

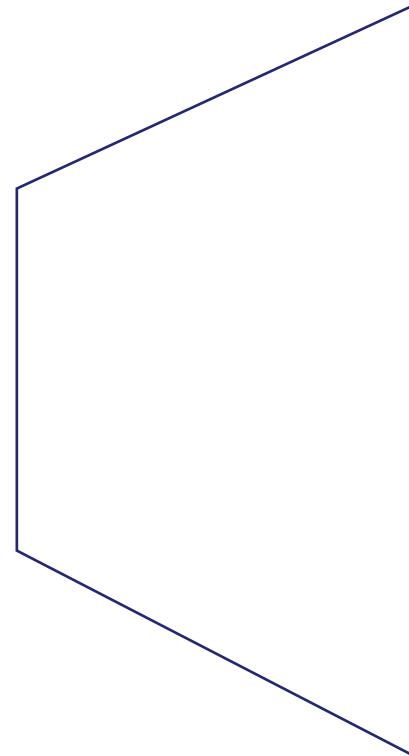
# 2023 Q2

## Phoenix Holdings

Financial Review



# Agenda



1. **Highlights**
2. Strategy & Targets
3. Financial Results
4. Segment Breakdown

Appendix

Glossary

Disclaimer



# Phoenix Holdings - Overview

## Group Activities

Group Activities				Highlights		
Insurance	Asset Management	Distribution	Credit	Leading Israeli financials group	<b>TA-35</b> Leading index	<b>9.6 NISb</b> Market cap <sup>1</sup>
P&C Health Life	Pensions Mutual Funds ETFs Portfolios Alternatives	Agencies Brokers	SME (Gama) Real Estate Brokerage	Distinctive performance	<b>20%</b> AUM CAGR 5-years <sup>2</sup>	<b>15%</b> ROE 5-year average <sup>2</sup>
				Strong capital position	<b>208%</b> Solvency II Ratio <sup>3</sup>	<b>10.1 NISb</b> Shareholders' Equity
2022 annual H1/23	<b>790 NISm</b> <b>435 NISm</b>	<b>200 NISm</b> <b>109 NISm</b>	<b>156 NISm</b> <b>80 NISm</b>	<b>33 NISm</b> <b>26 NISm</b>		
				Recognized stability	<b>AA / AAA</b> Israel ratings <sup>4</sup> Holding / Insurance	<b>A2</b> International rating Insurance
H1/23	<b>8.8 NISb</b> Premiums & Contributions	<b>417 NISb</b> AUM <sup>6</sup>	<b>407 NISm</b> Revenues	<b>5.3 NISb</b> Portfolio <sup>6</sup>		
				Proven experience	<b>Top Ranked</b> Leaderboard <sup>5</sup>	<b>70+</b> Years

<sup>1</sup> As of August 21, 2023

<sup>2</sup> Five-year period (2018-2022), acquisitions included

<sup>3</sup> Solvency estimation with transitional measures as of March 31, 2023, after 350 NISm dividend from Phoenix Insurance to Phoenix Holdings

<sup>4</sup> Israeli ratings: iIAA for Phoenix Holdings & iIAAA for Phoenix Insurance by S&P Maalot, Aa2.il for Phoenix Holding & Aa1.il for Phoenix Insurance by Midroog

<sup>5</sup> Based on average yields over h 31, 2023, 3 years ended June 30.2023 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

<sup>6</sup> Includes insurance activities as of June 30, 2023



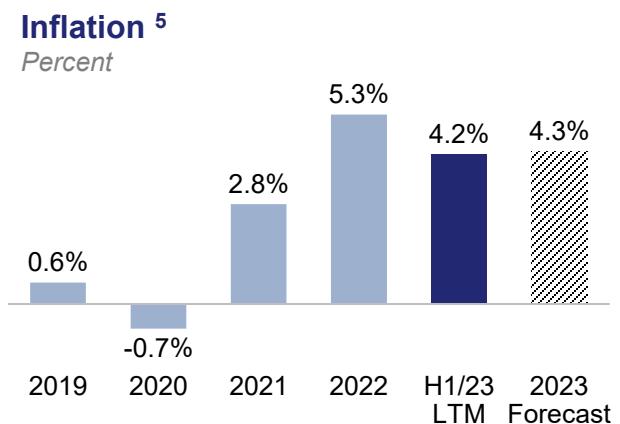
# Economic Snapshot

Continued capital market volatility, with Israeli market under-performance in H1

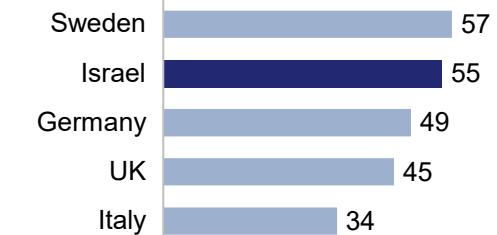
Relative resilience to inflation, impacting less than OECD peers

Long-term positive structural trends (e.g., wealth accumulation, vibrant tech sector)<sup>1</sup>

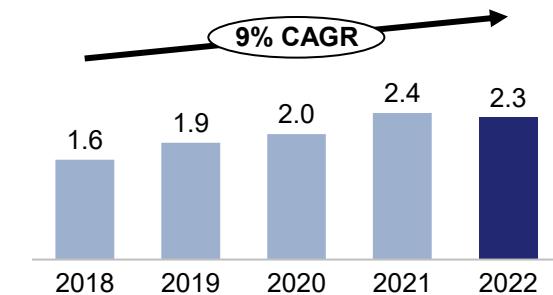
Possible impact of macro trends & proposed judicial changes



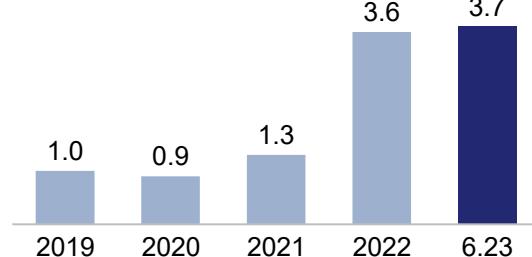
**GDP per Capita <sup>3</sup>**  
USD '000



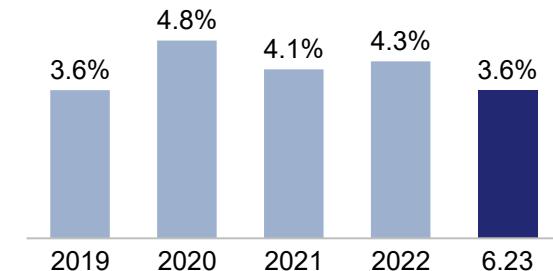
**Long-Term Savings AUM <sup>4</sup>**  
NIS Trillion



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



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



Note: 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, forecast from Bank of Israel (real GDP growth, seasonally adjusted annual rate)

<sup>3</sup> IMF for 2022, current USD, as of April 2023

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

<sup>5</sup> Israel Central Bureau of Statistics, annual inflation, last twelve months; forecast from Bloomberg

<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



# H1 2023 Highlights

**H1/23**

**298** NISm

Comprehensive Income

**6.0%**

ROE

**417** NISb

AUM

Strong performance in asset management, agencies, & P&C

Growth to 417 NISb managed assets ahead of expectations, including completed acquisitions (Epsilon, Psagot)

However, negative impact from Non-Operating Income due to investment performance & interest rate impact (lower illiquidity premium)

Continued growth in Core Income (without Non-Operating Income) to 357 NISm in Q2 and 650 NISm in H1, with 15% and 13% Core ROE respectively

Strong financial position, with stable Solvency II ratio and ratings of iAAA (Israel) and A2 (international) assigned to Phoenix Insurance (after end of quarter)

**Q2/23**

**217** NISm

Comprehensive Income

**9.0%**

ROE

**120** NISm

Dividend Announced

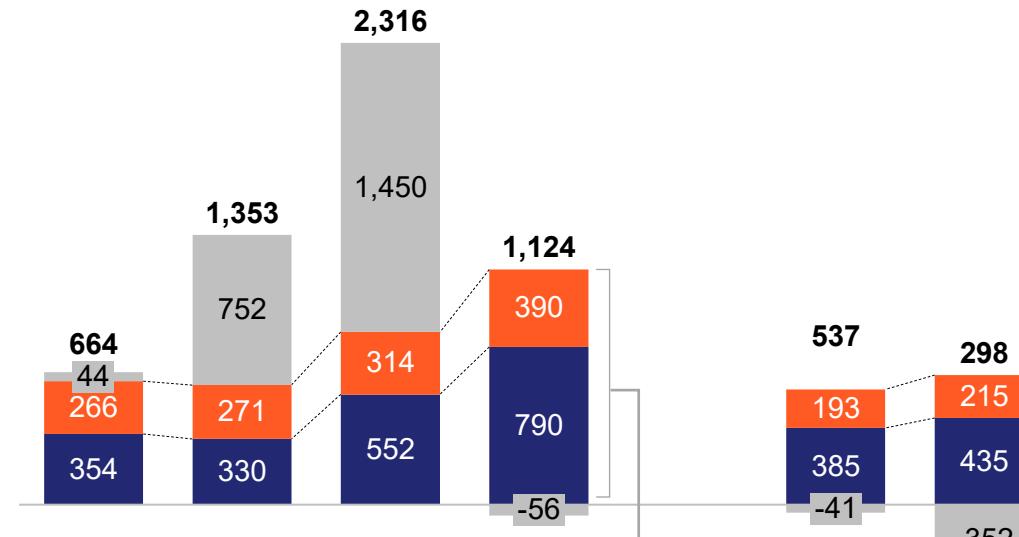


# Growth in Core Business

Insurance Core Income
  Services Core Income
  Non operating income

## Comprehensive Income

NISm, after tax



ROE

Year	ROE
2019	10.2%
2020	18.5%
2021	26.3%
2022	11.4%

**Core Income**    620    601    866    1,180
   
**Core ROE**    9.5%    8.7%    10.7%    11.9%

H1/22\*    537  
11.4%

H1/23    298  
6.0%

578    650  
12.3%    13.0%

Q2/22\*    184  
7.9%

Q2/23    217  
9.0%

348    357  
15.4%    15.0%

## Core Income - continued growth

**Services Core Income**  
 growth in fees from asset management, distribution, credit

**Insurance Core Income**  
 growth in P&C

## Non-Operating Income

Impact of capital markets (above/below 3% real returns), interest rate effects, & special items

\* Investment income of unit linked model portfolio returns was reclassified from Core Income to Non-Operating Income (33 NISm / 38 NISm in H1/22 / Q2/22 respectively)

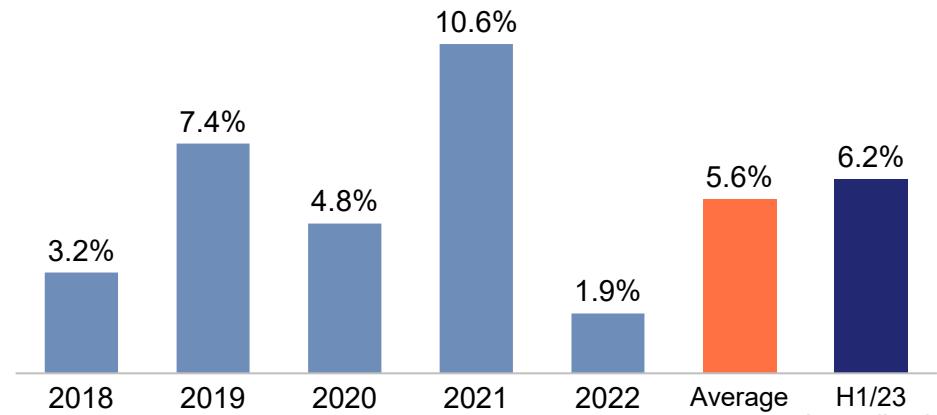
Notes: Core Income and Core ROE do not include Non-Operating Income: investment yields and variable management fees above or below 3% real yields, interest rate effects, and special items. Services income includes Asset Management (Pension & Provident, Investment Services), Distribution (Agencies), and Credit (Gama). For the convenience of the presentation, the statutory tax rate for taxable income in insurance and services is used, while the difference between the actual tax and the statutory tax is recorded in Special Items. See Slides 21-22 for breakdowns & Glossary for definitions.



