

THE PHOENIX HOLDINGS

SUSTAINABLE PROFITABLE GROWTH OVER TIME

H1 / 2020

Financial Statements → Investors Presentation



The Phoenix Commitment

CONSTANT GROWTH OVER TIME



Mr. Eyal Ben Simon, CEO

Phoenix's Q2 financial results are an outcome of our commitment to sustainable growth, profitability, and responsible investment management. These, together with diligent risk management, leverage of synergies across Phoenix Group subsidiaries, and focus on innovation and proprietary own distribution, have all contributed to the achievements we share today.

The COVID-19 crisis impacted all financial services companies in Israel, including Phoenix. However, this crisis has also created variety of business opportunities and accelerated shifts in the Group, which were already underway. With the support and collaboration of the Phoenix management team, the Phoenix Group quickly reacted to the crisis by launching a large scale efficiency plan, improved risk management, and a series of new investments. These efforts are strongly reflected in our Q2 results and we expect them to have positive lasting impact on our financials in the coming years.

As a part of the comprehensive efficiency plan, the Phoenix planned and executed a reorganization effort matching its organizational design to its future business focus areas, in line with the Company's new strategic plan. As part of this efficiency effort, Phoenix offered voluntary retirement to ~350 employees as well as achieving lowered procurement costs, leading to savings of NIS ~150mn, that will be reflected in our future results.

As part of the recent reorganization, Phoenix introduced a new operating model – Phoenix Pro – that will drastically improve our daily operations and services for our agents and customers across all lines of business.

Q2 results also demonstrate Phoenix's leading position in the Israeli market, driven by its unique business mix, which provides greater diversification and stability. Phoenix operates a multi-line insurance carrier, asset management arm, as well as owned proprietary distribution channels (SMART and owned agencies). This combination creates a solid infrastructure that helps balance the competitive landscape, market fluctuations, and changing regulatory environment.

Lastly, over the past months, the Phoenix Group has developed a new strategic plan. Phoenix's new strategy has been developed with the help of a reputable global consulting firm, leveraging the experience and expertise in developing plans of this nature. Phoenix's Board of Directors and Phoenix's Board Strategy Committee have been overseeing the plan's development. As Phoenix approaches the completion of its new strategy, we expect it will be brought to the Board of Directors' approval in the near future.

H1/2020

Executive Summary



The Phoenix - Israel's
Leading Insurance Group
H1 Results - resilient
performance, stable AUM

The Company's Shareholder's Equity, as of 30.06.2020, totaled approximately NIS 6.8 bn, compared to approximately NIS 6.6⁽¹⁾ bn as of 31.12.2019. Recent COVID-19 events confirm the Phoenix's resilient and diversified business model with activities across insurance, asset management, distribution, and related holdings.

Profits of NIS 748 million in Q2 2020 and NIS 171 million in H1 2020. Q2'20 profits benefited from market recovery of NIS 612 million in the Nostro portfolio.

The Group's profit before tax from agencies and financial services, key elements of diversification, was NIS 173 million in H1'20, representing 67% of the Group's total

Assets under management grew to NIS 208 billion as of 30.06.2020, reaching NIS 213 billion after the end of the reporting period

To improve operational and underwriting performance, the Company took several efficiency measures and implemented a voluntary retirement plan that is expected to reduce costs by NIS 150 million annually starting next year. Moreover, the Company⁽²⁾ is driving growth and focusing on return on risk adjusted capital.

S&P and Moody's credit agencies reaffirmed the Company's credit rating at iAA- and Aa3.il, respectively and with a stable outlook

1) Restated, as of December 31, 2019, based on Commissioner's LAT Circular.

2) Some of the information in this presentation that does not refer to historical facts constitutes forward-looking information, as defined in the Securities Law of 1968. for further details please refer to slide30.

71

Years of
Operations

NIS 208Bn

Assets under management

→ The Phoenix Group ID

2,500

Agents

FINANCIAL STRENGTH

EXCELLENCE
Investment house

Insurance

AA+

Holdings

AA-

Credit Rating

owned
Distribution
channels

THE PHOENIX WAY FOR BUSINESS GROWTH



Capitalizing
on group
synergies



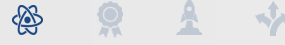
Reliable,
persistent, Leading
investment division



Leveraging
Distribution
channels - direct and agents

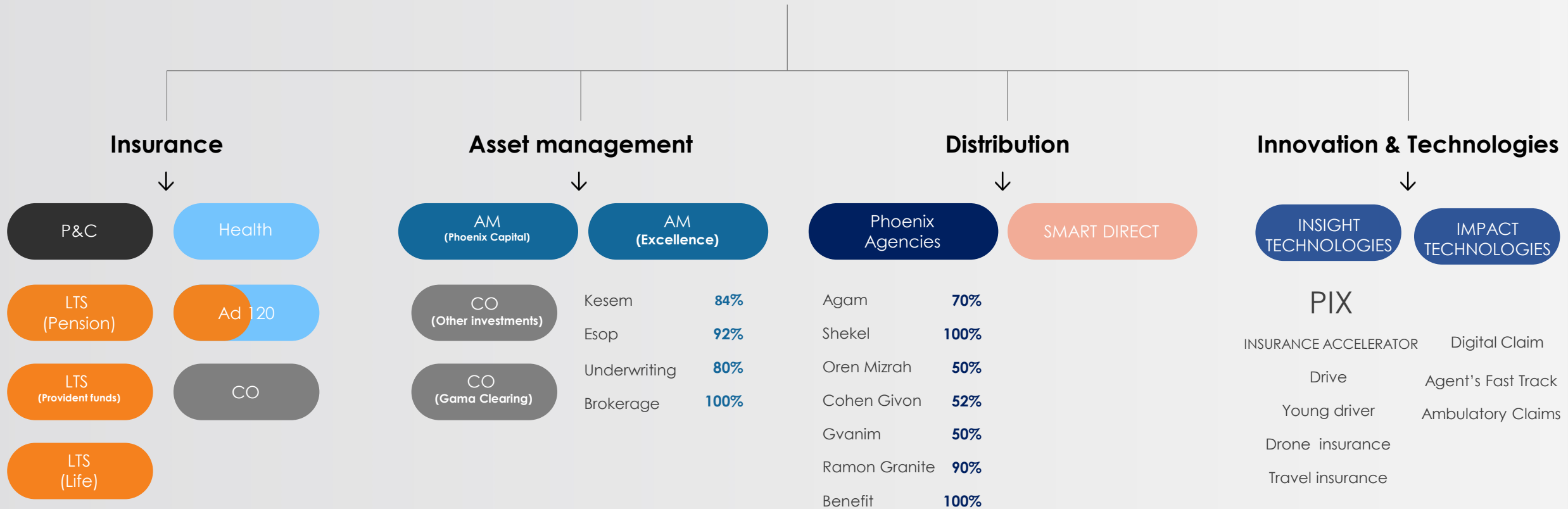


Innovation
development
and integration of new
technologies



THE STRENGTH OF THE GROUP

The Phoenix Holdings Ltd.





