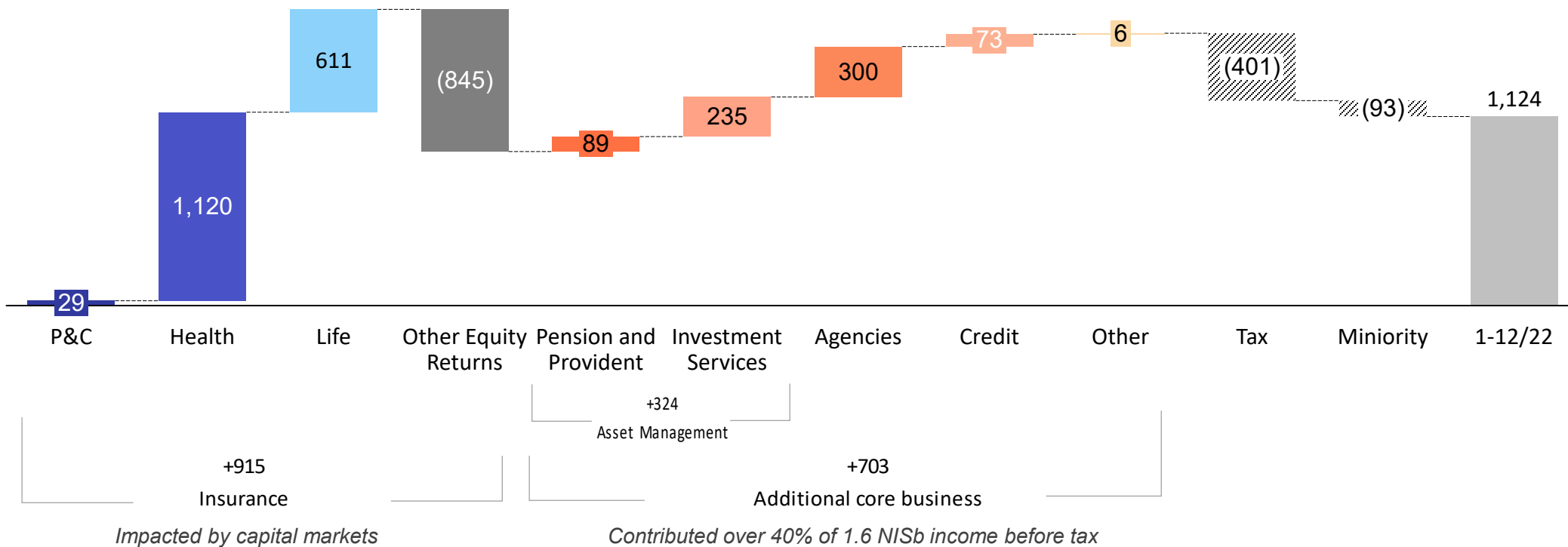


Q4/2021	156	9	24	71	11	12	860	(122)	(3)	1,018
Diff	130	8	34	0	14	(11)	(754)	378	(40)	(241)

(\*) Investment income and variable management fees above/below 3% annual real return and after offsetting the deficit in variable management fees (643NISm as of 31 December, 2022)