# Investment Core Capabilities

## Returns - Insurance Nostro / Corporate Account

Percent (nominal)

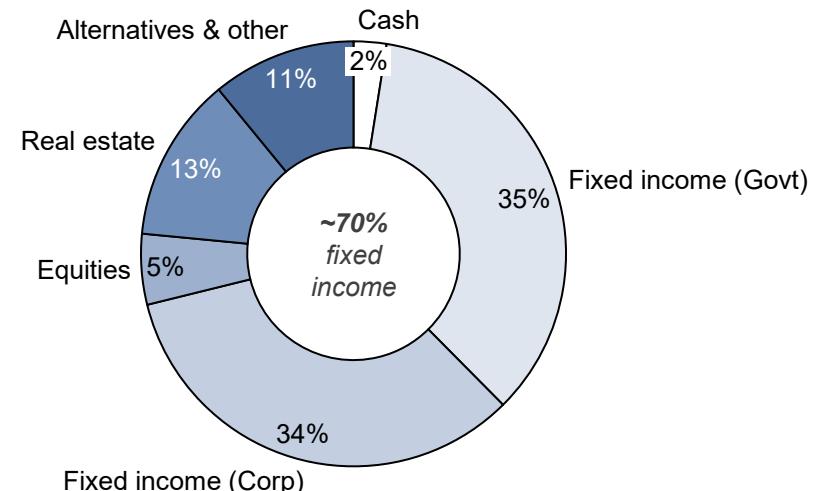


Real Yield

2.0% 7.1% 5.4% 8.0% (3.2%) 3.9%\* 1.2%\*\*

## Asset Allocation - Corporate Account (Nostro)

Percent (June 30, 2023)



## Investment performance & track record

**Mark to market** reporting transparency (reporting volatility)

**Group plans** based on 3% real returns and stable rates

**Team of over 100 investment professionals** managing corporate account and client assets

**Investing in capabilities** including international investments and technology platforms

## Responsible allocation & risk management

**Proactive and proprietary** dealflow and sourcing

**International investments** with leading partners, co-investments, & direct positions

**Balanced asset allocation**

**Responsible asset and liability management**

\* Five-year period (2018-22)

\*\* Annualized, H1 return was 3.1% nominal / 0.6% real



# Equity Generation and Dividend Distribution

## Building Track-Record

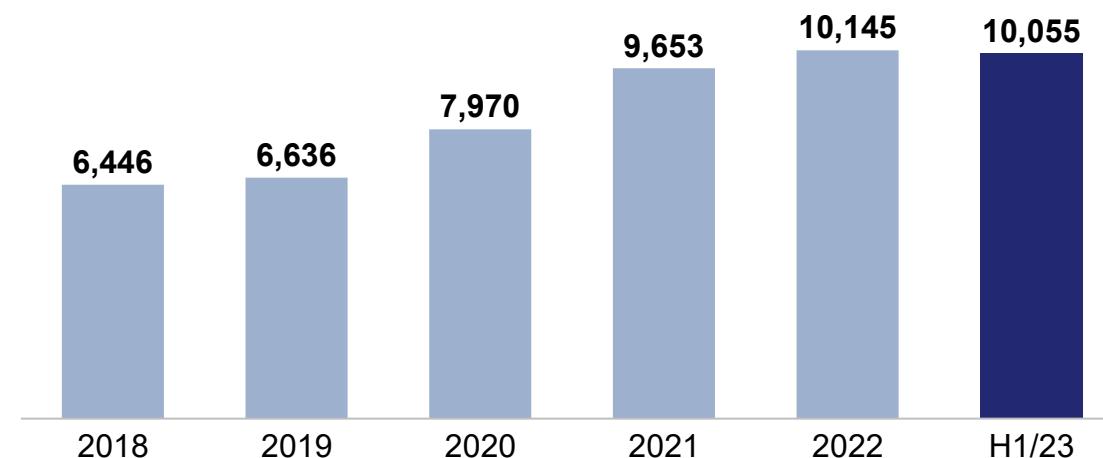
**120 NISm semi-annual dividend announced\***  
representing a total of **297 NISm dividends year-to-date** (together with 177 NISm dividend distributed April 2023)

In line with dividend policy of at least 30% of annual comprehensive income, including discretionary mid-year distribution

12 NISm executed in H1/23 out of 100 NISm 2023 buyback program

## Shareholders' Equity

NISm



Before announced dividends

	2018	2019	2020	2021	2022	H1/23
Comprehensive Income	512	664	1,353	2,316	1,124	298
Dividends from annual income (including in subsequent calendar year)	120	480	380	621	337	120*
Dividends distributed (during calendar year)	120	480	-	580	581	297
Dividends per share (during calendar year)	1.0	1.9	-	2.3	2.3	1.2
Buybacks executed			26	74	56	12

Building dividend track record

\* Dividend declaration date Aug 23, 2023; ex-dividend date Aug 31, 2023; payable date Sept 14, 2023



# Agenda

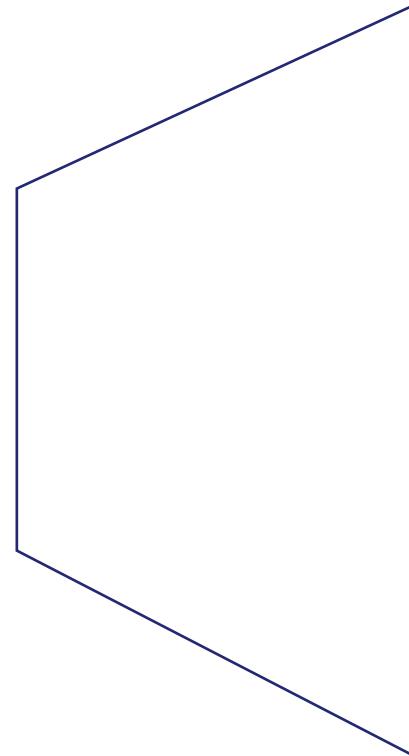
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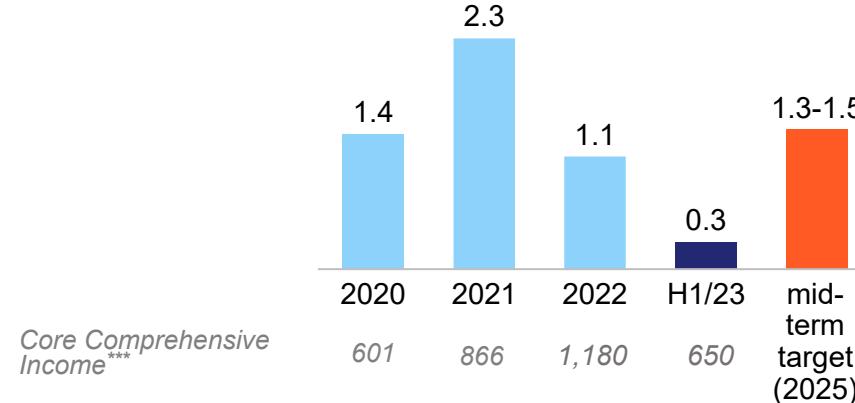


# Value Creation Strategy & Catalysts



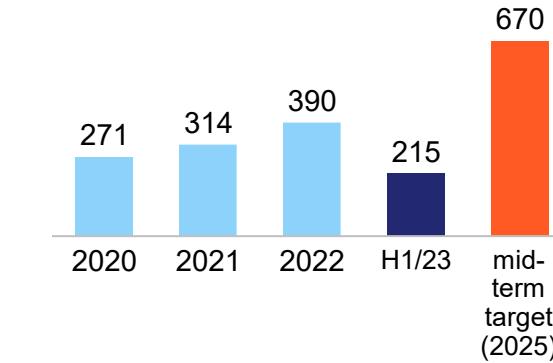
## Comprehensive Income

NISb



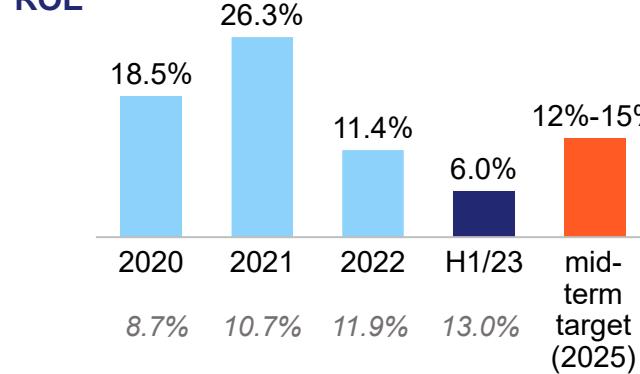
## Services Core Income

Without special items, after tax, NISm



Shifting group mix to 50% stable, fee-based income

## ROE

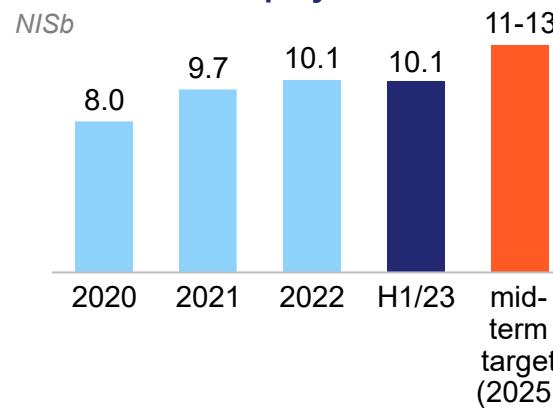


Core ROE

Nostro yields	Nominal	Real	4.8%	10.6%	1.9%	6.2%*
	Real	5.4%	8.0%	(3.2%)	1.2%*	3-5%**

## Shareholders' Equity

NISb



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

\* Annualized (H1 return was 3.1% nominal and 0.6% real)

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

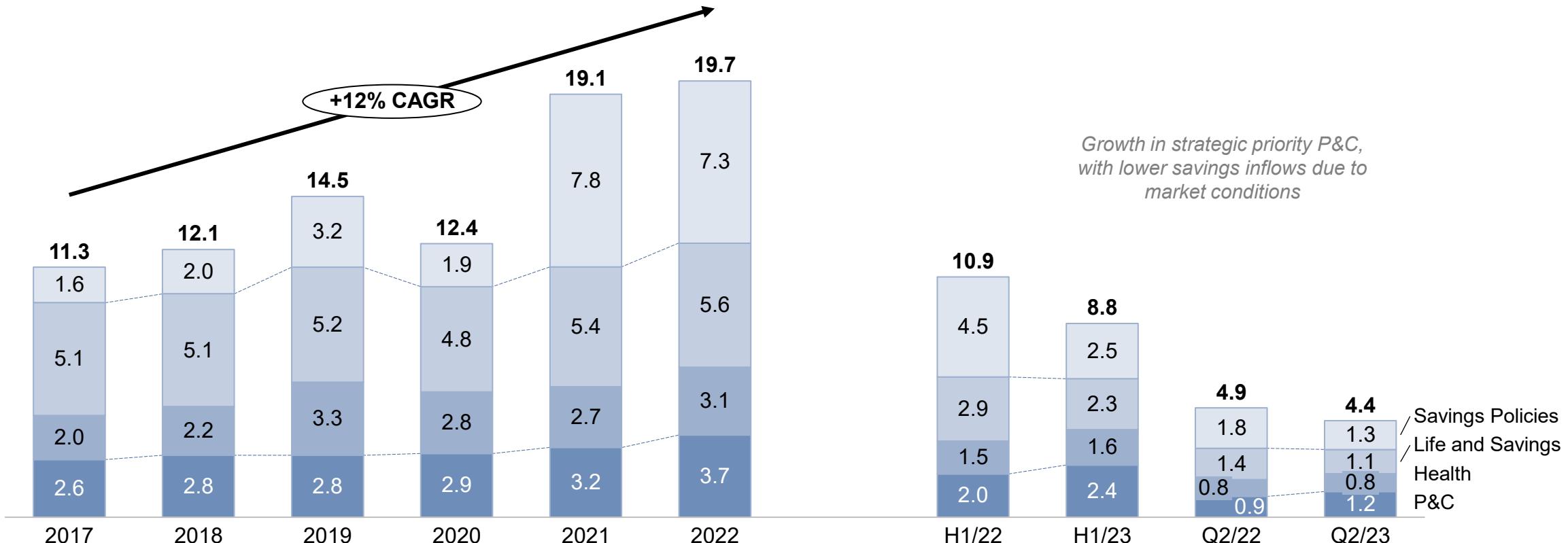
\*\*\* Based on 3% real return on investments without non-operating income



