

The Phoenix Holdings Ltd.

Monitoring Report | January 2024

This credit rating report is a translation of a report that was written in Hebrew for a debt issued in Israel.

The binding version is the one in the original language.

Contacts:

Lidor Uzan

Analyst, Lead Rating Analyst

lidor.u@midroog.co.il

Amit Federman, CPA

Senior Team Leader, Secondary Rating Analyst

amit.federman@midroog.co.il

Moty Citrin, Vice President

Head of Financial Institutions, Structured Finance and Additional Services

moty.c@midroog.co.il

The Phoenix Holdings Ltd.

Issuer Rating	Aa2.il	Rating outlook: Stable
Series Rating	Aa2.il	Rating outlook: Stable

Midroog affirms Aa2.il issuer rating and rating of bonds issued by The Phoenix Holdings Ltd. (the "Company"). The rating outlook is stable.

Outstanding bonds rated by Midroog:

Series	Security number	Rating	Rating outlook	Final maturity date
PHOENIX B4	7670250	Aa2.il	Stable	31/07/2028
PHOENIX B5	7670284	Aa2.il	Stable	01/05/2030
PHOENIX B6	7670334	Aa2.il	Stable	31/12/2032

SUMMARY OF RATING RATIONALE

The Company's rating is supported by its control of the Phoenix Insurance Company Ltd. ("**Phoenix Insurance**" or the "**Insurer**") (Aa1.il, stable) and by high financial flexibility, reflected in favorable leverage and coverage ratios, and in a liquidity profile, which is characterized by a favorable debt service ratio (DSCR including liquidity reserves), that is favorable for the rating. In recent years, there has been an improvement in the holdings portfolio of the Company, which has continued to operate in line with the strategic plan, completing structural changes which helped to unlock value in some of the investees, improving the mix of the portfolio of investees and promoting a stable visibility of receipts from the other investees, in addition to the Insurer. The Company has a significant holdings portfolio in the insurance and finance sector, its main holdings (wholly controlled by the Company) being Phoenix Insurance, The Phoenix Investments House Ltd. ("**Phoenix Investments House**")¹ (through The Phoenix Investment and Finances Ltd.), The Phoenix Pension and Provident Fund Ltd. ("**Phoenix Pension and Provident Fund**"), an 80% holding in The Phoenix Insurance Agencies (1989) Ltd. ("**Phoenix Agencies**"), and Gama Management and Clearing Ltd. ("**Gama**") (Aa3.il, stable), which operates in the nonbank credit market, mainly through the clearing of credit vouchers, and financing against real estate assets and against deferred instruments – which constitute the major part of the investees' value on the books. The Company has several additional holdings that contribute to the portfolio's diversification.

Under our base case scenario for the years 2024-2025, we foresee an annual scope of sources ranging between NIS 700-800 million, deriving mainly from current dividends received from Phoenix Insurance,

¹ Formerly Excellence Investments Ltd.

Phoenix Agencies and Phoenix Investments House, as well as from annual interest payments totaling NIS 30 million on Additional Tier 1 capital instruments issued to the Company by the Insurer. Additionally, we estimate that Phoenix Insurance will be able to continue maintaining an adequate margin from the regulatory requirements, enabling the continued distribution of dividends within the forecast period in line with the set policy. Uses include mainly annual principal and interest payments within the range of NIS 150-250 million² during the forecast years, without assuming additional material investments during the forecast period. Under this scenario, the interest coverage ratio (ICR) and liquidity ratio (DSCR+cash) are expected to be in the range of 6.0 and 8.2, respectively, which are favorable for the rating. Additionally, the current debt service coverage ratio (DSCR) is expected to be in the range of 1.2-1.9, supporting the Company's financial flexibility and enabling the creation of the liquidity buffer, along with the continued distribution of dividends by the Company to the shareholders according to the set policy. The Company's liquidity profile is favorable for the rating, and supported by significant liquidity reserves, our assumption being that the Company will continue to maintain significant liquidity reserves over time, also in view of the existing debt size. The Company has high financial flexibility, supported by a relatively low LTV ratio, which we estimate will be in the range of 15%-17% during the forecast years, under several scenarios regarding the value of the holdings. At the same time, the debt coverage to FFO ratio in the years 2024-2025 is expected to be in the range of 5.0-5.7, reflecting a good free cash flow relative to both the amount of debt and the rating. In addition, the Company's financial policy is unfavorable for the rating, reflecting a degree of business appetite for leveraged mergers and acquisitions, with no expectation for a decrease in the level of debt in the coming years. However, the financial policy is supported by management of market risks and liquidity that is appropriate for the rating, while the Company has an annual dividend distribution policy³ to pay out no less than 30% of the total distributable profit according to the annual consolidated financial statements.

