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# 2024 Q1

## Phoenix Holdings

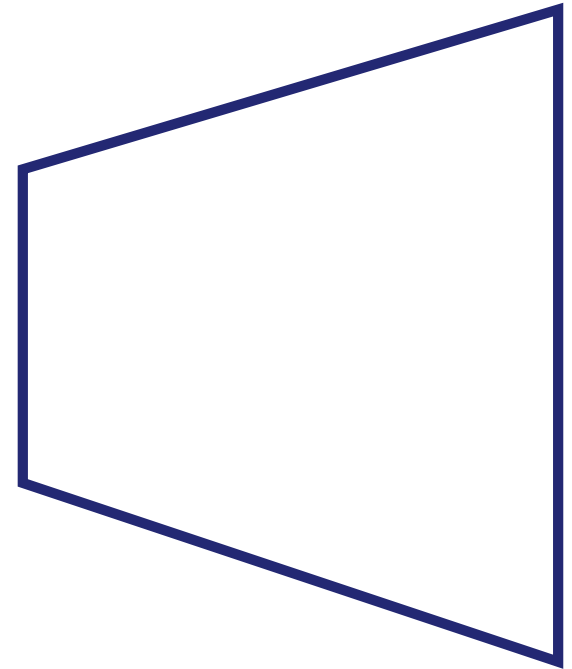
Financial Review

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# Agenda

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





# Phoenix Holdings – Overview

<b>Leading Israeli financials group</b>	<b>472 NISb</b> AUM <sup>1</sup>	<b>TA-35</b> Leading index
<b>Distinctive performance</b>	<b>19%</b> AUM CAGR 5-years <sup>2</sup>	<b>15%</b> ROE 5-year average <sup>2</sup>
<b>Strong capital position</b>	<b>194%</b> Solvency II Ratio <sup>3</sup>	<b>At least 40%</b> Dividend payout
<b>Recognized stability</b>	<b>AA / AAA</b> Israel ratings <sup>4</sup> Holding / Insurance	<b>A2 / A-</b> International ratings <sup>4</sup> Insurance
<b>Market Leadership</b>	<b>Insurance</b> Motor, Investment Policies	<b>Asset Management</b> AUMs, Distribution, ETFs

## Phoenix Holdings

### Insurance

P&C  
Health & Travel  
Life & Savings

### Asset Management & Credit

Retirement (Pension & Provident)  
Investment House & Wealth  
Distribution / Agencies  
Private Credit (Business & Consumer)

### 2023 highlights:

<b>17.5 NISb</b> Premiums & Contributions	<b>2.8 NISb</b> Revenues
<b>872 NISm</b> Core Income	<b>450 NISm</b> Core Income
<b>6.5 NISb</b> Equity	<b>4.1 NISb</b> Equity
	<b>926 NISm</b> Core EBITDA <sup>5</sup>

<sup>1</sup> Includes all activities including insurance as of March 31, 2024

<sup>2</sup> Five-year period (EOY 2018-23), acquisitions included

<sup>3</sup> Solvency with transitional measures as of December 31, 2023

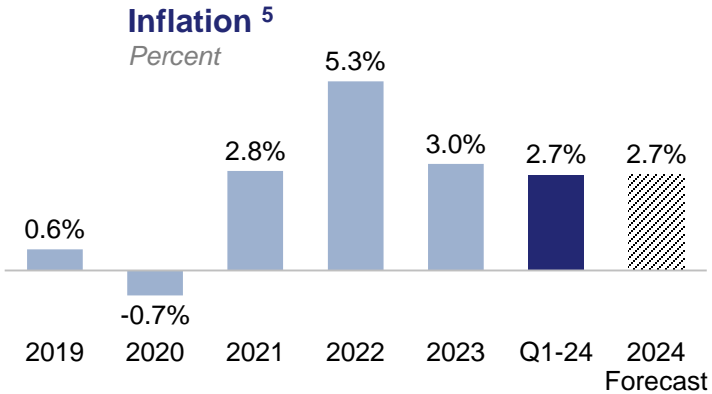
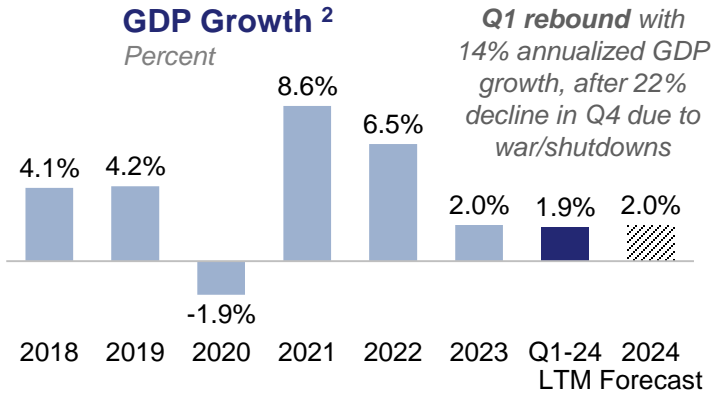
<sup>4</sup> Israeli ratings: iIAA for Phoenix Holdings & iIAAA for Phoenix Insurance by S&P Maalot, Aa2.il for Phoenix Holdings & Aa1.il for Phoenix Insurance by Midroog; international ratings include Moody's A2 with negative outlook and S&P A- with a stable outlook

<sup>5</sup> Adjusted EBITDA calculated as earnings before interest, tax, depreciation & amortization; consolidated before minority interests; adjusted for non-operating items, without IFRS 16 influence, and cash items relevant to specific segments (Retirement includes DAC amortization, Credit includes finance expense & provisions); 763 NISm without minority interest

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

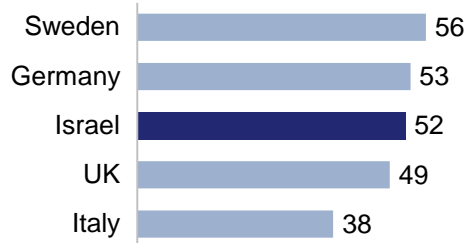
Resilience in face of 2023 headwinds (war, political uncertainty, inflation, rates)

Continued uncertainty in 2024 impacting markets



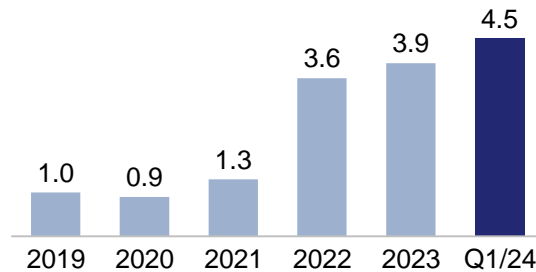
### GDP per Capita <sup>3</sup>

USD '000



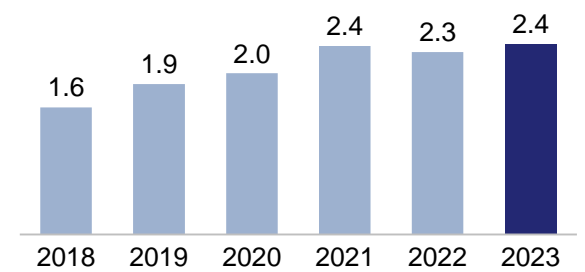
### Long-Term Yields (10Y) <sup>6</sup>

Percent



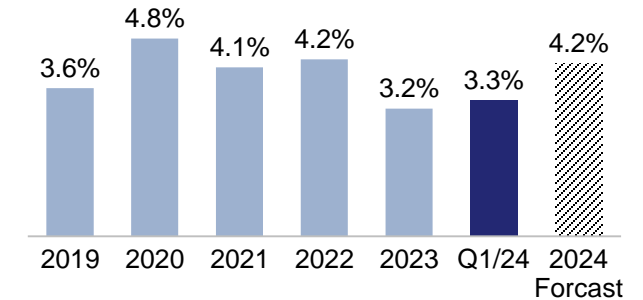
### Long-Term Savings AUM <sup>4</sup>

NIS Trillion



### Unemployment <sup>7</sup>

Percent



Note: Figures are updated as needed to reflect changes in assessments & 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 2023, current USD, as of 2023, not PPP adjusted

<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



# Q1 2024 Highlights – Resilient Performance

284<sup>NISm</sup>

Comprehensive Income

11.2%

ROE

472<sup>NISb</sup>

AUM

10.6<sup>NISb</sup>

Shareholder Equity

194%

Solvency\*

**Strong growth in Asset Management & Credit activities**, including continued growth in income / EBITDA as well as organic & inorganic AUM growth

**Insurance core income stability with growth in P&C** but lower financial margin from equity

**Resilience** in face of continued uncertainty

**Update of dividend policy to at least 40% payout** of annual comprehensive income, facilitated by diverse cash flows & strong financial position including Solvency II, ratings, liquidity (insurance subsidiary policy increased to 40-60% payout)

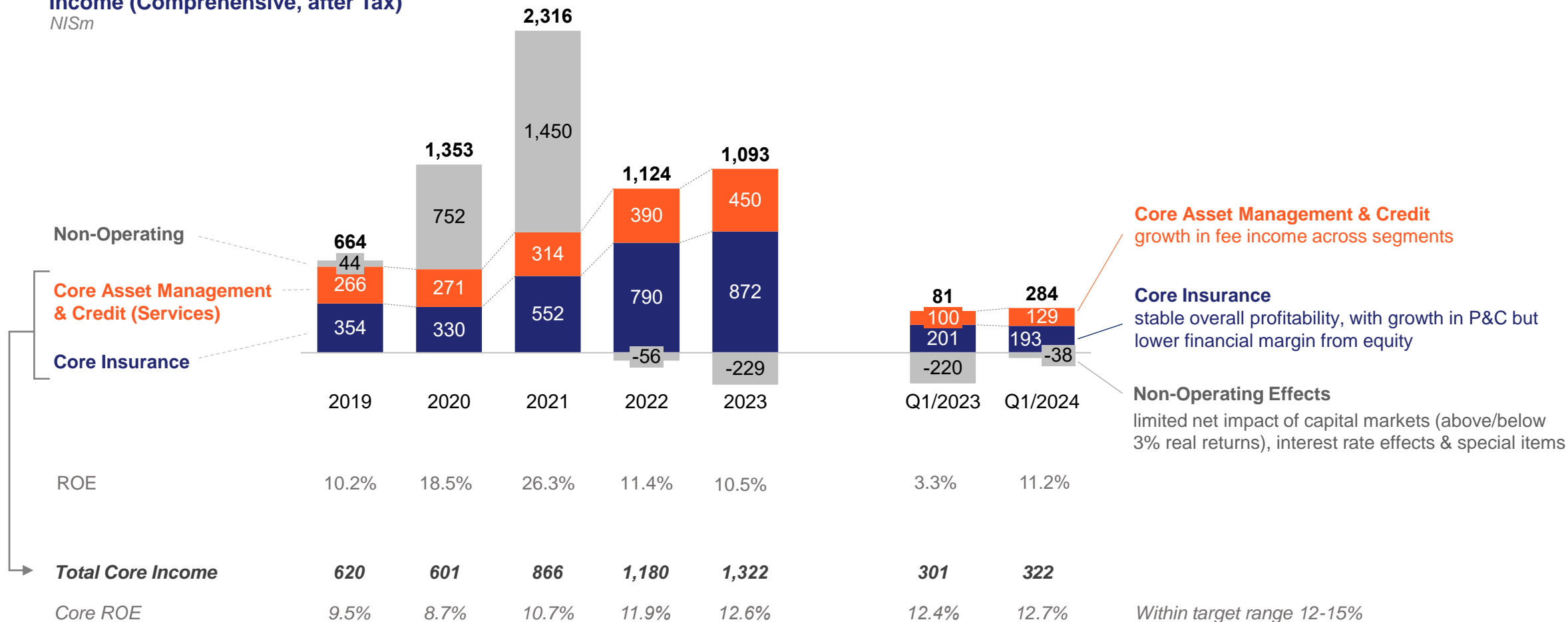
**Reaching 2025 targets** with updated medium-term growth targets to be published