# 1. Insurance | Continued Growth

## Premiums & Contributions

NISb

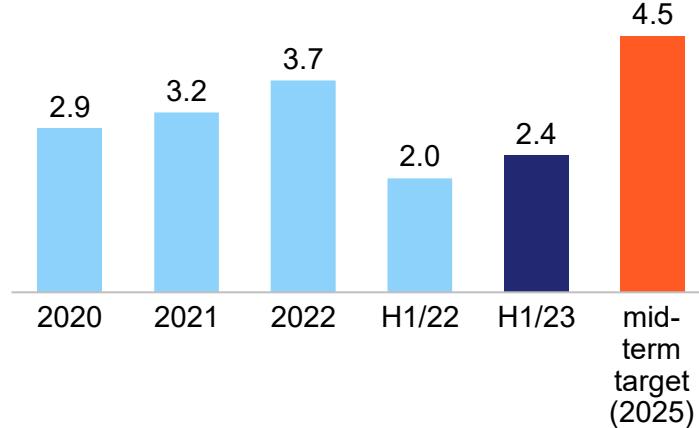




# 1. Insurance | Targets

## P&C

Premiums, including Smart direct, NISb



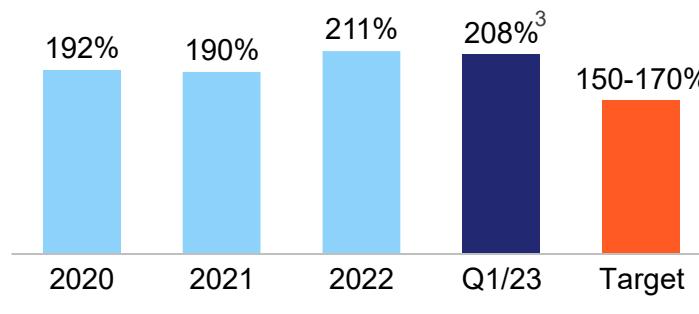
## Expense Ratios<sup>2</sup>

	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%
H1/22	<b>3.85%</b>	<b>5.39%</b>	<b>0.39%</b>
<b>H1/23</b>	<b>3.77%</b>	<b>5.41%</b>	<b>0.41%</b>
Mid-term target (2025)	3.4-3.7%	5.4-5.8%	0.27-0.30%

Focus on efficiency

## Solvency<sup>1</sup>

Ratio

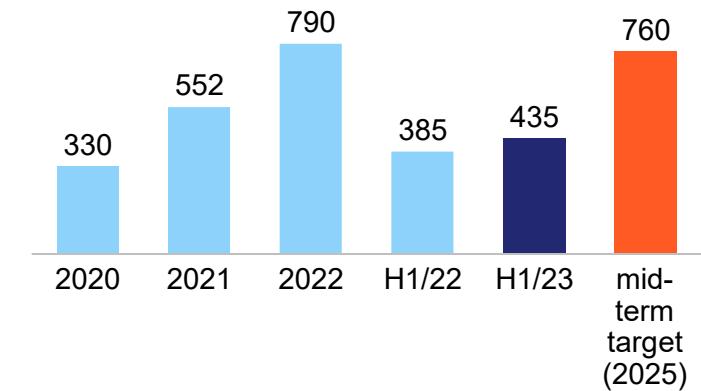


Without transitionals

116% 117% 149%

## Core Income

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



<sup>1</sup> Solvency ratio with transitional measures; 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

<sup>3</sup> Solvency estimation with transitional measures as of March 31, 2023, after 350 NISm dividend from Phoenix Insurance to Phoenix Holdings

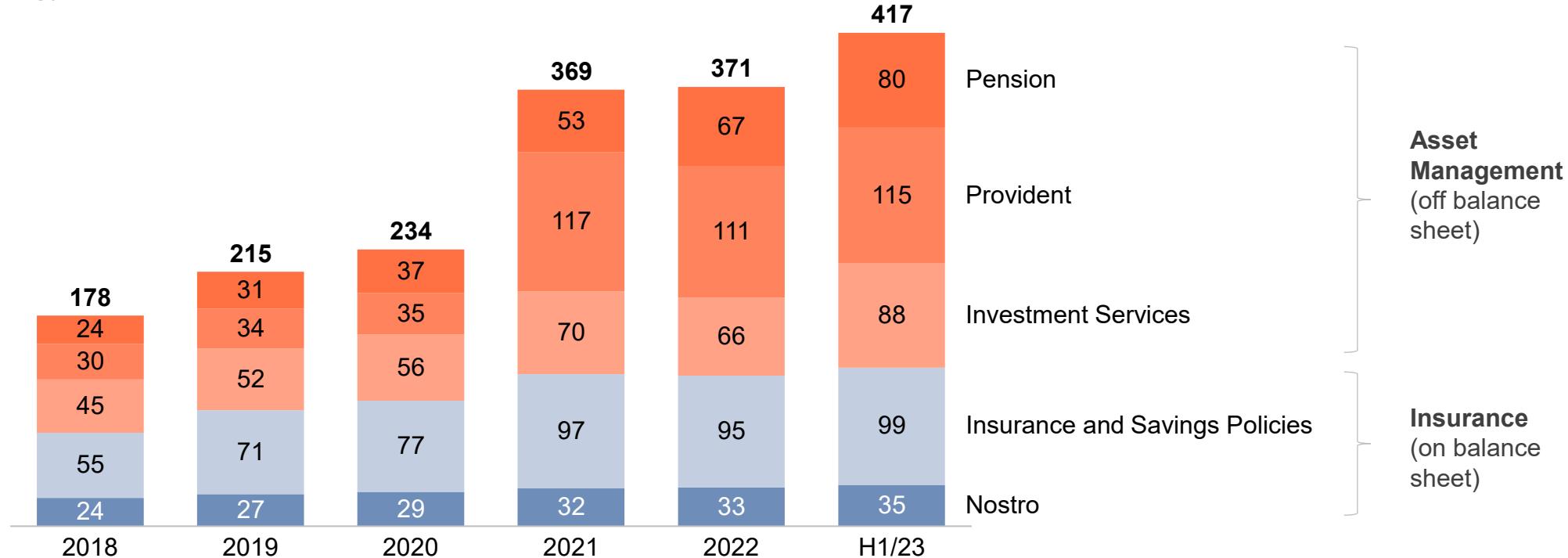
Note: Mid-term Targets based on 5-year plan 2020-25 and assuming 3% real return on investments



## 2. Asset Management | AUM Growth

### Assets Under Management

NISb



*Continued inorganic growth*

*Investment Services includes acquisitions of Epsilon (5 NISb) & Psagot activities (16 NISb)*



## 2. Asset Management | Targets

Insurance

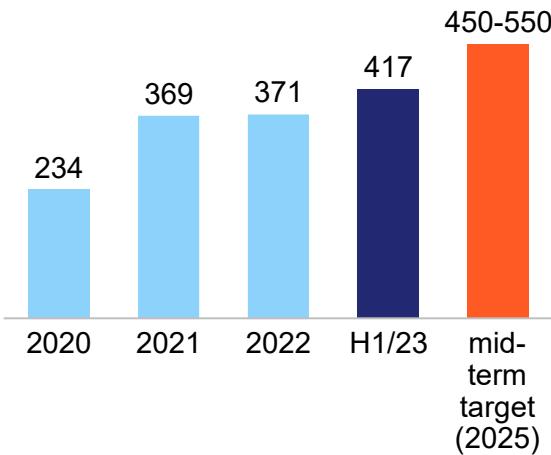
Asset Management

Distribution

Credit

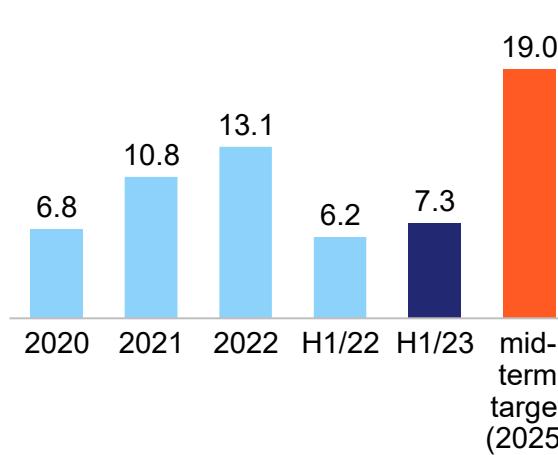
### Group AUMs

NISb



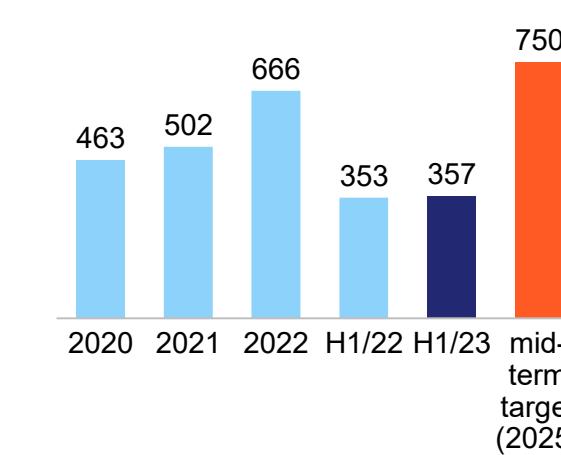
### Pension & Provident Contributions

NISb



### Investment Services Revenues

NISm



### Expense Ratio: Pension & Provident

% of AUM

2019	0.24%
2020	0.16%
2021	0.13%
2022	0.12%
H1/22	0.14%
H1/23	<b>0.12%</b>
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 & alternatives platform  
Growth and value creation across activities



Consolidated operations  
Digitization & service (for clients & agents)



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



*Restructuring in December 2022 to accelerate value creation*

*Assessing preliminary interest from international investors to unlock & create value*

Focused on stand-alone value creation: cash-generative & capital-light business model, market leader with only 6% market share & room to grow

Aggregator platform with scale & infrastructure to support small agents

Independent agencies with experienced management (aligned with equity), providing access to all carriers / managers

Independent IT infrastructure & efficient digital platforms

Client-focused activities include employee benefits & retirement planning, life, health, P&C, and specialties

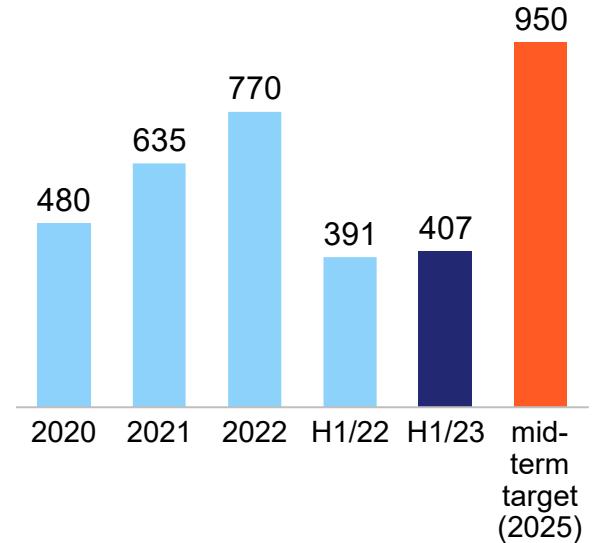
Possible regulatory changes may impact business

#### Share of group sales<sup>2</sup>

Pension & Provident	30%
Life	21%
Individual Health	14%
P&C	10%

#### Agency Revenues

NISm



Continued growth & scale economies

Investment in digital platforms & client service

Unlocking value

Growth of financial & investment products

<sup>1</sup> Israel Ministry of Finance, share of commissions 2021

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

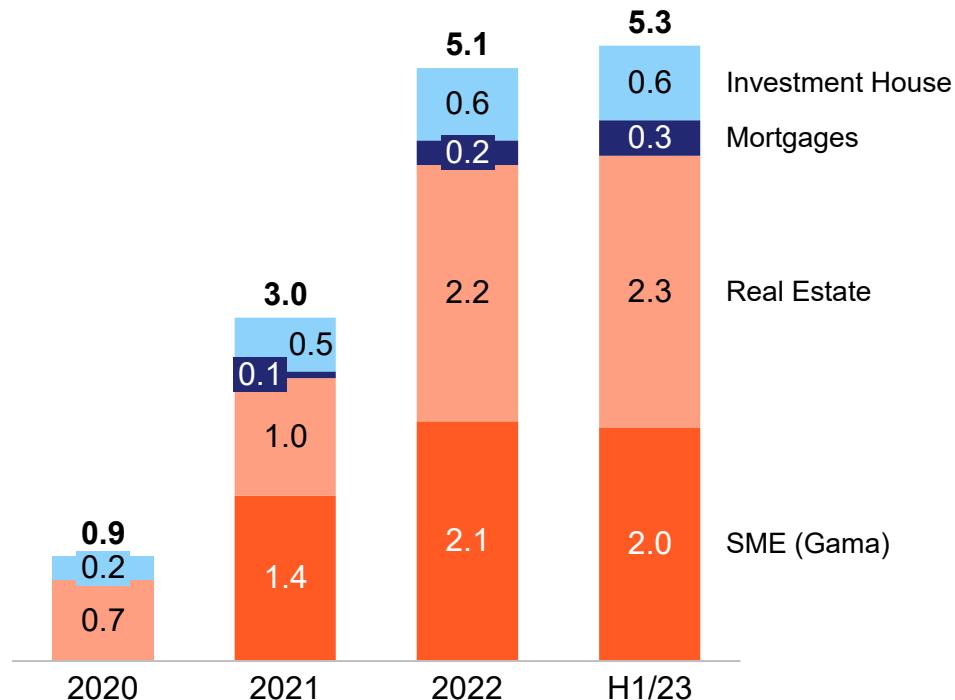
Note: Mid-term Targets based on 5-year plan 2020-25 and assuming 3% return on investments