² Including payments (principal and interest) on loans taken by Phoenix Investments House and Phoenix Agencies from banks.

³ A policy of dividend distribution twice a year: An interim dividend at the discretion of the Board of Directors, at the date of approval of the financial statement for the second quarter of each calendar year, and a complementary dividend in line with the policy at the date of approval of the annual financial statement for each calendar year.

RATING OUTLOOK

The stable outlook reflects our assessment that the Company's business position, financial profile and key metrics will be maintained within the range of Midroog's base case scenario.

At the same time, the war that broke out in Israel on October 7, 2023 has led to a series of repercussions and restrictions, including the partial or full closure of businesses, restrictions on gatherings at workplaces and educational institutions, as well as the contraction of the workforce due to the large-scale call-up of reserves and drop in the number of foreign workers. These factors have resulted in a reduction in economic activity and other negative effects on the Israeli economy. Furthermore, the war has caused sharp declines in Israel's financial markets and the depreciation of the shekel exchange rate. In Midroog's assessment, this period is characterized by a high degree of uncertainty on how the war will develop and on its economic ramifications. Accordingly, Midroog may update the base case scenario for the rating in light of future developments. Further elaboration on the subject is provided in the special report: "Impact of the Iron Swords War on the Creditworthiness of Issuers Rated by Midroog" (October 2023).⁴

FACTORS THAT COULD LEAD TO A RATING DOWNGRADE:

- Continuing deterioration in the business and financial profile of the principal investees.
- Significant decline in the visibility of dividends from the investees in the medium to long term.
- Significant increase in the financial leverage and repayments burden, affecting the Company's financial flexibility.

⁴ See: "[Special Report – Impact of the Iron Swords War on the Creditworthiness of Issuers Rated by Midroog.](#)"

The Phoenix Holdings Ltd. (Separate) – Key Financial Indicators (NIS in millions)

	September 30, 2023	September 30, 2022	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Investments in investees [1]	11,052	11,119	11,657	10,997	9,053	7,451
Cash and cash equivalents [2]	136	27	17	110	40	78
Financial investments [1][2]	1,072	996	1,005	933	19	101
Total assets	11,586	11,161	11,696	11,129	9,132	7,646
Equity	10,108	9,611	10,145	9,653	7,970	6,636
Financial debt	1,568	1,531	1,541	1,457	1,124	1,010

Net debt/investment in investees [1][2]	3%	5%	4%	4%	12%	11%
Liquidity/debt [1][2][3]	77%	67%	66%	72%	5%	18%

Net profit	114	1,022	1,257	1,965	1,169	271
Total comprehensive income	515	599	1,124	2,316	1,353	664
Dividend received	754	615	615	1,063	-	250
Dividend paid	(297)	(581)	(581)	(580)	-	(250)

[1] Including an investment in a hybrid Tier 1 capital instrument of Phoenix Insurance, which is traded on the TACT Institutional Trading Platform since August 2021.

[2] Excluding liquidity reserves of Phoenix Agencies and of Phoenix Investment House, which are included in the calculation in the liquidity requirements for purposes of the rating, and net of nonmarketable assets (separate).

[3] We note that in examining liquidity ratios, Midroog adjusts the underlying assets held in the securities portfolio, according to the type of underlying asset.

DETAILED RATING CONSIDERATIONS

A controlling holding in Phoenix Insurance is a material consideration in the rating; the Company's activities to diversify the holdings portfolio is a positive factor in the rating, but it is still relatively concentrated in the finance sector

The Company has a holdings portfolio that is concentrated in the insurance and finance sector, its main holdings (wholly controlled by the Company) being Phoenix Insurance, Phoenix Investments House and Gama (through The Phoenix Investment and Finances Ltd.), Phoenix Pension and Provident Fund, and 80% of Phoenix Agencies, which constitute the major part of the investees' value on the books and a material part of the receipts for debt service (dividends, principal and interest). These base assets are expected to continue constituting the major component of the value and cash flows in Midroog's base case scenario for the years 2024-2025.

