



**ALTSHULER SHAHAM**  
Financial LTD



# **Altshuler Shaham Finance Ltd.**

**Interim Report for the Period ended June 30, 2025**



# **ALTSHULER SHAHAM FINANCE LTD.**

## **Interim Report as of September 30, 2025**

### **Index:**

- **Report of the Board of Directors on the State of Affairs of the Corporation**
- **Report of Effectiveness of Internal Control over Financial Reporting and Disclosure**
- **Consolidated Financial Statements**

**This is an English translation of a Hebrew report that was published on November 27, 2025 in "Magna" – ISA official website (reference no.: 2025-01-092992) ("the Hebrew Version"). This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.**

# **ALTSHULER SHAHAM FINANCE LTD.**

## **Report of the Board of Directors on the State of Affairs of the Corporation**

**For the Periods of Nine and Three Months ended  
September 30, 2025**

**Report of the Board of Directors on the State of Affairs of the Corporation**

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**Report of the Board of Directors on the State of Affairs of the Corporation**

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**Report of the Board of Directors on the State of Affairs of the Corporation  
for the Periods of Nine and Three Months ended September 30, 2025**

Altshuler Shaham Finance Ltd. ("**the Company**") is pleased to present the Report of the Board of Directors for the periods of nine and three months ended September 30, 2025 ("**the Reporting Period**" and "**Q3 2025**", respectively) in accordance with the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 ("**the Reporting Regulations**"), which reviews the main changes in the Company's operations and results in the Reporting Period.

The review is limited in scope and solely addresses events and changes in the Company's business affairs in the Reporting Period whose effect is material. In certain instances, to present a complete picture, the Company includes additional information that is not necessarily material. This report should be read in conjunction with the Company's periodic report for 2024, including the Company's financial statements and report of the board of directors as of December 31, 2024, as published on March 20, 2025 (TASE reference: 2025-01-018597) ("**the Periodic Report**"), whose information is hereby included by reference.

Glossary of terms used in this report:

"**Report Date**" – September 30, 2025.

"**Report Approval Date**" – November 26, 2025.

"**The Group**" – the Company and the corporations controlled by it, as they will be from time to time.

The terms used in this report shall have the meaning ascribed to them in the Periodic Report, unless specifically stated otherwise.

**1. The Board's explanations for the state of the Company's business affairs**

**1.1 Condensed description of the Company and its business environment**

The Company was incorporated in Israel as a private company limited in shares on December 9, 2001. On April 4, 2022, the Company's shares began trading on the Tel-Aviv Stock Exchange Ltd. ("**the TASE**") and were allocated to the shareholders of Altshuler Provident Funds and Pension Ltd. ("**Altshuler Provident**") in return for Altshuler Provident's shares held by them ("**the Business Restructuring**"). Accordingly, the Company became a public company, as this term is defined in the Israeli Companies Law, 1999 ("**the Companies Law**") and a reporting entity, as this term is defined in the Israeli Securities Law, 1968 ("**the Securities Law**"). As of the Report Approval Date, the Company is held by Yair Lowenstein Holdings Ltd. (14.86%) ("**Yair Holdings**") and Altshuler Shaham Ltd. (55.44%) ("**Altshuler Ltd.**" and collectively with Yair Holdings – "**the Controlling Shareholders**"). The ultimate Controlling Shareholders in the Company are Messrs. Yair Lowenstein, Gilad Altshuler and Kalman Shaham.

## **Report of the Board of Directors on the State of Affairs of the Corporation**

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The Company provides financial services. As specified in paragraphs 1.1.1, 1.1.2 and 1.1.3 below, the Company has three areas of operation (which are presented as three separate operating segments in the financial statements for accounting purposes): (1) provident and pension fund management operation; (2) credit operation; and (3) alternative investment operation.

The Company is also promoting the possible branching out into other operating segments, whether on its own or through other subsidiaries that will be founded or purchased by it, including those which are synergetic to the Group's operations. The Company's Management plans to continue exploring the expansion of the Company's operations by identifying new business opportunities and other potential business partnerships, including in the credit market and in the financial and pension product market.

### **1.1.1 Provident and pension fund management operation**

As of the Report Approval Date, this operation constitutes the Company's core operating segment which is performed by Altshuler Provident. The latter operates in this market as a managing company by virtue of the Law for Supervision of Financial Services (Provident Funds), 2005 ("**the Provident Fund Law**") and as an insurer in accordance with a license issued to it per the Law for Supervision of Financial Services (Insurance), 1981 ("**the Insurance Law**"). Among others, Altshuler Provident manages saving provident funds, study funds, central severance pay funds, investment provident funds, which include a children savings plan and two new pension funds – Comprehensive Pension Fund and General Pension Fund (together – "**the Funds**"). The Funds are managed by virtue of legislative arrangements and obtain an annual certification from the Capital Market Authority and from its Commissioner. See more information of this operating segment in paragraph 3.1 to Chapter A to the Periodic Report.

### **1.1.2 Credit operation**

In this operating segment, Altshuler Shaham Credit Ltd. ("**Altshuler Credit**"), through Altshuler Shaham Business Credit Ltd. ("**Altshuler Business Credit**"), which holds an extended credit provider license from the Israel Capital Market Authority, provides credit to businesses for various purposes such as real estate funding, procurement funding, working capital funding and more.

Furthermore, during the Reporting Period, Altshuler Credit, through private wholly owned subsidiaries, began providing loans to real estate developers, including closed-end credit, capital infusion and extraction. For that purpose, in the Reporting Period, Altshuler Shaham Construction Loans Ltd. ("**Altshuler Construction Loans**") was founded, see also paragraphs 2.3.2 and 2.3.4 below.

The Company has also been taking steps for expanding the operation of Altshuler Business Credit into the loan collateral market, among others by applying to the Israel Capital Market Authority for a loan collateral provider license which was granted after the Report Date.

From the Company's interim financial statements as of March 31, 2025, the credit operation is presented as an operating segment for accounting purposes in view of the increase in the scope of loans extended by Altshuler Business Credit in Q1 2025. As of September 30, 2025, the credit operation segment assets account for about 21.27% of the Company's total assets. See more information of the credit operation in paragraph 2.3 below and in Notes 3 and 4 to the Company's interim consolidated financial statements as of September 30, 2025 hereby attached to this Report ("**the Financial Statements**").