# Growth in Core Business

## Income (Comprehensive, after Tax)

NISm



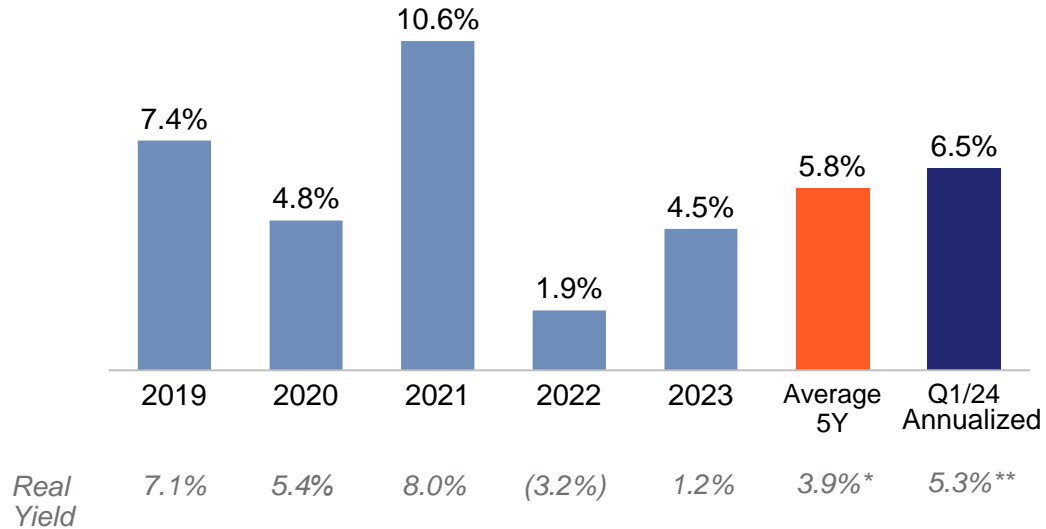
Notes: Core Income and Core ROE do not include Non-Operating Income: investment yields and variable management fees above or below 3% real yields, interest rate effects, and special items. Services income includes Asset Management (Pension & Provident, Investment Services), Distribution (Agencies), and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



# Investment Core Capabilities

## Returns - Insurance Nostro / Corporate Account

Percent (nominal)



### Investment performance & track record

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

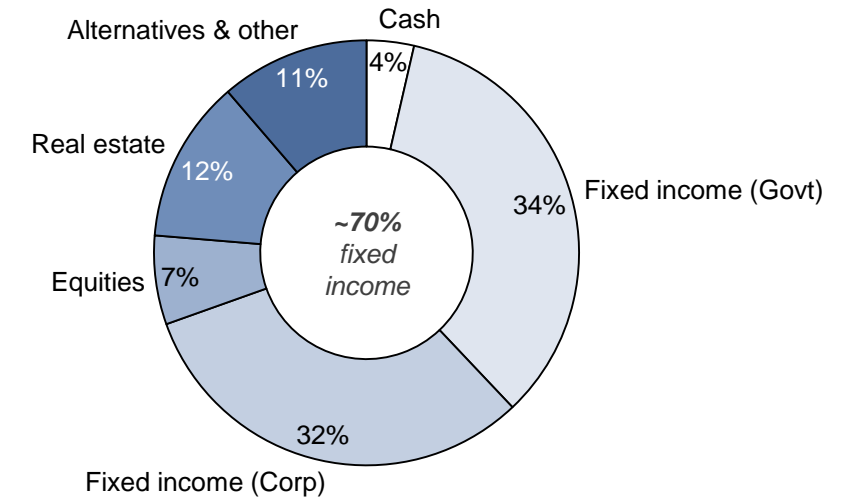
**Group plans** based on 3% real returns and stable rates

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

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

## Asset Allocation - Corporate Account (Nostro)

Percent (March 31, 2024)



### Responsible allocation & risk management

**Proactive and proprietary** dealflow and sourcing

**Balanced** asset allocation

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

**Responsible** asset and liability management

\* Five-year period (2019-23), based on known CPI LTM change as of end of period

\*\* Higher inflation & capital market volatility after end of reporting period



# Dividend Track Record & Equity Generation

## Building Track-Record

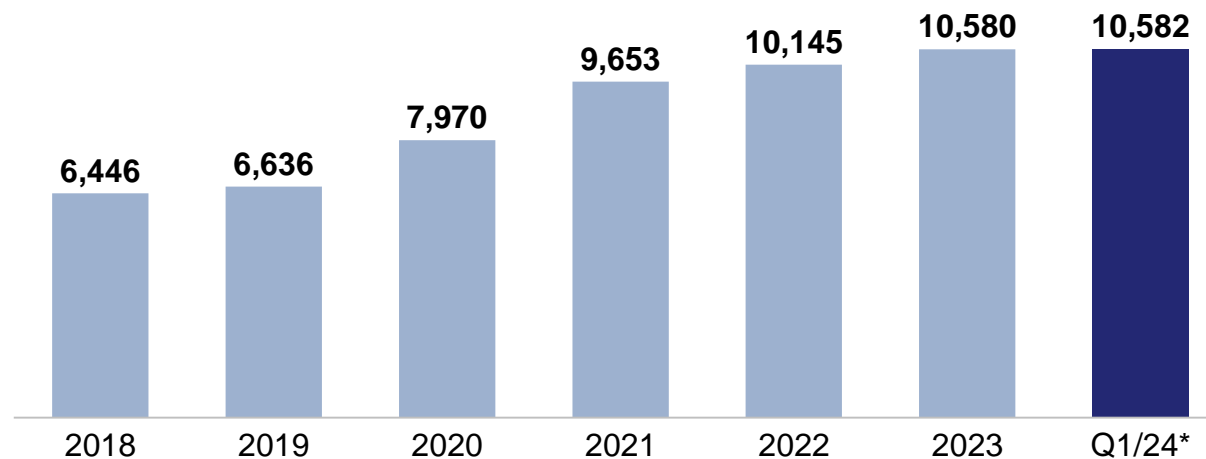
**265 NISm dividend** from 2023 earnings distributed in April

**Update of dividend policy to at least 40% payout** (previously at least 30%) facilitated by diverse cash flows & strong financial position including Solvency II, ratings, liquidity; update of insurance subsidiary policy to 40-60% payout ratio (previously 30-50%)

**54 NISm buybacks** executed in 2024 to date

## Shareholders' Equity

NISm



Comprehensive Income	512	664	1,353	2,316	1,124	1,093	284
Dividends from annual income (including in subsequent calendar year)	120	480	380	621	337	385	-
Dividends distributed (during calendar year)	120	480	-	580	581	297	265
Dividends per share (during calendar year)	1.0	1.9	-	2.3	2.3	1.2	1.05
Buybacks executed			26	74	56	38	54

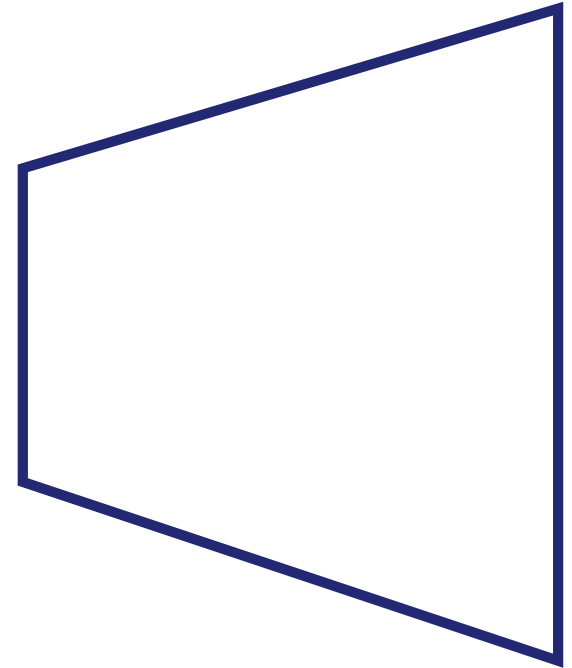
**Dividend track record**





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# Proven Value Creation Strategy & Catalysts

## Value Drivers

### Growth Engines

#### Multi-line Insurance

P&C

Health

Life

#### Asset Management & Credit

Investment House

Retirement

Distribution

Private Credit

1

#### Accelerated Growth

Accelerating growth while shifting mix to *high-ROE, capital-efficient businesses* (P&C, asset management, distribution)



**Income growth**  
**Shifting mix**

2

#### Innovation & Efficiency

Deepening *client-focus & sustainable competitive advantage* with 1 NISb investments in technology (data, digitization, products) during plan



**Competitive advantage**  
**Margin expansion**

3

#### Active Management

Optimizing group portfolio, management, structure, and synergies to *unlock and create value*



**Unlocking value**  
**M&A**

4

#### Capital Management

Deploying capital against strategic priorities, reducing volatility and ensuring *long-term cash-flow generation*



**Investments >3% real**  
**Dividend distributions**

### Value Catalysts



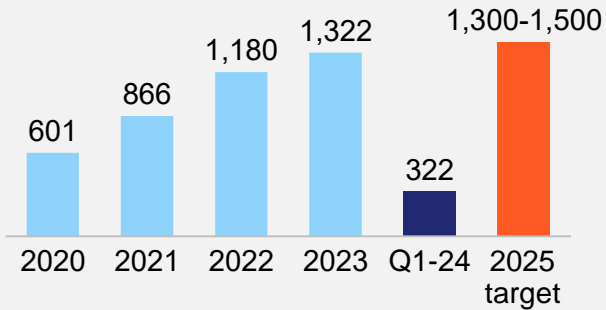
# Group: Core Income Achieving & Surpassing Targets

