

Phoenix Financial Publishes Results for Q1 2025

May 29, 2025, Tel Aviv, Israel - Phoenix Financial Ltd., a leading Israel-based insurance and asset management company (TLV:PHOE) ("Phoenix," the "Group," or the "Company"), today reported results for the first quarter of 2025.

Highlights

Comprehensive income for Q1/2025 totaled NIS 568 million; NIS 2.26 in earnings per share, 21.3% in return on equity

Core income grew to NIS 626 million, an increase of 15% compared to the corresponding quarter last year with 23.6% in core return on equity

Continued growth in Asset Management with income growing to NIS 204 million, a 43% increase compared to the corresponding quarter last year

After updating its dividend policy from semi-annual to quarterly distributions, Phoenix announces a NIS 230 million dividend (NIS 0.91 per share) from Q1 earnings

Starting 2025, Phoenix is implementing IFRS 17 and IFRS 9 (hereinafter - the "New Standards"), which have a positive effect on the results of Phoenix Insurance

As announced in March, Phoenix will update its strategic targets for 2027 later this year in light of the positive effect of the New Standards as well as the accelerated growth and performance of the Asset Management activity, which together reflect an additional potential income of NIS 400-600 million beyond the previous comprehensive income target of NIS 2 billion for 2027.

Comprehensive Income and ROE

- **Accounting standards** - As of this quarter, the Group is applying IFRS 17 (instead of IFRS 4) and IFRS 9 to its financial statements (hereinafter - the "New Standards" and the "Previous Standards"). The New Standards have had a positive effect on the results of Phoenix Insurance.
- **Target update** - As published in March 2025, during 2025 the Group will revise its strategic targets in light of the positive effect of the New Standards and improvement in the performance of the Asset Management activity, which together reflect an additional potential income of NIS 400-600 million beyond the comprehensive income target of NIS 2 billion for 2027.
- **The Group reports** NIS 568 million in **comprehensive income** for Q1/2025, reflecting NIS 2.26 in earnings per share and 21.3% in return on equity, compared to NIS 510 million in the corresponding quarter last year (NIS 284 million based on the Previous Standards).
- **Core comprehensive income** totaled NIS 626 million, reflecting a normalized return on equity of 23.6%, compared to NIS 542 million in the corresponding quarter last year (NIS 322 million based on the Previous Standards).

Continued growth

- **Diversified growth generates strong and stable cash flows** - Phoenix's growth engines are based on leading platforms, efficiency, profitability, and an optimized business mix - which generate for Phoenix substantial diversification in terms of sources of growth as well as stable and growing cash flows. These factors allow Phoenix to transition from semi-annual to quarterly dividend distributions.
- **Asset Management growth engines** – Core income from Asset Management (including Wealth & Investments, Retirement, Financing (Credit) and Brokers & Advisors (Agencies) was up by 43%, totaling NIS 204 million in Q1/2025, compared to NIS 143 million in the corresponding quarter last year. The adjusted EBITDA - on a consolidated basis including minority interest - totaled NIS 377 million in Q1/2025, compared to NIS 290 million in the corresponding quarter last year, a 30% increase, thanks to accelerated growth, efficiency and the realization of competitive advantages.
- **Insurance growth and optimization** - Core income from Insurance totaled NIS 422 million in Q1/2025, compared to NIS 399 million in Q1/2024 (NIS 193 million under the Previous Standards); this was due to the realization of competitive advantages in Property and Casualty Insurance and implementation of extensive digitization and optimization processes, beyond the positive effects resulting from the implementation of the New Standards.
- **Growth in AUMs and credit** - As of March 31, 2025, total assets under management by the Group increased to NIS 529 billion. Phoenix Gama's total credit portfolio continued to grow, reaching NIS 3.8 billion, with credit facilities of NIS 3.1 billion, including construction finance and consumer credit, which was launched in 2024. During the quarter, Phoenix also completed the transfer of the El Al Frequent Flier activity to Phoenix Gama, under the Credit Card activity, which will strengthen the Financing (Credit) Segment.
- **Equity compensation** - As part of the Group's equity compensation program that includes over 200 managers, and in advance of the transition of selected activities to a new campus later this year, the Company will allocate restricted shares (RSUs) to employees of the Insurance and Retirement subsidiaries with the goal of fostering a culture of excellence and create a work environment and compensation structure aligned with Group success.