The rating of the financial strength of Phoenix Insurance (positive, Aa1.il) reflects a strong business profile, supported by the fact that the Company is one of the three leading, long-standing insurance companies in Israel, marked by relatively good diversification of business lines and an extensive distribution system, which support its revenue generation capacity. Phoenix Insurance also has

favorable profitability relative to the peer group⁵, backed by excess underwriting profitability, which supports the creation of a capital buffer and a loss-absorbing capacity that is adequate for its rating. However, the financial profile of Phoenix Insurance has been negatively affected over the past year by a relatively low profitability, due, inter alia, to capital market impacts, but this is being targeted by the Company as manifested by the goals of the strategic plan for streamlining and economizing on annual expenses, in tandem with return-focused growth. The Insurer has a reasonable liquidity profile, which is supported by a relatively long duration of liabilities, along with a financial flexibility that is adequate for the rating and backed by a capital adequacy margin significantly above the regulatory minimum. The Group's activities in financial services are carried out for the most part by Phoenix Investments House, which, as of September 30, 2023, has NIS 90 billion in assets under management (AUM), mainly through ETFs and mutual funds. The area of financial services posted in the first nine months of 2023 revenues of NIS 560 million and a pre-tax profit of NIS 176 million. As part of implementing the strategy to ramp up its activity, Phoenix Investments House has worked on acquiring file management activity from Psagot and on a merger between KSM Sal Certificates Holdings Ltd. and Phoenix Investments House. In the long-term savings sector, the Company operates primarily through Phoenix Pension and Provident Fund, which was transferred to the Company in June 2021 by a distribution of shares from Phoenix Insurance by way of a dividend in kind. The Company continued to operate in line with the strategic plan to increase its activities also in the long-term savings sector, and as of September 30, 2023, Phoenix Pension and Provident Fund has an estimated NIS 201 billion under management, up 13% from NIS 178 billion as of December 31, 2022. It should be noted that the Company does not expect a dividend payment from Phoenix Pension and Provident Fund in the next two years, but as part of the future cash flow, the Company is taking into consideration repayment of the loan it provided to Phoenix Pension and Provident Fund. In addition, the activities of the Group's agencies are coordinated through Phoenix Agencies, which includes the activities of the agencies under agreement and the other consolidated insurance agencies. Phoenix Agencies continues to show steady growth, manifested in increased revenues and profit for the first nine months of 2023, with this growth mainly attributable to an upswing in operations and the acquisition of new agencies and activities. In our assessment, Phoenix Agencies will be able to continue supporting the service of the Company's debt, considering capital surpluses, a relatively high cash flow generation capacity, and a dividend policy of distributing 80% of profits.

⁵ Harel Insurance Company, Migdal Insurance Company, Clal Insurance Company, and Menora Mivtachim Insurance.

The Company has several additional holdings that contribute to portfolio diversification, the largest among them being Gama, which operates in the area of non-bank credit, mainly through credit voucher clearing, and financing against real estate assets and against deferred instruments. We note that in the third quarter of 2023, Phoenix Investment and Finances Ltd. completed a full tender offer for the acquisition of Gama shares. After full acquisition of the offerees' shares, Gama became a private company (a reported corporation) wholly owned by Phoenix Investment and Finances Ltd..

Size of dividend distribution from the Insurer depends on exogenous factors, but is supported by a significant margin above the regulatory requirement; steady improvement in the visibility of dividends from the other investees

The Company is significantly dependent on dividends distributed by its major investees to finance its debt service and current operations. The structure of liabilities and regulatory capital of Phoenix Insurance establishes several debt tiers that are senior to the Company's financial debt, with the most senior debt being the Insurer's obligation to policyholders, followed by subordinated debt. Distribution of a dividend that will service the Company's financial debt will be possible, only when there is a degree of certainty that the Insurer is able to serve its obligations according to the seniority hierarchy.