# 2022 Income by Segment

Comprehensive income before tax  
2022, NISm

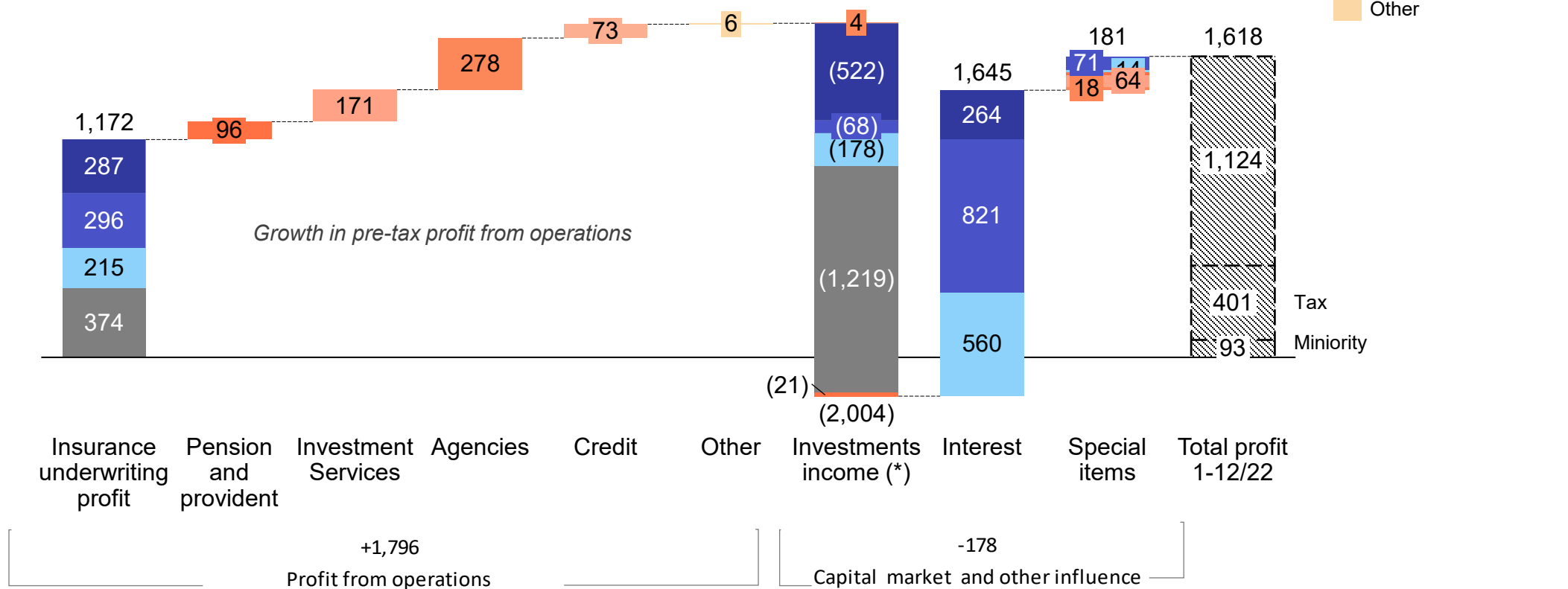


1-12/2021	485	8	1,535	467	49	113	272	257	48	(859)	(59)	2,316
Diff	(456)	1,112	(924)	(1,312)	40	122	28	(184)	(42)	458	(34)	(1,192)



# 2022 Income by Source

Comprehensive income before tax  
2022, NISm



1-12/2021	786	40	132	231	37	13	1,699	(104)	400	3,234
Diff	386	56	39	47	36	(7)	(3,703)	1,749	(219)	(1,616)

(\*) Investment income and variable management fees above/below 3% annual real return, after offsetting deficit in variable management fees (643 NISm as of December 31, 2022)



# Strong Balance Sheet

Phoenix Holdings NISm	31/12/2021	31/12/2022	Difference 12/21-12/22
Cash	2,154	3,440	1,286
Intangible Assets	2,775	2,992	217
Deferred acquisition costs	2,011	2,453	442
Investments in associates	1,346	1,594	248
Investment property - other	1,125	1,148	23
Credit for purchase of securities	2,550	3,443	893
Other Assets	5,804	6,865	1,061
Other Financial Investments	28,698	29,526	828
Assets for yield-dependent contracts	97,117	96,056	-1,061
<b>Total Assets</b>	<b>143,580</b>	<b>147,517</b>	<b>3,937</b>
Financial liabilities	8,813	13,106	4,293
Liabilities in respect of non-yield-dependent insurance contracts and investments contracts	25,113	25,458	345
Liabilities in respect of yield-dependent insurance contracts and investments contracts	95,629	94,042	-1,587
Other Liabilities	4,102	4,378	276
Total equity	9,923	10,533	610
<b>Total equity and liabilities</b>	<b>143,580</b>	<b>147,517</b>	<b>3,937</b>

## Financial Liabilities (NISm)

	Bonds and Loans			Total
	CPI linked	Floating interest	Fixed interest	
<b>Holdings Solo*</b>	<b>837</b>	<b>397</b>	<b>297</b>	<b>1,531</b>
<b>Insurance</b>				
Tier 1 capital	211			211
Tier 2 capital	430	491	2,755	3,676
Tier 3 capital			398	398
<b>Insurance Core Business</b>	<b>641</b>	<b>491</b>	<b>3,153</b>	<b>4,285</b>
Credit (Gama)		1,200	215	1,415
Agencies			27	27
Investment Services (AM)		574		574
<b>Additional Core Business</b>	<b>-</b>	<b>1,774</b>	<b>242</b>	<b>2,016</b>
<b>Total bonds and loans</b>	<b>1,478</b>	<b>2,662</b>	<b>3,692</b>	<b>7,832</b>
<i>Exposure Ratio</i>	19%	34%	47%	100%
Derivatives & Other**				3,702
Credit cards liabilities (Gama)				1,572
<b>Total</b>				<b>13,106</b>

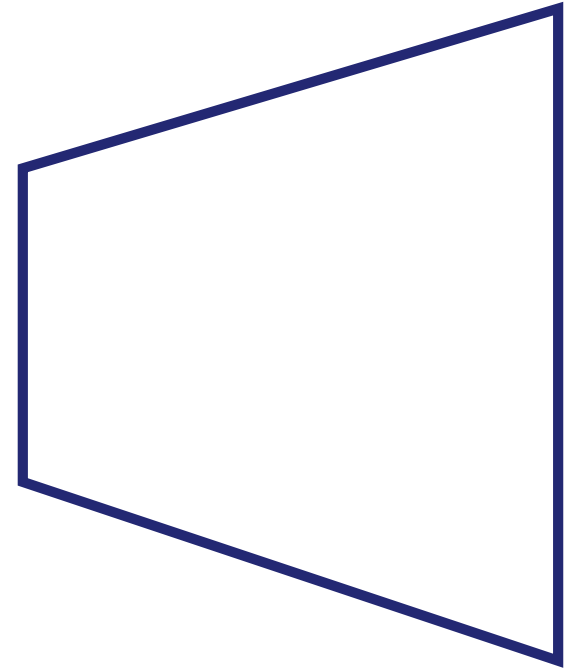
- Increase in liabilities primarily due to ongoing use of derivatives opposite relevant financial assets for operational purposes (e.g., Insurance, Investment House) and growth of Gama financing for credit portfolio and improved capital structure
- Limited leverage and financial debt at Phoenix Holding level (1.5 NISb, primarily fixed rate / not CPI linked), mostly opposite holdings of Tier 1 capital from Phoenix Insurance