**Report of the Board of Directors on the State of Affairs of the Corporation**

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1.1.3 **Alternative investment operation**

In this operating segment, Altshuler Shaham Alternative Ltd. ("**Altshuler Alternative**") is engaged in managing, initiating, marketing and distributing alternative real estate and other investments through Altshuler Shaham Real Estate Ltd. ("**Altshuler Real Estate**"), Altshuler Shaham Alternative Investment Funds Ltd. ("**Altshuler Investment Funds**") and iFunds Capital Ltd. ("**iFunds**").

This operation has been presented for the first time as a reportable operating segment for accounting purposes in the Company's interim financial statements as of June 30, 2025 owing to the increase in the scope of profits from this operation following revaluation of investments in associated real estate partnerships based on external valuations obtained.

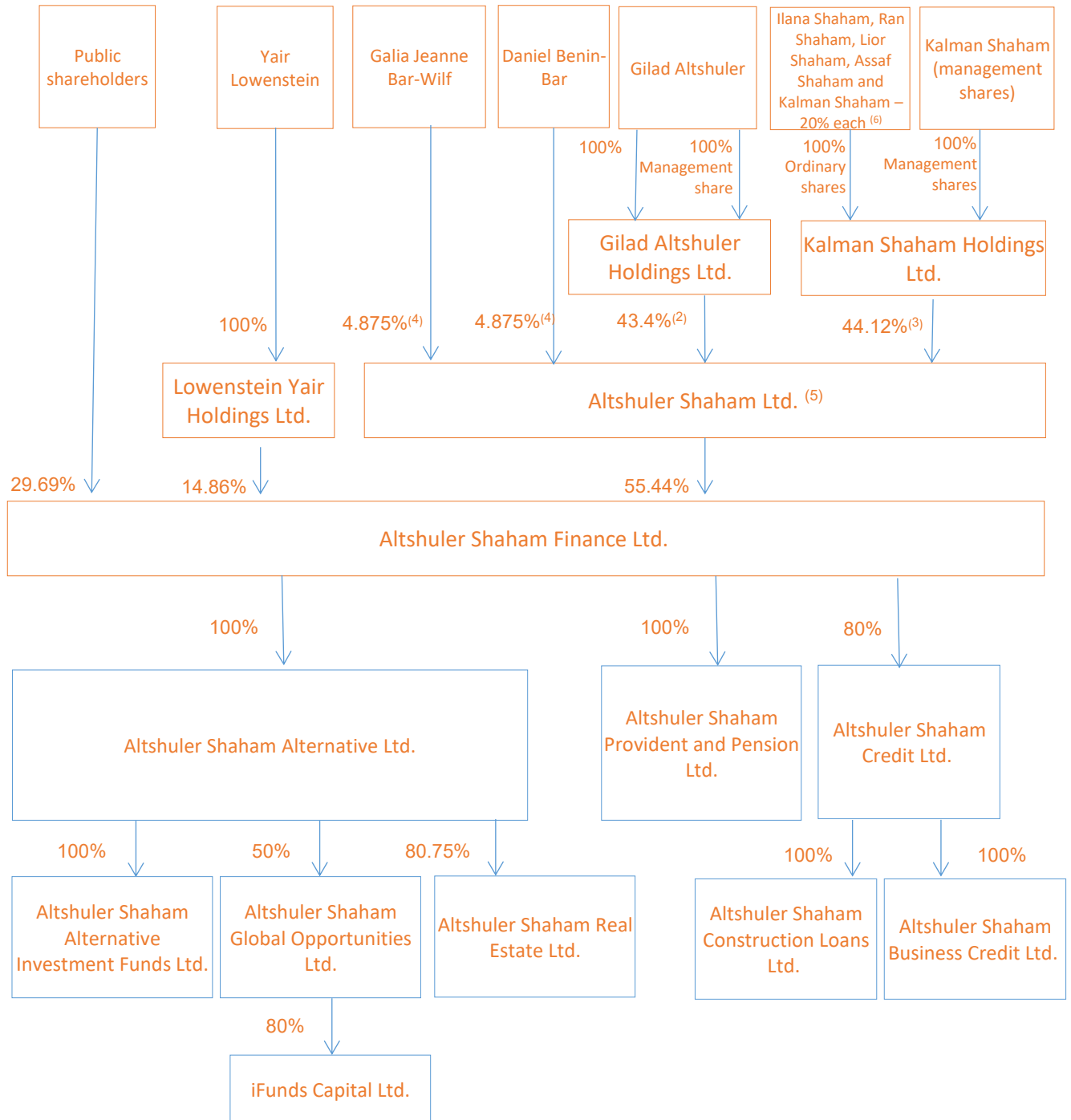
In the Reporting Period, the profits of the alternative investment segment accounted for about 8.23% of the Company's total profits attributable to segments. See more information of the alternative investment operation and of external valuations obtained in paragraph 2.4 below and in Notes 5 and 6 to the Financial Statements hereby attached.

It should be noted that in the Reporting Period and as of the Report Approval Date, the Company's activities in the operations detailed in paragraphs 1.1.2 and 1.1.3 above are limited in scope compared to the provident and pension fund management operation and mainly compared to the Company's revenues from the credit and alternative investment operations which accounted for about 1.9% and 1.53% of the Company's total revenues in the Reporting Period, respectively.

See information of the developments in the Company's operating segments in the Reporting Period through the Report Approval Date in paragraphs 1.4, 2.3 and 2.4 below.

**Report of the Board of Directors on the State of Affairs of the Corporation**

**1.2 The Company's holding structure as of the Report Approval Date**



(1) The sketch reflects the Company's holdings in principal companies. The Company and/or its subsidiaries hold several immaterial private companies (some of which in liquidation process), including for making investments for the Company's customers. Such companies are not depicted in this sketch; (2) of which 26.43% held in trust by Altshuler Trusts Ltd.; (3) of which 27.63% held in trust by Altshuler Trusts Ltd.; (4) of which 27.02% held in trust by Altshuler Trusts Ltd.; (5) note that the remaining interests in Altshuler Shaham Ltd. (about 2.73%) are held by Altshuler Trusts Ltd. (in trust for employees); (6) the entire Ordinary Shares are held in trust by Shenkar Lax Trust Company Ltd.

## **Report of the Board of Directors on the State of Affairs of the Corporation**

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### **1.3 Significant developments and changes in the Company's business environment**

#### Capital market trends

In the first three quarters of 2025, the Tel-Aviv Stock Exchange ("TASE") was affected by numerous local and international developments such as the announcement of U.S. President Trump's tariff plan followed by the Israel-Iran conflict and Israel's airstrike on Hamas leadership in Qatar. The State of Israel signed a ceasefire with Hamas on October 9, 2025, as brokered by the U.S., Egypt, Qatar and Türkiye, following which Hamas released all the living hostages on October 13, 2025.