Furthermore, the insurance and long-term savings sector is subject to regulation aimed at maintaining the stability and financial strength of the companies, while striving to safeguard the insured's rights. Thus, the operations of Phoenix Insurance are subject to many restrictions and controls, including on dividend distributions and management of equity sources. As a result, the Company's control over the capacity for dividend distribution by the Insurer also depends on exogenous factors, and thus is relatively limited. A key condition for potential dividend distribution is meeting a solvency ratio of at least 100% as per the Solvency 2 Circular (without taking into account the phase-in period, and without adjustment for the equities scenario), subject to the solvency ratio targets set by the Insurer's board of directors. The minimum economic solvency ratio target, taking into account the phase-in provisions, was set at 135%, while the minimum solvency ratio without taking into account the transitional period provisions was set at 115% (instead of 111%, as of June 30, 2023), which is set to reach 135% after the phase-in period. Additionally, the board of directors of Phoenix Insurance also approved a target range for the economic solvency ratio, between 150%-170%, which the Company is seeking to maintain during and after the phase-in period, considering the deduction during the phase-in period and its gradual reduction. As of June 30, 2023, the solvency ratios of Phoenix Insurance, based on Solvency 2 provisions, stood at 153% (without considering the phase-in period, and including the impact of equity transactions after the reporting date), and 205% (taking into account the phase-in period, and including the impact

of equity transactions after the reporting date), with these ratios constituting a significant margin above the regulatory requirement and above the board of directors' targets as well. We note that these results took into account equity transactions carried out by Phoenix Insurance during 2023, which included dividend distributions⁶ totaling NIS 555 million. These distributions were done based on the solvency ratio results, which reflected a wide margin over the regulatory requirement and over the board of directors' targets. Therefore, we expect that Phoenix Insurance will continue to maintain an adequate margin from the regulatory requirements, enabling further dividend distributions within the forecast period, in line with the set policy. Our assumption of continued dividend distribution from the Insurer is also based on the dividend distribution policy approved in March 2022 by the Insurer's board of directors, whereby it was decided that the Insurer will distribute a dividend ranging between 30%-50% of its overall distributable profit, to be paid out twice a year: at the date of approval of the financial statement for the second quarter of each calendar year, and a complementary dividend in line with the policy at the date of approval of the annual financial statement for each calendar year, according to the Insurer's annual consolidated financial statements, subject to the aforementioned capital targets and the restrictions⁷ on dividend distribution applying to insurance companies. In addition, it was determined that the board of directors of Phoenix Insurance may review dividend payout and decide at any time, taking into account business considerations as well as legal and regulatory provisions applicable to the Company, to make changes in the dividend policy, including the dividend rate to be paid out, in line with the Insurer's capital plan. We note that in addition to the insurance company, the Company has several assets with relatively good dividend visibility, including Phoenix Investments House and Phoenix Agencies, owing to liquid reserves, significant surpluses, and a capacity to generate positive current cash flows.

Debt service coverage ratio that is favorable for the rating and supported by diversification of revenue sources

We expect the structure of the amortization schedule for the short and medium term to continue to align with the cash inflow and the liquidity reserves and to support the debt service coverage ratios. The burden of annual payments (principal and interest) is expected to be in the range of NIS 150-250 million per year in the years 2024-2025. We note that following the acquisition of Halman-Aldubi and in view of the anticipated increase in the capital requirements of Phoenix Pension and Provident Fund, as

⁶ NIS 205 million in respect of the second half of 2022 and NIS 350 million in respect of the first half of 2023.

⁷ Pursuant to the Commissioner's directives from October 2017, an insurance company may pay out a dividend only if after the payout the company has a solvency ratio as per the Solvency Circular, of at least 100%, calculated without taking into account the transitional provisions, subject to the solvency ratio target set by the company's board of directors. In addition, the letter establishes provisions for reporting to the Commissioner.

mentioned above, the Company provided Phoenix Pension and Provident Fund with a loan in a cumulative amount of NIS 300 million. Some of the annual principal and interest payments were set back-to-back with the terms of the bonds (Series 5 and 6) issued by the Company, and they too support servicing of the debt in the forecast period.