Dividends and financial strength

- Phoenix continues to maintain high financial resilience, liquid balances and low net debt, and is focused on effective capital management optimized for value creation.
- Phoenix Insurance has a solvency ratio of 183% as of December 31, 2024 (including transitional measures and a dividend distribution), above the long-term target of 150-170%. The solvency ratio without transitional measures is 155%, within the long-term target range and above the Board threshold.
- After updating its dividend policy from semi-annual to quarterly distributions, Phoenix announces the distribution of a NIS 230 million dividend from Q1 earnings. This follows a NIS 565 million dividend distribution in April 2025 from H2 2024 earnings. In addition, in 2025 Phoenix has executed share buybacks totaling NIS 21 million YTD.

Eyal Ben Simon, CEO of Phoenix Financial:

"Phoenix continues to create value through strategic growth, diversification and growth engines, strong cash flows and dividends, high returns, lower capital needs, and decreased volatility and sensitivity to economic changes.

Israeli financial services offer significant opportunities and enjoy growth in assets under management and demand for diverse investment products and high-level digital services. In order to take advantage of these opportunities, Phoenix has built in recent years strong Asset Management platforms. Q1/2025 was characterized by a significant 43% increase in income from Asset Management, as a result of the realization of the competitive advantages of the Wealth and Investment platforms (including Phoenix Investment House and Phoenix Capital Partners), Financing (Credit / Phoenix Gama) and Brokers and Advisors businesses (Phoenix Agencies). In Insurance, we also see significant opportunities through optimization processes, meticulous capital management, and significant improvement of the client experience, with an emphasis on enhancing digital channels.

Phoenix's strategy continues to focus on accelerated growth, innovation for competitive advantage, active management for developing capabilities and infrastructure to support long-term value creation, and sound capital management. The Group's financial strength allows us to continue to create value for our shareholders by changing the frequency of dividend distribution from semi-annual to quarterly.

Thanks to the growth and results, we intend to revise the Group's strategic targets during 2025, in light of the New Standards and improved performance of the Asset Management business, which together reflect a potential income of NIS 400-600 million beyond a comprehensive income target of NIS 2 billion for 2027.

To encourage employees' commitment to success and engagement, we recently decided to expand our equity compensation plan in an unprecedented manner - for all employees of the Insurance Company.