THE COVID-19 ERA

Financial resilience • Capitalizing on investment opportunities
Sustainable growth • Efficiency plan

Quarterly Results



HIGHLIGHTS

H1/2020



The Phoenix - Israel's
Leading Insurance Group
H1 Results - resilient
performance, stable AUM

- 1) As of August 25, 2020.
- 2) Post tax, see appendix A.
- 3) Pro forma investments adjustment, post-tax, related to Nostro marketable assets, as of August 24, 2020, for further information please refer to page 16.
- 4) Restated, as of December 31, 2019, based on Commissioner's LAT Circular.

| | | | |
|---|---|---|---|
| AUM | → | NIS 208 ^{Bn} | as of June 30, 2020 |
| Market cap | → | NIS 4.2 ¹ _{Bn} | |
| Shareholders' equity | → | NIS 6.8 _{Bn} | |
| Shareholders' comprehensive income | → | H1 NIS 171 _M | → Q2 NIS 748 _M |
| Covid-19² negative impact | → | NIS 479 _M | post balance investment recovery → NIS 269 ³ _M |
| Life LAT circular | → | additional amount of NIS 251 ⁴ _M | credited to shareholders' equity |
| ROE | → | H1 5.2 % | → Q2 52.5 % → average ^{5Y} 10.4 % |
| Business efficiency plan | → | Estimated to be saved NIS 150 _M | |

PHOENIX HOLDINGS

H1/20 Vs H1/19 (NIS m)
Q2/20 Vs Q2/19 (NIS m)



Resilient Performance led by markets recovery, COVID-19 still a main result driver

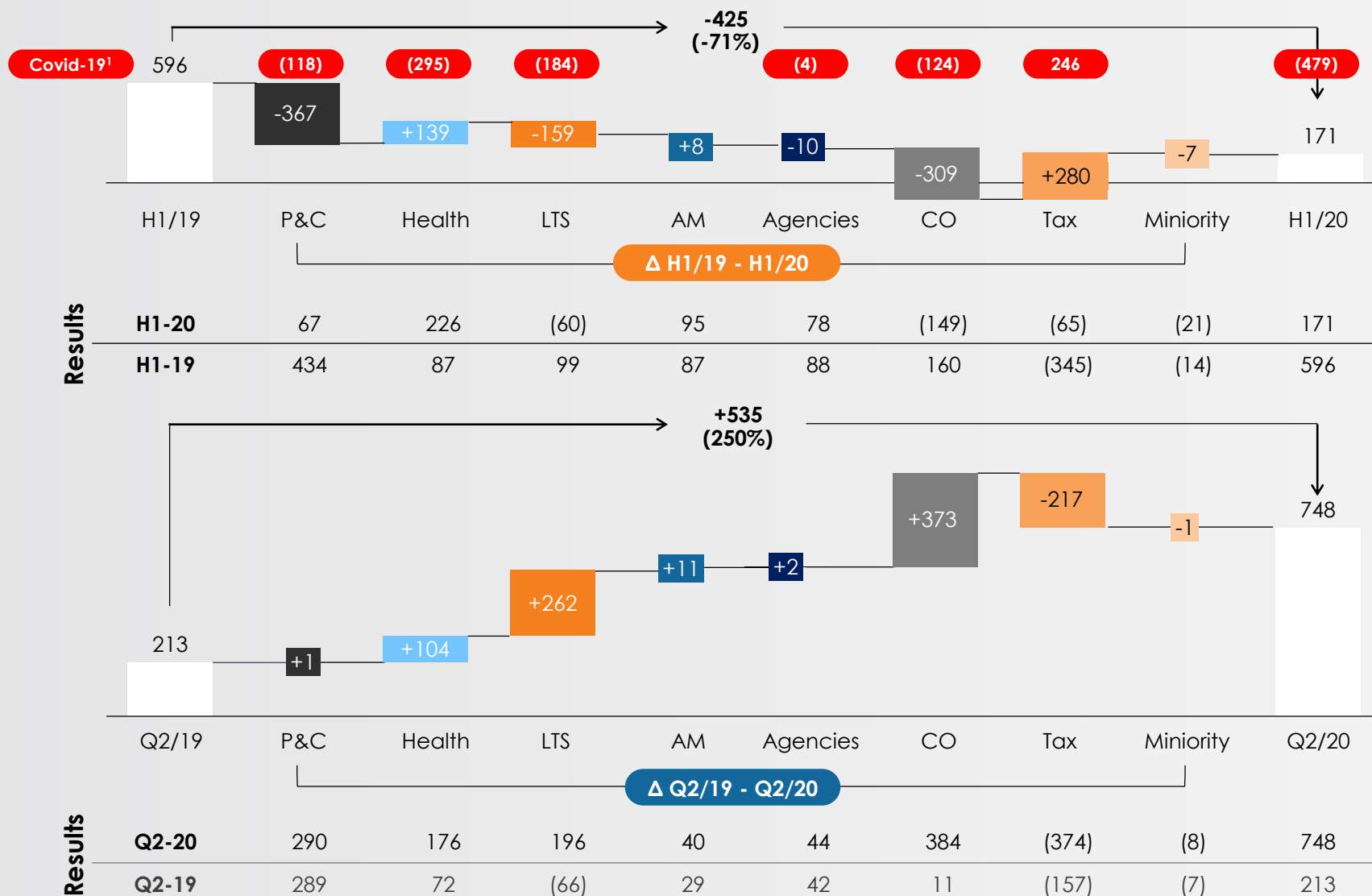
COVID-19 IMPACT

- Covid-19 weighs on H1 results
- Market recovery and investment performance assist superior results in Q2

RESULTS

- Group posts NIS 748 million of quarterly profit
- Group posts NIS 171 H1 profit
- Investments performance assists overall recovery

COMPREHENSIVE INCOME DRIVERS > (Pre-tax, Nis m)



1) NON-GAAP Adjustments post tax, for further information please refer to Appendix A.

PREMIUMS, BENEFIT CONTRIBUTION

COVID-19 still weighs on collected premiums and benefit contributes

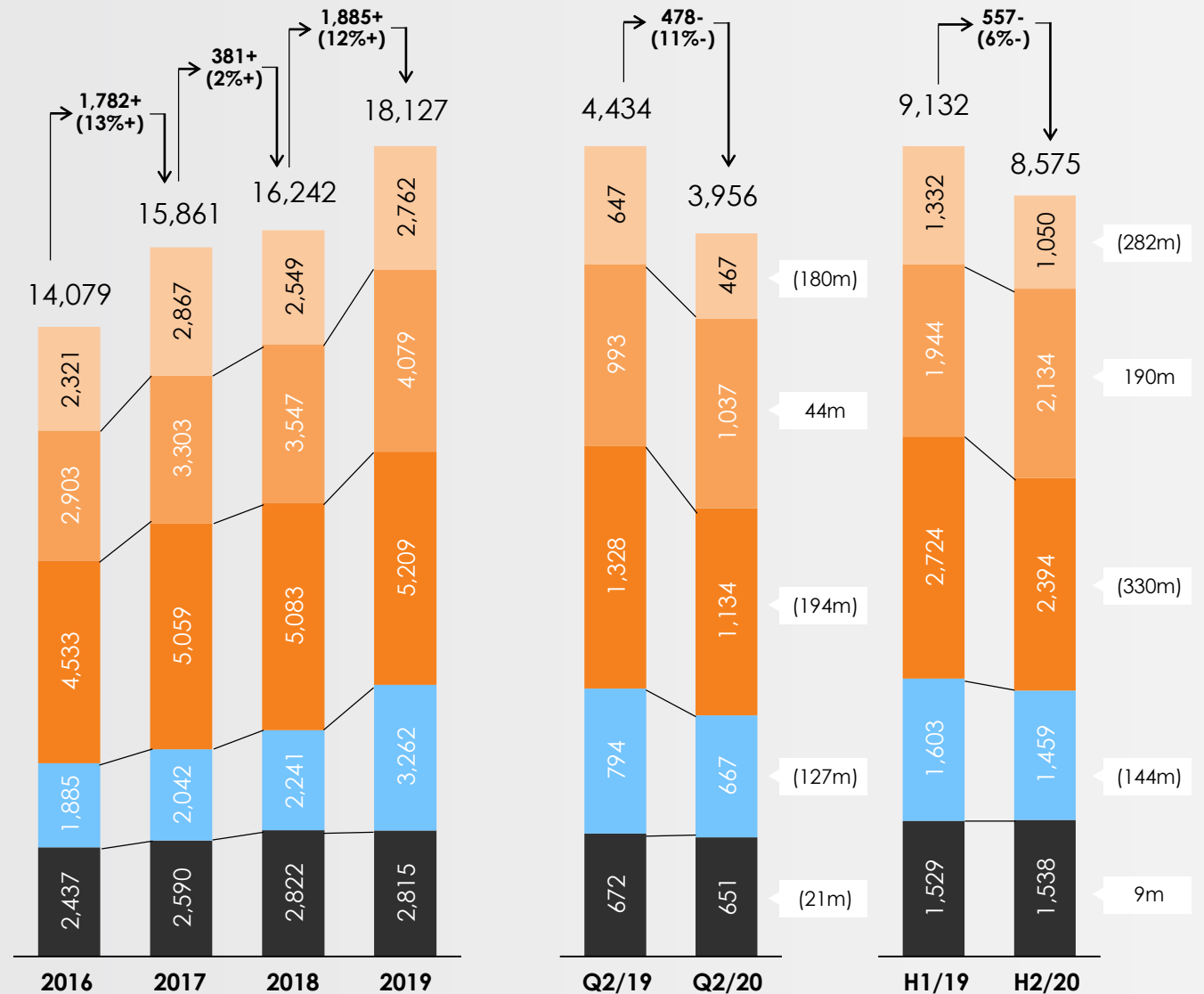


Premiums and benefit contribution decrease due to COVID-19

- Lower one time deposits, mainly in Provident and Life
- Discontinuation of LTC sales and halt in international travel due to COVID-19