**Updated growth targets and roadmap to be published**

## Core Income

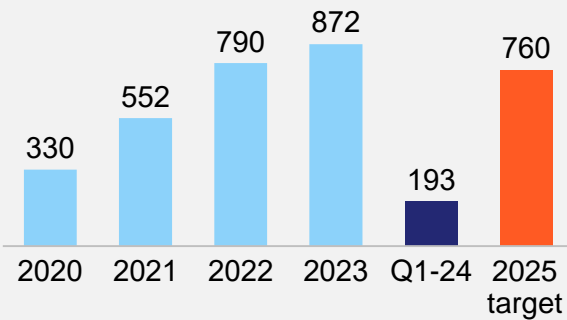
*NISm, before non-operating effects*

### Phoenix Holdings



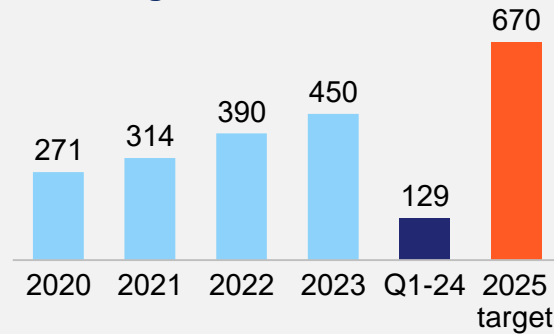
*Core income **without non-operating effects** (capital markets, interest rates, & special items)*

### Insurance



*Core income already above target – targets to be updated*

### Asset Management & Credit



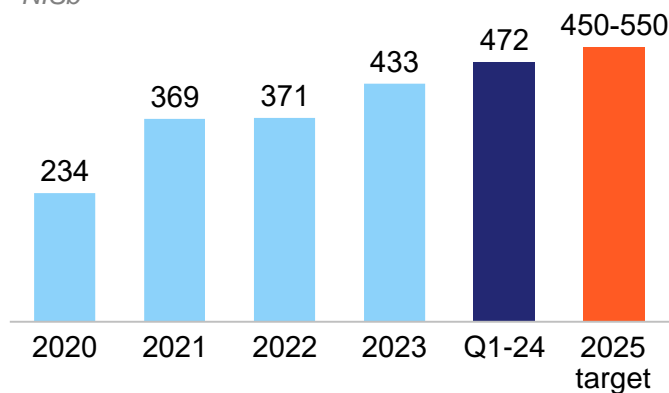
*On track to meet target, with growth expected from Investment House & Wealth, Distribution (Agencies), and Credit*



# Group: KPIs on Track to Achieve Targets

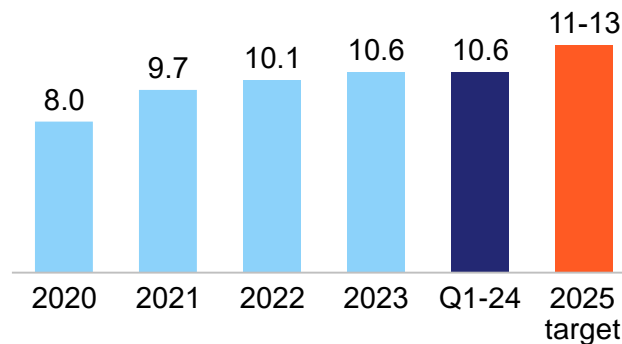
## Group AUMs

NISb

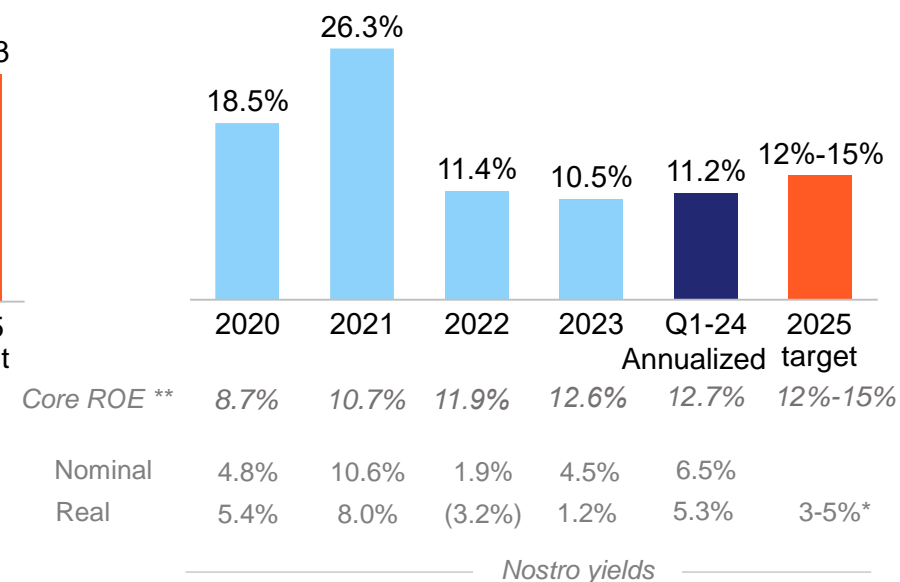


## Shareholders' Equity

NISb



## ROE



## Group priorities

Grow core income

Increase performance stability and liquidity (mix, IFRS-17, investments)

Shift mix to stable, high-margin activities (fee-based, high growth, high multiples)

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 (2019-23) was 3.9%

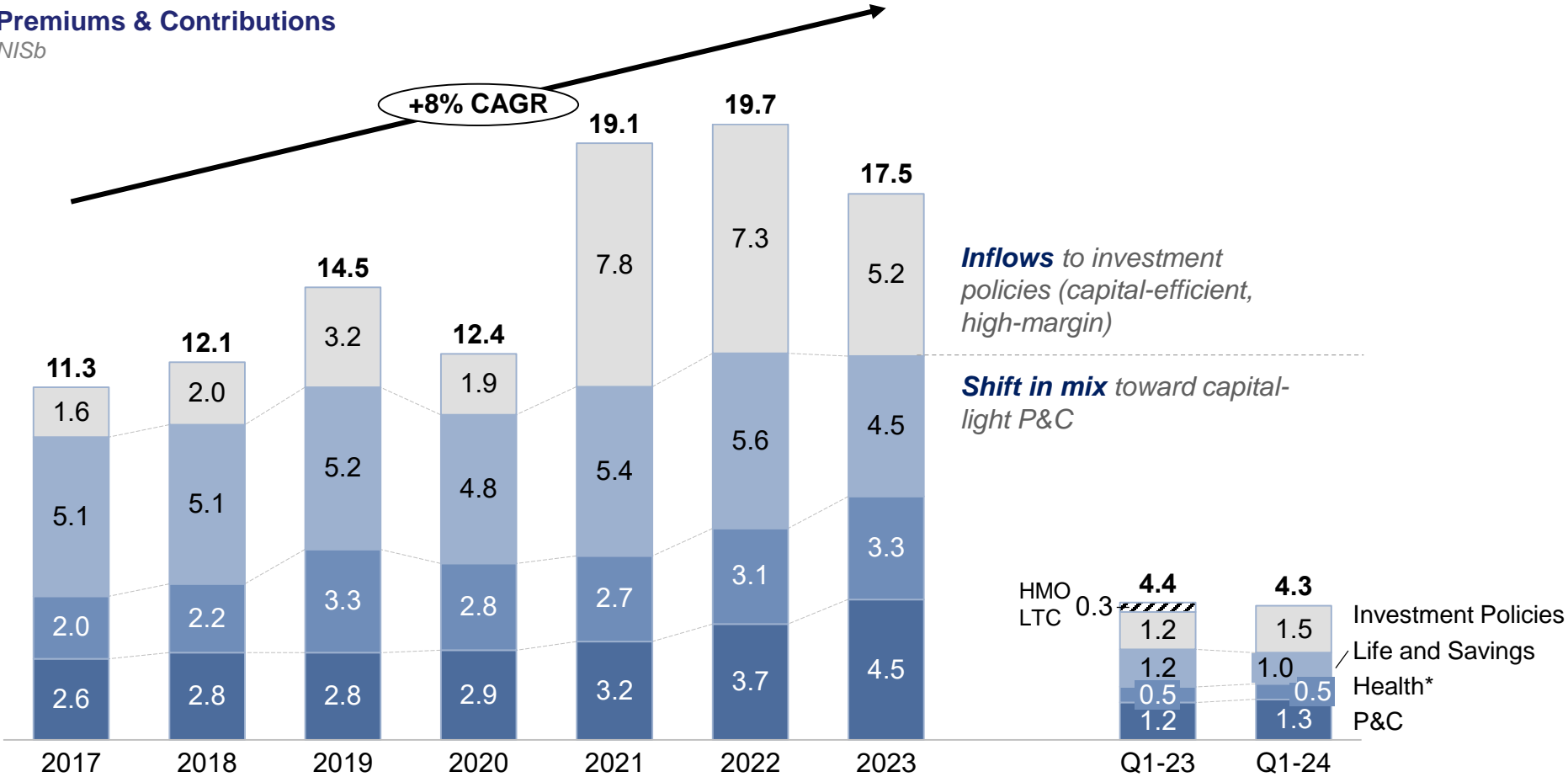
\*\* Based on 3% real return on investments without non-operating income



# Insurance: Shifting Mix

## Premiums & Contributions

NISb



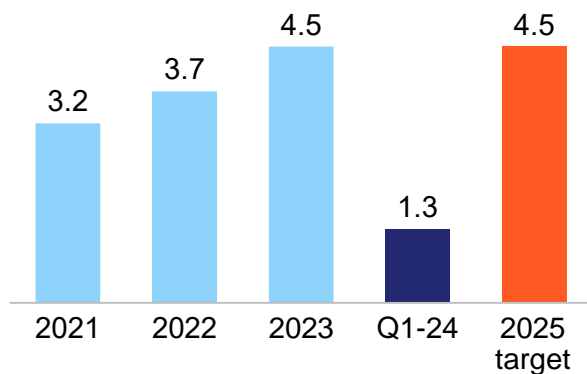
\* Reduced low-margin HMO LTC health premiums in 2024