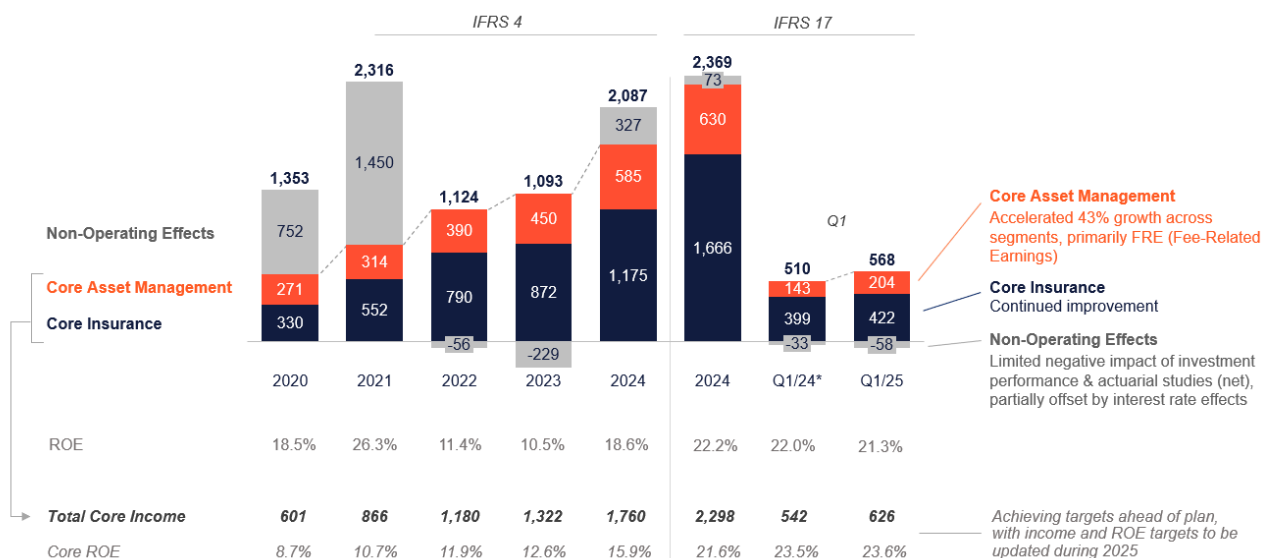
Today, and every day for the past 600 days since October 7, Phoenix management and employees share the pain of the bereaved families who have lost their loved ones, hope for the prompt return of all the hostages, and wish for the full recovery of the wounded."

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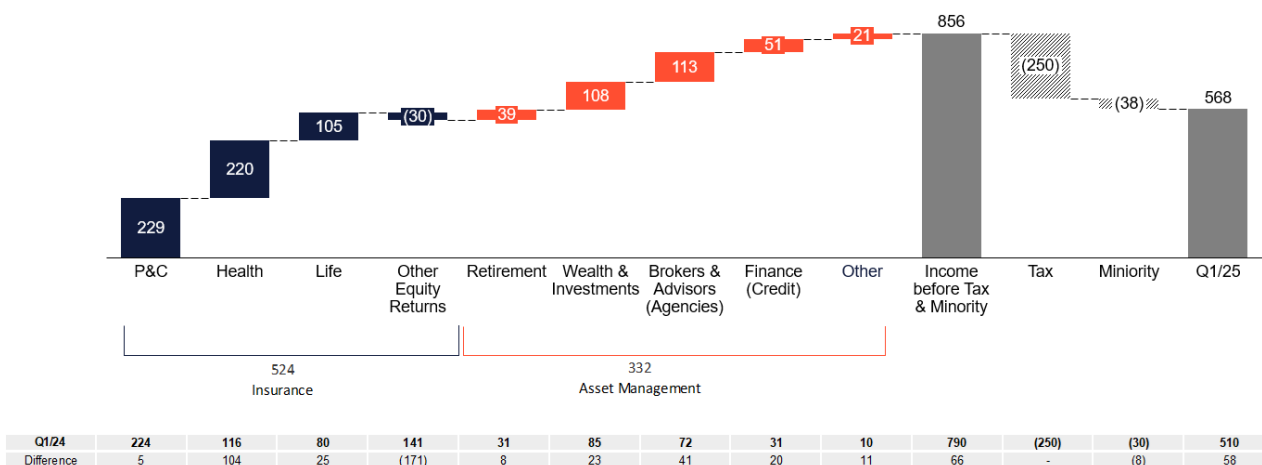
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Comprehensive income breakdown (post-tax, in NIS millions)



Comprehensive income by segment (in NIS millions)