The majority of local and global stock indices benefited from increases in the first three quarters of 2025. The Fed lowered its interest by about 0.25% in September 2025 while the Bank of Israel kept the interest rate unchanged in the first three quarters of 2025. After the Report Date, on November 24, 2025, the BoI's Monetary Committee decided to lower the interest by 0.25% to 4.25%. Moreover, the ECB kept the interest at 2% after lowering it for the last time in June 2025 from 2.25% to 2%. In the first three quarters of 2025, local and international stock markets rose while the forex market remained highly sensitive to the tense security conditions in Israel and to the geopolitical turmoil. In the backdrop of the ceasefire with Hamas to end the war, the NIS rose sharply, and the USD representative exchange rate was at a three-year low of NIS 3.24.

See details of Altshuler Provident's investment management policy in paragraph 3.1.16 to Chapter A to the Periodic Report.

#### Index overview

Positive trends were experienced in the first three quarters of 2025 in the different risk asset, stock and bond markets. In the U.S., the S&P 500 increased by about 14.1% and the NASDAQ added about 17.9%. The STOXX Europe 600 increased by about 12.2% and the German DAX leaped by about 22.6%. The MSCI WORLD Index rose by about 16.9%.

The global bond market experienced a decrease in yields in Q3 2025. In the U.S., the United States 10Y Government Bond yields were 4.1% at the end of Q3 2025.

The Israeli stock market benefited from soaring indices in the first three quarters of 2025 with the TA 35 Index rising by about 34%, the TA 125 Index adding about 34.7% and the TA 90 Index growing by about 33.8%.

#### U.S.

Due to the U.S. federal government shutdown which began on October 1, 2025, no data was made publicly available on U.S. unemployment rates for September 2025 or on the CPI or GDP growth rates. In September 2025, the Fed lowered its interest for the first time in nine months to 4.25%, a decision echoing the Fed's challenge of simultaneously facing the employment market slump and the relatively high inflation which soared to 2.9% in August 2025. Fed economists predict another two interest lowering occurrences by the end of 2025, making it three interest decreases in total.

In the first three quarters of 2025, U.S. stocks were traded with positive trends. During the Reporting Period, the NASDAQ rose by about 17.9%, the S&P 500 added about 14.1% and the Dow Jones increased by about 9.9%. United States 10Y Government Bond yields decreased by 5.2% in Q3 2025 to 4.1%.

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Europe

Headed by Christine Lagarde, the European Central Bank lowered its interest rate in the first three quarters of 2025 once, in June 2025, from 2.25% to 2% and kept it unchanged since. In its latest interest decision of September 2025, the ECB stated that it would analyze the data on a meeting-to-meeting basis and did not commit in advance to support a specific interest course.

In the UK, the Central Bank lowered the interest rate in September 2025 from 4.25% to 4%, rendering it lower than the Fed interest but significantly higher than the interest rate in Europe.

In conclusion of the first three quarters of 2025, positive trends were witnessed in the European stock exchanges with the Euro Stoxx 50 increasing by about 15%, the Euro Stoxx 600 gaining about 12.2% and the German Dax notably rising by about 22.6% in the Reporting Period.

Asia

U.S. President Trump renewed the trade war with China by threatening to levy 100% tariffs on imports of goods from China as well as imposing controls on export of any and all critical software to China by November 1, 2025, this in response to China's decision to limit its critical mineral exports.

Later in the year, President Trump met for talks with Chinese President Xi Jinping in Malaysia in an attempt to prevent the escalation of the trade war. According to media reports, a term sheet has been reached between the countries which paves the way for eliminating a 157% tariff on the import of Chinese goods and a trade treaty.

In Japan, the Bank of Japan kept the interest rate for September 2025 unchanged at 0.5%, marking an end to Japan's negative interest era and in keeping with market expectations. The BOJ also announced its plans to begin gradually selling its mega interests in ETFs and REITs which had accumulated over the quantitative relief years.

Israel

General

In the first three quarters of 2025, the Bank of Israel kept the market interest rate unchanged at 4.5%. On November 24, 2025, however, the Bank's Monetary Committee decided to lower the interest rate to 4.25%. In the Reporting Period, the TASE's leading indices rose by double digits, led by the Banks Index which soared by about 45.3%.

In the first three quarters of 2025, the TA-RealEstate Index grew by 17% and the TA 90 added 33.8%. In Q3 2025, stocks rose with the TA 125 growing by 4.3%, the TA 35 adding 5.2% and the TA 90 increasing by 1.47%.

In September 2025, the Israeli CPI decreased by 0.6%. Annual inflation decreased to 2.5% compared with 2.9% in August 2025. Prices of fresh produce, culture, entertainment, transportation and communications all decreased.

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Moody's kept Israel's credit rating unchanged at Baa1 but despite the ceasefire did not change the negative outlook. However, Israel's growth rate for 2025 was updated from 2% to 2.5% and Moody's economists expect it to reach 4.5% in 2026.

S&P retained Israel's A credit rating but upgraded the forecast from negative to stable in view of the ceasefire and mitigated risk of a regional war. This helped reduce the pressure on the local economy and labor market and on the Government's financial position.

The war in Israel and the Israel-Iran conflict

In Q1 2025, Israel and Hamas reached a ceasefire agreement which became effective on January 19, 2025 and consisted of the IDF's withdrawal from the Gaza Strip, the return of Palestinians to their homes in the north of the Strip and the release of 33 Israeli hostages in several steps. On March 17, 2025, in view of Hamas' refusal to release more Israeli hostages, the ceasefire collapsed and the IDF launched a widespread maneuver in the Gaza Strip. The ceasefire agreement with Hezbollah in the northern border with Lebanon became effective on November 27, 2024 and has lasted through the Report Approval Date.

On June 13, 2025, Israel launched a widespread surprise attack on Iran which included targeted countermeasures and airstrikes against nuclear sites and ballistic missile manufacturing and storage sites. Shortly after the operation was initiated, a special state of emergency was declared by Israel's home front command which included closing down Israel's airspace and suspending all educational and social activities. In response, Iran launched some 500 ballistic missiles and 1,000 UAVs towards civilian and military targets in Israel during the 12 days of the conflict. On June 22, 2025, the U.S. intervened by launching airstrikes against the uranium enrichment plants in Fordow, Natanz and Isfahan. As per various evaluations, these airstrikes set Iran's nuclear plan back by several months to several years. Israel and Iran agreed to the ceasefire brokered by the U.S. on June 24, 2025.