# Insurance: Surpassing Targets

## P&C Premiums

Including Smart direct, NISb

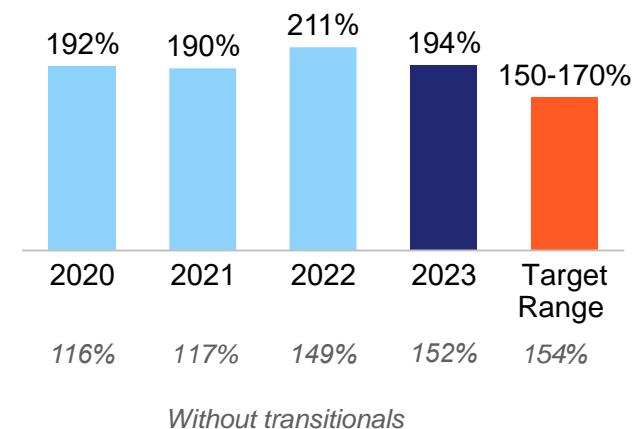


## G&A Expense Ratios<sup>2</sup>

	P&C % of premiums	Health % of AUM	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%
2023	3.46%	5.13%	0.39%
<b>Q1-24</b>	<b>2.98%</b>	<b>6.74%<sup>3</sup></b>	<b>0.37%</b>
	3.4-3.7%	5.4-5.8%	0.27-0.30%
	Mid-term target (2025)		

## Solvency<sup>1</sup>

Ratio



## Insurance priorities

Efficiency & digitization

Reduced income volatility (mix, IFRS-17, investments)

Focused growth in capital-efficient, high-margin activities

Advanced capabilities

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

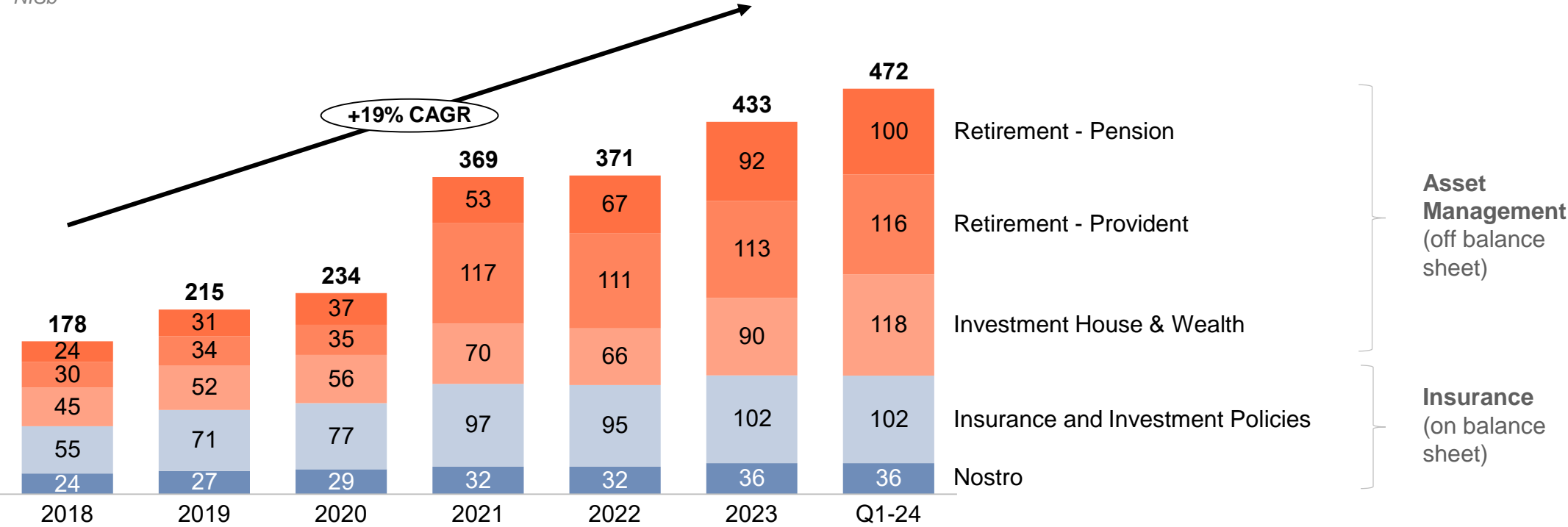
<sup>3</sup> Health expense ratio increase due to reduced premiums from ending of LTC collective HMO agreement & product / regulatory transition, however mid-term targets remain unchanged



# AM&C: Continued Growth in AUMs

## Assets Under Management

NISb



### Inorganic growth in Q1-24:

Investment House includes acquisitions of Psagot active & money market funds

# Asset Management & Credit (AM&C): Growing EBITDA

## Continued growth of Asset Management & Credit activities

producing significant EBITDA from non-insurance businesses

- Mostly **fee-based** income
- Spread income in Credit (adjusted EBITDA includes finance expense & provisions)

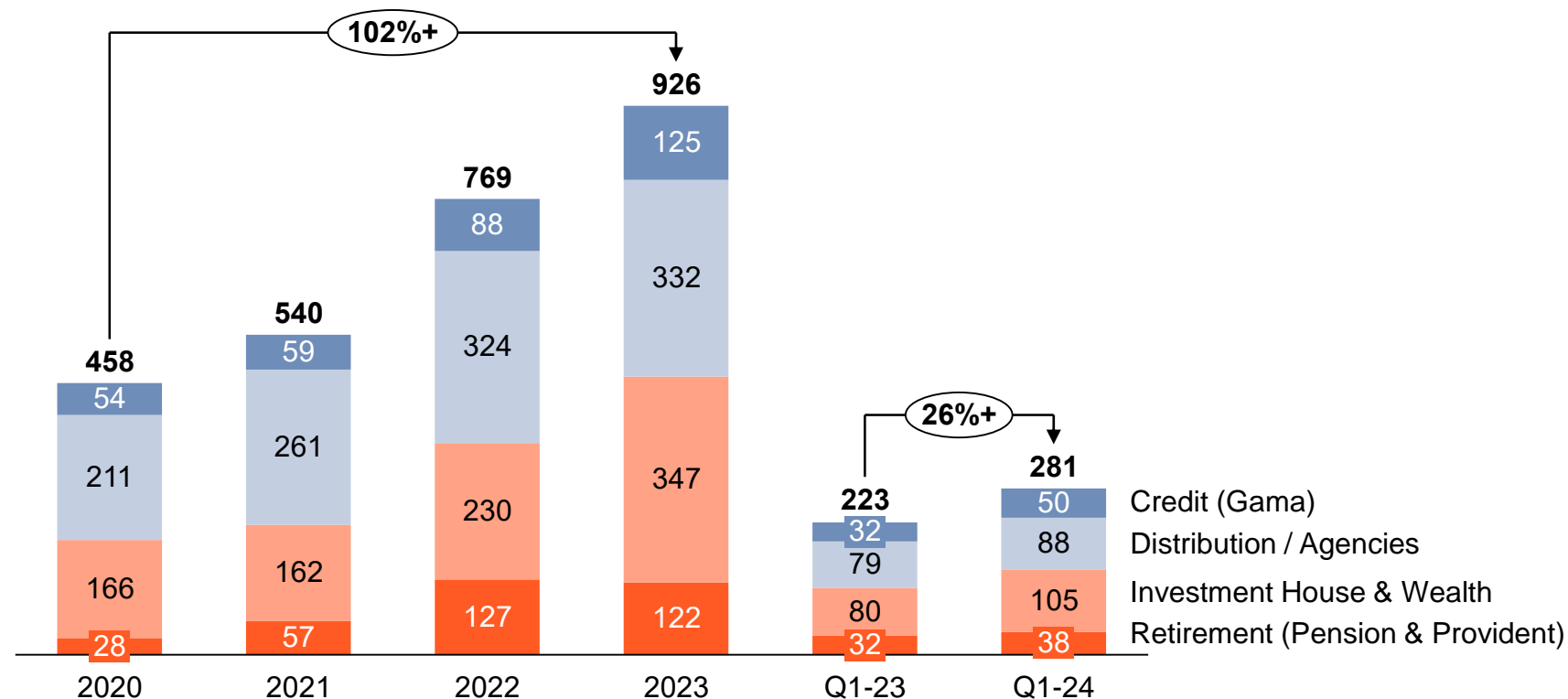
**Strategy focused on accelerated growth**, with strong organic capabilities & proactive acquisitions – doubling EBITDA in 3 years

**236 NISm** adjusted EBITDA not including minority interest in Q1 2024; **763 NISm** in 2023 (full year)

**8 NISm** from above average brokerage margin spreads in Q1 2024

## Adjusted EBITDA – Asset Management & Credit

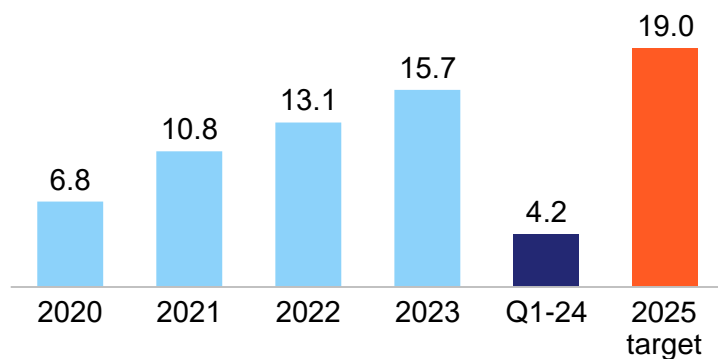
*NISm, consolidated including minorities*





## Retirement (Pension & Provident) Contributions

NISb



*Approaching targets*

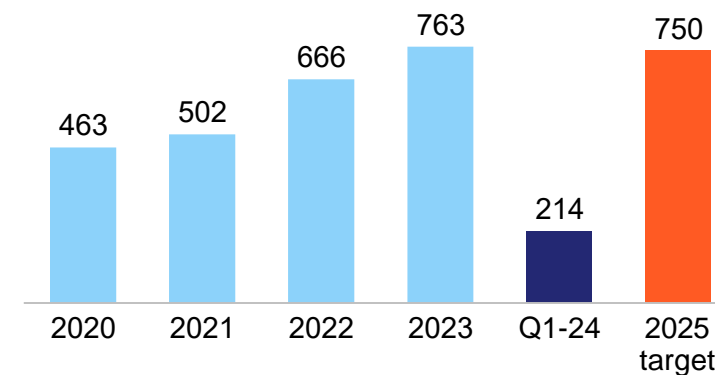
## G&A Expense Ratio

Percent of AUMs

2020	0.16%
2021	0.13%
2022	0.12%
2023	0.12%
<b>Q1-24</b>	<b>0.12%</b>
<b>2025 Target</b>	<b>0.11%</b>

## Investment House & Wealth Revenues

NISm



*Achieving targets*

# **AM&C: Distribution / Agencies**

**Focused on stand-alone value creation:**  
cash-generative & capital-light business model, market leader but still low 6% market share<sup>1</sup>; value creation through growth, scale, innovation, and diversification

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

**Client-focused activities** include benefit administration, retirement planning, & insurance (life, health, P&C, specialties)

