

The Phoenix Insurance Company Ltd. The Phoenix Holdings Ltd. Phoenix Capital Raising (2009) Ltd.

December 27, 2023

Rating Affirmation

**‘ilAAA’ Issuer Rating On Phoenix Insurance
Company, ‘ilAA’ Issuer Rating On Phoenix
Holdings Affirmed; Outlook Stable**

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Rating Affirmation

'ilAAA' Issuer Rating On Phoenix Insurance Company, 'ilAA' Issuer Rating On Phoenix Holdings Affirmed; Outlook Stable

Overview

- The war between Israel and Hamas could have adverse effects on the Israeli economy in general and on The Phoenix Insurance Company Ltd. ("Phoenix Insurance" or "the Company") in particular, especially if the war continues and expands. However, we estimate that the war will not have a material impact on the Company's performance, as damages and losses directly related to the war will be covered by the government program, and the Company also has catastrophe reinsurance programs that are expected to limit the effect on its capital.
- Following the publication of S&P Global Ratings' revised methodology for assessing insurers' risk-adjusted capital on November 16, 2023, there has been an improvement in our assessment of the Company's financial profile.
- We are hereby affirming our 'ilAAA' rating on Phoenix Insurance Ltd.
- The stable outlook reflects our view that the effects of the war on Phoenix Insurance will remain moderate, and that the Company will maintain its leading business position in the Israeli insurance market.

Rating Action

On December 27, 2023, S&P Maalot affirmed its 'ilAAA' rating on The Phoenix Insurance Company Ltd. and its 'ilAA' rating on The Phoenix Holdings Ltd, both with a stable outlook. We also affirmed our rating on subsidiary Phoenix Capital Raising (2009) Ltd.'s subordinated debt.

Rationale

Phoenix Insurance is currently facing higher risks due to the war between Israel and Hamas.

More broadly, we believe it may suffer from prolonged effects as a result of the slowdown in economic activity in Israel and capital market volatility, especially if the fighting continues and expands (see [Israel Outlook Revised To Negative On Geopolitical Risks; 'AA-' Ratings Affirmed](#), October 24, 2023). However, we estimate that the war will not have a material impact on the Company's performance, as damages and losses directly related to the war will be covered by the government program. In addition, where life losses are not covered by the government, the Company has catastrophe

reinsurance programs which should limit the impact on their capital. The war may affect capital market returns, but we estimate that if it is relatively short and limited to the Gaza Strip and its surroundings, the impact will remain moderate.

Following the publication of S&P Global Ratings' revised methodology for assessing insurers' risk-adjusted capital on November 16, 2023, there has been an improvement in our assessment of the Company's financial profile. In accordance with the revised methodology, we give more credit to Value In Force (VIF) in our calculation, and therefore our assessment of the Company's capital has improved. Phoenix Insurance's overall regulatory solvency ratio (including transition adjustments) was 205% on June 30, 2023, compared to 211% on December 31, 2022. We believe the Company demonstrates robust loss absorption capacity with material capital surplus compared with requirements at the current rating level.

Outlook

The stable outlook on Phoenix Insurance reflects our view that it will maintain its leading business position in the next 18-24 months. Our view is supported by its diversified business model and sound profitability, supporting its capital accumulation. At the same time, we believe its capital adequacy will strengthen and remain adequate in relation to balance sheet risks.

Downside Scenario

We may downgrade Phoenix Insurance in the next 18-24 months if, contrary to our assessment, we see a material weakening in its profitability and capitalization. This scenario may occur if the war between Israel and Hamas persists and even expands to other arenas, with a significant impact on economic activity in Israel.

A negative rating action on Phoenix Insurance could lead to a similar action on Phoenix Holdings. A weakening in Phoenix Holdings' liquidity profile could also lead to a negative rating action.

Environmental, Social, And Governance

ESG factors have an overall neutral influence on our credit analysis of Phoenix Insurance Company Ltd.

Related Criteria And Research

- [Principles Of Credit Ratings](#), February 16, 2011
- [Insurers Rating Methodology](#), July 1, 2019
- [Group Rating Methodology](#), July 1, 2019

**The Phoenix Insurance Company Ltd.
The Phoenix Holdings Ltd.
Phoenix Capital Raising (2009) Ltd.**

- [Environmental, Social, And Governance Principles In Credit Ratings](#), October 10, 2021
- [Hybrid Capital: Methodology And Assumptions](#), March 2, 2022
- [Methodology For National And Regional Scale Credit Ratings](#), June 8, 2023
- [Risk-Adjusted Capital Framework Methodology](#), November 15, 2023
- [S&P Global Ratings Definitions](#), June 9, 2023

Ratings List

Phoenix Insurance Ltd.	Rating	Date when the rating was first published	Date when the rating was last updated
Issuer rating(s)			
Long term	ilAAA/Stable	24/05/2004	11/07/2023
Issuer Credit Rating history			
Long term			
July 11, 2023	ilAAA/Stable		
April 21, 2020	ilAA+/Stable		
October 07, 2018	ilAA+/Positive		
February 19, 2017	ilAA+/Stable		
November 17, 2015	ilAA+/Negative		
May 20, 2014	ilAA+/Stable		
November 18, 2012	ilAA+/Negative		
July 18, 2012	ilAA+/Watch Neg		
October 16, 2011	ilAA+/Stable		
August 26, 2010	ilAA/Stable		
August 17, 2009	ilAA-/Negative		
May 19, 2009	ilAA-/Watch Neg		
February 08, 2009	ilAA/Watch Neg		
May 24, 2004	ilAA		

The Phoenix Insurance Company Ltd.
The Phoenix Holdings Ltd.
Phoenix Capital Raising (2009) Ltd.

Phoenix Holdings	Rating	Date when the rating was first published	Date when the rating was last updated
Issuer rating(s)			
Long term	ilAA/Stable	14/03/2007	11/07/2023
Issue rating(s)			
<u>Senior Unsecured Debt</u>			
Series 4	ilAA	03/02/2020	11/07/2023
Series 5	ilAA	03/02/2020	11/07/2023
Series 6	ilAA	14/12/2021	11/07/2023
Issuer Credit Rating history			
Long term			
July 11, 2023	ilAA/Stable		
October 06, 2019	ilAA-/Stable		
October 07, 2018	ilA+/Positive		
February 19, 2017	ilA+/Stable		
November 17, 2015	ilA+/Negative		
May 20, 2014	ilA+/Stable		
November 18, 2012	ilA+/Negative		
July 18, 2012	ilA+/Watch Neg		
January 12, 2012	ilA+/Stable		
August 26, 2010	ilA/Stable		
May 19, 2009	ilA/Negative		
November 16, 2008	ilAA/Watch Neg		
March 14, 2007	ilAA/Stable		

Phoenix Capital Raising (2009) Ltd.	Rating	Date when the rating was first published	Date when the rating was last updated
Issue rating(s)			
<u>Subordinated debt</u>			
Series 9	ilAA	03/02/2020	11/07/2023
Series 4	ilAA	03/02/2020	11/07/2023
Series 5	ilAA	03/02/2020	11/07/2023
Series 8	ilAA	03/02/2020	11/07/2023
Series 10	ilAA	03/02/2020	11/07/2023
Series 11	ilAA	16/02/2019	11/07/2023
Series 13	ilAA	23/06/2022	11/07/2023
Series 12	ilAA-	27/07/2021	11/07/2023
Series 14,15	ilAA	12/12/2023	12/12/2023

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