\* Mainly offset against Insurance Tier 1 capital  
 \*\* For more details see Q4 2022 Financial Reports (Note 27)



# Agenda

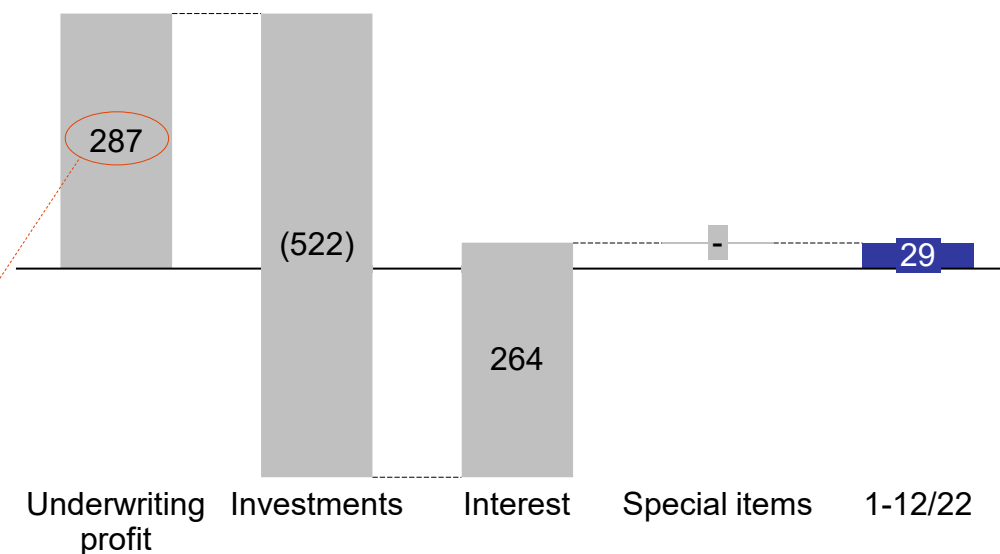
- > Highlights
- > Strategy & Targets
- > Financial Results
- > **Segment Breakdown**
- > Appendix
- > Glossary



- **16% growth in premiums** overall, driven by agencies and Smart direct business
- **Improved underwriting profit** in challenging environment; motor property negative impact of inflation, severity, frequency
- Negative impact of **capital market returns** which was offset by positive interest rate impact and positive UGL interest effect (reclassification of 176 NISm illiquid asset fair value from Health segment to P&C)

Underwriting Profit	Q1-Q3	Q4	2022
Compulsory Motor	70	91	161
Motor Property	(128)	(54)	(182)
Property & Other	103	34	137
Liability	74	97	171
<b>Total</b>	<b>119</b>	<b>168</b>	<b>287</b>

## Comprehensive Income Before Tax NISm



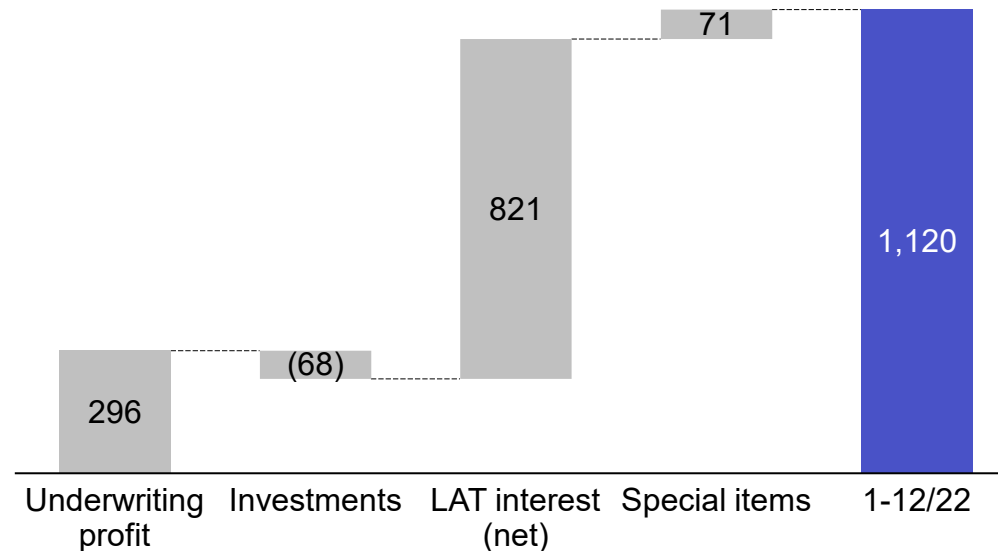
1-12/2021	277	200	8	-	485
Difference	10	(722)	256	-	(456)
Q4/2022	168	(15)	60	-	213
Q4/2021	51	(26)	1	-	26
Difference	117	11	59	-	187