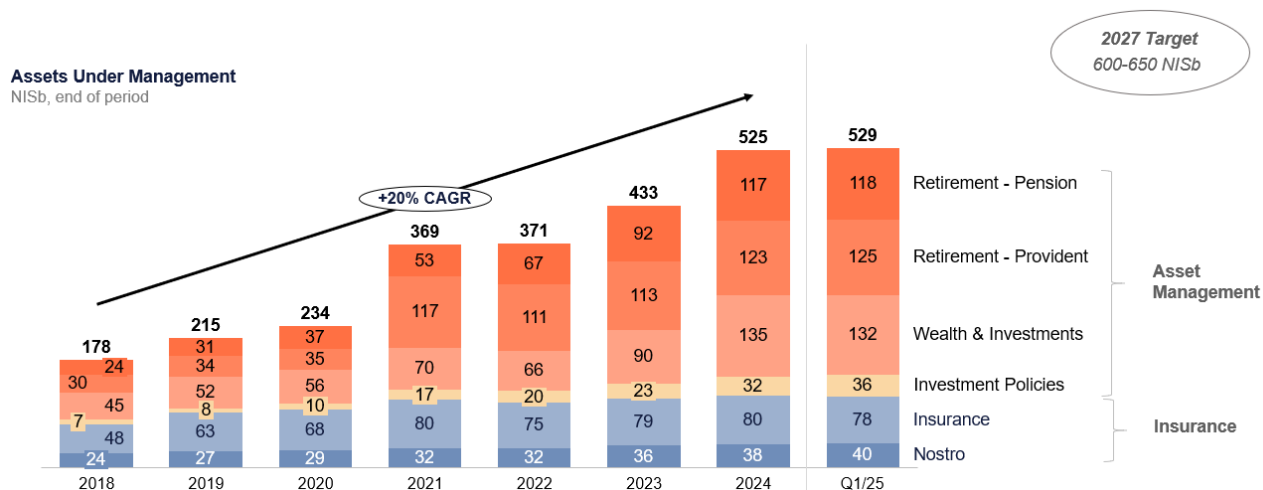
Financial statement highlights

Comprehensive income attributable to shareholders - comprehensive income attributable to shareholders in Q1/2025 amounted to NIS 568 million, reflecting a 21.3% return on equity for shareholders, compared to a comprehensive income of NIS 510 million and a return of 22.0% in the corresponding period last year. Income for the quarter includes a negative effect of NIS (58) million compared to a negative effect of NIS (33) million in the corresponding quarter last year, of non-operating effects (the effect of the capital market above or below the nominal risk-free rate plus 2.25%, interest rate effects, and special effects).

Core income (net of non-operating effects) - Core income grew in Q1/2025 to NIS 626 million (reflecting 23.6% core return on equity), compared to core income of NIS 542 million (reflecting 23.5% core return on equity) in the corresponding quarter last year (NIS 322 million based on the previous standards). Core income from Insurance totaled NIS 422 million compared to NIS 399 million in the corresponding period last year (NIS 193 million based on the Previous Standards), and core income from Asset Management totaled NIS 204 million, compared to NIS 143 million in the corresponding period last year.

Shareholders' equity - Equity attributable to Company's shareholders totaled NIS 11.5 billion as of March 31, 2025.

Assets under management – AUM by the Group was up reaching as of March 31, 2025 NIS 529 billion.



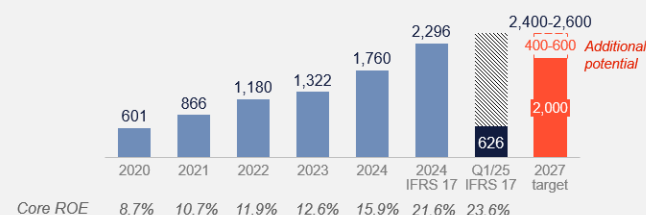
Group targets: core comprehensive income (vs. the 2027 target, in NIS millions)

As published in March 2025, Phoenix will update its strategic targets during 2025 in light of the effect of the New Standards and improvement in the profitability of the Asset Management activity, which together reflect a potential income of NIS 400-600 million beyond the comprehensive income target of NIS 2 billion for 2027.