Under Midroog's base case scenario for the years 2024-2025, we foresee revenues amounting to an annual NIS 750-800 million, deriving mainly from current dividends from Phoenix Insurance, Phoenix Agencies and Phoenix Investment House, as well as from principal and interest payments from Phoenix Pension and Provident Fund, as mentioned above, and from annual interest payments of NIS 30 million on Additional Tier 1 capital instruments issued to the Company by the Insurer. In 2023, Phoenix Insurance paid out a significant dividend of NIS 555 million, as described above, and we believe it will continue to distribute dividends in line with the distribution policy defined as aforesaid, as long as the margin from the board of directors' target enables this. Uses include mainly annual principal and interest payments within a range of NIS 150-250 million in the forecast years, without assuming additional material investments during the forecast period. We estimate that the Company will continue to distribute current dividends to the shareholders, considering the dividends that will be paid out by the principal investees and as a function of maintaining an adequate liquidity buffer for principal and interest servicing a year ahead, in accordance with the Company's dividend policy.⁸ Accordingly, Midroog's base case scenario takes into account a liquidity ratio (DSCR+cash) in the range of 10.5-6.0 during the forecast years, which is favorable for the rating.

Since the Company is the sole underlying asset of the parent company Belenus Lux S.a.r.l ("**Belenus**"), and, in our estimation, also the main debt servicing source for the debt taken to acquire control of Belenus, the Company is expected to pay out an annual dividend at a rate of no less than 30% per year, in accordance with the dividend policy set as aforesaid, for the purpose of servicing the debt payments of the parent company.

High financial flexibility backed by low leverage and an interest coverage ratio that is favorable for the rating

In our assessment, the Company has high financial flexibility, backed by an interest coverage rate (ICR) that is favorable for the rating. At the same time, in recent years the Company has increased the amount

⁸ In 2020, the Company's Board of Directors approved a dividend distribution policy whereby the Company is to distribute an annual dividend at a minimum rate of 30% of the Company's total distributable profit according to its annual consolidated financial statements in the relevant year. In March 2022, the Company's Board of Directors approved an update to the dividend distribution policy, according to which there will be no change in the extent of the dividend, but the Company will act to pay out a dividend twice a year.

of debt (expanded separate⁹), which as of December 31, 2023 stood at NIS 2.6 billion, significantly higher than on December 31, 2022 (NIS 1.5 billion). The increase in 2023 is due, among other factors, to the expansion of bonds (Series 5 and 6), the taking of a bank loan by one of the investees, and the provision of a guarantee by the Company for a loan and credit facility taken by Phoenix Pension and Provident Fund from a bank. On the other hand, the Company has increased its liquidity reserves (expanded separate), and as an outcome, we expect the adjusted net debt (considering the liquidity reserves) to amount to NIS 1.3 billion at the end of 2023, yielding a relatively low LTV ratio, which we estimate will be in the range of 15%-17% in the forecast years, under a scenario of pressure on the value of the holdings, as derived from the Company's market cap. This ratio is appropriate for the Company's rating and supports its financial flexibility and ability to refinance debt in case of need. The above level of debt, along with the structure of the amortization schedule and expected dividend distribution, as mentioned above, yields a projected debt to FFO coverage ratio in the range of 5.0-5.7 in the forecast years, reflecting a reasonable free cash flow relative both to the amount of debt and to the rating, along with an ICR ratio projected to be in the range of 5.5-6.5 in the forecast years, which is favorable for the rating. The Company's financial flexibility is positively affected by high accessibility to the financing entities, by ownership and control of the principal investees, by the absence of effective covenants for the bonds, and by a negative charge on its assets. Nevertheless, we do not foresee a significant reduction in the amount of gross debt of the Company.

Favorable liquidity profile, backed by significant liquidity reserves; a degree of improvement in the financial policy, which, however, remains unfavorable for the rating

In examining the Company's liquidity buffer and debt service capacity, we also take into account the liquidity reserves existing in Phoenix Investments and Phoenix Agencies¹⁰ (separate) (including adjustments to the securities portfolios of those companies) as well as our assessment of the liquidity management for the three companies together. As of September 30, 2023, the Company together with Phoenix Investments and Phoenix Agencies (separate) had liquidity reserves of NIS 1.4 billion. The liquidity buffer consists of the balances of cash and cash equivalents as well as the securities portfolio, which comprises mainly a Tier 1 capital instrument of Phoenix Insurance (through Phoenix Capital Issues) with a value of NIS 1 billion, which is traded on the TASE's Main List since April 2023. We note that the balance of the Company's holding in this instrument as of December 31, 2023 stood at NIS 1.3 billion (following the expansion of this instrument in October 2023). Apart from this, the liquidity buffer

⁹ The expanded separate debt includes the debts of the headquarter companies: Phoenix Agencies (separate) and Phoenix Investment House (separate).

