



Rating Action: Moody's Ratings assigns Baa2 issuer rating to Phoenix Financial Ltd; outlook stable

16 Jul 2026

London , July 16, 2026 – Moody's Ratings (Moody's) has today assigned a Baa2 long-term issuer rating to Phoenix Financial Ltd (Phoenix Financial), the Israel-based holding company of The Phoenix Insurance Company Ltd. (Phoenix Insurance, A3 stable). The outlook is stable.

RATINGS RATIONALE

Phoenix Financial's Baa2 issuer rating is two notches below Phoenix Insurance's A3 insurance financial strength rating (IFSR). The two-notch differential, narrower than the standard three-notch differential for insurance groups subject to solo-only regulation, reflects Phoenix Financial's diversified earnings and cash flow profile, including a meaningful contribution from non-insurance businesses.

Non-insurance activities - comprising Wealth and Investments, Retirement, Brokers & Advisors, and Payments and Credit (Phoenix-Gama) - accounted for approximately 34% of consolidated pre-tax segment income in 2025 (NIS 1.16 billion of NIS 3.42 billion), exceeding the one-third threshold that we consider supportive of narrower notching.

Significantly, we expect non-insurance earnings to increase over time, supported by favourable structural growth dynamics in the Israeli asset management and long-term pensions savings markets, Phoenix Financial's asset-management growth strategy and recent acquisitions in non-insurance businesses. These earnings streams support holding-company cash flow and reduce reliance on dividends from the regulated insurance subsidiary.

Israel operates a solo-only insurance regulatory regime. The Capital Market, Insurance and Savings Authority (CMISA) supervises Phoenix Insurance on a Solvency II-based economic solvency basis, but does not impose consolidated group capital requirements at the holding company level. As a result, the narrower notching reflects Phoenix Financial's business and cash flow diversification rather than effective group-wide supervision.

The rating also reflects Phoenix Insurance's strong capital position, with an economic solvency ratio of 178% at year-end 2025 including transitional measures, above its 150%-170% long-term target range, as well as Phoenix Financial's low holding-company financial leverage. Phoenix Insurance's A3 IFSR remains constrained by its linkage to the Israeli sovereign and operating environment, but its strong capital and liquidity buffers support its resilience to potential stress.

The rating incorporates Phoenix Financial's low governance risk as a result of its good governance framework, risk management, policies and procedures that are in line with industry best practices. The group benefits from a strong board, and a good track record of regulatory compliance, and prudential regulatory oversight by Israel's CMISA.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

The following factors could lead to upward pressure on the rating: (i) an upgrade of the sovereign debt rating; (ii) greater business or geographic diversification that reduces exposure to Israel's economy and

financial markets; or (iii) reduced exposure of shareholder (Nostro) account assets to Israel.

Conversely, the following factors could lead to downward pressure on the rating: (i) reduced diversification of earnings and cash flows from non-insurance businesses; (ii) a downgrade of the sovereign debt rating; (iii) weakening of the group's franchise or market position; (iv) deterioration in capitalization, with the Solvency II ratio (excluding transitionals) remaining consistently below 130%; (v) lower or more volatile profitability, with return on capital consistently below 6%; (vi) a significant increase in high-risk assets held in the shareholder (Nostro) account; or (vii) materially reduced access to reinsurance capacity or weaker reinsurance counterparties.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was Life Insurers published in June 2026 and available at <https://ratings.moodys.com/rmc-documents/468190>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

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