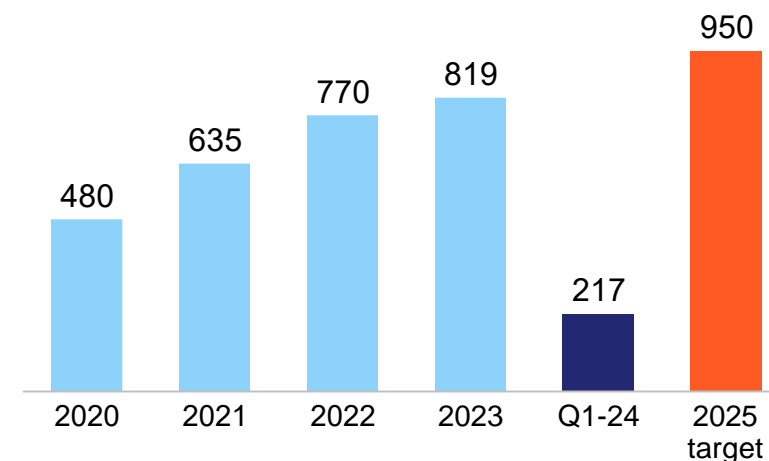
**Aggregator platform** with scale & infrastructure to support small agents; independent IT infrastructure & efficient digital platforms

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

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

<i>Pension &amp; Provident</i>	33%
<i>Life</i>	22%
<i>Individual Health</i>	14%
<i>P&amp;C</i>	11%

## **Distribution Revenues** *NISm*



*Approaching targets*

<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, 2023

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

# AM&C: Private Credit (Business and Consumer)

## Phoenix-Gama

100% ownership following tender offer in 2023  
(continues to report with publicly traded bonds);  
building platform for growth (e.g., balance  
sheet, governance, infrastructure, capabilities);  
based on Gama's broad SME relationships  
Israel rating updated to Aa3.il with positive  
outlook

## Phoenix Construction Finance

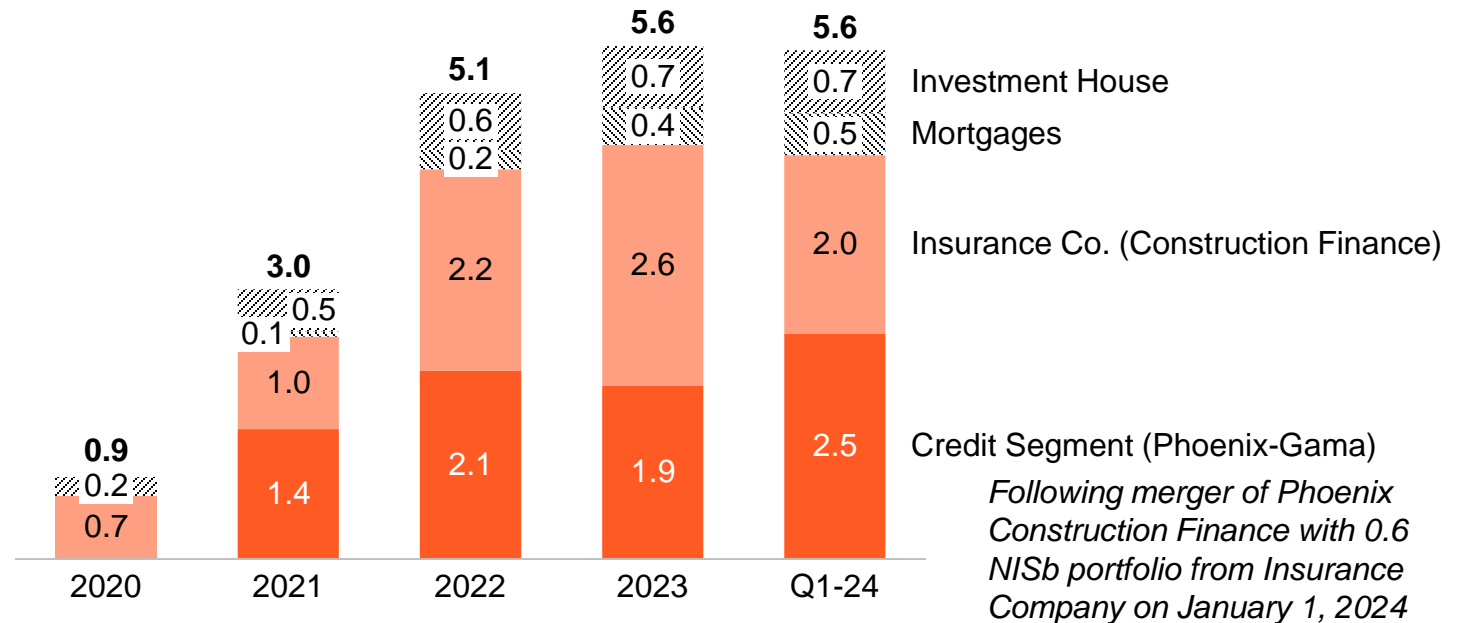
Merged into Phoenix-Gama in January 2024,  
creating synergies, economies of scale &  
expertise to be realized in 2024-25

## Phoenix Consumer Credit

Built 2022-23, launching in 2024

## Group Credit Activities

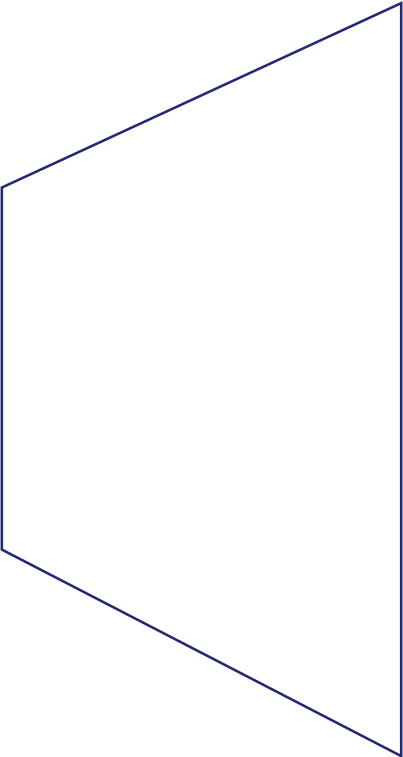
NISb



*Phoenix Holdings has several credit activities - 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*



# Agenda

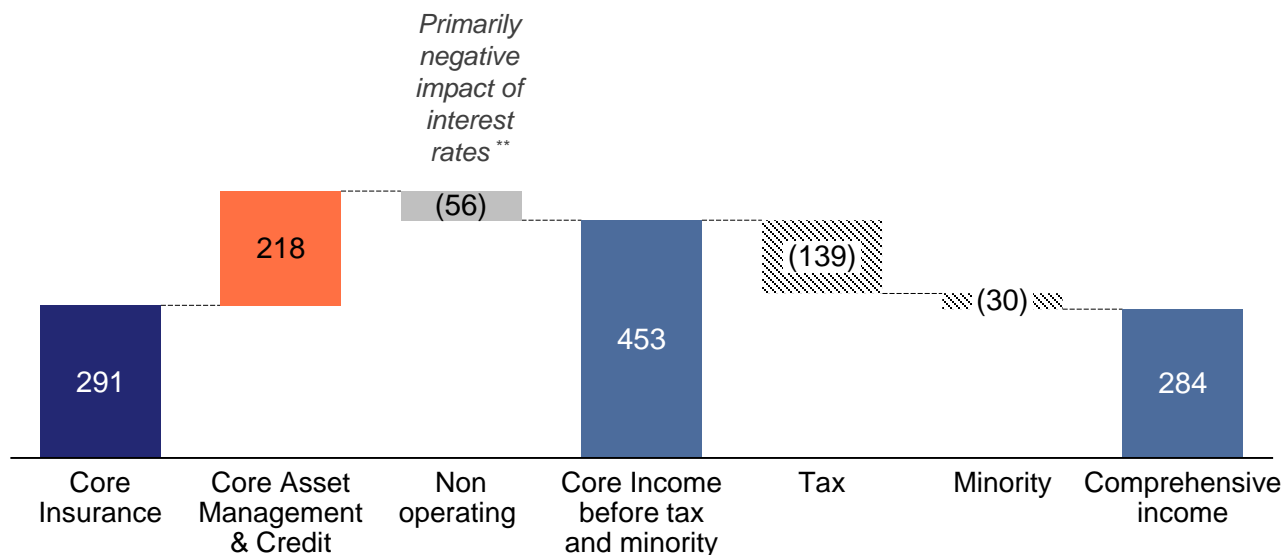
1. Highlights
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# Core Income Q1 2024

## Core Income Breakdown Before Tax (Comprehensive)

Q1 2024, NISm



1-3/2023	304	169	(341)	132	(27)	(24)	81
Difference	(13)	49	285	321	(112)	(6)	203

## Breakdown Before Tax – By Segment

NISm

	Q1/24	Q1/23	Difference
P&C	174	112	62
Health	35	36	(1)
Life & Savings	59	47	12
Other Equity Returns	23	109	(86)
<b>Core Insurance</b>	<b>291</b>	<b>304</b>	<b>(13)</b>
Retirement (Pension & Provident)	30	24	6
Investment House & Wealth	78	57	21
Distribution (Agencies)	74	66	8
Credit	36	28	8
Other	0	(6)	6
<b>Core Asset Management &amp; Credit</b>	<b>218</b>	<b>169</b>	<b>49</b>
<b>Investment Income <sup>(*)</sup></b>	<b>104</b>	<b>(467)</b>	<b>571</b>
P&C	37	(54)	91
Health	32	15	17
Life	(72)	(139)	67
Other Equity Returns	108	(292)	400
Retirement (Pension & Provident)	1	(4)	5
Distribution (Agencies)	(2)	7	(9)
<b>Interest</b>	<b>(111)</b>	<b>150</b>	<b>(261)</b>
P&C	42	18	24
Health	(117)	106	(223)
Life	(36)	26	(62)
<b>Special Items</b>	<b>(49)</b>	<b>(24)</b>	<b>(25)</b>
P&C	(2)	0	(2)
Health	(12)	(7)	(5)
Life	(34)	(11)	(23)
Other Equity Returns	10	0	10
Retirement (Pension & Provident)	0	0	0
Investment House & Wealth	(6)	(6)	0
Distribution (Agencies)	0	0	0
Credit	(5)	0	(5)
Other	0	0	0
<b>Non-operating Income</b>	<b>(56)</b>	<b>(341)</b>	<b>285</b>