¹⁰ Based on the holding percentage, we take into account 80% of the liquidity reserves of Phoenix Agencies.

consists also of cash balances and the securities portfolio, which is characterized by a comparatively reasonable market risk profile.

We expect the liquidity reserves to stand at NIS 2 billion as of December 31, 2023. However, we note that given the relatively low marketability of these instruments, which are traded on the TACT Institutional Trading Platform, we have made significant adjustments in the calculation of the coverage ratios and in the net debt calculation. Midroog expects the Company to continue maintaining significant liquidity reserves over time, inter alia, in view of the amount of the existing debt. We note that there has been a degree of improvement in the Company's financial policy, which, however, remains unfavorable for the rating and reflects a degree of appetite for mergers and acquisitions and for leveraged transactions, with no expectation for a decrease in the level of debt in the coming years. However, the financial policy is supported by management of market risks and liquidity that is appropriate for the rating, while the Company has an annual dividend distribution policy to pay out no less than 30% of the total distributable profit according to the annual consolidated financial statements.

ADDITIONAL RATING CONSIDERATIONS

ESG Considerations

We rate ESG considerations as having a moderate effect on the Company's rating. In Midroog's assessment, the Company has little exposure to environmental and social risks, and its exposure to corporate risks is low. The Company's risk management is carried out by the Chief Risk Manager, who also acts as supervisor of the Group's investees. In addition, the Company has a defined information security policy and orderly process of evaluation of information security risks in its IT systems and interfaces.

COMPANY PROFILE

The Phoenix Holdings Ltd. ("**Phoenix Holdings**") is a public company whose shares are traded on the Tel Aviv Stock Exchange. On November 3, 2019, the Delek Group sold 32.5% of the share capital of Phoenix Holdings to Belenus, a company controlled by Centerbridge Partners LP and Gallatin Point Capital LLC, in consideration of NIS 1.6 billion. As of that date, the Company's controlling shareholder is Belenus – a company established and registered in Luxembourg. As of the date of the report, the percentage of holdings of the funds in the Company's issued and paid-up share capital is 31.22%. The remaining shares are held by financial institutions (8.94%) and by the public (59.8%). The Company holds the entire share capital of The Phoenix Insurance Company Ltd., 80% of the share capital of The Phoenix Agencies Ltd., and the entire share capital of The Phoenix Investments and Finance Ltd., which owns a stake in The

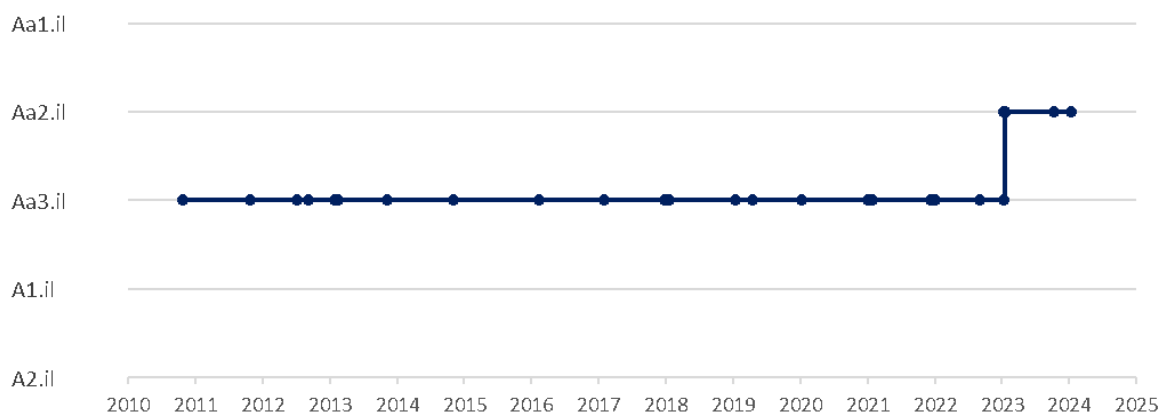
Phoenix Investment House Ltd. (88.44%), Gama Management and Clearing Ltd., as well as other holdings. The Company also holds, directly and indirectly, 100% of the shares of The Phoenix Pension and Provident Fund. The Company's CEO is Mr. Eyal Ben Simon, and the Chairman of the Board is Mr. Benjamin Gabbay.