# 4. Credit | Building Group Activities

## Group Credit Activities

NISb



## Reporting Segments



### Investment Services

- > Private client brokerage margin & shareholder loans
- > Under Phoenix Investment House

### Insurance

- > Real estate loans & project guarantees
- > Under insurance corporate account (Nostro)

### Credit

- > Selected growth, with proactive reduction of exposures (see Credit Segment slide)
- > Building platform for growth (e.g., balance sheet, governance, infrastructure, capabilities)
- > Based on Gama's broad SME relationships
- > Gama full tender offer published in August 2023

*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*



# Sustainability | 2022 Report Highlights & Examples

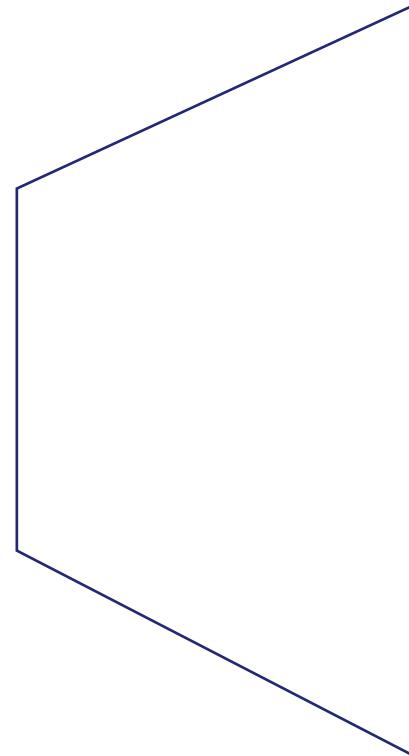
Group	Products & Services	Investments	
<b>Environment</b> <i>Define climate change strategy</i>	<b>20%</b> decrease in carbon footprint (2019 base)	<b>#1 EV insurer</b> preferred insurer for Tesla	<b>6.5 NISb</b> of green investments
<b>Social</b> <i>Enhance commitment &amp; dialogue with stakeholders</i>	<b>0.5%</b> fixed rate of donations from net profit  <b>Encouraging young artists</b> second year of supporting the “Fresh Paint” fair  <b>40%</b> of senior managers (VP & above) are women, 9% increase since 2021	<b>#1 in service</b> among the five largest insurance companies in Israel in 5 out of 12 product categories  <b>10+</b> sustainable and accessible products & services	<b>&gt;0.5m</b> online views of our capital market courses & videos for the general public  <b>Independent voting policy</b> transparent to the public and includes DEI considerations in boards
<b>Governance</b> <i>Strengthen our active ownership of ESG</i>	<b>BOD ESG Committee</b> with group Chairman participation, convenes once a quarter for workplan oversight  <b>ESG leaders</b> the only Israeli insurance group to actively engage with a global rating provider	<b>100%</b> of OPM Investment Committee members are independent	<b>39</b> General assembly votes that directly contributed to improved corporate governance of investee companies  <b>100%</b> of portfolio managed by Phoenix investments managers is covered by ESG responsible investment policy

# Resilience, Growth & Value Creation

- ✓ **Well positioned** for continued volatility and uncertainty, with strong balance sheet & liquidity
- ✓ **Investment** in capabilities, including digital transformation / data & analytics, client-focus, leadership, & culture
- ✓ **Ongoing** strategic execution & unlocking of value
- ✓ **Efficiency** focus across activities
- ✓ **Assessing** strategic opportunities
- ✓ **Expansion of sustainability** strategy & reporting



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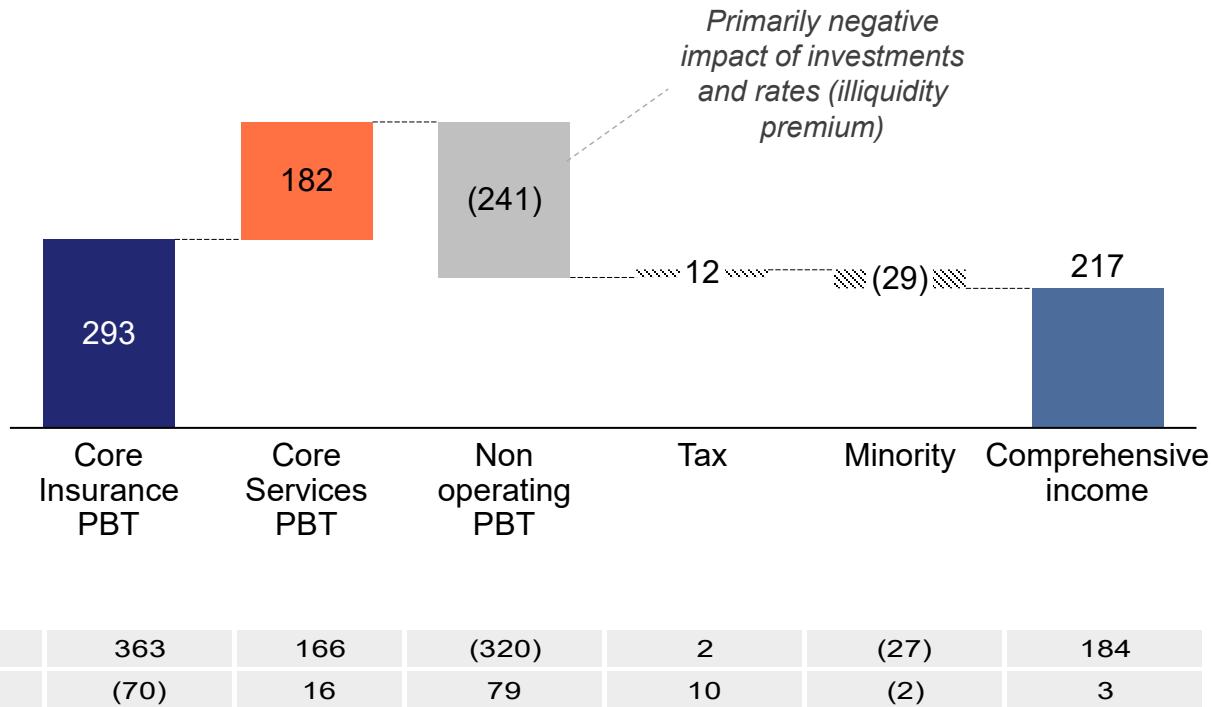
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# Q2 2023 Income by Source

## Comprehensive income

Q2 2023, NISm



## PBT Breakdown

Q2 2023, NISm

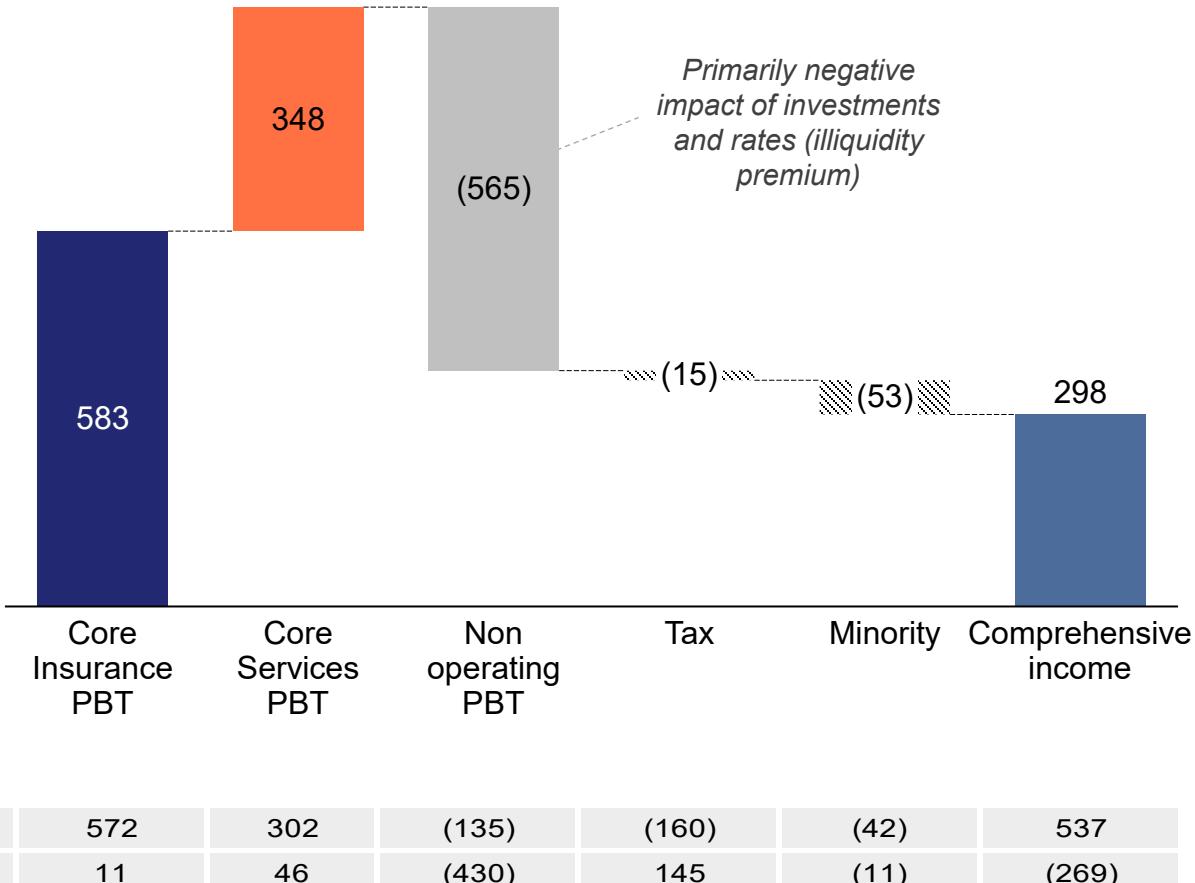
	Q2/2023	Q2/2022	Difference
P&C	106	73	33
Health	59	89	(30)
Life & Savings	33	61	(28)
Other Equity Returns	95	140	(45)
<b>Core Insurance</b>	<b>293</b>	<b>363</b>	<b>(70)</b>
Pension & Provident	23	31	(8)
Investment Services	63	44	19
Agencies	76	71	5
Credit	27	12	15
Other	(7)	8	(15)
<b>Core Services</b>	<b>182</b>	<b>166</b>	<b>16</b>
<b>Investment Income</b>	<b>(116)</b>	<b>(846)</b>	<b>730</b>
P&C	14	(235)	249
Health	(12)	(19)	7
Life	(45)	31	(76)
Other Equity Returns	(80)	(618)	538
Pension & Provident	1	(7)	8
Agencies	6	2	4
<b>Interest</b>	<b>(253)</b>	<b>323</b>	<b>(576)</b>
P&C	(23)	70	(93)
Health	(187)	134	(321)
Life	(43)	119	(162)
<b>Special Items</b>	<b>128</b>	<b>203</b>	<b>(75)</b>
Health	63	(16)	79
Life	49	103	(54)
Other Equity Returns	(13)	0	(13)
Pension & Provident	16	14	2
Investment Services	(3)	80	(83)
Agencies	0	22	(22)
<b>Non-operating income</b>	<b>(241)</b>	<b>(320)</b>	<b>79</b>



# H1 2023 Income by Source

## Comprehensive income

H1 2023, NISm



(\*) Investment income and variable management fees above 3% annual return and after offsetting guaranteed yields (where relevant)