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

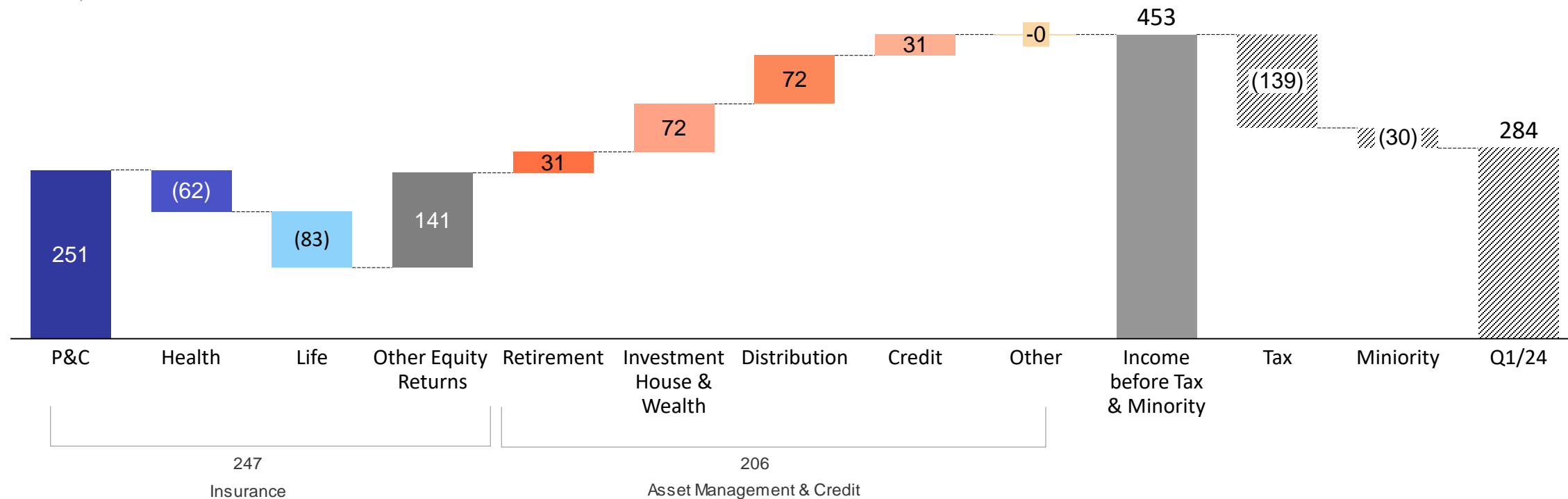
\*\* Negative impact of interest rates mainly due to decrease in the illiquidity premium



# Segment Income Q1 2024

## Segment Income Breakdown Before Tax (Comprehensive)

Q1 2024, NISm



1-3/2023	76	150	(77)	(183)	20	51	73	28	(6)	132	(27)	(24)	81
Difference	175	(212)	(6)	324	11	21	(1)	3	6	321	(112)	(6)	203



# Strong Balance Sheet

Phoenix Holdings NISm	31/12/2023	31/03/2023	31/03/2024	Difference
Cash	3,053	2,268	2,729	-324
Intangible Assets	3,598	3,061	3,740	142
Deferred acquisition costs	2,686	2,594	2,752	66
Investments in associates	1,652	1,618	1,918	267
Investment property - other	1,239	1,148	1,298	59
Credit for purchase of securities	3,700	3,439	4,255	555
Other Assets	8,326	7,619	8,425	99
Other Financial Investments	30,771	30,901	29,964	-807
Assets for yield-dependent contracts	104,770	97,696	103,027	-1,742
<b>Total Assets</b>	<b>159,795</b>	<b>150,343</b>	<b>158,109</b>	<b>-1,685</b>
Financial liabilities	15,576	14,779	13,941	-1,635
Liabilities in respect of non-yield-dependent insurance contracts and investments contracts	25,597	24,691	27,601	2,003
Liabilities in respect of yield-dependent insurance contracts and investments contracts	102,973	96,025	100,652	-2,321
Other Liabilities	4,753	4,431	5,023	269
Total equity	10,895	10,416	10,893	-2
<b>Total equity and liabilities</b>	<b>159,795</b>	<b>150,343</b>	<b>158,109</b>	<b>-1,685</b>

## Financial Liabilities (NISm)

	Bonds and Loans				31/12/2023
	31/03/2024				
	CPI linked	Floating interest	Fixed interest	Total	Total
Holdings Solo*	962	397	543	1,902	1,896
Insurance					
Tier 1 capital	219	-	-	219	218
Tier 2 capital	750	492	2,844	4,086	4,067
Insurance Total	969	492	2,844	4,305	4,684
Retirement	-	477	-	477	-
Credit	-	1,144	215	1,359	1,438
Distribution	-	372	-	372	300
Investment House & Wealth	-	581	-	581	263
AM&C Total	-	2,574	215	2,789	2,001
Total bonds and loans	1,930	3,463	3,602	8,996	8,582
Exposure Ratio	21%	39%	40%	100%	100%
Derivatives, Repo & Other (Nostro)**				2,477	2,921
Derivatives, Repo & Other (Unit linked)**				752	2,240
Credit cards liabilities (Gama)				1,716	1,755
Total				13,941	15,497

**Net financial debt** exposure includes financial assets & only some of the financial liabilities (see 2024 Q1 Financial Statements Section – Section 5.7.2 in the BOD Report)

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 3M/24 Financial Reports (Note 5)



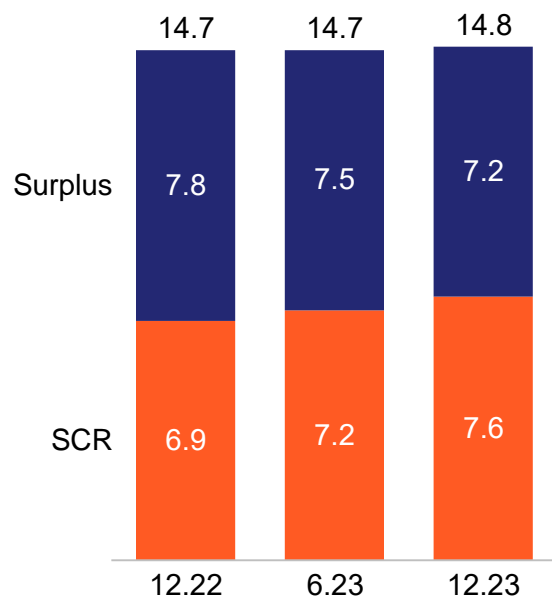
# Active Solvency & Capital Management

## Economic Capital & Solvency (Insurance Company, NISb)

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

With transitionals	211%	205%	194%
Without transitional	149%	153%	152%

BOD dividend threshold 111% 115% 115%



## 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

Quarterly publication of Solvency ratio with one quarter delay; full breakdown for Q2 and Q4, with only transitional headline figure for Q1 and Q3

## Changes in Solvency Ratio

194% with transitional measures as of December 2023

Insurance Company BOD dividend threshold 115% without transitionals, while excess capital above 115% was 3.1 NISb (as of December 2023)

December 2023 transitional figures include 5% decrease due to update of transition numbers

## Cashflow and Liquidity (Holding Company)

Insurance subsidiary dividend payout updated to 40-60% of comprehensive income, in line with solvency target range

Services 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 1.3 NISb (trading on Tel-Bond 40 index); sale of 140 NISm capital notes after reporting period

Insurance Company with international ratings (Moody's A2, S&P A-)

Moved 300 NISm Construction Finance, optimizing capital

## Accounting Income

IFRS 17 & IFRS 9 implementation in 2025, expected to reduce volatility

Dynamic management of market exposures

<sup>1</sup> Including dividend distributions from Phoenix Insurance to Phoenix Holdings





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**20% growth** in earned premiums YOY

**Improved performance including in motor** despite challenging environment & high rates of theft

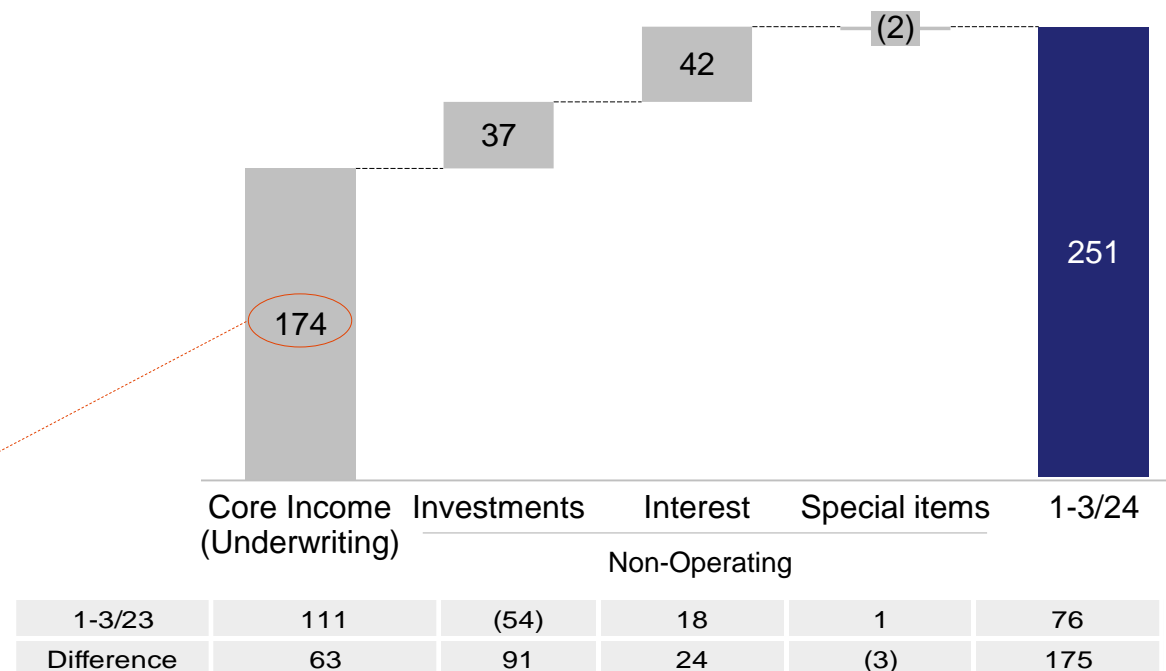
**Mature implementation of machine learning** for motor underwriting

Positive secondary impact of **interest rates**

Core Income (Before Tax, Underwriting)	Q1/23	Q1/24
Compulsory Motor	30	16
Motor Property	(6)	85
Loss Ratio (MP)	84%	65%
Property & Other	26	61
Liability	61	12
Total	111	174