In September 2025, President Trump put forward a plan to end the war in Gaza and free all the hostages. The agreement to end the war was signed on October 9, 2025 and all the living hostages held captive by Hamas were freed on October 13, 2025.

The above developments have the potential of adversely affecting the capital market in which Altshuler Provident operates and impair the scope and value of the assets managed by it. However, at present, the ongoing state of war has not had a material impact on the scope or value of the assets managed by Altshuler Provident, mainly owing to the Company's investment policy and diversified investment portfolio whereby, in practice, more than 60% of the assets are managed in global capital markets.

Moreover, the Company concluded that the risk level of small and medium businesses in the credit market has risen due to the war and has adjusted its credit policy accordingly. In addition, as of the Report Approval Date, the various investments in the alternative investment operation are only exposed to foreign markets and are not directly exposed to the events and developments in Israel. In the Reporting Period, the Company continued to operate regularly and raised capital for its alternative investment funds.

**Report of the Board of Directors on the State of Affairs of the Corporation**

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Despite the existence of potentially negative impact on the business environment in which the Group operates, the Company estimates that at present, the war has not had an effect on the Group's operations. It should also be clarified that the war and its prolongation currently do not affect the Group's financial stability or ability to comply with financial covenants as per financing agreements (see details of financial covenants in paragraph 1.8.1 below). Notwithstanding the aforesaid, as of the Report Approval Date, the Company is unable to fully and reliably assess the extent of the future effect of the war on its operations, also in view of the current fluctuations in the markets, the uncertainty involving the duration, intensity and impact of the war on the Company's operating segments or any measures that might be adopted by the Israeli Government. See details of the effect of inflation and market interest hikes on the Company's operating segments in paragraph 2.1 below.

*The Company's evaluations as presented above represent forward-looking information, as this term is defined in the Securities Law. These evaluations are based, among others, on information that is currently available to the Company and consist of the Company's forecasts or intentions as of the Report Approval Date, yet there is no certainty that these evaluations relating to any of the factors described above or their effects on the Company's operations and business will materialize in whole or in part and therefore their actual effect may be materially different than anticipated. The potential factors underlying the non-materialization of the above evaluations and forecasts include changes in global and local capital markets, regulatory changes and mandatory regulatory approvals as well as the realization of any of the other risk factors to which the Company's provident and pension fund management, credit and alternative investment operations are exposed, as specified in paragraphs 4.11 and 3.2.2.1.4 to Chapter A to the Periodic Report.*

## Report of the Board of Directors on the State of Affairs of the Corporation

### 1.4 Developments in the operating segments

#### 1.4.1 Provident and pension fund management

##### 1.4.1.1 General data of Altshuler Provident

**As of September 30, 2025 and for the period of nine months then ended (NIS in thousands)**

	New pension funds		Personal provident funds for benefits and severance pay	Study funds	Investment provident funds	Long-term Savings for Every Child Plan	Central Funds*	Total
	Comprehensive	General						
Number of members**	394,676	21,235	744,582	565,549	168,308	961,075	4,410	2,859,835
Managed assets	37,217,371	1,245,778	53,872,088	50,581,482	12,114,601	11,616,447	889,992	167,537,759
Receipts from fees	3,054,022	141,849	490,227	2,376,017	1,381,475	767,666	4,550	8,215,806
Of which, nonrecurring fees	-	-	146,983	53,905	846,899	35,660	-	1,083,447
Annualized fees for newly enrolled members	532,277	34,934	22,512	274,113	131,346	40,928	1	1,036,111
Annualized fees for all members	3,989,743	190,779	541,394	3,134,852	749,011	962,556	5,202	9,573,537
Accruals transferred to the fund	2,220,475	149,599	697,517	375,092	84,952	3,844	1,874	3,533,353
Accruals transferred from the fund	(3,957,774)	(179,791)	(7,295,463)	(8,267,422)	(1,399,000)	(201,636)	(55,791)	(21,356,877)
Payments	(756,784)	(1,936)	(1,627,721)	(1,922,594)	(766,641)	(202,409)	(35,617)	(5,313,702)
Surplus revenues (losses) over expenses in the period	3,903,594	125,640	5,011,183	5,018,066	1,309,871	1,467,992	73,790	16,910,136
Revenues from accrual management fees	38,641	1,511	256,240	263,537	53,315	18,020	3,902	635,166
Revenues from deposit management fees	38,289	1,786	1,480	-	-	-	-	41,555
Average annual rate of management fees from active assets	0.13	0.15	0.65	0.71	0.62	0.23	0.24	
Average annual rate of management fees from inactive assets	0.14	0.19	0.61	0.66	0.58	0.23	0.63	
Average annual rate of management fees from assets – annuities	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.25	1.26	0.30	-	-	-	-	

\* Central Funds - include (1) Altshuler Shaham Severance Pay Central Severance Pay Fund, (2) Altshuler Shaham Marpeh Central Sick Leave Fund and (3) Altshuler Shaham Central Provident Fund for Budgetary Pension Participation which were transferred to the management of Altshuler Provident in the context of a voluntary transfer on October 1, 2021.

\*\* Refers to the number of provident fund member and pension fund member accounts.