(\*) Reclassification, for details see Appendix

Note: 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

- **Improvement** in underwriting profit, which includes primarily medical & travel insurance as well as long-term care runoff
- Income from release of **LAT reserves** due to increased interest rates, with 255 NISm LAT reserve remaining as of December 2022
- Offset by capital market effects & negative UGL interest effect (reclassification of 176 NISm illiquid asset fair value from Health segment to P&C)
- Special items include previous year profit from real estate (“Phoenixclass”) transfer under the LTC reserve Ad-120

## Comprehensive Income Before Tax NISm



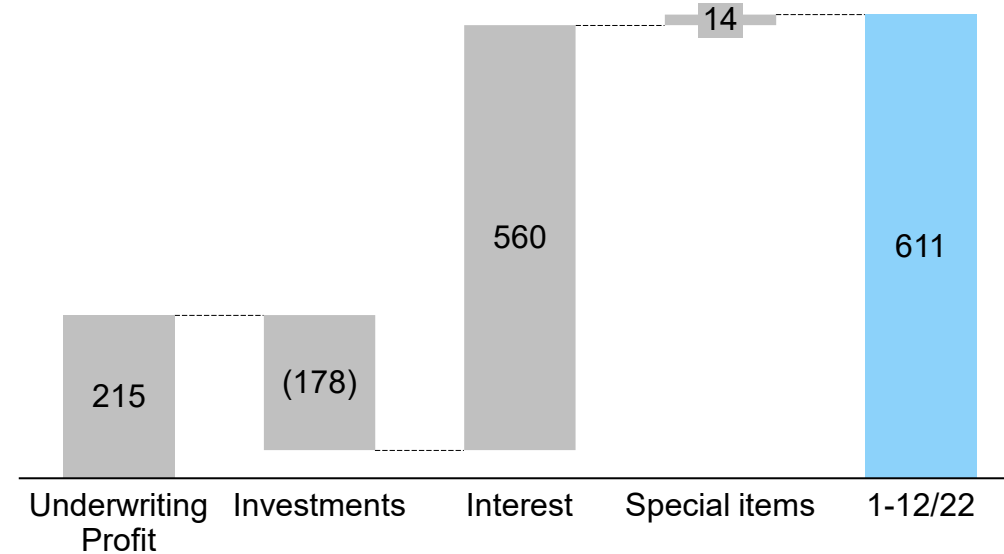
1-12/2021	250	41	(131)	(152)	8
Difference	46	(109)	952	223	1,112
Q4/2022	69	(14)	126	(9)	172
Q4/2021	61	56	(74)	(215)	(172)
Difference	8	(70)	200	206	344

(\*) Reclassification, for details see Appendix

Note: 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

- **Higher underwriting profit** mainly due to increased fees & updated annuity factors; underwriting profit includes primarily life risk policies, savings policies (liquid), disability, and executive insurance/retirement (fixed fees & participating policies, as well as guaranteed policies in runoff)
- Positive impact of increasing **interest rates**, offset by investment impact (including variable management fee deficit of 643 NISm as of December 2022)
- Special Items include TUR study (462 NISm profit before tax) offset by updated mortality tables (364 NISm loss before tax)

## Comprehensive Income Before Tax NISm

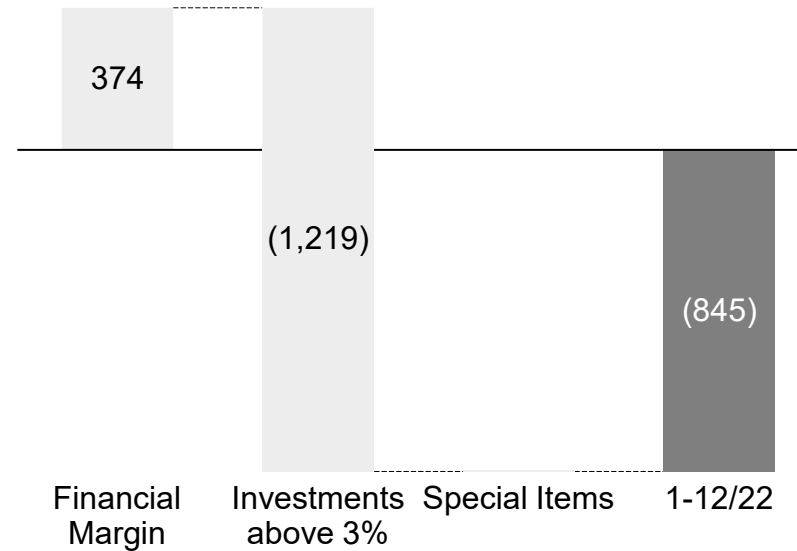


1-12/2021	90	592	19	338	1,535
Difference	125	(770)	541	(324)	(924)
Q4/2022	(25)	24	70	(25)	115
Q4/2021	(9)	21	(49)	210	669
Difference	(16)	3	119	(235)	(554)