## PBT Breakdown

H1 2023, NISm

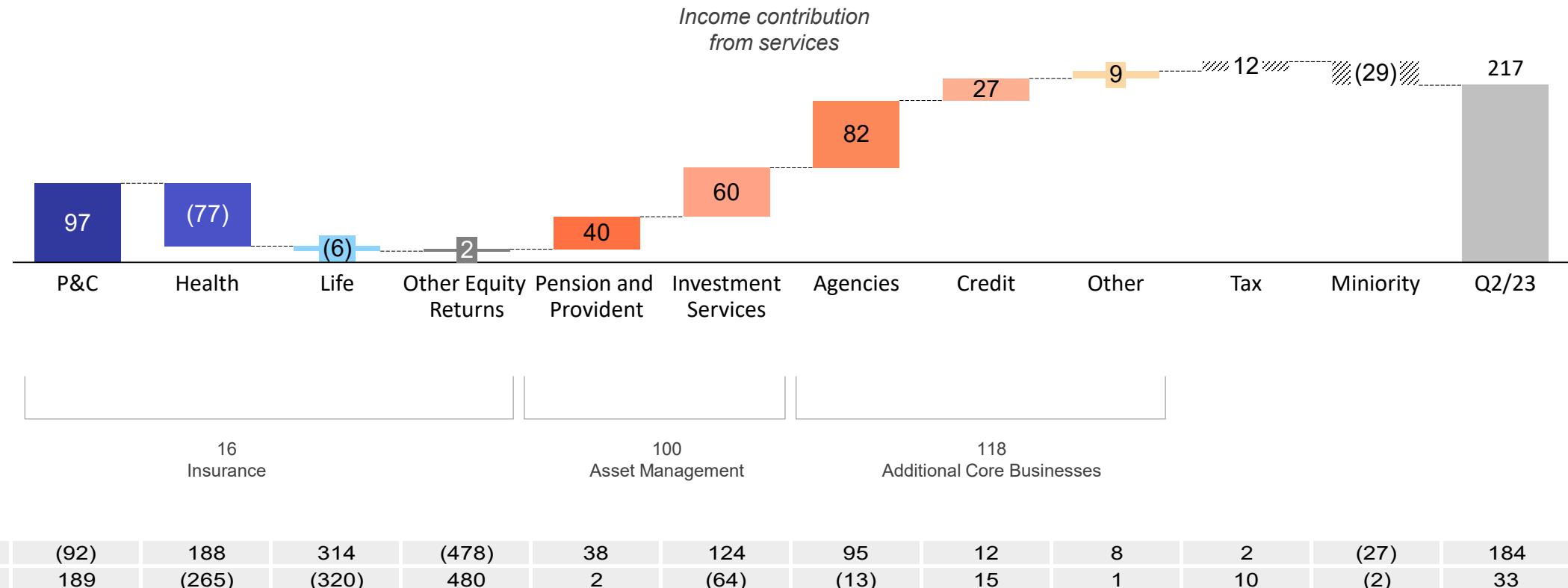
	H1/2023	H1/2022	Difference
P&C	218	77	141
Health	95	156	(61)
Life & Savings	66	106	(40)
Other Equity Returns	204	233	(29)
<b>Core Insurance</b>	<b>583</b>	<b>572</b>	<b>11</b>
Pension & Provident	44	53	(9)
Investment Services	120	72	48
Agencies	142	142	0
Credit	55	24	31
Other	(13)	11	(24)
<b>Core Services</b>	<b>348</b>	<b>302</b>	<b>46</b>
<b>Investment Income</b>	<b>(566)</b>	<b>(1,520)</b>	<b>954</b>
P&C	(40)	(379)	339
Health	3	(38)	41
Life	(170)	(109)	(61)
Other Equity Returns	(372)	(989)	617
Pension & Provident	0	(8)	8
Agencies	13	3	10
<b>Interest</b>	<b>(103)</b>	<b>1,120</b>	<b>(1,223)</b>
P&C	(5)	68	(73)
Health	(81)	655	(736)
Life	(17)	397	(414)
<b>Special Items</b>	<b>104</b>	<b>265</b>	<b>(161)</b>
Health	56	70	(14)
Life	38	84	(46)
Other Equity Returns	(13)	0	(13)
Pension & Provident	16	14	2
Investment Services	(9)	75	(84)
Agencies	0	22	(22)
Other	16	0	16
<b>Non-operating Income</b>	<b>(565)</b>	<b>(135)</b>	<b>(430)</b>



# Q2 2023 Income by Segment

## Comprehensive income before tax

Q2 2023, NISm

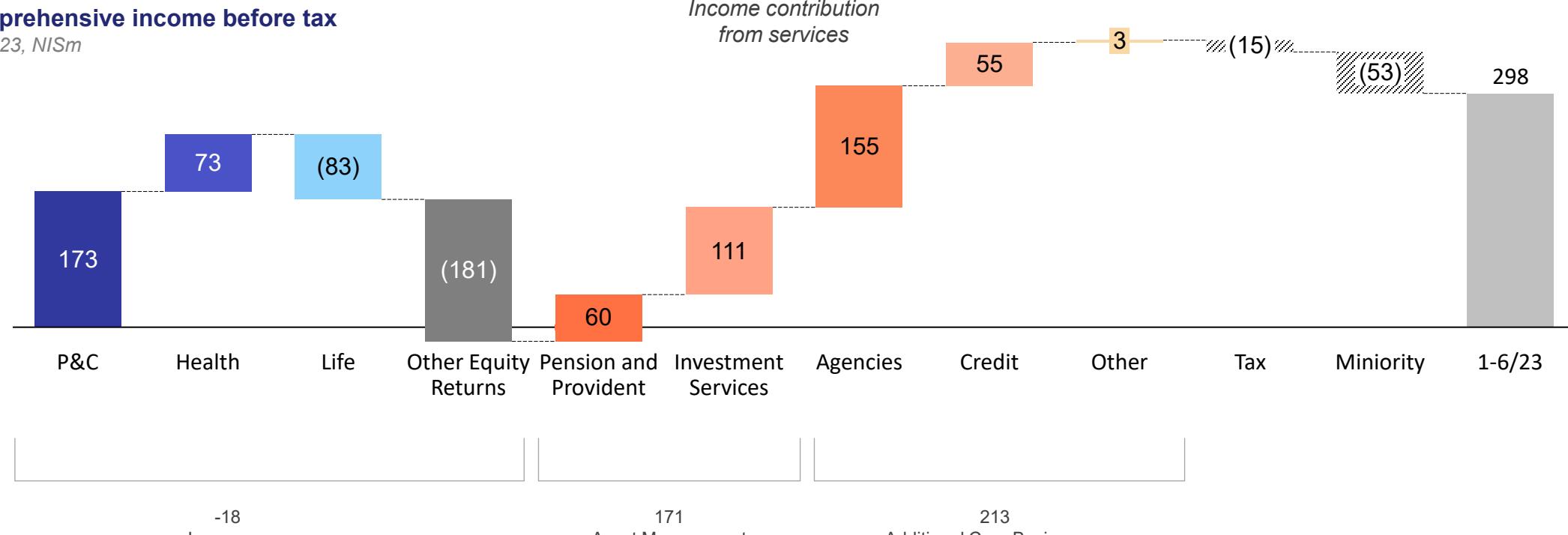




# H1 2023 Income by Segment

## Comprehensive income before tax

H1 2023, NISm



H1/22	(234)	843	478	(756)	59	147	167	24	11	(160)	(42)	537
Difference	407	(770)	(561)	575	1	(36)	(12)	31	(8)	145	(11)	(239)



# Strong Balance Sheet

Phoenix Holdings NISm	31/12/2022	30/06/2022	30/06/2023	Difference
Cash	3,282	2,459	2,713	-569
Intangible Assets	2,992	2,919	3,326	334
Deferred acquisition costs	2,453	2,281	2,655	202
Investments in associates	1,594	1,474	1,641	47
Investment property - other	1,148	1,038	1,186	38
Credit for purchase of securities	3,443	3,208	3,489	46
Other Assets	6,822	6,933	7,884	1,062
Other Financial Investments	29,526	30,580	30,923	1,397
Assets for yield-dependent contracts	96,056	95,217	101,744	5,688
<b>Total Assets</b>	<b>147,316</b>	<b>146,109</b>	<b>155,560</b>	<b>8,244</b>
Financial liabilities	13,104	13,432	14,411	1,307
Liabilities in respect of non-yield-dependent insurance contracts and investments	25,458	25,316	27,250	1,792
Liabilities in respect of yield-dependent insurance contracts and investments	94,042	93,115	98,348	4,306
Other Liabilities	4,179	4,185	5,048	869
Total equity	10,533	10,062	10,503	-30
<b>Total equity and liabilities</b>	<b>147,316</b>	<b>146,109</b>	<b>155,560</b>	<b>8,244</b>

Financial Liabilities (NISm)					
Bonds and Loans					
30/06/2023					
	CPI linked	Floating interest	Fixed interest	Total	Total
<b>Holdings Solo*</b>	<b>822</b>	<b>397</b>	<b>324</b>	<b>1,543</b>	<b>1,531</b>
<b>Insurance</b>					
Tier 1 capital	215	-	-	215	211
Tier 2 capital	443	492	2,346	3,281	3,676
Tier 3 capital	-	-	399	399	398
<b>Insurance Total</b>	<b>658</b>	<b>492</b>	<b>2,744</b>	<b>3,894</b>	<b>4,285</b>
Credit (Gama)	-	1,170	215	1,385	1,415
Agencies	-	-	8	8	27
Investment Services (AM)	-	484	-	484	574
<b>Services Total</b>	<b>-</b>	<b>1,654</b>	<b>223</b>	<b>1,878</b>	<b>2,016</b>
<b>Total bonds and loans</b>	<b>1,480</b>	<b>2,543</b>	<b>3,292</b>	<b>7,315</b>	<b>7,832</b>
<b>Exposure Ratio</b>	<b>20%</b>	<b>35%</b>	<b>45%</b>	<b>100%</b>	<b>100%</b>
Derivatives, Repo & Other (Nostro)**				3,101	2,277
Derivatives, Repo & Other (Unit linked)**				2,358	1,423
Credit cards liabilities (Gama)				1,637	1,572
<b>Total</b>	<b>14,411</b>			<b>13,104</b>	

Liabilities include use of derivatives opposite relevant financial assets for operational purposes (e.g., Insurance, Investment House) and Gama financing for credit portfolio and improved capital structure

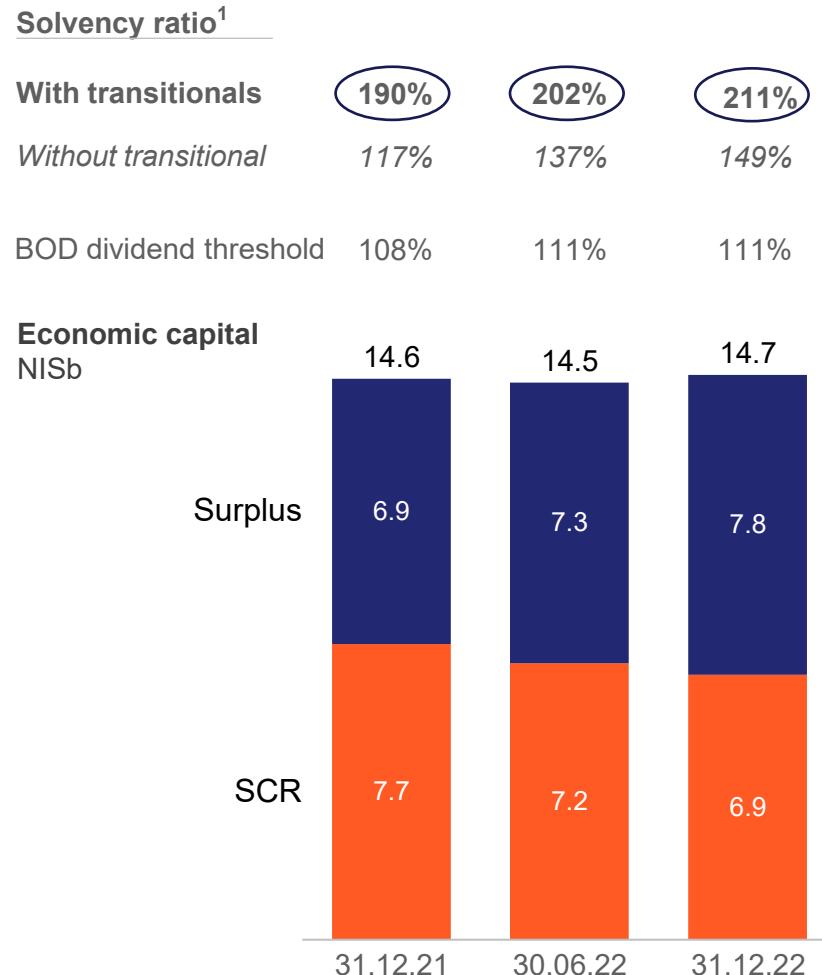
\* Mainly offset against Insurance Tier 1 capital

\*\* For more details, see H1/23 Financial Reports (Note 5)



# Active Solvency & Capital Management

## Economic Capital / Solvency (Insurance Company)



## 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

- > **208% with transitional measures estimated for Q1/23** (after dividend distribution of 350 NISm to Phoenix Holdings in August 2023); quarterly publication of Solvency ratio starting 2023 with a quarter delay; full breakdown for Q2 and Q4, with only transitional headline figure for Q1 and Q3
- > During 2022, the Solvency II ratio increase from 190% to 211% (with transitional measures), above the target range of 150-170%, due to interest rates and actuarial study (take-up rates) and regulation ("Green Light" rates adjustment), partially offsetting mortality tables
- > Insurance Company BOD dividend threshold raised to 115% without transitionals, while excess capital above 115% was 2.8 NISb (as of December 2022)