## Comprehensive Income Before Tax

NISm



## Stable underwriting profit

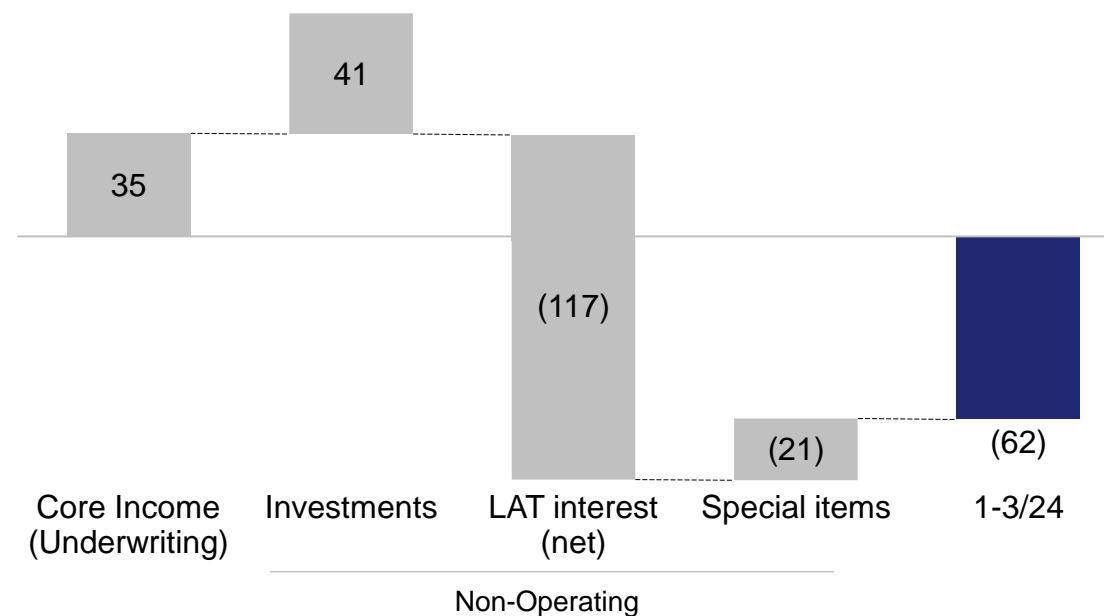
**Investment margin** improvement

**Negative interest rate impact on LAT reserves** mainly due to decrease in illiquidity premium; 228 NISm LAT reserves remaining as of March 2024

Maccabi HMO collective LTC agreement ended December 2023

## Comprehensive Income Before Tax

*NISm*



	1-3/23	Investments	LAT interest (net)	Special items	1-3/24
1-3/23	36	15	106	(7)	150
Difference	(1)	17	(223)	(5)	(212)

**Underwriting profit** improvement

**Negative non-operating effects**

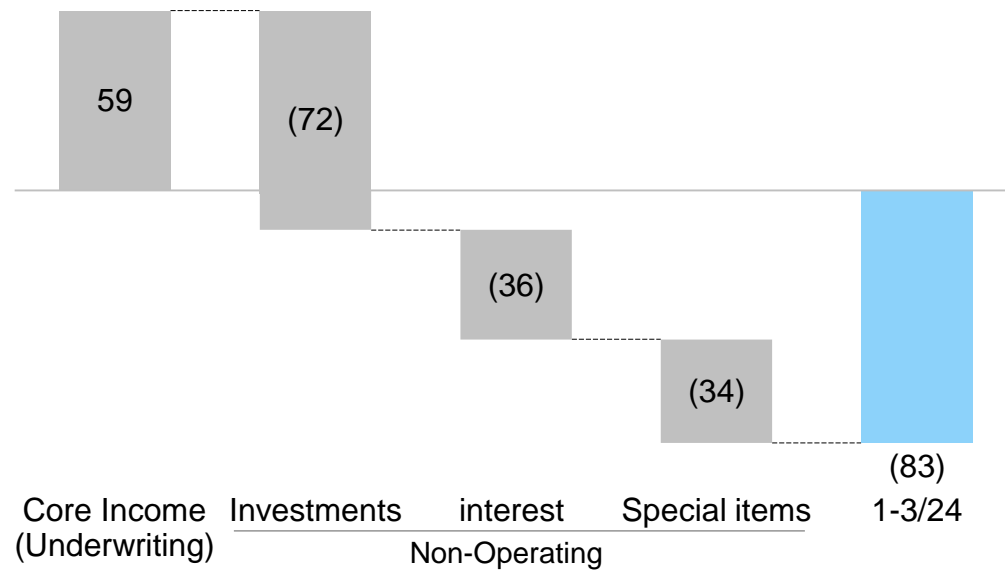
mainly due to interest rates

Variable management fee deficit of 302 NISm as of report publication date

**Continued inflows of investment policies**, however at slower rate due to capital market volatility

## Comprehensive Income Before Tax

NISm



	Core Income (Underwriting)	Investments	interest	Special items	1-3/24
1-3/23	33	(125)	26	(11)	(77)
Difference	26	53	(62)	(23)	(6)

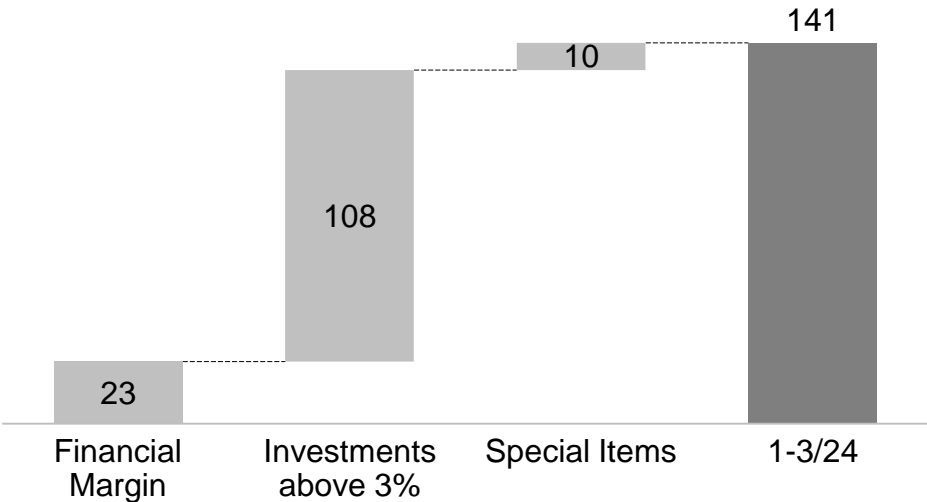


# Other Equity Returns (Insurance)

23 NISm financial margin, 86 NISm decrease due to changes in CPI

400 NISm increase in investment profit above 3% compare to Q1-2023

Comprehensive Income Before Tax  
NISm



1-3/23	109	(292)	-	(183)
Difference	(86)	400	10	324

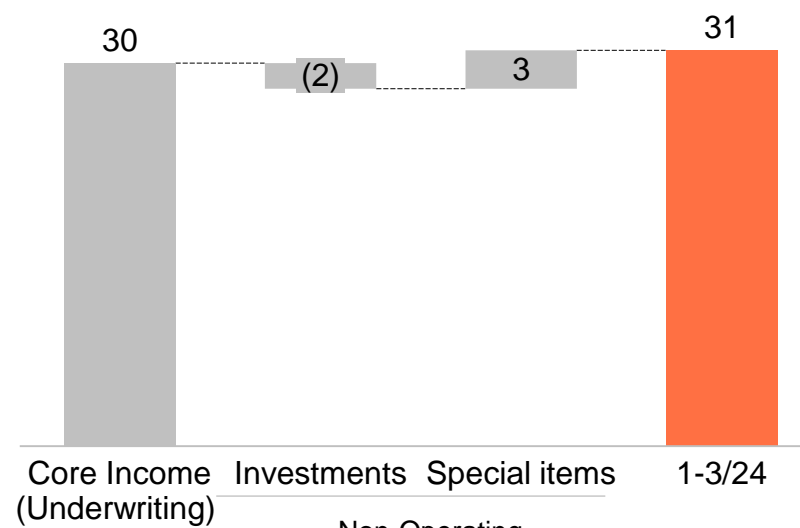
## Continued organic growth

### Focus on profitability

including higher margin / efficient activities

## Comprehensive Income Before Tax

*NISm*



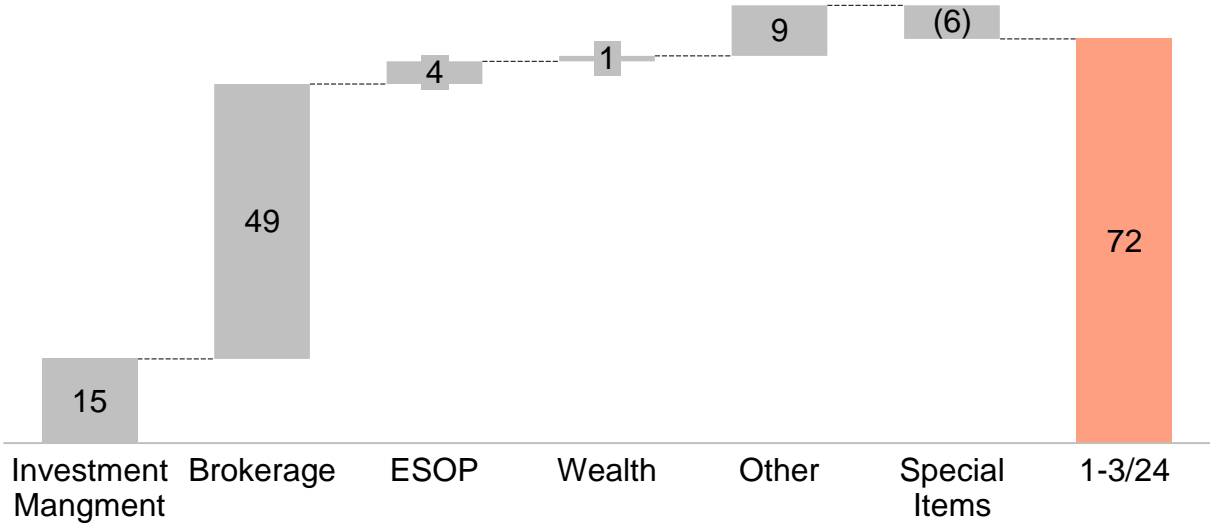
	Core Income (Underwriting)	Investments	Special items	1-3/24
1-3/23	24	(1)	(3)	20
Difference	6	(1)	6	11

**Performance improvement** from strategic execution

**Higher brokerage contribution** due to continued client acquisition, average revenues & higher spreads in margin credit

**Full synergies from acquisitions completed in 2023-24 to be achieved in 2024**, including Epsilon Investment House & assets from Psagot Investment House (including portfolio management and funds)