## Report of the Board of Directors on the State of Affairs of the Corporation

**As of September 30, 2024 and for the period of nine months then ended (NIS in thousands)**

	New pension funds		Personal provident funds for benefits and severance pay	Study funds	Investment provident funds	Long-term Savings for Every Child Plan	Central Funds*	Total
	Comprehensive	General						
Number of members**	378,740	21,686	821,905	647,108	164,936	969,180	5,820	<b>3,009,375</b>
Managed assets	31,558,617	963,895	56,312,415	52,996,577	10,919,041	9,507,019	907,108	<b>163,164,672</b>
Receipts from fees	2,825,720	151,575	665,167	2,793,171	1,261,138	785,264	4,978	<b>8,487,013</b>
Of which, nonrecurring fees	-	-	265,176	46,155	802,451	37,612	-	<b>1,151,394</b>
Annualized fees for newly enrolled members	478,309	30,249	33,017	366,363	151,465	24,225	23	<b>1,083,651</b>
Annualized fees for all members	3,826,214	177,179	625,174	3,768,461	687,858	980,956	6,273	<b>10,072,115</b>
Accruals transferred to the fund	2,080,065	130,295	1,584,482	820,811	172,781	1,857	3,318	<b>4,793,609</b>
Accruals transferred from the fund	(3,317,533)	(161,094)	(5,766,512)	(7,785,812)	(1,145,698)	(155,636)	(27,967)	<b>(18,360,252)</b>
Payments	(161,885)	2,776	(1,750,921)	(2,320,943)	(832,120)	(146,613)	(34,474)	<b>(5,244,180)</b>
Surplus revenues over expenses in the period	3,620,024	98,671	5,199,257	5,457,990	1,321,027	1,244,295	69,899	<b>17,011,163</b>
Revenues from accrual management fees	30,398	1,252	264,088	276,418	48,673	14,924	3,951	<b>639,704</b>
Revenues from deposit management fees	37,882	1,684	1,864	-	-	-	-	<b>41,430</b>
Average annual rate of management fees from active assets	0.12	0.16	0.65	0.72	0.63	0.23	0.21	
Average annual rate of management fees from inactive assets	0.14	0.21	0.62	0.67	0.61	0.23	0.64	
Average annual rate of management fees from assets – annuities	0.38	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.31	1.33	0.27	-	-	-	-	

\* Central Funds - include (1) Altshuler Shaham Severance Pay Central Severance Pay Fund, (2) Altshuler Shaham Marpeh Central Sick Leave Fund and (3) Altshuler Shaham Central Provident Fund for Budgetary Pension Participation which were transferred to the management of Altshuler Provident in the context of a voluntary transfer on October 1, 2021.

\* Refers to the number of provident fund member and pension fund member accounts.

## Report of the Board of Directors on the State of Affairs of the Corporation

### As of December 31, 2024 and for the year then ended (NIS in thousands)

	New pension funds		Personal provident funds for benefits and severance pay	Study funds	Investment provident funds	Long-term Savings for Every Child Plan	Central Funds*	Total
	Comprehensive	General						
Number of members**	392,166	21,899	811,046	634,090	169,845	965,387	5,740	<b>3,000,173</b>
Managed assets	32,753,838	1,021,099	56,596,344	53,002,323	11,503,939	9,780,990	901,186	<b>165,559,719</b>
Receipts from fees	3,836,118	210,637	1,003,581	3,875,498	2,069,641	1,041,644	6,488	<b>12,043,607</b>
Of which, nonrecurring fees	-	-	416,818	70,149	1,434,831	50,136	-	<b>1,971,934</b>
Annualized fees for newly enrolled members	692,371	42,527	31,305	423,220	225,610	33,049	10	<b>1,448,092</b>
Annualized fees for all members	3,891,753	179,772	562,387	3,810,886	762,600	974,030	5,935	<b>10,187,363</b>
Accruals transferred to the fund	3,103,437	200,437	2,327,300	1,241,894	256,527	2,566	11,065	<b>7,143,226</b>
Accruals transferred from the fund	(4,301,839)	(232,720)	(6,684,785)	(9,152,628)	(1,334,419)	(208,833)	(37,110)	<b>(21,952,334)</b>
Payments	(383,211)	(5,777)	(2,270,201)	(3,077,965)	(1,085,418)	(206,691)	(48,673)	<b>(7,077,936)</b>
Surplus revenues over expenses in the period	4,001,649	108,250	5,839,508	6,084,164	1,455,695	1,374,452	78,062	<b>18,941,780</b>
Revenues from accrual management fees	42,007	1,730	352,465	367,663	65,744	20,471	5,270	<b>855,350</b>
Revenues from deposit management fees	50,853	2,316	2,436	-	-	-	-	<b>55,605</b>
Average annual rate of management fees from active assets	0.12	0.16	0.65	0.72	0.62	0.23	0.20	
Average annual rate of management fees from inactive assets	0.14	0.21	0.62	0.67	0.60	0.23	0.63	
Average annual rate of management fees from assets – annuities	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.30	1.34	0.25	-	-	-	-	

\* Central Funds - include (1) Altshuler Shaham Severance Pay Central Severance Pay Fund, (2) Altshuler Shaham Marpeh Central Sick Leave Fund and (3) Altshuler Shaham Central Provident Fund for Budgetary Pension Participation which were transferred to the management of Altshuler Provident in the context of a voluntary transfer on October 1, 2021.

\* Refers to the number of provident fund member and pension fund member accounts.

## **Report of the Board of Directors on the State of Affairs of the Corporation**

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### **1.4.1.2 Developments and major changes in the Reporting Period**

In the Reporting Period, Altshuler Provident continued marketing activities for retention, sale and distribution of products managed by it and continued promoting and positioning the Company's pension fund as a known brand in the Israeli public. In the Reporting Period, there was an increase in the balance of member assets, mainly owing to positive yields and surplus deposits over withdrawals against shifting of members to competitors, net. See more information of the global capital market trend in paragraph 1.3 above.

#### **Provident fund assets**

As of September 30, 2025, total local provident fund assets (compensation and severance pay, study funds, central severance pay funds, investment provident funds and the Savings for Every Child long-term investment provident fund) totaled approximately NIS 966.9 billion compared with approximately NIS 850.4 billion at the end of 2024, representing an increase of about 13.7%.

In the Reporting Period, the scope of provident fund assets managed by Altshuler Provident decreased from approximately NIS 131.78 billion at the end of 2024 to approximately NIS 129.07 billion as of September 30, 2025, representing a decrease of about 2.06% in total provident fund assets managed by Altshuler Provident.

#### **Pension fund assets**

As of September 30, 2025, total local pension fund assets (new, comprehensive and general) totaled approximately NIS 1,096.24 billion compared with approximately NIS 933.80 billion at the end of 2024, representing an increase of about 17.4%.

In the Reporting Period, the scope of pension fund assets managed by Altshuler Provident increased from approximately NIS 33.77 billion at the end of 2024 to approximately NIS 38.46 billion as of September 30, 2025, representing an increase of about 13.88%.

#### **Investments in provident fund and pension fund assets**

In the Reporting Period, the Company kept the exposure of its managed assets to the quoted and unquoted stock component at about 50% in the general tracks. The main stock exposure in Israel remains to local bank and the main stock exposure abroad remains to the leading U.S. indices and underlying stocks.