## Cashflow and Liquidity (Holding Company)

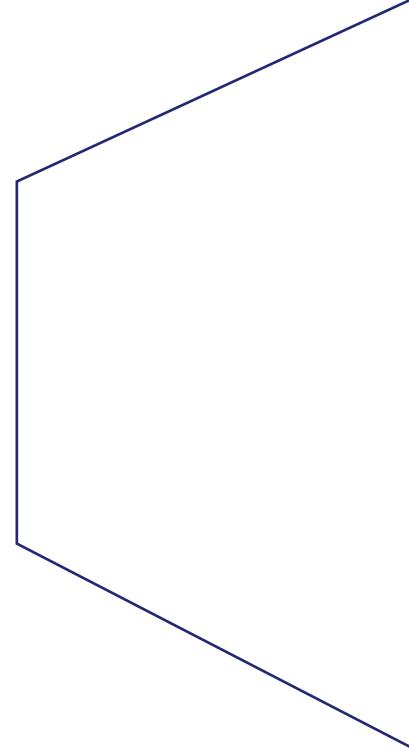
- > Phoenix Insurance dividend policy of 30-50% of comprehensive income, in line with solvency target range
- > Additional core activities generate significant cash from fee-based income (e.g., asset management, agencies)
- > Strong liquidity at holding level (including Phoenix Insurance Tier 1 capital notes of 1 NISb, began trading on May 4, 2023 & financial debt of 1 NISb)
- > Insurance Company received A2 international rating from Moody's in May, 2022

## Accounting Profit

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



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**21% growth** in premiums

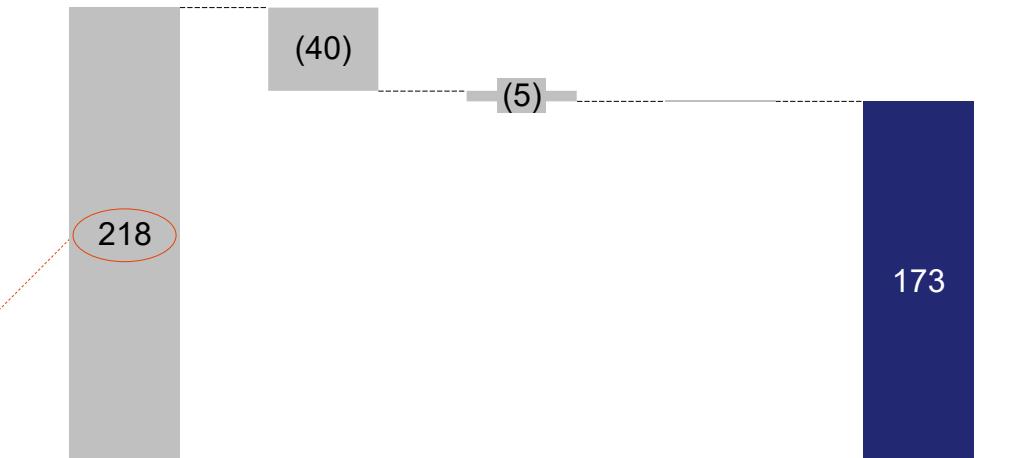
**Improved performance overall and in motor (compulsory + property) in H1**, despite challenging environment including high rates of vehicle theft

Negative impact of **capital market returns and interest rates**

Underwriting Profit	H1/22	Q1	Q2	H1/23
Compulsory Motor	10	31	62	93
Motor Property	(64)	(6)	(17)	(23)
Loss Ratio (MP)	86%	84%	88%	86%
Property & Other	37	26	28	54
Liability	19	61	33	94
<b>Total</b>	<b>2</b>	<b>112</b>	<b>106</b>	<b>218</b>

### Comprehensive Income Before Tax

NISm



	H1/22	Investments	Interest	Special items	H1/23
Underwriting profit	77	(379)	68	-	(234)
Difference	141	339	(73)	-	407
Q2/23	106	14	(23)	-	97
Q2/22	73	(235)	70	-	(92)
Difference	33	249	(93)	-	189

**Lower underwriting profit,**  
mainly due to increase in claims

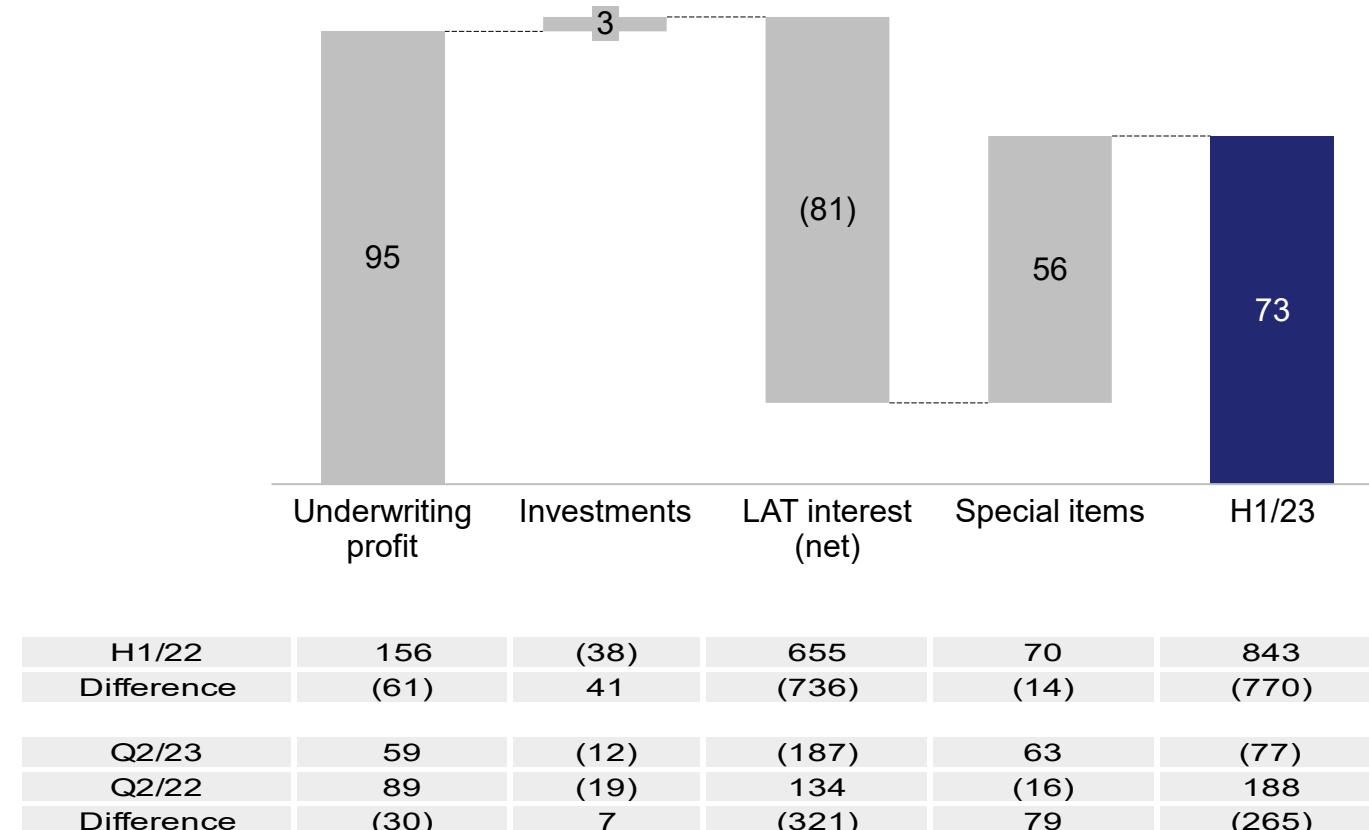
**Income decrease from LAT reserves** due primarily to interest rates (illiquidity premium); 358 NISm LAT reserves remaining as of June 2023

Special items include gain of control in Phoenix Private, offset by actuarial research

Regulatory changes expected to impact medical insurance products

### Comprehensive Income Before Tax

NISm



Note: The underwriting profit assumes 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

**Lower underwriting profit**

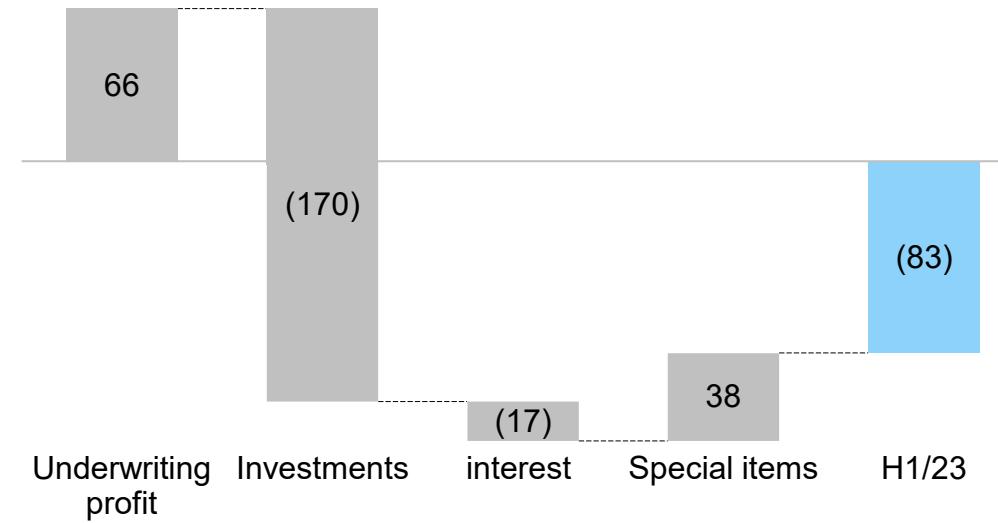
mainly due to expenses & take-up rates in 2022

**Negative capital market**

**impact** including variable management fee deficit of 529 NISm as of report publication date

Lower interest rate mitigation compared to H1/22

Slower inflows of savings policies due to capital market volatility

**Comprehensive Income Before Tax**
*NISm*


	H1/22	106	(109)	397	84	478
Difference	(40)	(61)	(414)	(46)	(561)	
Q2/23	33	(45)	(43)	49	(6)	
Q2/22	61	31	119	103	314	
Difference	(28)	(76)	(162)	(54)	(320)	

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

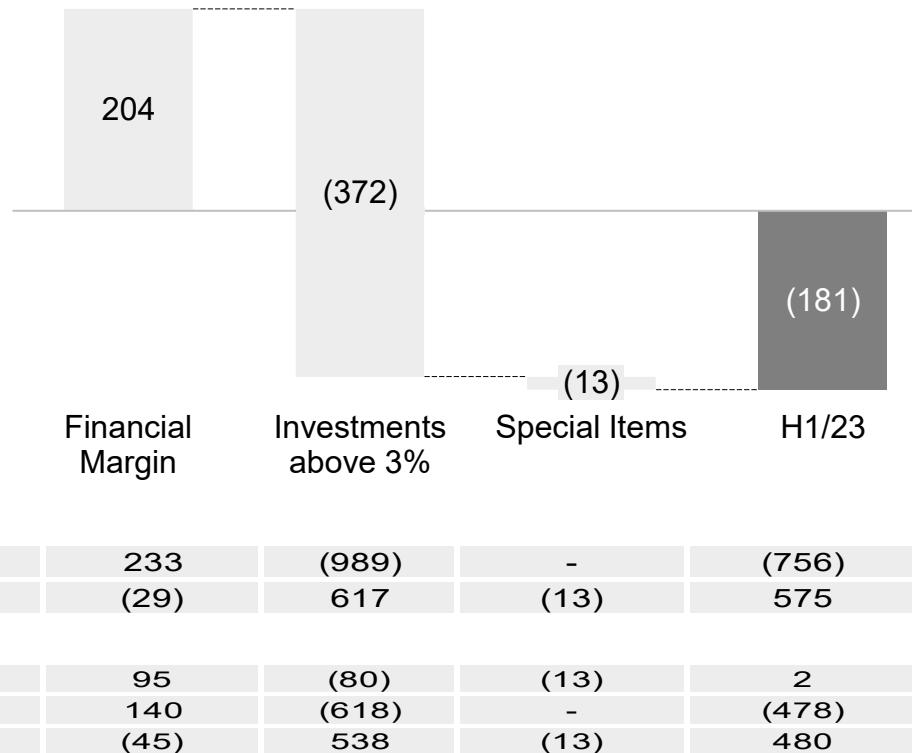


# Other Equity Returns (Insurance)



## Comprehensive Income Before Tax

NISm





Continued **organic growth**

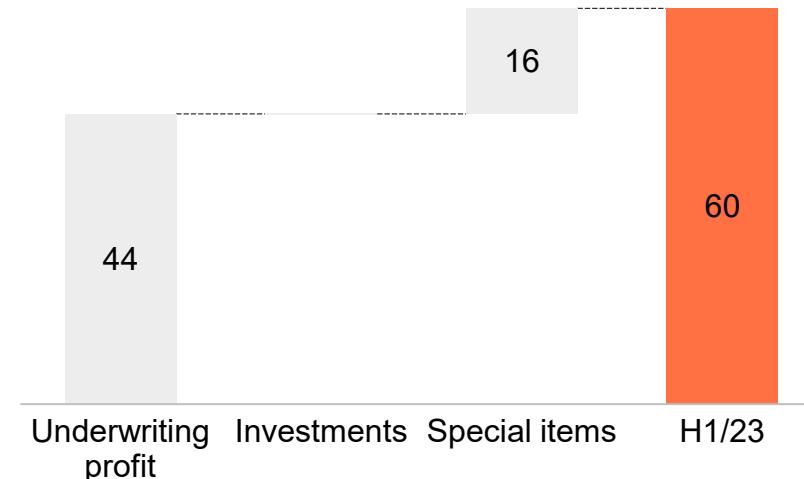
**Focus on efficiency**

including closing of direct sales activity and focusing on higher margin / efficient activities