PREMIUMS & BENEFIT CONTRIBUTION > (Nis m)



ASSETS UNDER MANAGEMENT

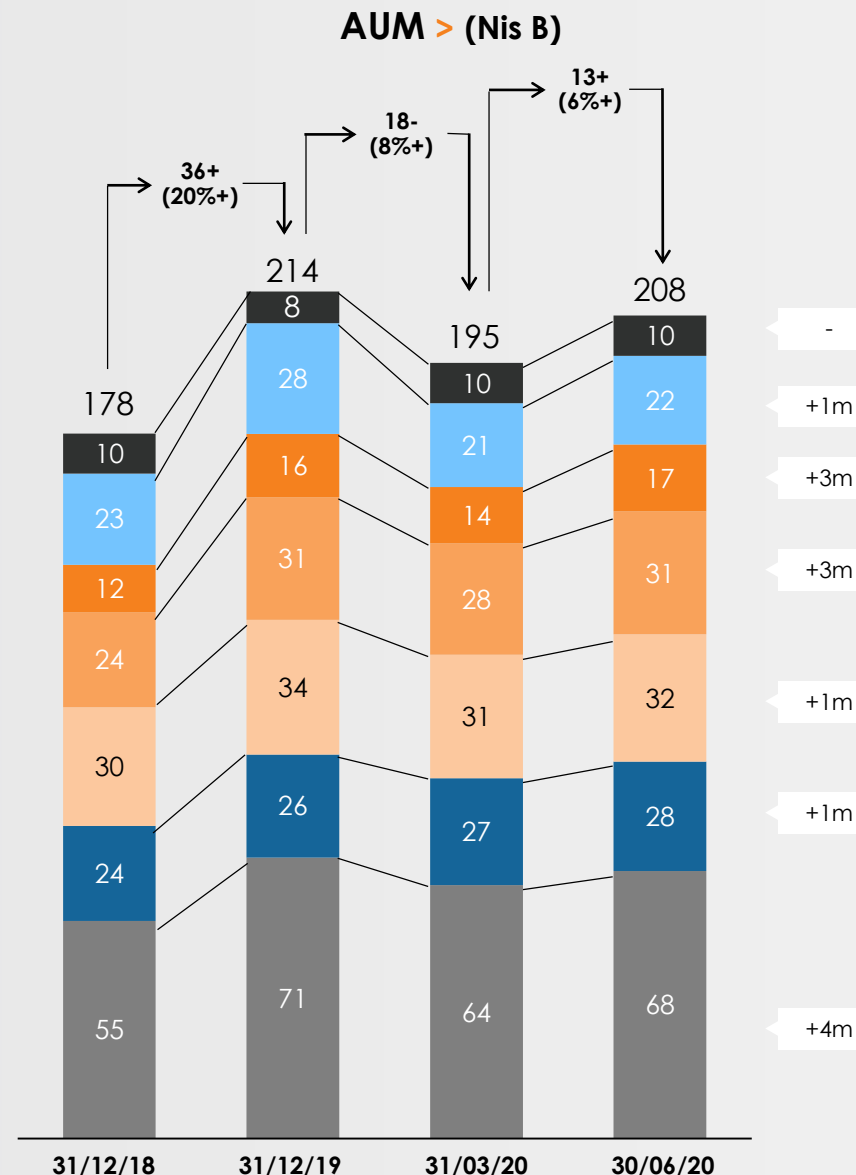


AUM recovery during Q2 despite COVID-19

AUM

- Company posts slight decrease over H1
- Company posts recovery during Q2, mainly driven by ETFs positive impact
- AUM as of 31.07.2020: NIS 213 bn

- Customers portfolio
- ETF
- Mutual funds
- Pension
- Provident
- Nostro
- Ins.&Inv. Contracts





Q2 Investments performance recovery and underwriting profit stability

COVID-19 IMPACT

- Average premium price drop industry wide
- Claim frequency drop industry wide

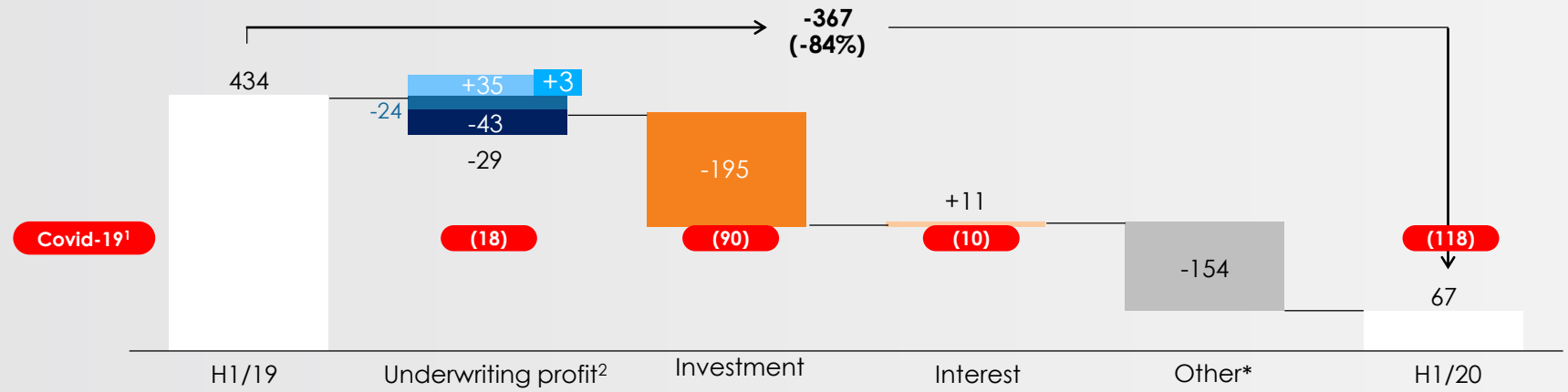
RESULTS

- Lower investments income in H1, mainly due to Covid-19
- Lower insurance liabilities in H1/19 due to increase in capitalization rate to 3%*
- Winter weather damages and flight cancellations in Q1 lead a lower profit

1) NON-GAAP Adjustments pre tax, for further information please refer to Appendix A.
2) Under assumption of 3% annual return