# Other Equity Returns (Insurance)

## Comprehensive Income Before Tax NISm

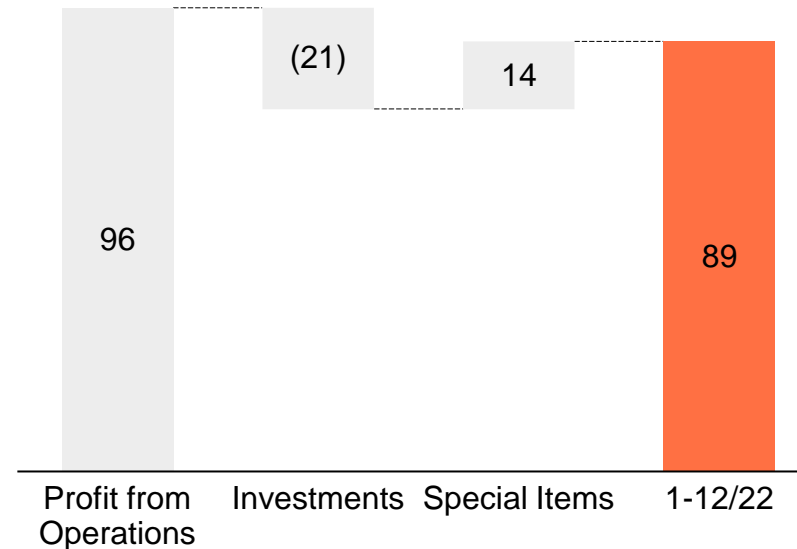
- Negative impact of financial markets
- Financial margin increase due to CPI index changes compared to 2021



1-12/2021	169	343	(45)	467
Difference	205	(1,562)	45	(1,312)
Q4/2022	50	63	-	113
Q4/2021	32	328	-	360
Difference	18	(265)	-	(247)

- **Continued organic growth**
- **Improvement in profit from operations** due to synergies from Halman-Aldubi acquisition and economies of scale on fixed cost base; profit from operations includes management fees from pension & provident funds
- Special items include sale of IRA activities acquired from Halman-Aldubi

## Comprehensive Income Before Tax NISm



1-12/2021	40	15	(6)	49
Difference	56	(36)	20	40

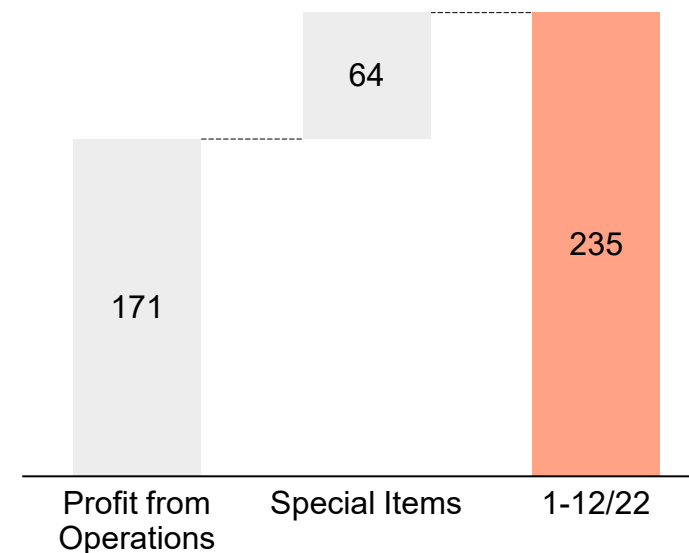
  

Q4/2022	17	(1)	0	16
Q4/2021	9	2	(6)	5
Difference	8	(3)	6	11



- **Phoenix Investment House** (formerly Excellence)
  - Performance improvement from strategic execution & improved margins
  - Includes primarily active & passive mutual funds, ETFs, discretionary portfolios, private & institutional brokerage, and employee stock option administration
  - Signed agreements to acquire Epsilon Investment House active funds & portfolios, and selected fund activities from Psagot Investment House (after reporting period)
- **Phoenix Advanced Investments**
  - Grew AUMs & built platform capabilities
  - Includes primarily private client alternative investment management & distribution
  - Special items include control of Phoenix Capital with one-time profit of 87 NISm

## Comprehensive Income Before Tax NISm



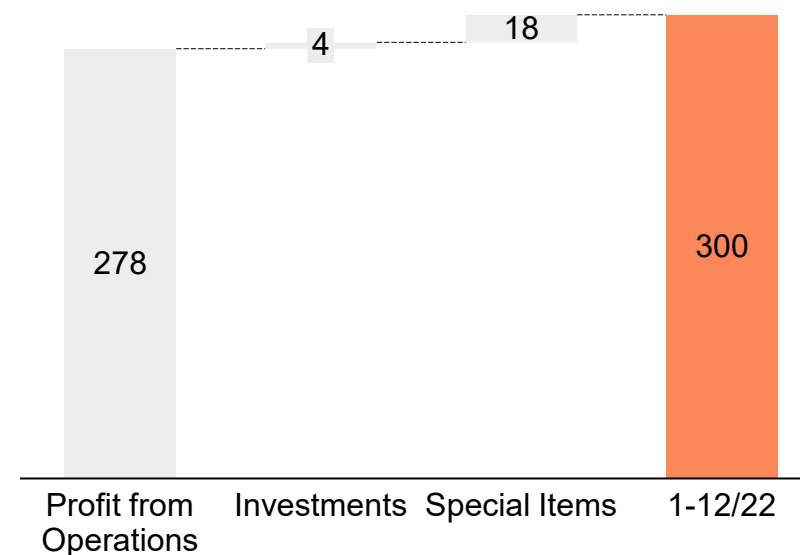
1-12/2021	113	(19)	113
Difference	58	83	122