Special items include gain of control in “Phoenix Private”

## Comprehensive Income Before Tax

NISm





# Asset Management | Investment Services



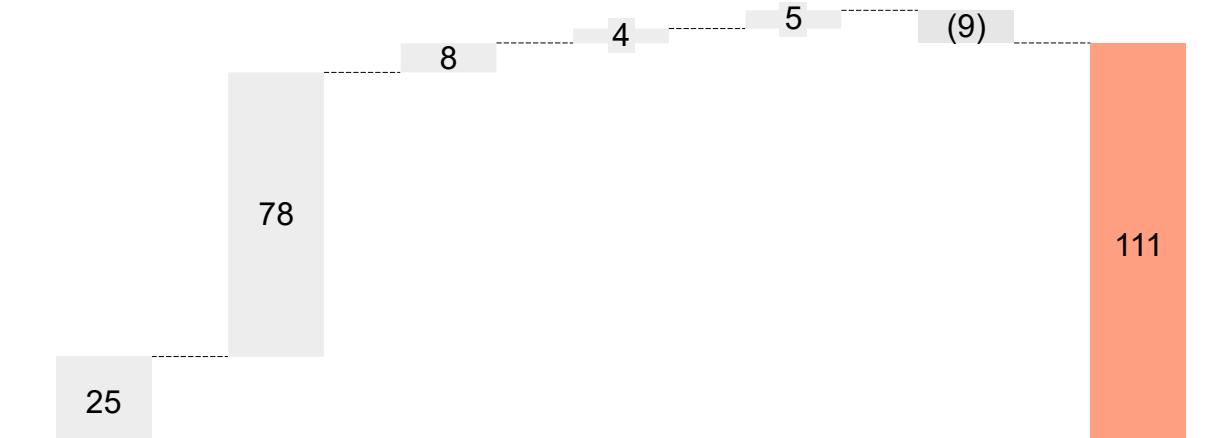
**Performance improvement** from strategic execution

**Higher brokerage contribution** due to growth & margin credit rates

**Completed acquisitions** of Epsilon Investment House & asset from Psagot Investment House (including portfolio management and funds)

*Includes (1) Phoenix Investment House (formerly "Excellence") – active & passive mutual funds, ETFs, discretionary portfolios, private & institutional brokerage, & employee stock option administration; and (2) Phoenix Advanced Investments – alternative investment platform focused on private client alternative investment management & distribution*

## Comprehensive Income Before Tax NISm



	Investment Management	Brokerage	ESOP	Alternative funds	Other	Special Items	H1/23
H1/22	30	30	7	2	3	75	147
Difference	(5)	48	1	2	2	(84)	(36)
Q2/23	12	47	4	1	(1)	(3)	60
Q2/22	15	19	7	-	3	80	124
Difference	(3)	28	(3)	1	(4)	(83)	19

**Stable income** with organic growth in business, however growth rate impacted by slower pace of hiring in the market

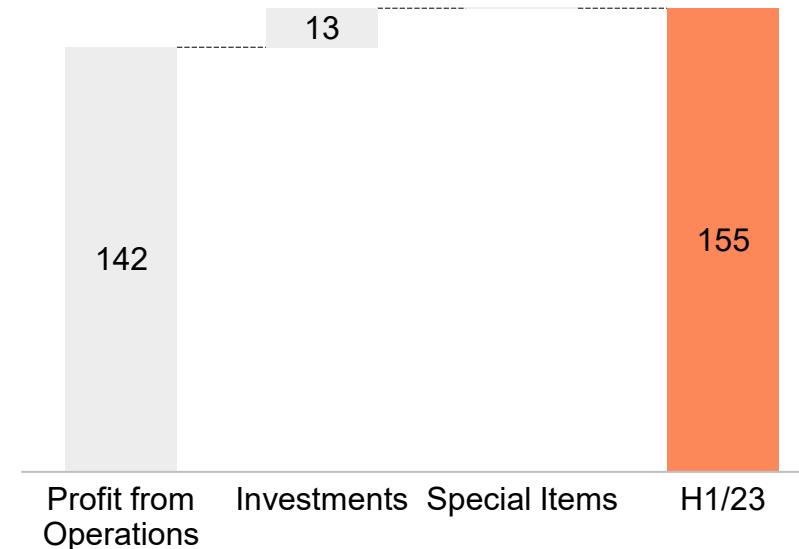
**Increase in EBITDA** to 167 NISm in H1 compared to 161 NISm in H1/22

**Implementation** of holding and management restructuring in H1/23 for accelerated value creation

Assessing preliminary interest from international investors to **unlock & create value** going forward

## Comprehensive Income Before Tax

NISm



	H1/22	142	3	22	167
Difference	-	10	(22)	(12)	
	Q2/23	76	6	-	82
	Q2/22	71	2	22	95
Difference	5	4	(22)	(13)	

**Continued growth** in most credit categories, including business loans and real estate financing, while **proactively reducing specific exposures** in check clearing

Significantly **improved profit from operations**, with continued growth in net income over past year since June 2022, reaching 20% ROE in Q2/23

Implementing **30% annual dividend policy**, with quarterly distributions

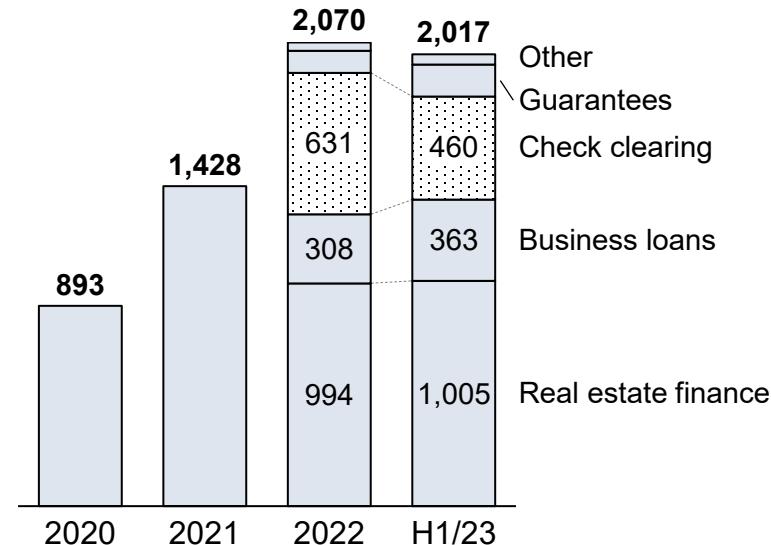
**Strong balance sheet** with 21% Equity-to-Assets ratio\*

**Gama tender offer** published in August 2023

*Gama (publicly traded) includes SME financing platform with credit solutions & related activities*

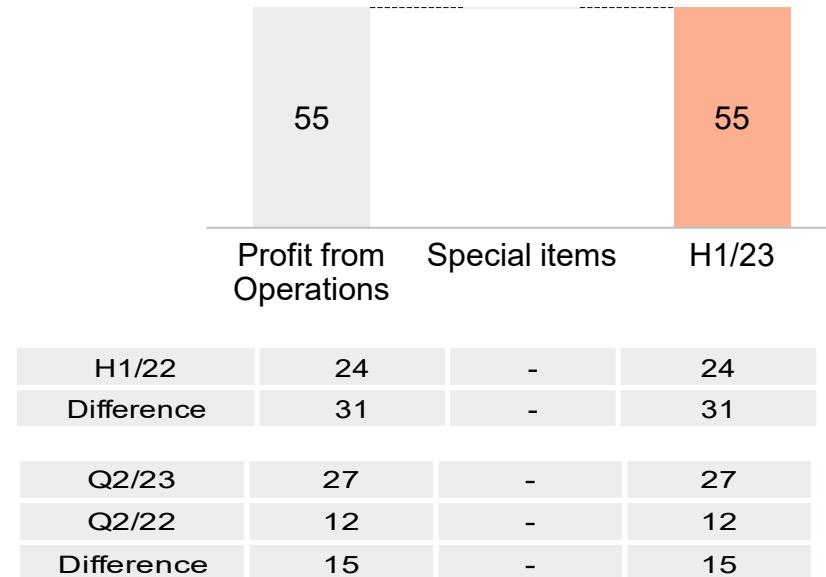
### Credit Portfolio

NISm, without credit card activity



### Comprehensive Income Before Tax

NISm

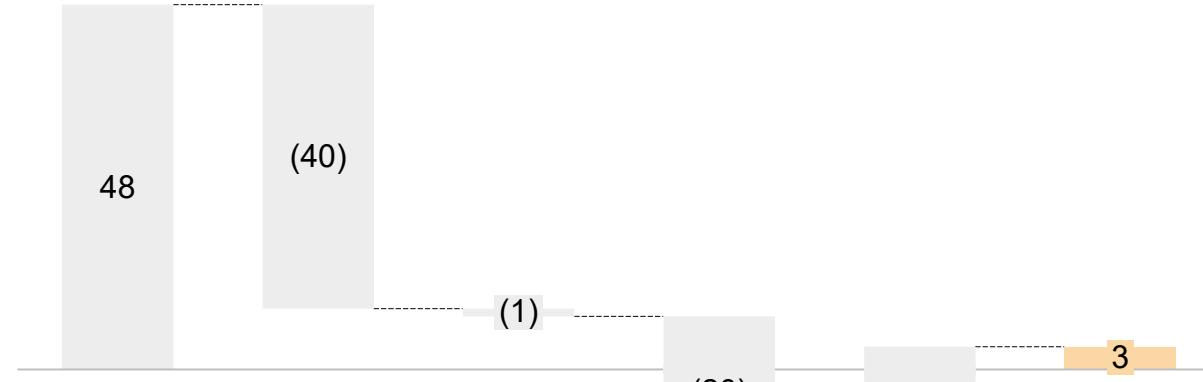


	Profit from Operations	Special items	H1/23
H1/22	24	-	24
Difference	31	-	31
Q2/23	27	-	27
Q2/22	12	-	12
Difference	15	-	15

Segment includes  
 Phoenix Holdings  
 solo profits  
 (including RT1  
 holding) as well  
 as other items

### Comprehensive Income Before Tax

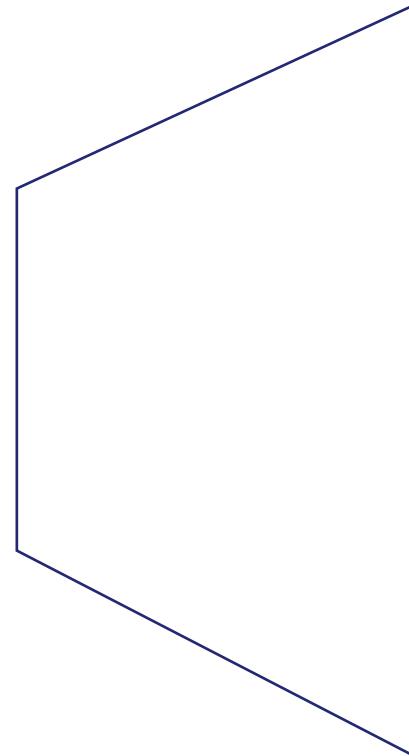
NISm



	Financial Margin	Interest expense	Subsidiaries	Other	Special Items	H1/23
H1/22	52	(32)	-	(9)	-	11
Difference	(4)	(8)	(1)	(11)	16	(8)
Q2/23	27	(22)	-	(12)	16	9
Q2/22	29	(17)	-	(4)	-	8
Difference	(2)	(5)	-	(8)	16	1



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# 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, and macro resilience

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 financial services 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 208% (with transitional measures), at least 30% dividend distribution policy, and A2 international insurance rating