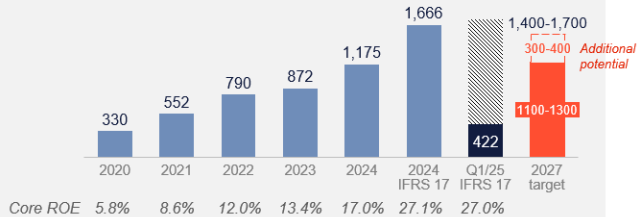
Core Income

NISm, before non-operating effects (capital markets, interest rates, & special items)

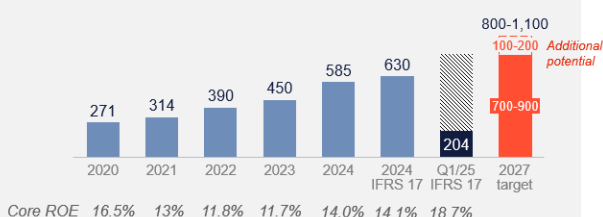
Phoenix Financial



Insurance



Asset Management



Financial results by segment:

(For further details regarding the changes in the financial results, see the Report of the Board of Directors on the State of the Corporation's Affairs and the Analyst Presentation)

Insurance

P&C

Comprehensive income before tax for the Q1/2025 amounted to NIS **229** million, compared to NIS 224 million in the corresponding period last year. Most of the increase stems from an improvement in the underwriting income of the Property and Other products.

Health

Comprehensive income before tax for the Q1/2025 amounted to NIS **220** million, compared to NIS 116 million in the corresponding period last year. Most of the increase was due to the change in the interest rate curve and an increase in the underwriting income in the Medical Expenses product.

Life and Savings

Comprehensive income before tax for the Q1/2025 amounted to NIS **105** million, compared to NIS 80 million in the corresponding period last year. Most of the increase in income resulted from the change in the interest rate curve; this increase was largely offset by the decrease in investment income and underwriting income compared to the corresponding period last year.

Other Equity Returns

Comprehensive loss before tax for the Q1/2025 amounted to NIS **(30)** million, compared to comprehensive income of NIS 141 million before tax in the corresponding period last year. The decrease stems mainly from lower returns in financial markets in Israel and globally.

Asset Management**Wealth & Investments**

Comprehensive income before tax for the Q1/2025 amounted to NIS **108** million, compared to NIS 85 million in the corresponding period last year. The higher income is mainly due to the Mutual Funds & ETF activity.

Retirement (Pension and Provident)

Comprehensive income before tax for the Q1/2025 amounted to NIS **39** million, compared to NIS 31 million in the corresponding period last year. The higher income is mainly due to an improvement in operating income of the Pension Funds Subsegment following growth in assets under management.

Brokers & Advisors (Agencies)

Comprehensive income before tax for the Q1/2025 amounted to NIS **113** million, compared to NIS 72 million in the corresponding period last year. The higher income stems mainly from the initial implementation of the strategy and synergy between the agencies, which led to improved operational efficiency and an increase in the scope of activity.

Financing (Credit) (Phoenix Gama)

Comprehensive income before tax for the Q1/2025 amounted to NIS **51** million, compared to NIS 31 million in the corresponding period last year. The higher income is mainly due to growth in Construction Finance and Credit Cards, as well as from the transfer of El Al Frequent Flier holdings to Phoenix Gama.

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Conference Call Information

Phoenix Financial will hold a conference call on Thursday, May 29, 2025 at 1pm local time in Hebrew and at 5pm local time / 3pm UK / 10am ET in English, and has published dial-in details and the presentation through the Phoenix IR and the Tel Aviv Stock Exchange websites.

About Phoenix Financial

Phoenix Financial is a leading Israel-based insurance and asset management group traded on the Tel Aviv Stock Exchange (TASE: PHOE). Group activities have demonstrated strong compounding AUM and earnings growth and resilient performance across the cycle. Phoenix serves a significant portion of Israeli households with a broad set of activities and solutions across businesses and client segments. Managing over \$140 billion in assets, Phoenix accesses Israel's vibrant and innovative economic activity through a robust investment portfolio, creating value for both clients and shareholders.

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