Q4/2022	58	(5)	53
Q4/2021	24	(6)	18
Difference	34	1	35

- **Increased profit from operations** driven by continued strategic execution, with strong organic growth and scale economies; profit from operations includes multiple platforms for benefits & retirement planning, P&C, & specialty solutions
- Continued **inorganic growth** building on platforms
- **Special items** include profit from obtaining control in mid-sized agency
- **Restructuring** in December 2022 to accelerate value creation (merger between Phoenix Agencies & Agam Leaderim Holdings)
- Possible regulatory changes may impact business

## Comprehensive Income Before Tax NISm

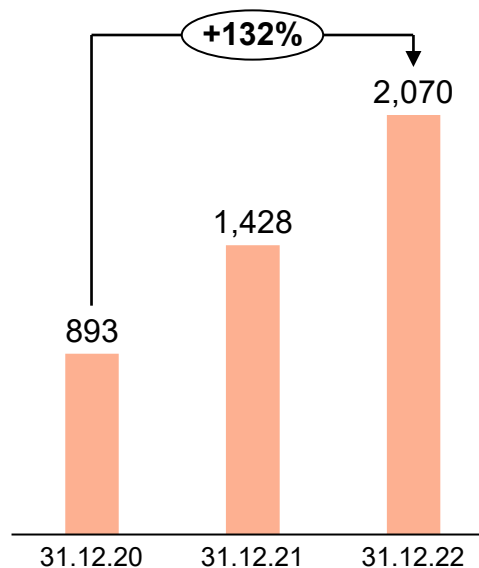


1-12/2021	231	12	29	272
Difference	47	(8)	(11)	28

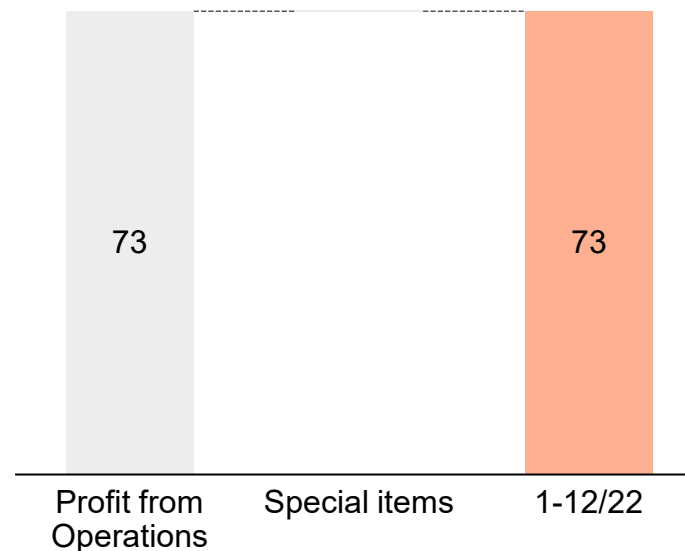
Q4/2022	71	2	(4)	69
Q4/2021	71	4	24	99
Difference	0	(2)	(28)	(30)

- Publicly traded Gama includes SME credit as well as SME credit card clearing & financing solutions and related activities
- Significantly **improved profit from operations**
- Continued growth** across activities, including SME credit portfolio alongside responsible policy management
- Gama **capital optimization** to support future growth, including 119 NISm rights and 500 NISm bonds
- Continued **investment in organization & infrastructure** to support growth
- Decrease in overall income compared to 2021 due to special item (control acquisition) last year

**Credit Portfolio**  
NISm, without credit cards



**Comprehensive Income Before Tax**  
NISm



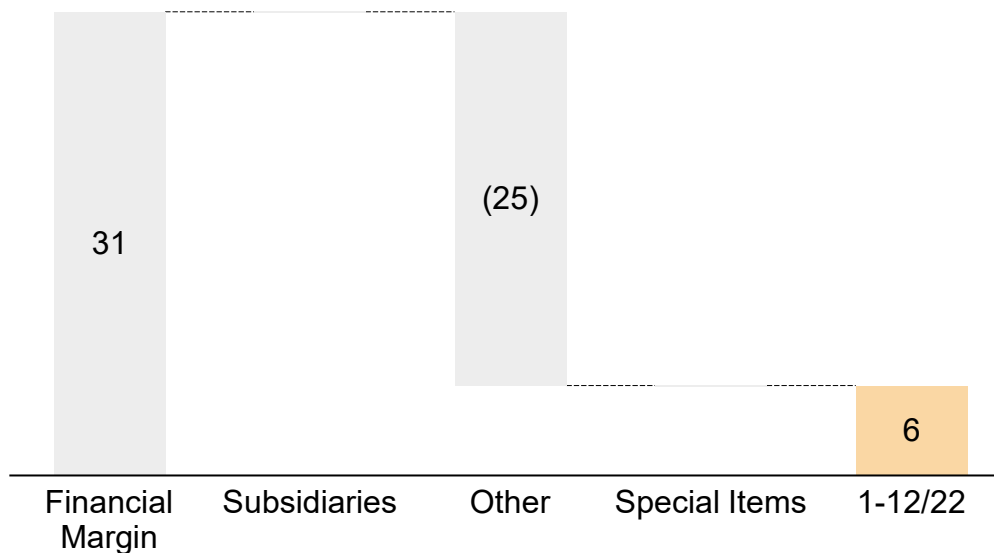
1-12/2021	37	(220)	257
Difference	36	220	(184)

