Phoenix Financial Ltd.

July 8, 2026

Research Update

Outlook Revised To Positive From Stable; ‘ilAA’ Rating Affirmed

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Overview

- Phoenix Financial Ltd. (“Phoenix Financial” or “the Company”) maintains strong performance across business lines and continues to strengthen its business position despite a competitive environment and regional geopolitical risks.
- The Company's liquidity profile is underpiinned by a diverse and stable dividend flow from its subsidiaries in the insurance, asset management and credit sectors.
- We are affirming our ‘ilAA’ rating on Phoenix Financial Ltd., and revising the outlook to positive from stable.
- The positive outlook reflects our assessment that Phoenix Financial will successfully implement its business strategy and post growth across business lines, while maintaining its strong capitalization.

Rating Action

On July 8, 2026, S&P Maalot affirmed its ‘ilAA' rating on Phoenix Financial Ltd. and on its bonds, and revised the outlook to positive from stable.

Rating Rationale

Revising the outlook to positive reflects our assessment that Phoenix Financial will successfully implement its business strategy and post growth across business lines, while maintaining its strong capitalization.

Phoenix Financial's 2025 financial results highlight continuous resilient growth across various business lines. The Company’s total income was NIS 3.2 billion, compared with NIS 2.4 billion in 2024, reflecting return on equity (ROE) of 26.6%. Core income in the insurance segment grew by 5% to NIS 1.75 billion. The asset management and distribution segments were signiificant contributors to growth, generating NIS 895 million in core income. The remaining income comes from the credit segment and from higher investment and interest income. In Q1 2026, the Company continued to post solid performance, with ROE at 24.1%.

In the insurance segment, subsidiary Phoenix Insurance Company Ltd. ("Phoenix Insurance", ilAAA/Stable) continues to post stable performance. The volume of premiums sold was NIS 11.5 billion in 2025 and NIS 2.8 billion in Q1 2026, compared to NIS 11.2 billion in 2024. The combined ratio was about 83% in Q1 2026, compared to 80.2% in the corresponding quarter of 2024. Phoenix Insurance's solvency ratio remained strong at 178%, including transitional provisions, as of December 31, 2025. We believe that the Company's capitalization will sufficiently support its credit rating while it implements its growth plans, notwithstanding potential capital market volatility or the sensitive geopolitical situation in Israel and the region.

Aligned with its strategy to drive sustainable and capital-efficient growth, Phoenix Financial continues to strengthen its operational capabilities and broaden its market presence across business lines. Assets under management (AUM) grew to NIS 623 billion at the end of Q1 2026, from NIS 610 billion at year-end 2025 and NIS 525 billion at year-end 2024.

Subsidiary Phoenix Brokers Ltd. ("Phoenix Brokers", ilAA+/Stable/ilA-1+) is implementing a growth and expansion strategy based on increasing market share by marketing all financial and insurance solutions in the market and through mergers and acquisitions, including the acquisition of several leading insurance agencies with strong brands. About 65% of Phoenix Brokers' revenue is based on recurring revenues, mainly from finance, pensions, life and health insurance and P&C insurance, with high customer retention rates. This model provides high revenue stability and visibility.

Subsidiary Phoenix Gamma Ltd. (ilAA/Stable/ilA-1+) continues to expand into new operations in the credit sector, including business credit, construction loans, consumer credit and financial guarantees, alongside consistent and gradual growth in credit card clearing and voucher discounting as a main revenue source.

The dividends Phoenix Finance received from its subsidiaries amounted to about NIS 1.8 billion in 2025, and 67% of them came from Phoenix Insurance. In Q1 2026, dividends from subsidiaries totaled about NIS 484 million. We estimate that the total amount of dividends receipts will continue to grow, and that Phoenix Insurance's contribution will decrease to about 60%, considering the growth strategy implemented by other subsidiaries. At the same time, based on Q1 2026 income, Phoenix Financial announced a quarterly dividend distribution of about NIS 320 million, and carried out share buybacks of about NIS 85 million from a total of about NIS 300 million scheduled for 2026.

At this time, we estimate that the war and broader political and economic instability will not materially impact Phoenix Financial's performance. 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 2025 and early 2026. More broadly, protracted effects may arise due to changes in macroeconomic prospects and credit conditions, particularly if the conflict persists. We positively view the fact that the Israeli economy has proven its strength and resilience in recent years. Key macroeconomic indicators and private consumption have been relatively stable, and capital market growth outpaced major global indices.

Outlook

The positive outlook reflects our assessment that Phoenix Financial will successfully implement its business strategy and post growth across business lines, while maintaining its strong capitalization.

Upside Scenario

We may raise the rating in the next 12-24 months if Phoenix Financial maintains its leading position in core insurance business lines, and continues to strengthen its position in credit and asset management while maintaining its strong capitalization and liquidity profile.

Downside Scenario

We may revise the outlook back to stable if, contrary to our current assessment, the Company’s operating performance materially deteriorates, weakening its loss-absorbing capacity and materially weakening its capital adequacy, or in case of a decline in premiums and deposits to a level that we believe will weaken the Company's business position in the local market. A prolonged conflict could also trigger a negative rating action. Additionally, a downgrade on the State of Israel, particularly if accompanied by a long period of negative outlook, may 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.