* Winograd Commission

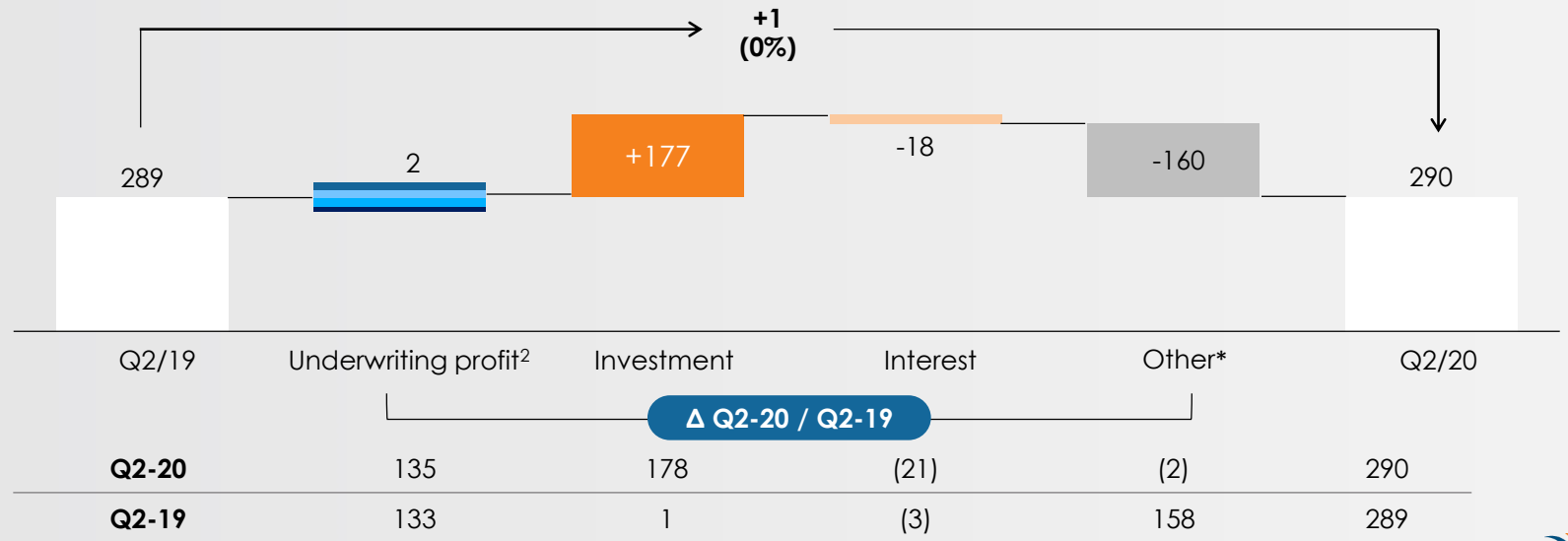
COMPREHENSIVE INCOME DRIVERS > (Pre-tax, Nis m)



Results

| | H1-20 | H1-19 |
|----------------------------------|-------|-------|
| Underwriting profit ² | 169 | 198 |
| Investment | (90) | 105 |
| Interest | (10) | (21) |
| Other* | (2) | 152 |
| H1-20 | 67 | 434 |

Results



| | Q2-20 | Q2-19 |
|----------------------------------|-------|-------|
| Underwriting profit ² | 135 | 133 |
| Investment | 178 | 1 |
| Interest | (21) | (3) |
| Other* | (2) | 158 |
| Q2-20 | 290 | 289 |

● Compulsory motor ● Motor property ● Property and others ● Liability



HEALTH



Underwriting results improvement despite COVID-19 impact

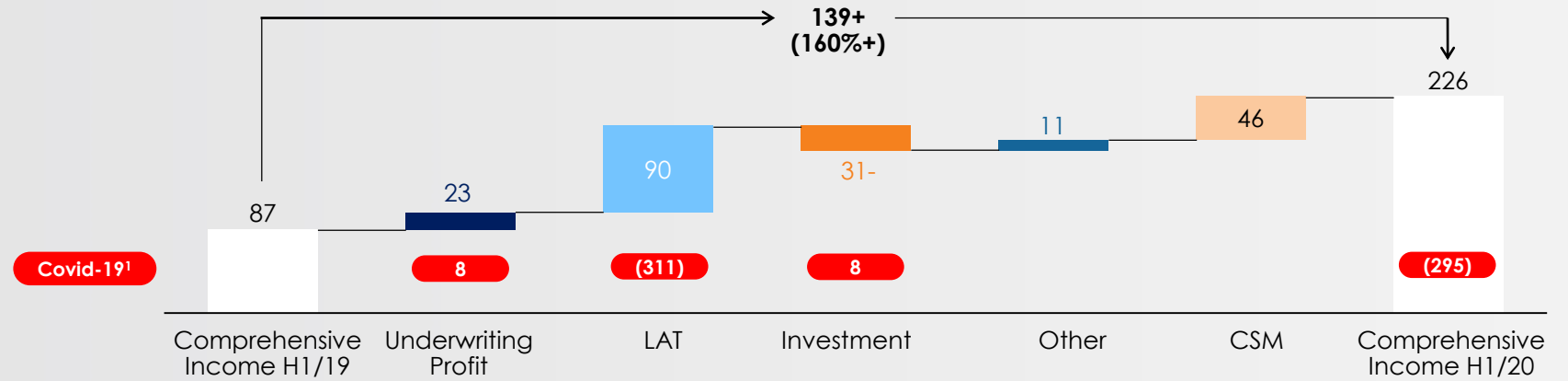
COVID-19 IMPACT

- Near complete halt of international flights impacts results

RESULTS

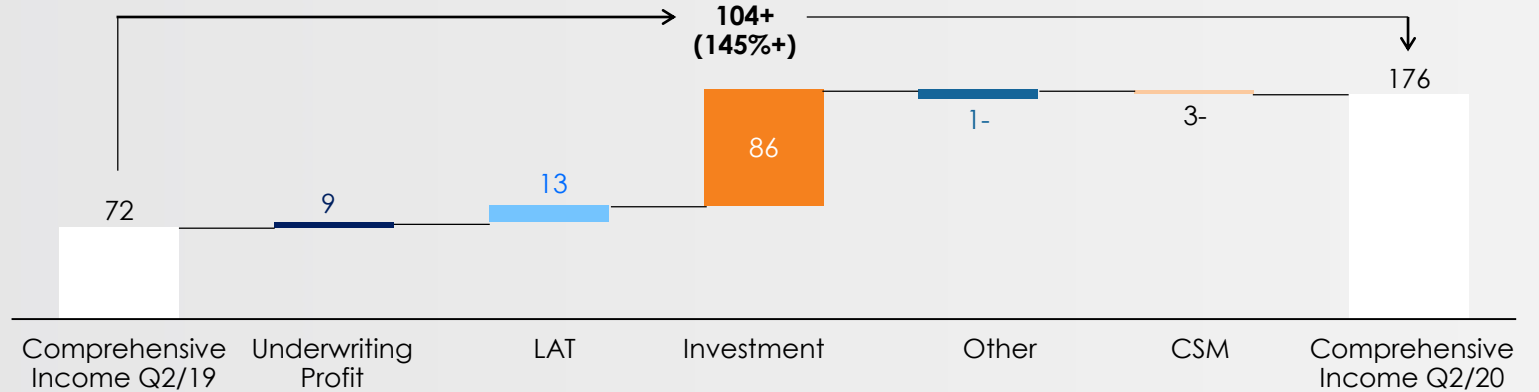
- Company posts ILS 226 m in profit over H1, and ILS 176 M of profit in Q2
- LAT reserve changes due to initial application of regulatory amendments to the LAT circular and to the liquidity premium

COMPREHENSIVE INCOME DRIVERS > (Pre-tax, Nis m)



Results

| | Δ H1/19 - H1/20 | | | | | |
|--------------|-----------------|------|----|----|----|-----|
| H1-20 | 99 | 54 | 8 | 19 | 46 | 226 |
| H1-19 | 76 | (36) | 39 | 8 | 0 | 87 |



Results

| | Δ Q2-20 / Q2-19 | | | | | |
|--------------|-----------------|----|----|---|-----|-----|
| Q2-20 | 61 | 28 | 90 | 0 | (3) | 176 |
| Q2-19 | 52 | 15 | 4 | 1 | 0 | 72 |

1) NON-GAAP Adjustments pre tax, for further information please refer to Appendix A.

