

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

July 9, 2025

Rating Affirmation

**‘iIAAA’ Rating Affirmed On The Phoenix
Insurance Company Ltd., Outlook Stable;
‘iIAA’ Rating Affirmed On Phoenix Financial
Ltd., Outlook Stable**

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Overview

- Phoenix Financial Ltd. (“Phoenix” or “the Company”) maintains strong performance across business lines, which is further reflected in its resilient capital position.
- The escalation of Israel-Iran conflict and the continuation of the war in Gaza are not expected to materially impact the Company’s results and capital.
- Consequently, we affirmed our ‘ilAAA’ rating on The Phoenix Insurance Company Ltd. (“Phoenix Insurance”) and our ‘ilAA’ rating on Phoenix Financial Ltd.
- The stable outlook reflects the Company’s healthy capital buffers, which help shield it from political and economic instability.

Rating Action

On July 9, 2025, S&P Maalot affirmed its ‘ilAAA’ rating on The Phoenix Insurance Company Ltd., the outlook is stable. At the same time, S&P Maalot affirmed its ‘ilAA’ rating on Phoenix Financial Ltd., the outlook is stable.

Rationale

In our view, Phoenix has maintained its leading position in the market, with diversified business lines including life insurance, long-term savings, property & casualty insurance, health insurance, asset management, credit and distribution. Through its robust competitive position, Phoenix has shown a strong and consistent track record of surpassing industry profitability over the past five years, which we believe distinguishes it from its peers.

Phoenix's 2024 financial results for the year 2024 highlight resilient growth across various lines of business. The group’s comprehensive income was NIS 2.369 billion under IFRS 17 (compared with NIS 1.093 billion in 2023), reflecting a return on equity (ROE) of 22.2%. Insurance profits soared by more than 30% to NIS 1.66 billion. The asset management, credit and distribution segments were significant contributors to growth, generating NIS 630 million in core income.

Aligned with its strategy to drive sustainable and capital-efficient growth, Phoenix continues to strengthen its operational capabilities and broaden its market presence. As a result, assets under management reached NIS 525 billion by the end of 2024, reflecting disciplined management and the effective execution of growth initiatives.

Looking at property/casualty (P/C) insurance, Phoenix continues to outperform the industry average in Israel, achieving a combined ratio of about 76% in 2024 (85.3% in 2023). This metric has remained stable within the 85%-95% range over the past five years, averaging about 88%. Throughout the year, the Company continued to focus on optimization of the P/C segment through ongoing technology initiatives.

Based on 2024 profit, Phoenix declared NIS 1.017 billion in annual dividends and share buybacks. Dividend distribution was transitioned to quarterly, from semi-annually, owing to a healthy and stable financial position including meaningful diversification with respect to sources of growth and income streams. According to the dividend policy, at least 40% from annual income should be paid as dividend (subject to solvency policy). Phoenix Insurance's dividend policy has also been updated to quarterly, and stands at 40%-60% of profit (subject to solvency policy).

In first quarter of 2025, growth continued throughout the group and comprehensive income in accordance with IFRS17 amounted to NIS 568 million (NIS 510 million in 2024, restated on a like-for-like IFRS17 basis), translating to ROE of about 21%. We note positive impact from transition to IFRS17, foremost in life and health segments. Phoenix announced a quarterly dividend of NIS 230 million, and executed share buybacks totalling NIS 21 million for the period.

Subject to the capital model - Phoenix's capitalization strengthened over 2024, according to our model. We assess that the group's capitalization will remain adequate to support its credit rating, notwithstanding its planned growth trajectory and potential volatility arising from capital market fluctuations or geopolitical and security developments in Israel and the wider region. Phoenix posted a strong solvency ratio of 183% at year-end 2024, including transitional measures. The ratio without transitional measures stood at 155%, within the long-term target range of 150%-170%.

We currently do not expect the ongoing conflicts in the region or the wider political and economic instability to adversely affect Phoenix. The Israeli government has a scheme that will cover property insurance losses directly related to the war as well as military life insurance claims; insurers themselves will not cover these risks. The most significant effect of a prolonged conflict could be on insurers' investment portfolios, however these have been holding up well in 2024 and early 2025. More broadly, there could be protracted effects from changed macroeconomic prospects and credit conditions, particularly if the conflict were to spread more widely. We positively view the fact that over the past year, Israel's economy has proven its strength and resilience. Key macroeconomic indicators and private consumption have been relatively stable, and growth in the capital market outpaced major global indices.

Outlook

The stable outlook reflects our view that Phoenix will maintain its leading business position in the Israeli insurance market in the next 18-24 months. Our view is supported by its diversified business model and sound profitability, supporting its capital accumulation. We believe its capital adequacy will strengthen, and remain compatible with its balance sheet risks.

Downside Scenario

We may consider a negative rating action in the next 18-24 months in case of material deterioration in the Company's operating performance that erodes its loss-absorbing capacity and materially weakens its capital adequacy, or in case of a decline in premiums and deposits to a level that we believe weakens Phoenix's business position in the local market. A prolonged and further widening of the scope of the conflict could also prompt a negative rating action. Additionally, a downgrade of the sovereign credit rating, particularly if accompanied by a continued negative outlook, would have a negative impact on the Company's rating.

A negative rating action on Phoenix Insurance could lead to a similar action on Phoenix Financial. A deterioration in the liquidity profile could also lead to a negative rating action on Phoenix Financial.

Upside Scenario

We will consider a positive rating action on Phoenix Financial if the group's credit profile continues to strengthen while maintaining adequate liquidity.

Related Criteria And Research

- [Principles Of Credit Ratings](#), February 16, 2011
- [Insurers Rating Methodology](#), July 1, 2019
- [Group Rating Methodology](#), July 1, 2019
- [Environmental, Social, And Governance Principles In Credit Ratings](#), October 10, 2021
- [Methodology For National And Regional Scale Credit Ratings](#), June 8, 2023
- [Risk-Adjusted Capital Framework Methodology](#), November 15, 2023
- [Hybrid Capital: Methodology And Assumptions](#), February 10, 2025
- [S&P Global Ratings Definitions](#), December 2, 2024

Ratings List

The Phoenix Insurance Company 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	30/07/2024
Issuer Credit Rating history			
<u>Long term</u>			
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.
Phoenix Financial Ltd.
Phoenix Capital Raising (2009) Ltd.

Phoenix Financial Ltd.	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	30/07/2024
Issue rating(s)			
<u>Senior Unsecured Debt</u>			
Series 4	ilAA	03/02/2020	30/07/2024
Series 5	ilAA	03/02/2020	30/07/2024
Series 6	ilAA	14/12/2021	30/07/2024
Issuer Credit Rating history			
<u>Long term</u>			
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>Subordinate hybrid debt</u>			
Series 9	ilAA	03/02/2020	30/07/2024
Series 4	ilAA	03/02/2020	30/07/2024
Series 5	ilAA	03/02/2020	30/07/2024
Series 8	ilAA	03/02/2020	30/07/2024
Series 16	ilAA	26/03/2025	26/03/2025
Series 11	ilAA	16/02/2019	30/07/2024
Series 13	ilAA	23/06/2022	30/07/2024
Series 17	ilAA	26/03/2025	26/03/2025
Series 12	ilAA-	27/07/2021	30/07/2024
<u>Subordinated debt</u>			
Series 14,15	ilAA	12/12/2023	30/07/2024

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