### **1.4.2 The credit operation**

See information of the credit operation and developments therein in the Reporting Period through the Report Approval Date in paragraph 2.3 below and in Notes 3 and 4 to the Financial Statements hereby attached.

### **1.4.3 The alternative investment operation**

See more information of the alternative investment operation and developments therein in the Reporting Period through the Report Approval Date in paragraph 2.4 below and in Notes 5 and 6 to the Financial Statements hereby attached.

**Report of the Board of Directors on the State of Affairs of the Corporation****1.5 Financial position**

Following are data from the Company's interim consolidated financial statements for the periods of nine and three months ended September 30, 2025.

Main items from the Company's consolidated statements of financial position (NIS in thousands):

	September 30,		December 31, 2024	Company's explanations
	2025	2024		
Current assets	441,196	301,120	315,492	The increase in current assets in the Reporting Period compared to the corresponding period of 2024 arises from an increase in loans to customers, receivables, current tax assets, cash and cash equivalents and short-term investments against a decrease in net lease investment.
Non-current assets	1,075,005	875,641	894,070	The increase in non-current assets in the Reporting Period compared to the corresponding period of 2024 stems from an increase in loans to customers, receivables, investments in associated partnerships, long-term investments and deferred tax assets against a decrease in deferred acquisition costs (DAC), net lease investment, right-of-use assets, property plant and equipment and intangible assets. The movement in DAC in the Reporting Period arises from payment of agent commissions of approx. NIS 36,072 thousand less write downs of approx. NIS 55,163 thousand.
<b>Total assets</b>	<b>1,516,201</b>	<b>1,176,761</b>	<b>1,209,562</b>	---
Current liabilities	591,764	242,473	284,606	The increase in current liabilities in the Reporting Period compared to the corresponding period of 2024 is a result of an increase in short-term credit, short-term payables and current taxes payable against a decrease in current maturities of lease liabilities.
Non-current liabilities	314,443	397,874	379,646	The decrease in non-current liabilities in the Reporting Period compared to the corresponding period of 2024 is a result of a decrease in loans from banks, lease liabilities, employee benefit liabilities, net and deferred tax liabilities.
Equity	609,994	536,414	545,310	The increase in equity in the Reporting Period compared to the corresponding period of 2024 derives from comprehensive income of approx. NIS 75.3 million, increase in capital reserve for cost of share-based payment of approx. NIS 4.8 million, capital contributions of approx. NIS 47 million by non-controlling interests and transaction with non-controlling interests totaling approx. NIS 581 thousand against a decrease in equity due to a dividend declared in the amount of approx. NIS 63 million.
<b>Total liabilities and equity</b>	<b>1,516,201</b>	<b>1,176,761</b>	<b>1,209,562</b>	---

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### 1.6 Operating results

Main items from the Company's consolidated statements of profit or loss and other comprehensive income (NIS in thousands):

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
<b>Revenues:</b>					
From management fees, net	684,488	682,538	226,907	229,054	911,738
From commissions	3,174	5,658	735	1,936	7,629
Finance income from nonbank credit	13,344	470	6,834	470	2,399
<b>Total revenues</b>	<b>701,006</b>	<b>688,666</b>	<b>234,476</b>	<b>231,460</b>	<b>921,766</b>
<b>Expenses:</b>					
Marketing, operating, general and administrative expenses	592,145	563,876	197,931	190,022	754,691
Expenses in respect of credit losses	4,740	552	3,488	552	1,342
Finance expenses on nonbank credit	4,844	-	2,837	-	83
<b>Total expenses</b>	<b>601,729</b>	<b>564,428</b>	<b>204,256</b>	<b>190,574</b>	<b>756,116</b>
<b>Operating income</b>	<b>99,277</b>	<b>124,238</b>	<b>30,220</b>	<b>40,886</b>	<b>165,650</b>
Finance income	8,808	7,576	2,892	2,219	10,765
Finance expenses	10,369	8,409	3,435	2,464	(14,228)
Other income	302	28	3	3	473
Company's share of earnings (losses) of associated partnerships accounted for at equity	20,426	(11)	9,428	(9)	(192)
<b>Income before taxes on income</b>	<b>118,444</b>	<b>123,422</b>	<b>39,108</b>	<b>40,635</b>	<b>162,468</b>
Taxes on income	40,297	41,670	13,856	13,930	52,147
<b>Net income</b>	<b>78,147</b>	<b>81,752</b>	<b>25,252</b>	<b>26,705</b>	<b>110,321</b>
Other comprehensive income (loss) (net of tax)	(2,874)	3	(1,815)	36	665
<b>Comprehensive income</b>	<b>75,273</b>	<b>81,755</b>	<b>23,437</b>	<b>26,741</b>	<b>110,986</b>
<b>Net income (loss) for the period attributable to:</b>					
Equity holders of the Company	83,488	83,469	28,413	27,570	113,065
Non-controlling interests	(5,341)	(1,717)	(3,161)	(865)	(2,744)
	<b>78,147</b>	<b>81,752</b>	<b>25,252</b>	<b>26,705</b>	<b>110,321</b>
<b>Comprehensive income (loss) attributable to:</b>					
Equity holders of the Company	81,656	83,472	27,640	27,606	113,730
Non-controlling interests	(6,383)	(1,717)	(4,203)	(865)	(2,744)
	<b>75,273</b>	<b>81,755</b>	<b>23,437</b>	<b>26,741</b>	<b>110,986</b>

## Report of the Board of Directors on the State of Affairs of the Corporation

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### Revenues

Revenues from management fees, net – total revenues from net management fees attributable to the provident and pension fund management operation in the Reporting Period amounted to approximately NIS 676,000 thousand compared with approximately NIS 678,491 thousand in the corresponding period of 2024. The decrease arises from reduced management fees against an increase in assets managed by Altshuler Provident. Total revenues from net management fees attributable to the alternative investment operation in the Reporting Period amounted to approximately NIS 8,488 thousand compared with approximately NIS 4,047 thousand in the corresponding period of 2024. The increase arises from an increase in the balance of managed assets.

Revenues from commissions – the decrease in revenues from commissions in the Reporting Period mainly derives from a decrease in development commissions due to a decrease in the scope of alternative real estate investment transactions closed in the Reporting Period compared with the corresponding period of 2024. The development commissions are recognized after the transactions are actually raised and therefore this item is subject to fluctuations.

Finance income from nonbank credit – the increase in finance income from the credit operation in the Reporting Period compared to the corresponding period of 2024 arises from the increase in the credit portfolio compared with the corresponding period of last year during which the Company launched this operation.