**Comprehensive Income Before Tax**  
*NISm*



1-3/23	13	31	4	3	6	(6)	51
Difference	2	18	-	(2)	3	-	21



# Distribution (Agencies, Planning, Benefits)

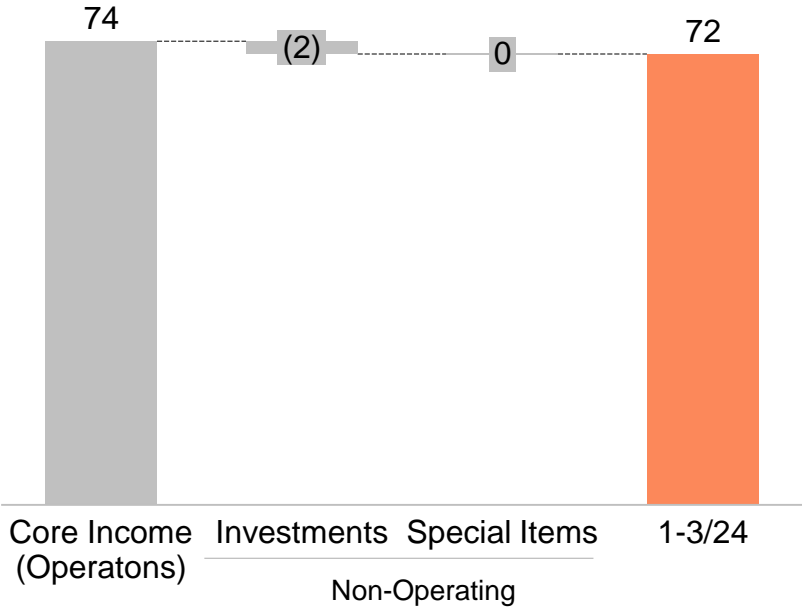
**Organic growth in business**, however growth rate impacted by slower pace of hiring in the market (including in tech sector)

Accelerated value creation under reorganized structure with synergies

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

## Comprehensive Income Before Tax

*NISm*



1-3/2023	66	7	-	73
Difference	8	(9)	-	(1)



**Full ownership of Gama** following successful take-private tender offer in 2023, **followed by merger of Phoenix Construction Finance** in January 2024

**Stability** in most credit categories despite market conditions

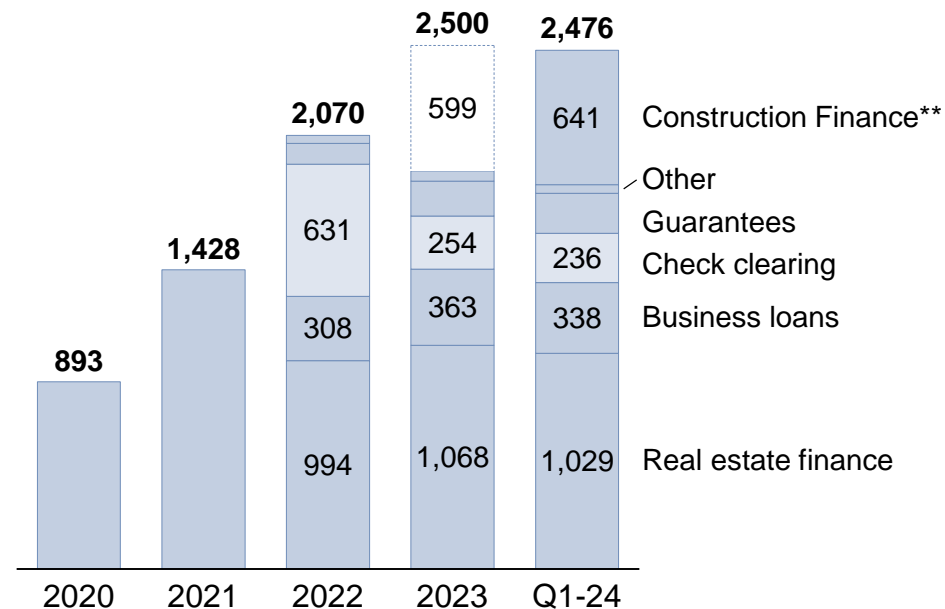
**Improved profit from operations and pre-tax income**

**Strong balance sheet** with 32% Equity-to-Assets ratio\*

**Consumer credit** to be launched in 2024

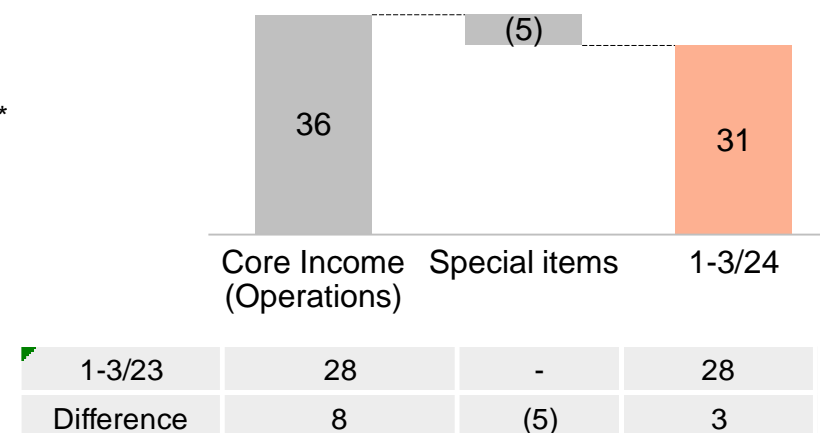
## Credit Portfolio

NISm, without credit card activity



## Comprehensive Income Before Tax

NISm



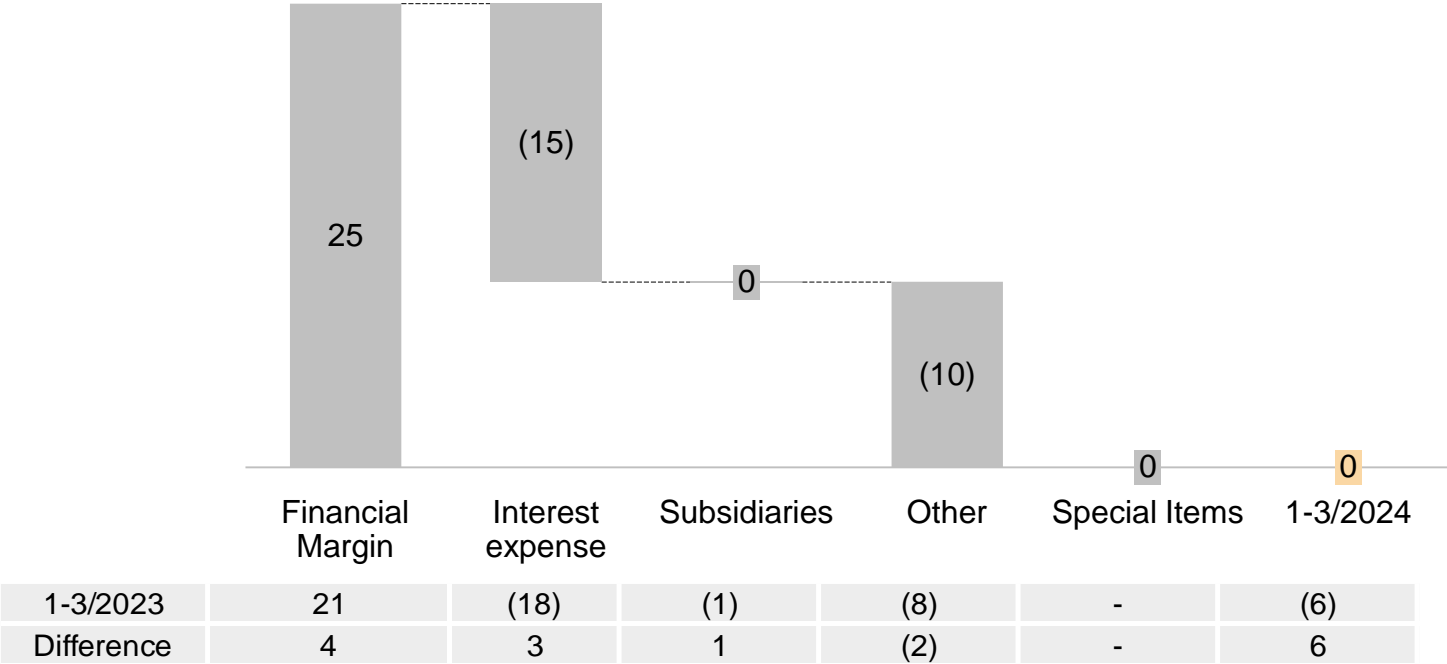
\* Not including credit card & short-term transactions; 18% Equity-to-Assets including these transactions

\*\* Construction Finance merger on January 1, 2024

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

### Comprehensive Income Before Tax

NISm





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# Phoenix Holdings – Highlights

1

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

Strong long-term 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 financial services group with over \$120b AUM (including multi-line insurance, asset management, distribution, & credit), delivering best-in-class average 15% ROE and 19% 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 Asset Management and Credit activities (recurring fee-based financial services businesses, cash-generative, capital-light), with plan to unlock value of assets currently held at book value

4

**Proven value creation strategy with focus on growth & competitive advantage**

Focus on accelerating growth in high ROE businesses, innovation and technology for competitive advantage and efficiency, active management of businesses to unlock & create value, & disciplined capital management and deployment

5

**Leading financial performance & organic capital generation, driving strong balance sheet & financial resilience**

Consistent growth in shareholder equity with a Solvency ratio of 209% (with transitional measures), at least 30% dividend distribution policy, and international insurance rating

6

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

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



# Investment Returns – Explanation

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

NISm

	Q1-24	Q1-23	2023
<u>P&amp;L Items from Financial Statements</u>			
Investment income	5,769	918	9,910
Share in profits of equity-accounted investees	25	6	42
Total components of net other comprehensive income	66	138	306
Tax effect	51	63	147
<b>Subtotal</b>	<b>5,911</b>	<b>1,125</b>	<b>10,404</b>
<u>Less:</u>			
Investment gains (losses) relating to yield-dependent policies	5,276	886	8,531
Investment gains (losses) relating to investment services & credit	122	99	349
<b>Subtotal</b>	<b>5,399</b>	<b>985</b>	<b>8,881</b>
<b>Corporate account (Nostro) total investment income</b>	<b>512</b>	<b>140</b>	<b>1,526</b>
Corporate account (Nostro) investment income assuming 3% real returns	399	593	2,291
<b>Corporate account (Nostro) investment income above (below) 3% real returns</b>	<b>113</b>	<b>(453)</b>	<b>(765)</b>



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<b>Adjusted EBITDA</b>	Adjusted EBITDA calculated as earnings before interest, tax, depreciation & amortization; consolidated before minority interests; adjusted for non-operating items and cash items relevant to specific segments (Retirement includes DAC amortization, Investment House & Wealth includes IFRS 16 amortization, Distribution includes IFRS 16 amortization, Credit includes IFRS 16 amortization & finance expense)
<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 underlying 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

<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>TMTTP</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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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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