LTS



Financial market turmoil and deficit in variable management fees drive losses

COVID-19 IMPACT

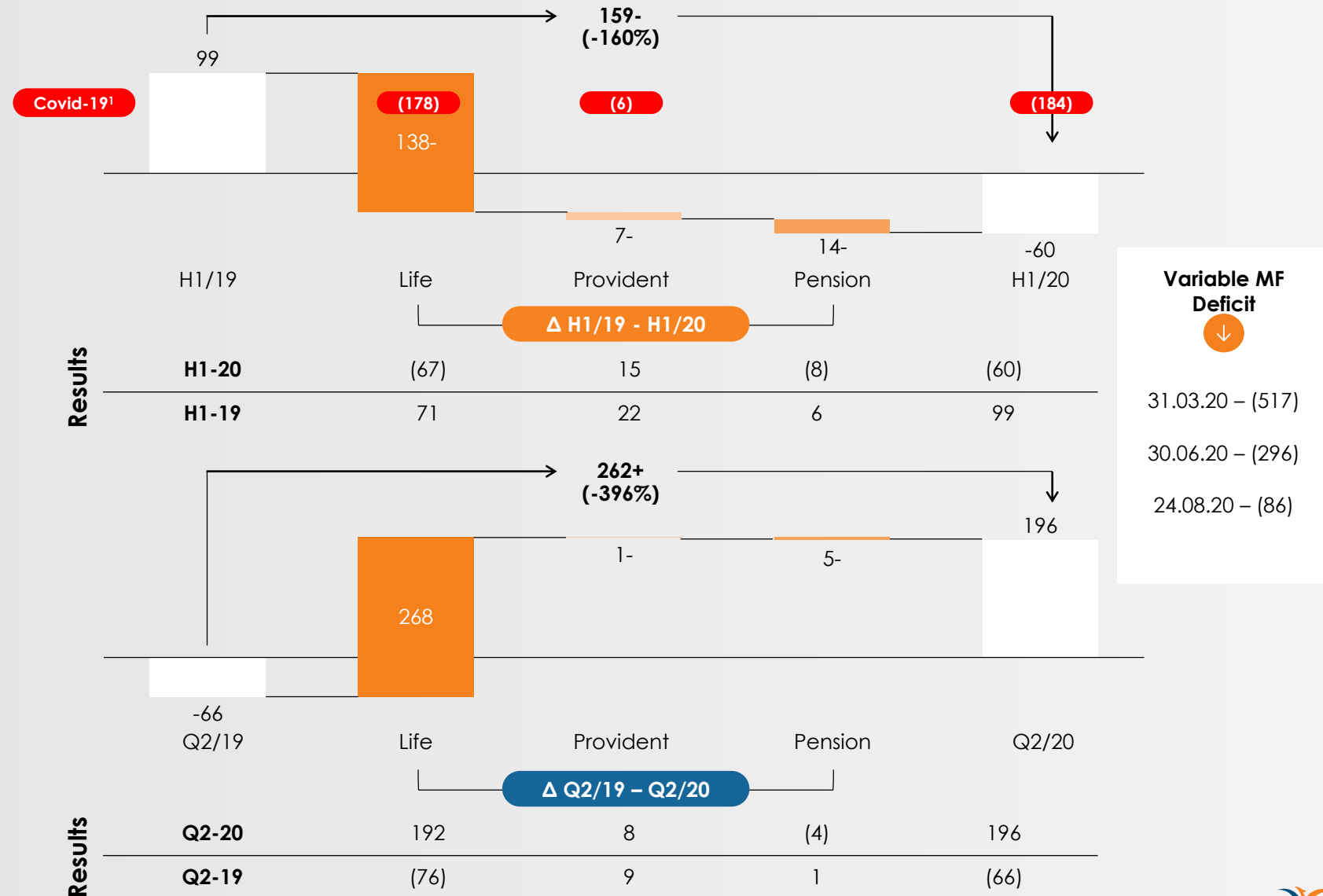
- Variable management fees were not collected due to investments loss, improvement in deficit during Q2
- Lower investment yields lower margins in yield guaranteed provident funds

RESULTS

- H1 loss of NIS 60 million, impacted by Covid-impacts and erosion of average premium
- Strong results in Life drive profit higher in Q2

1) NON-GAAP Adjustments pre tax, for further information please refer to Appendix A.

COMPREHENSIVE INCOME DRIVERS > (Pre-tax, Nis m)



CORPORATE (CO)



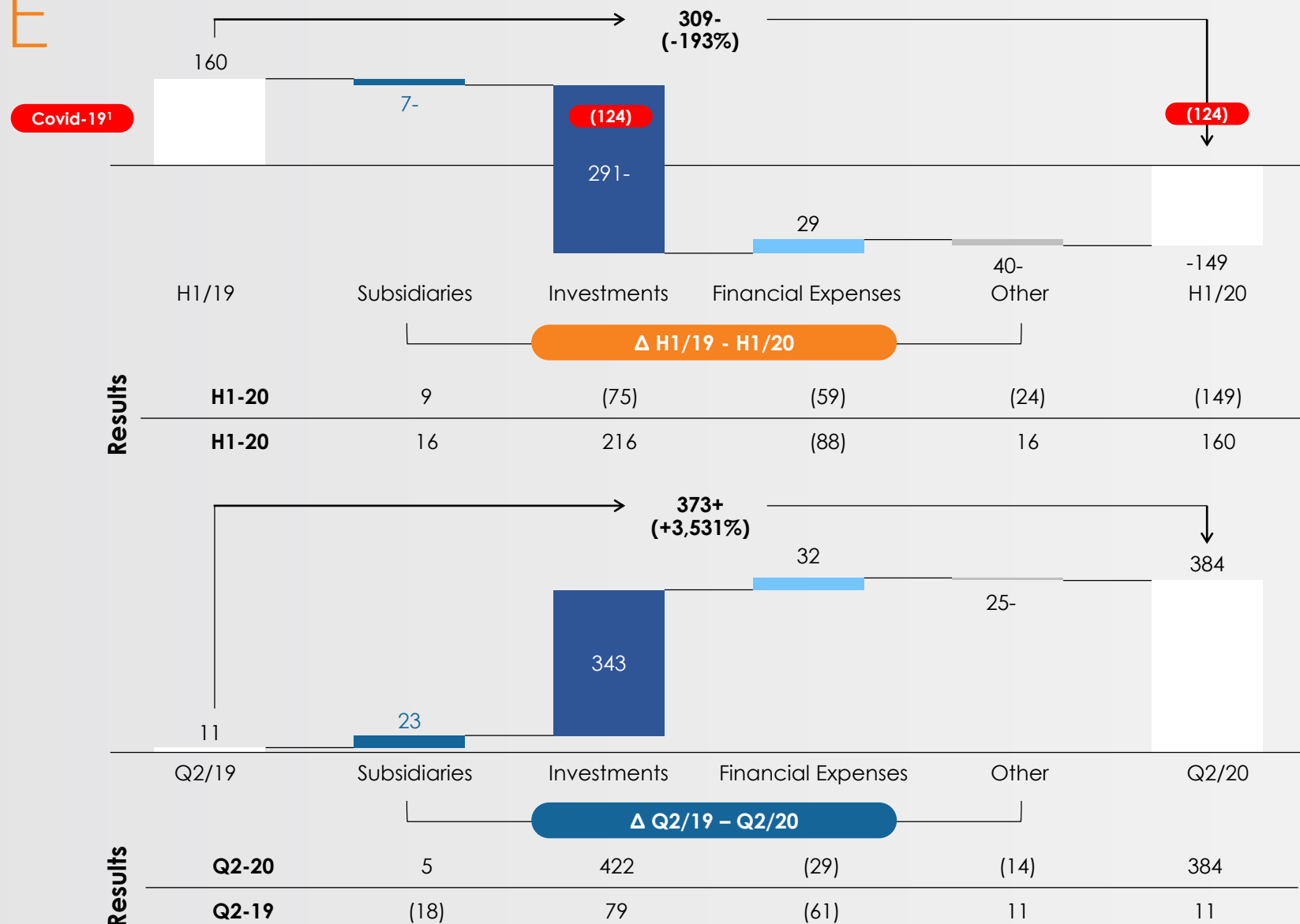
Q2 significant recovery led by investments and lower financing expenses

RESULTS

- COVID-19 weighs on overall H1 results and lead to a NIS 149 m loss
- Financial margin recovery during Q2 and superior investment performance lead to a NIS 384 m in profits

1) NON-GAAP Adjustments pre tax, for further information please refer to Appendix A.