### Expenses

Marketing, operating, general and administrative expenses – total expenses attributable to the provident and pension fund management operation amounted to approximately NIS 546,038 thousand in the Reporting Period compared with approximately NIS 538,667 thousand in the corresponding period of 2024. The increase is mainly a result of an increase in salary and related expenses, the grant of employee options and the raising of the VAT rate against a decrease in depreciation and amortization and in commissions. Total expenses attributable to the credit operation amounted to approximately NIS 13,624 thousand in the Reporting Period compared with approximately NIS 1,614 thousand in the corresponding period of 2024. The increase is attributed to the fact that this operation was launched in Q3 2024. Total expenses attributable to the alternative investment operation amounted to approximately NIS 21,442 thousand in the Reporting Period compared with approximately NIS 13,574 thousand in the corresponding period of 2024. The increase stems from the acquisition of iFunds in February 2024 and the increase in salary and related expenses in view of the growth and development of the alternative investment operation.

Expenses in respect of credit losses – the increase in these expenses in the Reporting Period compared with the corresponding period of 2024 mainly stems from the increase in the credit portfolio compared with the corresponding period of last year during which the Company launched this operation.

Finance expenses on nonbank credit – the increase in finance expenses in respect of nonbank credit in the Reporting Period compared with the corresponding period of 2024 stems from the increase in financial liabilities attributable to the credit portfolio compared with the corresponding period of last year during which the operation was launched.

Finance income – the increase in finance income in the Reporting Period compared with the corresponding period of 2024 mainly arises from increased finance income from bridge loans granted to partnerships in the alternative investment operation.

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Finance expenses – the increase in finance expenses in the Reporting Period compared with the corresponding period of 2024 is mainly a result of the increase in interest paid to banks following the increase in financial liabilities, the rise in the average interest rate in the provident fund management operation and the increase in bank interest expenses on loans taken to grant bridge loans to partnerships in the alternative investment operation.

Other income – the increase in other income in the Reporting Period compared with the corresponding period of 2024 mainly arises from the derecognition of assets and liabilities, net in respect of a lease following the termination of an agreement for the lease of several levels in the Psagot House. See also Note 8d to the Financial Statements hereby attached.

The Company's share of earnings (losses) of associated partnerships accounted for at equity - the increase in the Reporting Period mainly arises from revaluation of investments in associated real estate partnerships based on external valuations obtained. This includes the Company's share of expected carried interest as GP and its share of earnings as LP. See details of the valuations in Note 6 to the Financial Statements hereby attached.

### 1.7 Liquidity

Main items from the Company's consolidated statements of cash flows (NIS in thousands):

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31, 2024
	2025	2024	2025	2024	
<b>Cash flows from operating activities:</b>					
Net income in the period	78,147	81,752	25,252	26,705	110,321
Adjustments to income	2,324	30,840	(3,289)	(1,748)	44,727
<b>Net cash provided by operating activities</b>	<b>80,471</b>	<b>112,592</b>	<b>21,963</b>	<b>24,957</b>	<b>155,048</b>
<b>Net cash used in investing activities</b>	<b>(89,422)</b>	<b>(37,069)</b>	<b>(72,063)</b>	<b>(9,665)</b>	<b>(40,563)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>4,612</b>	<b>(114,761)</b>	<b>75,692</b>	<b>(37,762)</b>	<b>(146,353)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(4,339)</b>	<b>(39,238)</b>	<b>25,592</b>	<b>(22,470)</b>	<b>(31,868)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>83,988</b>	<b>115,856</b>	<b>54,057</b>	<b>99,088</b>	<b>115,856</b>
<b>Cash and cash equivalents at end of period</b>	<b>79,649</b>	<b>76,618</b>	<b>79,649</b>	<b>76,618</b>	<b>83,988</b>

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**Net cash provided by operating activities** – the decrease in cash flows provided by operating activities in the Reporting Period compared with the corresponding period of 2024 is mainly a result of the decrease in the Company's net income, items not involving cash flows, increase in cash paid in the period and changes in other balance sheet items.

**Net cash used in investing activities** – the increase in cash flows used in investing activities in the Reporting Period compared with the corresponding period of 2024 is mainly a result of an increase in purchases of financial investments, net and an increase in loans granted to associated partnerships against an increase in repayment of loans from associated partnerships and acquisition of newly consolidated company last year.

**Net cash provided by (used in) financing activities** – the decrease in cash flows used in financing activities in the Reporting Period compared with the corresponding period of 2024 is mainly a result of an increase in receipt of loans from banks and minority investments in consolidated partnerships against an increase in repayment of loans from banks.

### 1.8 **Financing resources**

As of the Report Approval Date, the Company finances its operations and the operations of the Group companies using its own resources and loans and borrowings provided to the Group companies by banks.

As of the Report Approval Date, the average scope of short-term credit, current maturities of loans and long-term loans from banks approximates NIS 247.9 million, NIS 49.4 million and NIS 271.6 million, respectively.

#### 1.8.1 **The provident and pension fund management operation**

To secure its entire credit facilities from banks, Altshuler Provident has undertaken to meet the following financial covenants towards the banks:

- a) Altshuler Provident's revenues from management fees will not be lower than NIS 200 million a quarter. In Q3 2025, Altshuler Provident's revenues from management fees totaled NIS 224.1 million.
- b) Altshuler Provident's shareholders' equity less capital reserves will not be lower than NIS 245 million. As of the Report Date, Altshuler Provident's shareholders' equity less capital reserves approximated NIS 426.3 million.
- c) Altshuler Provident's bank debt coverage ratio divided by its EBITDA in the latest four calendar quarters will not exceed 2.8. As of the Report Date, the ratio is 2.
- d) The debt service coverage ratio (DSCR) – the result of dividing the EBITDA less investments in PP&E and in software and less tax in the latest relevant calendar quarters (accumulated interest expenses and linkage differences with the addition of current maturities – principal and interest, excluding principal on credit provided to finance compliance with minimum capital requirements of provident fund manager and repayment of any credit principal for a period not exceeding 12 months but rather only interest on such credit, which Altshuler Provident will have to pay the banks in the four consecutive calendar quarters as of the Report Date, other than borrowings repayable in a lump sum at period end will not be lower than 1.5. As of the Report Date, the ratio is 3.