6

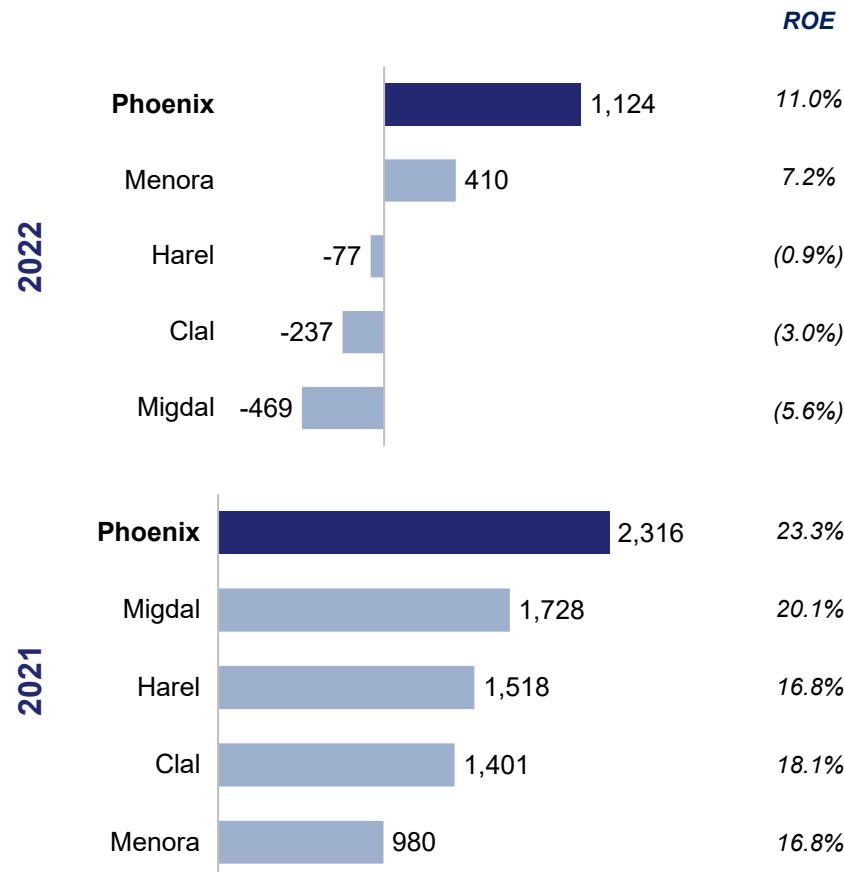
**Experienced leadership team backed by strong governance**  
Deep sector and broad functional experience at both board and management levels



# Competitive Landscape

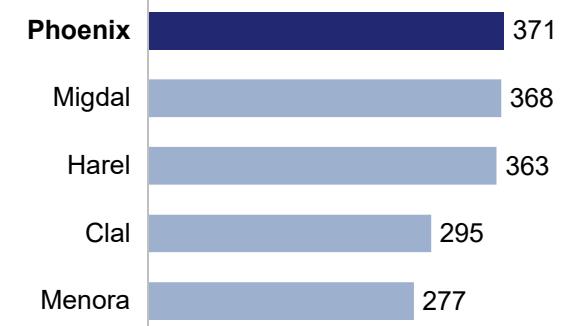
## Comprehensive Income

NISm, attributed to shareholders



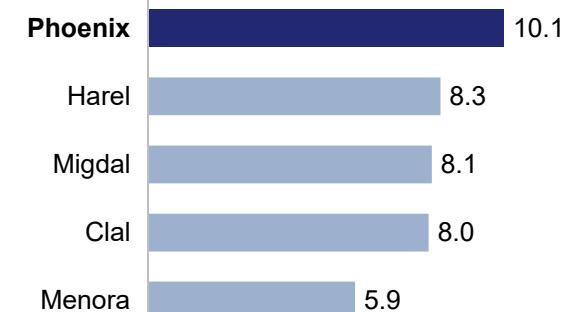
## AUM

NISb, 2022



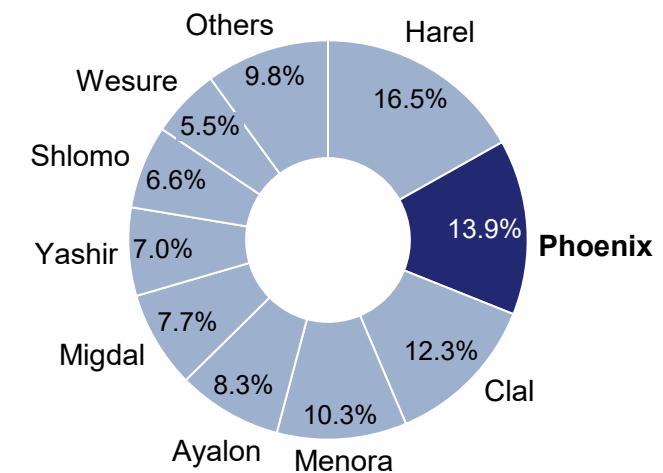
## Shareholders' Equity

NISb, 2022



## P&C Market Share

%GWP, all sub-segments, 2022





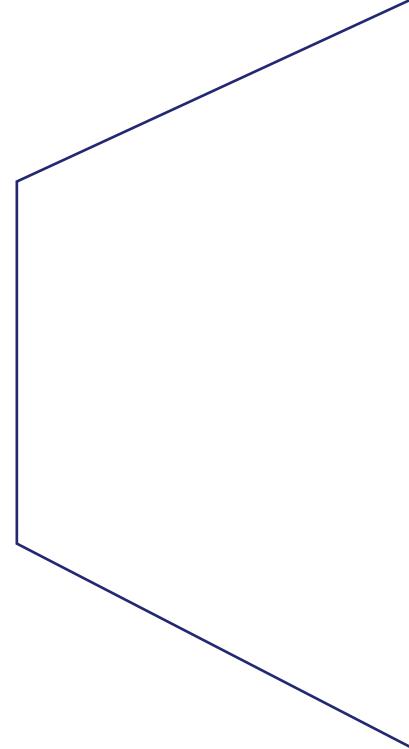
# Investment Returns – Explanation

## Reconciliation of investment returns above / below 3% real returns with financial statements NISm

	<b>H1/23</b>	<b>H1/22</b>	<b>2022</b>
<b>P&amp;L Items from Financial Statements</b>			
Investment income	5,289	(5,435)	(5,555)
Share in profits of equity-accounted investees	43	30	62
Total components of net other comprehensive income	297	(324)	(231)
Tax effect	141	(177)	(133)
<b>Subtotal</b>	<b>5,770</b>	<b>(5,906)</b>	<b>(5,858)</b>
<b>Less:</b>			
Investment gains (losses) relating to yield-dependent policies	4,803	(5,903)	(6,618)
Investment gains (losses) relating to investment services & credit	168	34	103
<b>Subtotal</b>	<b>4,971</b>	<b>(5,869)</b>	<b>(6,514)</b>
<b>Corporate account (Nostro) total investment income</b>	<b>799</b>	<b>(37)</b>	<b>657</b>
Corporate account (Nostro) investment income assuming 3% real returns	1,365	1,483	2,661
<b>Corporate account (Nostro) investment income above (below) 3% real returns</b>	<b>(566)</b>	<b>(1,520)</b>	<b>(2,004)</b>



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# Glossary

<b>AM</b>	Asset Management
<b>AUM</b>	Assets Under Management; the total market value of all the investments that are managed by the Group
<b>Bps</b>	Basis Points; 1 basis points is .01%
<b>CGU</b>	Cost Generating Unit
<b>CI</b>	Comprehensive Income
<b>CLR</b>	Combined Loss Ratio
<b>CO</b>	Corporate, Other and Consolidation
<b>Core Income</b>	Income from operations not including investment yields & variable fees above/below 3% real yields, interest rate effects, and special items
<b>Core ROE</b>	Core income as a percent of total equity
<b>CPI</b>	Consumer Price Index; measures the average change of prices in an agreed upon basket of consumer goods and services over time
<b>CSM</b>	Contractual Service Margin
<b>D&amp;O</b>	Directors and Officers Liability Insurance
<b>DAC</b>	Deferred Acquisition Cost
<b>ESOP</b>	Employee Stock Ownership Plan; workplace benefit program, that provides the employees with ownership interest in the company.
<b>ETF</b>	Exchange Traded Fund; an open end, tradable basket of securities that tracks an underling index, sector, or security type
<b>Fixed-Rate Gov Bonds</b>	A government issued bond for which the interest income payment is agreed upon and does not change
<b>FX</b>	Foreign Exchange Currency
<b>Gama</b>	Financial services and credit company owned by the Phoenix Group
<b>Halman corporate funds</b>	Israeli Electric Company (IEC)
<b>Illiquidity Premium</b>	Or Liquidity Premium; premium demanded by investors when any given security cannot be easily converted into cash for its fair market value.
<b>IMF</b>	International Monetary Fund
<b>Insurance Core Income</b>	Core Income from insurance activities
<b>Index Linked Gov Bonds</b>	A government issued bond for which the interest income payment is related (or linked) to the CPI
<b>LAT</b>	Liability Adequacy Test
<b>Liquidity Premium</b>	See Illiquidity Premium
<b>LOB</b>	Line of Business
<b>LTC</b>	Long Term Care insurance; typically helps pay for costs associated with long term care
<b>LTS</b>	Long Term Services; including but not limited to Life, Provident and Pension funds
<b>Marketable Securities</b>	Liquid financial assets that can be quickly converted into cash; most are trading assets
<b>MF</b>	Management Fees; wages charged by a financial manager
<b>Moody's</b>	A credit risk rating agency

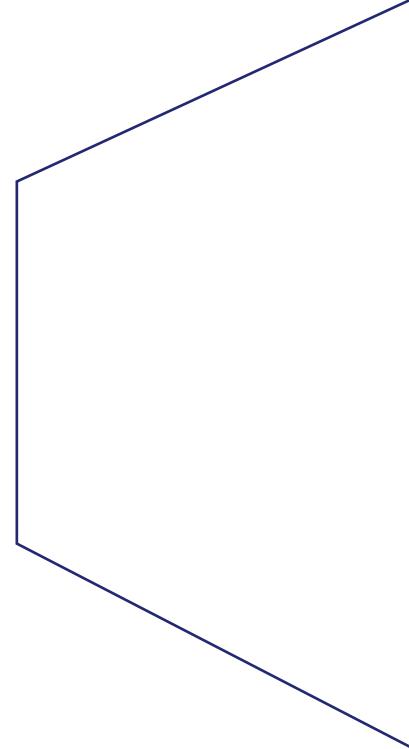


# Glossary

<b>MSCI</b>	Morgan Stanley Capital International Emerging Markets Index; measures the performance in equity markets, specifically in global emerging markets
<b>Mutual Fund</b>	Open end, non-tradable basket of securities that tracks the performance of an undelaying index, sector, or security type
<b>Net Inflows</b>	The net amount of new cash, excluding the impact of investment market value; calculated by subtracting withdrawals from new deposits
<b>NIS</b>	New Israeli Shekel
<b>Non-Marketable Securities</b>	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
<b>Non-Operating Income</b>	Impact on income of investment yields & variable fees above/below 3% real yields, interest rate effects, and special items
<b>Nostro</b>	The account in which a financial institution manages its own funds
<b>OPEX</b>	Operational Expenses
<b>P&amp;C</b>	Property and Casualty insurance
<b>PH</b>	Phoenix holdings
<b>PHI</b>	Permanent Health Insurance
<b>PI</b>	Phoenix insurance
<b>PLI</b>	Professional Liability insurance
<b>Reinsurance</b>	A balancing risk strategy; one or more insurers that share the liability
<b>Revenue</b>	All encompassing streams of income; including, but not limited to: premium, management fees, benefit contributions
<b>RFR</b>	Risk Free Rates
<b>ROE</b>	Return On Equity; calculated by dividing net income over total equity
<b>Services Core Income</b>	Core Income from Services activities including asset management, distribution, and credit
<b>SME60</b>	"The Rest Index"; tracks the performance of the 60 largest market value companies that are excluded from the Tel Aviv Stock Exchange
<b>Special Items</b>	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
<b>Tel Bond 20</b>	Index that tracks the performance of the 20 largest Index Linked Corporate Bonds in terms of market value
<b>Tel Bond 40</b>	Index that tracks the performance of the 40 largest Index Linked Corporate Bonds in terms of market value
<b>Tel Bond 60</b>	Index that tracks the performance of the 60 largest Index linked Corporate Bonds in terms of market value
<b>TLV 125</b>	An index that tracks the performance of the 125 largest market value companies in the Tel-Aviv Stock Exchange
<b>TLV 35</b>	An index that tracks the performance of the 35 largest market value companies in the TLV Stock Exchange
<b>TLV 90</b>	An index that tracks the performance of the 90 largest market value companies in the TLV stock Exchange
<b>TMTP</b>	Transitional Measures on Technical Provisions
<b>Workers' Compensation Insurance</b>	Insurance coverage for employees' injuries or sickness
<b>Yield Curve</b>	A line that plots interest rates of bonds with equal credit risk with different maturity dates in the future



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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 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.

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