COMPREHENSIVE INCOME DRIVERS > (Pre-tax, Nis m)



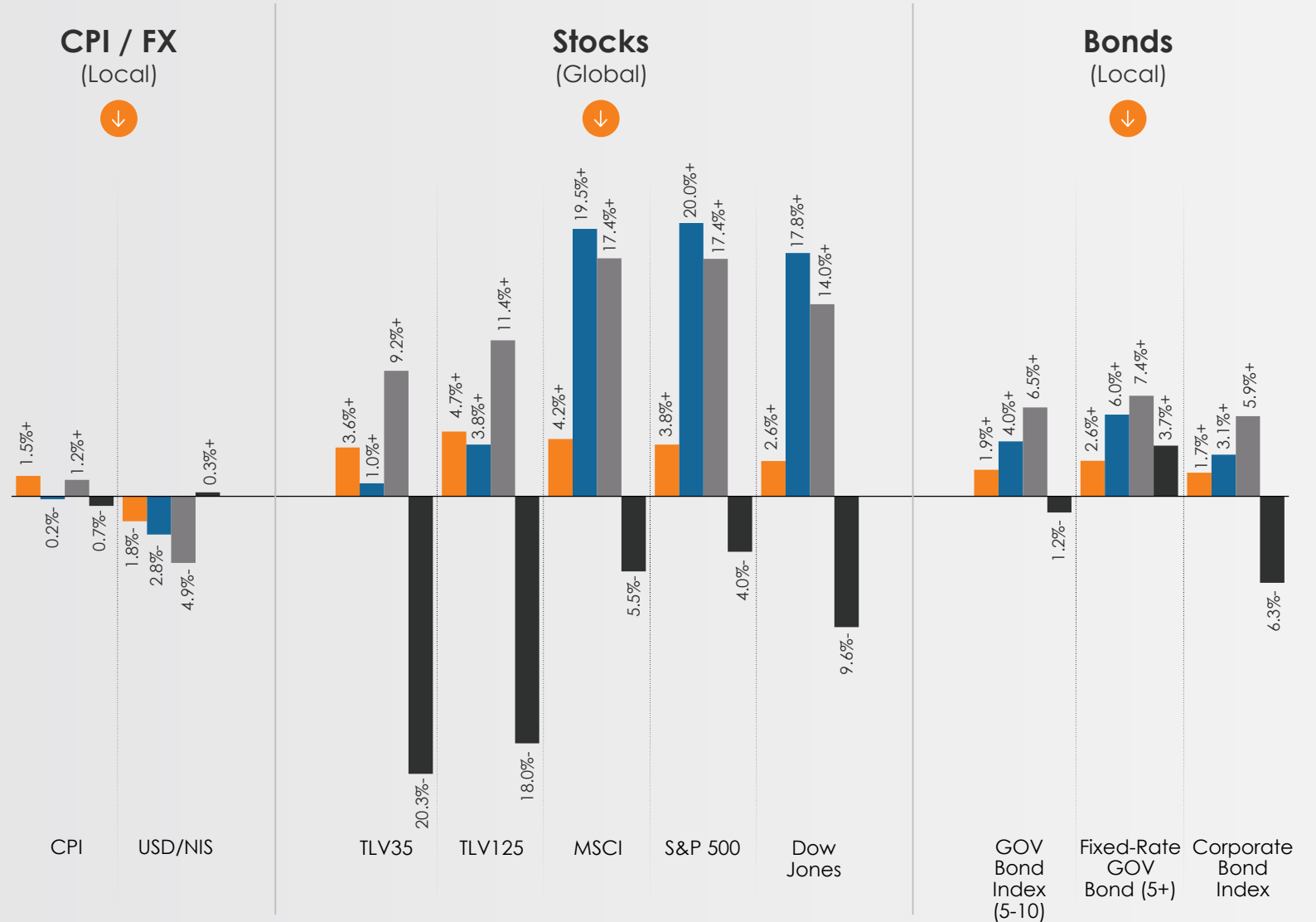
MAIN MARKET INDICES

(Q2/19, Q2/20, H1/19, H1/20)

- Local CPI decrease compared to H1/2019
- Significant recovery in global stock markets, followed by a slight local recovery

● Q2/19 ● Q2/20 ● H1/19 ● H1/20

Main Market Indices



MARKET VS. PHOENIX YIELDS

(Q2/19, Q2/20, H1/19, H1/20)



Q2/20 financial markets recovery and low global interest rates generate solid returns

- Smaller deficit in variable MF
- Nostro post reporting date improvement across the board

● Q2/19 ● Q2/20 ● H1/19 ● H1/20

1) Pre tax
 2) Pro Forma calculation for 01.07.2020 – 24.08.2020
 * Refers to yields in the general plan

NOSTRO

1.1.20 – 30.06.20

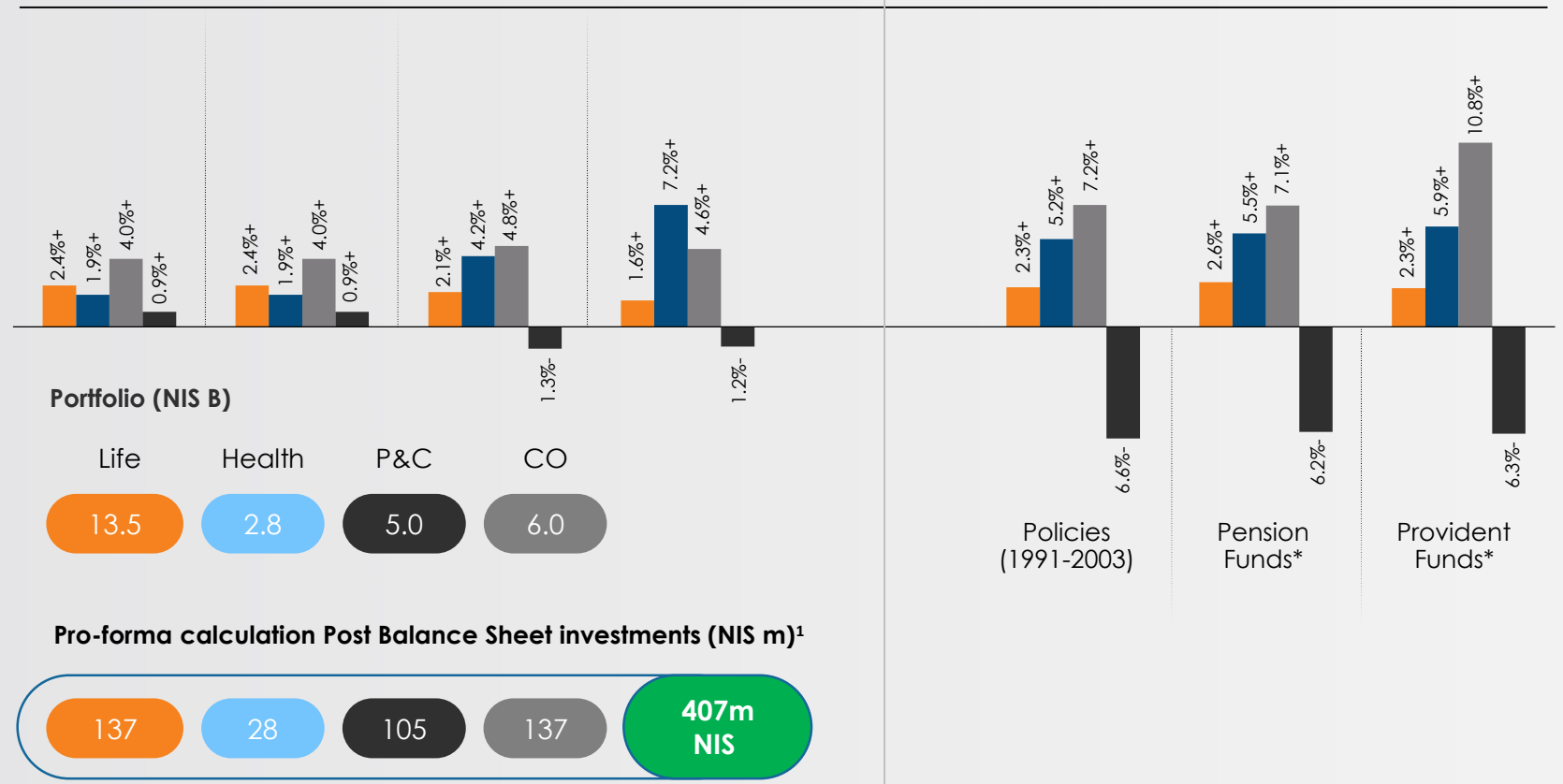
OPM

MF Deficit

31.03.20 – (517)