Q4/2022	25	-	25
Q4/2021	11	-	11
Difference	14	-	14

## Comprehensive Income Before Tax NISm

- Segment includes Phoenix Holdings solo profits (including RT1 holding) as well as other items
- Financial margin increase mainly due to CPI index changes
- Special items include one time profit from early redemption of capital note

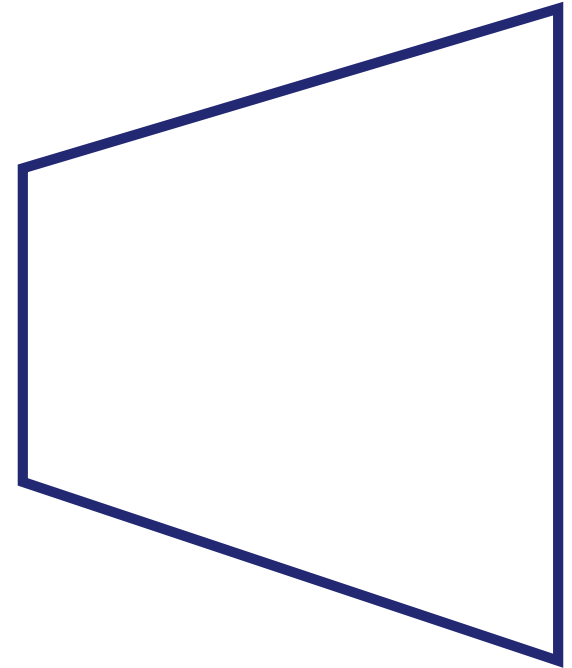


1-12/2021	29	(2)	(14)	35	48
Difference	2	2	(11)	(35)	(42)
Q4/2022	3	-	(2)	-	1
Q4/2021	16	-	(4)	(10)	2
Difference	(13)	-	2	10	(1)



# Agenda

- > Highlights
- > Strategy & Targets
- > Financial Results
- > Segment Breakdown
- > **Appendix**
- > Glossary





# Active Solvency & Capital Management

## Economic Capital / Solvency (Insurance Company)

### Solvency ratio<sup>1</sup>

With transitionals

190%

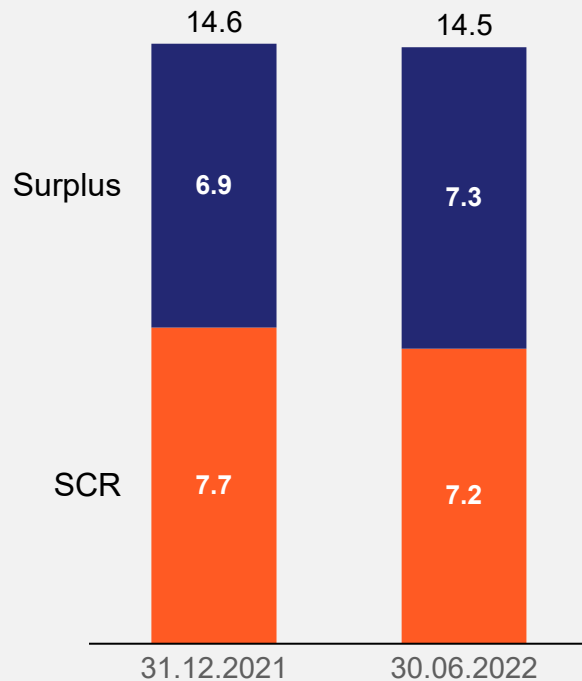
202%

Without transitionals

117%

137%

Economic capital  
NISb



## Solvency II implementation

- Solvency II implemented in Israel in line with international standards, with strong regulatory oversight
- Transitional measures through 2032, with natural offset from Phoenix backbook runoff (expected to release Solvency capital requirements and risk margin at least as high as transitional measures through 2032, reflecting the difference between Solvency ratio with and without transitional measures)
- Standard model used (internal models not allowed)
- Phoenix Solvency does not include group equity outside Insurance Company; significant additional group capital resources held under Phoenix Holdings

## Changes in Solvency Ratio

- During the first 6 month of 2022, the Solvency II ratio increase from 190% to 202% (with transitional measures), above the target range of 150-170%
- The Solvency ratio increase due to interest rates and actuarial study (take-up rates), partially offset by investment returns and mortality tables
- For June 2022, the excess capital above 111% without transitionals (company dividend threshold as set by Phoenix Insurance board of directors) was 2.3 NISb

## Cashflow and Liquidity (Holding Company)

- Phoenix Insurance dividend policy of 30-50% of comprehensive income, in line with solvency target range
- Additional core activities generate significant cash from fee-based income (e.g., asset management, agencies)
- Strong liquidity at holding level (including Phoenix Insurance Tier 1 capital notes of 1 NISb, with approval for trading) & financial debt of 1 NISb

## Accounting Profit

- IFRS-17 implementation in 2024, expected to reduce volatility
- Dynamic management of exposures

(1) Including dividend distribution from Phoenix Insurance to Phoenix Holdings announced June 30, 2022