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
- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- S&P Global Ratings Definitions, December 16, 2025

Ratings List

Phoenix Financial Ltd.	Rating	Date when the rating was first published	Date when the rating was last updated
Issuer rating(s)			
Long term	ilAA/Positive	14/03/2007	23/04/2026
Issue rating(s)			
Senior Unsecured Debt			
Series 4	ilAA	03/02/2020	23/04/2026
Series 5	ilAA	03/02/2020	23/04/2026
Series 7	ilAA	22/12/2025	23/04/2026
Series 6	ilAA	14/12/2021	23/04/2026
Issuer Credit Rating history			
Long term			
July 8, 2026	ilAA/Positive		
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		
March 19, 2009	ilA/Negative		
November 16, 2008	ilAA/Watch Neg		
March 14, 2007	ilAA/Stable		

Additional details	
Time of the event	08/07/2026 10:57
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The Phoenix Insurance Company Ltd.

Phoenix Capital Raising (2009) Ltd.

July 8, 2026

Rating Affirmation

'ilAAA' Issuer Rating Affirmed, Outlook Stable

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Overview

- Over the past year, the consolidated capital base of Phoenix Insurance Company Ltd. ("Phoenix Insurance" or “the Company") has strengthened, as measured by our risk-adjusted capital model.
- At the same time, Phoenix Insurance maintains its competitive position while posting high profitability despite a competitive environment and geopolitical risks in the region.
- We are affirming our ‘ilAAA’ rating on The Phoenix Insurance Company and on Phoenix Capital Raising (2009) Ltd’s debt.
- The stable outlook reflects our assessment that Phoenix Insurance will maintain its current capitalization and competitive position in the Israeli insurance market, as well as robust operating performance.

Rating Action

On July 8, 2026, S&P Maalot affirmed its 'ilAAA' issuer rating on Pheonix Insurance Company Ltd., as well as its ratings on Phoenix Capital Raising (2009) Ltd’s debt. The outlook is stable.

Rationale

In 2025 and early 2026, Phoenix Insurance continued to post robust operating performance across business lines, with a balanced portfolio that includes life insurance, long-term savings, P&C insurance, and health insurance. The total volume of premiums sold was NIS 11.5 billion in 2025 and NIS 2.8 billion in Q1 2026, compared to NIS 11.2 billion in 2024. The Company's market share in terms of premium volume was about 14.5% in health insurance, about 17.7% in life insurance, and about 11.3% in P&C insurance. Its combined ratio was about 83% in Q1 2026, compared to 80.2% in the corresponding quarter of 2025. Return on equity (ROE) remained high at about 26.1% in Q1 2026 (32.9% in 2025).

Phoenix Insurance's capitalisation, according to our risk-adjusted capital model, has strengthened, inter alia due to the transition to IFRS 17, alongside consistently strong underwriting profitability and positive return on investment. Phoenix Insurance's solvency ratio remained strong at 178%, including transitional provisions, as of December 31, 2025. We believe that the Company's capitalization will sufficiently support its credit rating while it implements its growth plans, notwithstanding potential capital market volatility or the sensitive geopolitical situation in Israel and the region.

At this time, we estimate that the war and the broader political and economic instability will not materially impact Phoenix Insurance's performance. 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 2025 and early 2026. More broadly, protracted effects may arise due to changes in macroeconomic prospects and credit conditions, particularly if the conflict persists. We positively view the fact that the Israeli economy has proven its strength and resilience in recent years. Key macroeconomic indicators and private consumption have been relatively stable, and capital market growth outpaced major global indices.

Outlook

The stable outlook reflects our assessment that Phoenix Insurance will continue to post robust performance across business lines. This assessment is underpinned by the Company’s diversified business model and robust profitability, supporting capital accumulation. The stable outlook also reflects our assessment that Phoenix Insurance's capitalization will remain stable and adequate in relation to balance-sheet risks.

Downside Scenario

We may take a negative rating action over the next 12-24 months if one or more of the following scenarios materialize:

- The Company's capitalizataion weakens significantly due to investment portfolio performance, deterioration in underwriting profit, increased risk-taking, aggressive dividend distribution or large-scale share buybacks.
- Profitability or the volume of premiums and deposits materially decreases.

Additionally, a downgrade on the State of Israel, particularly if accompanied by a long period of negative outlook, may adversely affect the Company’s rating.

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
- 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
- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- S&P Global Ratings Definitions, December 16, 2025

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	09/07/2025
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		

Phoenix Capital Raising (2009) Ltd.	Rating	Date when the rating was first published	Date when the rating was last updated
Issue rating(s)			
Subordinate hybrid debt			
Series 9	ilAA	03/02/2020	09/07/2025
Series 5	ilAA	03/02/2020	09/07/2025
Series 16	ilAA	26/03/2025	09/07/2025
Series 11	ilAA	16/02/2019	09/07/2025
Series 13	ilAA	23/06/2022	09/07/2025
Series 17	ilAA	26/03/2025	09/07/2025
Series 12	ilAA-	27/07/2021	09/07/2025
Series 18	ilAA-	02/09/2025	30/04/2026
Subordinated debt			
Series 14,15	ilAA	12/12/2023	09/07/2025

Additional details	
Time of the event	08/07/2026 14:26
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Rating requested by	Issuer

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