30.06.20 – (296)

24.08.20 – (86)



THE PHOENIX WAY FOR BUSINESS GROWTH



Capitalizing
on group
synergies



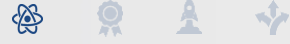
Reliable,
persistent, Leading
investment division



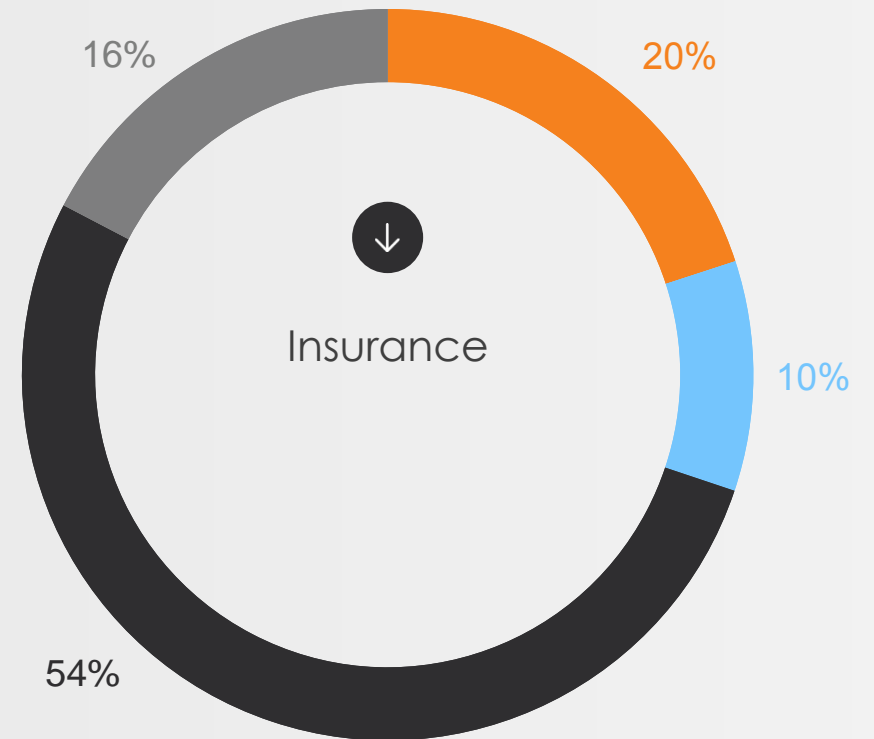
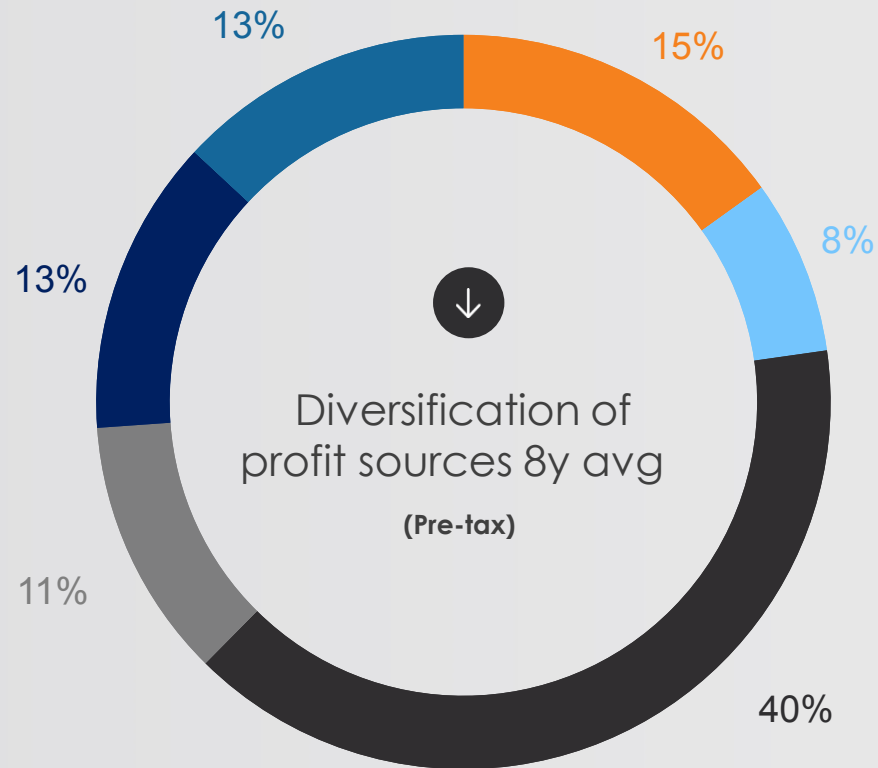
Leveraging
Distribution
channels - direct and agents



Innovation
development
and integration of new
technologies

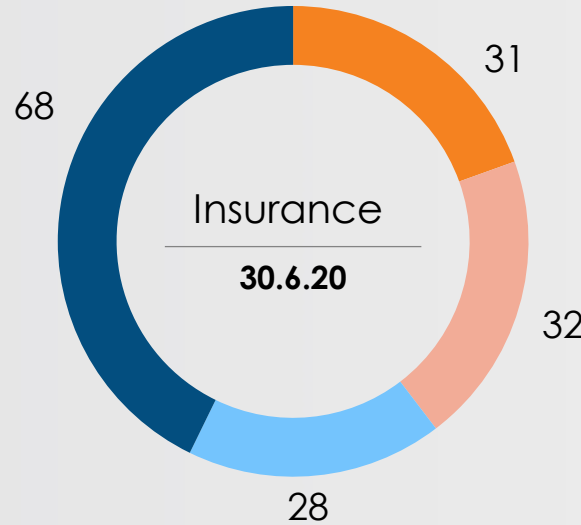


CAPITALIZING ON GROUP SYNERGIES





RELIABLE, PERSISTENT LEADING INVESTMENT DIVISION

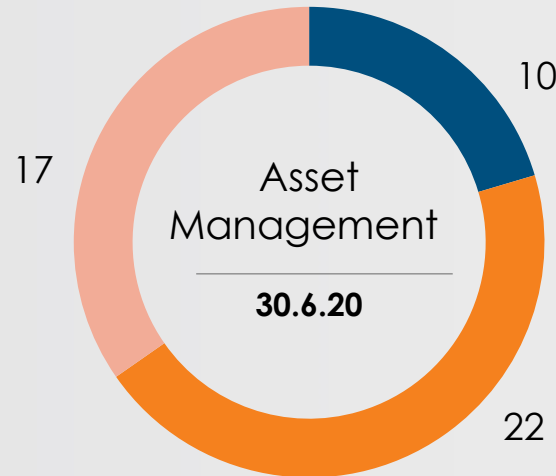


INSURANCE

- Employees: 70
- AUM: 159 bn

Specialize in Long Term Services and Nostro asset management in multiple asset classes, such as: local and global marketable assets, non marketable debt, Real Estate and alternative investments

- Pension
- Provident
- Nostro
- Ins.&Inv. Contracts



Private Funds

ANCOR, RE DEBT, CO-INVEST

- Employees: 10
- AUM: 1 bn

Excellence

SHORT TERM SAVING

- Employees: 330
- AUM: 48 bn

Market leader in the local eff arena and a substantial player in the active funds arena