# Strategy Execution – Examples 2020-22

Value Drivers				
Growth Engines				
	1	2	3	4
	Accelerated Growth	Innovation & Efficiency	Active Management	Capital Management
<b>Insurance</b>	<ul style="list-style-type: none"> <li>P&amp;C</li> <li>Travel</li> <li>Savings policies</li> </ul>	<ul style="list-style-type: none"> <li>Data &amp; machine learning</li> <li>Products / apps</li> <li>Digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>Divest control Ad-120</li> <li>Option plan</li> </ul>	<ul style="list-style-type: none"> <li>Solvency &amp; capital optimization</li> <li>Dividends</li> <li>Backbook</li> </ul>
<b>Asset Management</b>	<ul style="list-style-type: none"> <li>Pension &amp; provident</li> <li>Investment house</li> <li>Alternatives platform buildout</li> </ul>	<ul style="list-style-type: none"> <li>Brokerage platform</li> <li>Backoffice consolidation</li> <li>ESOP</li> </ul>	<ul style="list-style-type: none"> <li>Acquisitions (Halman, Alumot, Psagot, Epsilon)</li> <li>Restructured Investment House</li> </ul>	<ul style="list-style-type: none"> <li>Moved pension &amp; provident to Holdco</li> </ul>
<b>Distribution (Agencies &amp; More)</b>	<ul style="list-style-type: none"> <li>Strong organic growth across agencies</li> <li>SMART direct</li> </ul>	<ul style="list-style-type: none"> <li>Digitization (customer-facing, backoffice)</li> <li>Digital marketing</li> </ul>	<ul style="list-style-type: none"> <li>Acquisitions (small agencies, existing holdings)</li> <li>Restructuring</li> </ul>	<ul style="list-style-type: none"> <li>Cash flow generation &amp; optimization</li> </ul>
<b>Credit</b>	<ul style="list-style-type: none"> <li>SME lending &amp; solutions</li> <li>Project financing</li> </ul>	<ul style="list-style-type: none"> <li>Gama infrastructure</li> <li>Operations</li> </ul>	<ul style="list-style-type: none"> <li>Gama IPO, control, &amp; governance</li> <li>Building consumer business</li> </ul>	<ul style="list-style-type: none"> <li>Gama balance sheet</li> <li>Insurance co. credit deployment</li> </ul>



# Phoenix Holdings – Highlights

1

Unique opportunity in a **growing, underpenetrated market** with barriers to entry

Strong demographic & wealth trends with high compulsory savings rates & potential for greater penetration, macro resilience during 2020-22

2

**Strong market position** with distinctive growth & performance through the cycle

Leading diversified financial services group with over \$100b AUM (including multi-line insurance, asset management, distribution, & credit), delivering best-in-class average 15% ROE and 20% AUM CAGR over the past 5 years

3

Creating and unlocking value driven by **diversified activities with untapped potential**

Significant share of income generated by recurring fee-based businesses (cash-generative, capital-light), 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 202% (with transitional measures) and at least 30% dividend distribution policy

6

**Experienced leadership team** backed by **strong governance**

Deep sector and broad functional experience at both board and management levels





# Reclassification – Explanation

Below is an explanation of reclassifications effecting the Health and P&C segments:

- **Health:** As of 2022 Q1 financials, the Health segment reclassified earnings within the segment's internal breakdown, primarily between underwriting and investment income due to the use of a 3% real return for the LAT (Liability Adequacy Test) reserve for the individual long-term care activity (consistent with the use of 3% real returns across other activities)
- **P&C:** As of 2022 Q2 financials, part of the UGL (Unrealized Gains and Losses) component of P&C underwriting profit was categorized as interest rate effects

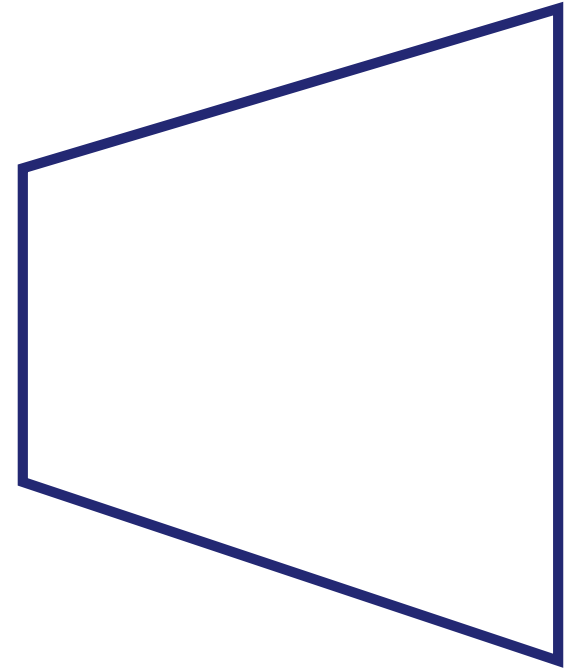
For consistency, comparative figures were reclassified as well, below is a summary of the impact of the reclassification on 2021 income, showing the figures before and after reclassification:

Comprehensive Income Before Tax NISm	2021	
	Before	After
<b>Health</b>		
Underwriting	168	250
Investments	123	41
Special Items	(152)	(152)
<b>P&amp;C</b>		
Underwriting	285	277
Interest	-	8



# Agenda

- > Highlights
- > Strategy & Targets
- > Financial Results
- > Segment Breakdown
- > 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