THE RATING MATRIX

Category	Parameters	As of September 30, 2023		Midroog Forecast ^[1]	
		Measurement ^[1]	Score	Measurement	Score
Holdings portfolio profile	Investees' credit risk profile	-	Aa.il	-	Aa.il
	Visibility of cash flows from investees and restrictions on dividend distributions	-	Aa.il	-	Aa.il
	Portfolio concentration attributes	-	Baa.il	-	Baa.il
Financial profile	Adjusted financial debt/adjusted asset value	14%	Aa.il	15%-17%	Aa.il
	ICR	11.9	Aaa.il	5.5-6.5	Aa.il
	Financial debt/FFO	3.6	Aa.il	5.0-5.7	A.il
	Financial flexibility	-	Aa.il	-	Aa.il
	DSCR+cash	5.9	Aaa.il	6.0-10.5	Aaa.il
	Financial policy	-	A.il	-	A.il
Implied score					Aa2.il
Final score					Aa2.il

[1] The metrics shown in the table are after adjustments by Midroog and are not necessarily identical to those presented by the Company. The Midroog forecast includes Midroog's assessments with respect to the issuer as presented in its base case scenario and forecast, and not the issuer's assessments.

RATING HISTORY



RELATED REPORTS

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[The Phoenix Insurance Company Ltd. – Related Reports](#)

[Rating of Holding Companies – Methodology Report, January 2021](#)

[Rating of Life, Health and P&C Insurance Companies – Methodology Report, May 2022](#)

[Implications of the Iron Swords War for the Creditworthiness of Issuers Rated by Midroog – Special Report, October 2023](#)

[Guidelines for Reviewing Environmental, Social and Governance Risks in Credit Ratings –](#)

[Methodology Report, February 2022](#)

[Table of Relationships and Holdings](#)

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GENERAL INFORMATION

Date of rating report:	January 28, 2024
Date of last revision of the rating:	October 23, 2023
Date of first publication of the rating:	November 1, 2010
Rating commissioned by:	The Phoenix Holdings Ltd.
Rating paid for by:	The Phoenix Holdings Ltd.

INFORMATION FROM THE ISSUER

Midroog relies in its ratings inter alia on information received from competent personnel at the issuer.

Long-Term Rating Scale

Aaa.il	Issuers or issues rated Aaa.il are those that, in Midroog judgment, have highest creditworthiness relative to other local issuers.
Aa.il	Issuers or issues rated Aa.il are those that, in Midroog judgment, have very strong creditworthiness relative to other local issuers.
A.il	Issuers or issues rated A.il are those that, in Midroog judgment, have relatively high creditworthiness relative to other local issuers.
Baa.il	Issuers or issues rated Baa.il are those that, in Midroog judgment, have relatively moderate credit risk relative to other local issuers, and could involve certain speculative characteristics.
Ba.il	Issuers or issues rated Ba.il are those that, in Midroog judgment, have relatively weak creditworthiness relative to other local issuers, and involve speculative characteristics.
B.il	Issuers or issues rated B.il are those that, in Midroog judgment, have relatively very weak creditworthiness relative to other local issuers, and involve significant speculative characteristics.
Caa.il	Issuers or issues rated Caa.il are those that, in Midroog judgment, have extremely weak creditworthiness relative to other local issuers, and involve very significant speculative characteristics.
Ca.il	Issuers or issues rated Ca.il are those that, in Midroog judgment, have extremely weak creditworthiness and very near default, with some prospect of recovery of principal and interest.
C.il	Issuers or issues rated C are those that, in Midroog judgment, have the weakest creditworthiness and are usually in a situation of default, with little prospect of recovery of principal and interest.

Note: Midroog appends numeric modifiers 1, 2, and 3 to each rating category from Aa.il to Caa.il. The modifier '1' indicates that the obligation ranks in the higher end of its rating category, which is denoted by letters. The modifier '2' indicates that it ranks in the middle of its rating category and the modifier '3' indicates that the obligation ranks in the lower end of that category, denoted by letters.

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