- Customers Portfolio
- ETFs
- Mutual Funds






 Experience

 Consistency

 Risk Management


 Performance
excellence

 Responsibility

 Team Work

 Market Leader

RELIABLE, PERSISTENT LEADING INVESTMENT DIVISION

 Innovation


 Long Term Vision

 Flexibility

 Adaptive

 Agility

 Professionalism

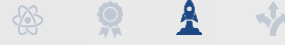
 Strategic



RELIABLE,
PERSISTENT
LEADING
INVESTMENT
DIVISION

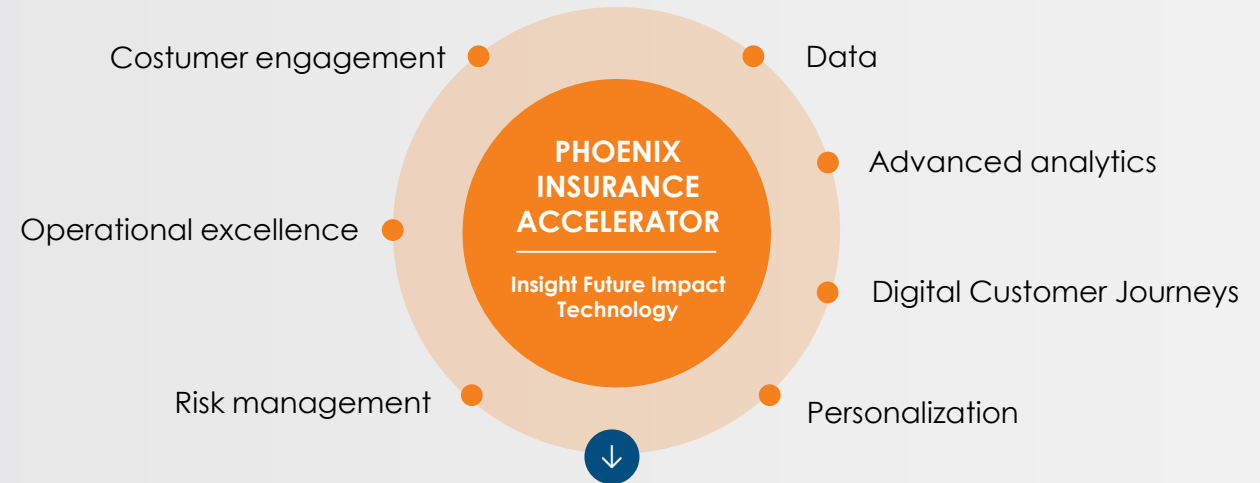
Phoenix Investments



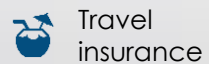


BUILDING THE PHOENIX TECHNOLOGY EDGE

Next Generation Insight Technologies:



Implementing Impactful For Proven Technologies:



Travel insurance



Ambulatory Refunds



Rotorcraft insurance



Young driver



Agent's Fast Track Ambulatory Claims



NLP based software for medical history analysis



Claim payments via Bit



Fast Track Surgeries Claims



Customer's Fast Track Ambulatory Claims



Digital Claims

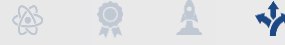


Pay as you drive



EITX





LEVERAGING DISTRIBUTION CHANNELS: DIRECT & AGENTS



Upgraded, better, more
efficient service for agents



Advanced Technology:

Encouraging independent,
new world of activity
tracking for agents

**Human Capital
& Expertise:**

personalized and
professional service



Profitable
Sales Growth



- Technological infrastructure strengthening
- Data
- Customer Experience



APPENDIX



NON GAAP: COVID 19 ECONOMIC IMPACT



COVID-19 Non GAAP impact adjustments: Adjustments of the impact reported at the financial statements to the economic impact of COVID-19.

Financial Statements > (Pre-tax)

| NIS m | INVESTMENT ¹ | INTEREST ² | UNDER WRITING IMPACT ³ | TOTAL IMPACT | ECONOMIC IMPACT (PRE TAX) ⁴ | TOTAL IMPACT (PRE TAX) | TAX | TOTAL COVID-19 IMPACT (POST TAX) |
|---------------------|-------------------------|-----------------------|-----------------------------------|--------------|--|------------------------|------------|----------------------------------|
| P&C | (53) | (10) | (18) | (81) | (37) | (118) | 40 | (78) |
| Health | 38 | (311) | 8 | (265) | (30) | (295) | 100 | (195) |
| LTS | (36) | 1 | - | (35) | (149) | (184) | 63 | (121) |
| Agencies | (4) | - | - | (4) | - | (4) | 1 | (3) |
| CO | (75) | - | - | (75) | (49) | (124) | 42 | (82) |
| Total Impact | (130) | (320) | (10) | (460) | (265) | (725) | 246 | (479) |

(1) As reported in the Covid-19 Note 1 section (3) in the financial reports and after offsetting the guaranteed yield to policyholders of approximately NIS 138m in LTS segment.

(2) The Company assumed interest rate changes during H1 as a Covid-19 impact due to global monetary policy. For further details on the global monetary policy please refer to section 3 of the BOD report. For further details on the relevant adjustments please refer to Note 7 of the financial report.(health

(3) For Covid-19 impact on underwriting results see Note 1 section 2 (b)(C) of the financial report.

(4) Investments under assumption of (3% + CPI) annual return including non collection of variable management fees of approximately NIS 60m (under assumption of 3%+CPI) in LTS segment under.



PHOENIX HOLDING

Balance Sheet As of 30/06/2020 (ILS m)



COMMENTS

- Total assets for yield dependent contracts are down 3,537 compared to 31/12/2019, mainly due to the investment losses and withdraws due to COVID-19.
- Decrease of approximately 5% in total assets for yield dependent contracts from 31/12/2019 mainly due to the outbreak of Covid19.
- Total liabilities in respect of yield dependent insurance contracts are down approximately 5%, mainly due to the investment losses and withdraws due to COVID-19.
- Total assets are down approximately 2,294 compared to 31/12/2019
- The company maintains stable liquidity

| Assets | 30/06/2020 | 31/12/2019 | Liabilities | 30/06/2020 | 31/12/2019 |
|---|-------------------|-------------------|---|-------------------|-------------------|
| Total assets for yield-dependent contracts in consolidated insurance company | 68,125 | 71,662 | Liabilities in respect of yield-dependent insurance contracts and investments contracts | 67,831 | 71,091 |
| Other Financial investments | 25,783 | 24,809 | Liabilities in respect of non-yield-dependent insurance contracts and investments contracts | 23,388 | 23,192 |
| Financial investments and cash for holders of debt instruments, ETFs, short ETFs, complex ETFs, currency ETFs, and structured bonds | 271 | 284 | Liabilities in respect of ETFs, complex ETFs, and structured bonds | 270 | 282 |
| Intangible assets | 1,794 | 1,760 | Others | 9,480 | 8,863 |
| Cash and other cash equivalents | 1,902 | 1,732 | - | - | - |
| Others | 9,878 | 9,817 | Total equity | 6,801 | 6,636 |
| Total Assets | 107,770 | 110,064 | Total equity and liabilities | 107,770 | 110,064 |

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 |
| 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 |
| 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 |
| 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 |
| 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 |



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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 prepared for the sake of convenience and brevity and is not a substitute for a review of the Company public reports, which contain complete information about the Company, before making any decision to invest in the Company's securities.

Some of the information in this presentation that does not refer to historical facts constitutes forward-looking information, as defined in the Securities Law 1968. Forward-looking information reflects our the Company's current views with respect to future events and are based on assumptions and subject to risks and uncertainties (such as Covid-19 impacts) that could cause actual results to differ materially from those contemplated. The Forward-looking information shall not be considered as a representation, warranty, declaration, obligation, undertaking and/or commitment, of any kind, made or owed by the Company and/or its directors, officers, employees, representatives. You should not unduly rely on any forward-looking information. The forward-looking information speaks only as of the date of this presentation, and the Company assume no obligation to update or revise the forward-looking information for any reason.

THANK YOU

Financial Statements → Investors Presentation