**Report of the Board of Directors on the State of Affairs of the Corporation**

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1.8.2      The credit operation

1.8.2.1      In keeping with the Company's Board approval of March 19, 2025, on April 22, 2025, the Company signed agreements with banks to receive additional credit facilities totaling approximately NIS 300 million as follows<sup>1</sup>:

- (a)      NIS 100 million provided by Bank A in addition to the NIS 100 million facility provided on October 1, 2024<sup>2</sup> as follows: NIS 50 million as on call credit for one year and the other NIS 50 million as binding credit for one year (in respect of which the Company will be charged non-utilization commission of 0.5%). The interest on the above credit will be Prime less 0.2%-0.25%<sup>3</sup>;
- (b)      NIS 200 million provided by Bank B as nonbinding on call credit under which the Company may request loans bearing interest of Prime less 0.2%-0.25% for one year.

1.8.2.2      On September 29, 2025, the Company refinanced its entire credit facilities from Bank A as detailed in subparagraph 1.8.2.1(a) above and received NIS 200 million available until September 28, 2026, with no material changes in terms. It was also agreed that the general floating lien provided in favor of Bank A on Altshuler Business Credit will cease securing the Company's debts. See also an immediate report of September 29, 2025 (TASE reference: 2025-01-072882), whose information is hereby included by reference.

1.8.2.3      On November 26, 2025, the Company signed an agreement with Bank C for receiving a nonbinding on call credit facility of NIS 150 million under which the Company may withdraw loans bearing interest of Prime less 0.2%-0.25% for one year. See also Note 9e to the Financial Statements hereby attached.

As of September 30, 2025, the carrying amount of the credit facilities (including interest accrued thereon) in the credit operation approximates NIS 272,112 thousand.

As of the Report Approval Date, the Company has available credit facilities of NIS 550 million for extending loans to customers.

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<sup>1</sup> See also the Company's immediate report of April 22, 2025 (TASE reference: 2025-01-028610), whose information is hereby included by reference.

<sup>2</sup> See also the Company's immediate report of October 1, 2024 (TASE reference: 2024-01-607531), whose information is hereby included by reference.

<sup>3</sup> It should be noted that the credit facility of NIS 100 million provided to the Company on October 1, 2024 by Bank A for one year from the signing date is in effect until September 30, 2025. See details of this credit facility in the Company's immediate report of October 1, 2024 (TASE reference: 2024-01-607531), whose information is hereby included by reference, and in paragraph 3.2.2.5 to Chapter A to the Periodic Report.

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1.8.3 The alternative investment operation

See details of credit facilities extended by banks to Altshuler Real Estate and Altshuler Investment Funds for providing bridge loans to partnerships and their current activities in Notes 8g and 9b to the Financial Statements hereby attached and Note 18 to the Company's financial statements for 2024.

On August 21, 2025, the Company's Board approved the decision to allow Altshuler Real Estate to use a bank credit facility also for investing in a partnership managed by it at a scope of some \$ 4 million.

As of September 30, 2025, the carrying amount of the credit facilities (including interest accrued thereon) in the alternative investment operation approximates NIS 51,260 thousand.

See details of the Board's approval of November 26, 2025 to increase the Company's credit facilities by another NIS 50 million to a total of NIS 150 million for providing bridge loans in Note 9 to the Financial Statements hereby attached.

See more information of the Group's financing resources, including financing agreements signed by it in the Reporting Period in Notes 5, 8 and 9 to the Company's Financial Statements hereby attached and Note 18 to the Company's financial statements for 2024.

**2. Material Events during and after the Reporting Period and Updates to Chapter A to the Periodic Report**

As per the provisions of Regulation 39A to the Report Regulations, following is a description of the material events during and after the Reporting Period and of material developments in the Company's business in the nine months ended September 30, 2025 through the Report Approval Date which have not yet been disclosed in the Periodic Report.

2.1 Effects of inflation and market interest hikes

As described in paragraph 1.3 above, in the first three quarters of 2025, the Bank of Israel and the Fed in the United States kept their benchmark interest rates relatively high. While the BoI interest rate remained at 4.5% in the Reporting Period, the Fed interest rate was lowered to 4.25% in September 2025. However, in an interest notice of November 24, 2025, the BoI lowered the interest rate to 4.25%. The ECB continued lowering its Euro Area interest rate at a relatively fast pace to 2.0% at the end of the Reporting Period.

**Report of the Board of Directors on the State of Affairs of the Corporation**

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**2.1.1 Provident and pension fund management operation**

Due to the nature of its operations, Altshuler Provident is exposed to capital market fluctuations. It should be noted that the bulk of Altshuler Provident's financial debt bears unindexed fixed interest and therefore its finance expenses have not been materially affected. In general, changes in the interest and inflation environments are liable to have a negative impact on the capital markets and the business environment in which Altshuler Provident operates, thereby also causing a decrease in the scope and value of assets managed by it, whether due to changes in the number of active members of the various saving channels or due to market slowdown and price decline trends. Nevertheless, the Company believes that Altshuler Provident's financial stability, asset portfolio, debt structure, composition of financial investments, free cash flow and high cash flow generated by operating activities will all allow it to continue to finance its operations and meet its obligations.

**2.1.2 Credit operation**

The inflationary environment indirectly affects the market for providing credit to businesses, yet given the nature of Altshuler Business Credit's portfolio of entirely bearing variable interest of Prime and being unindexed, the level of direct exposure to inflationary fluctuations is limited. The credit portfolio is characterized by an average short term which contributes to minimizing sensitivity to changes in macroeconomic parameters. In addition, using variable interest based on Prime allows updating the interest rate on a regular basis to adapt to the changes in the market interest environment and eliminates the risk of direct linkage to the inflation rate. The Company believes that continuously extremely high inflation rates are liable to raise the market's risk profile due to the challenges that businesses will face in maintaining the level of their operating expenses and the value of their money. The Company takes regular steps to manage those risks and adapt its underwriting policy to the changes in the business environment.

Altshuler Construction Loans offers loans bearing variable interest of Prime, unlinked to the CPI and customized to the financing sources and therefore its direct exposure to inflationary fluctuations is limited. Indirectly, high inflation rates are likely to affect housing prices, reduce demands for residential units and sales by developers, increase input prices and impair the profits of developers who are the Company's customers. In contrast, the structure of the securities (surplus projects plus developer profit) as well as other types of collaterals provided such as personal guarantees and senior and junior liens all serve to guarantee debt repayment by customers.

**2.1.3 Alternative investment operation**

The lowered interest rate in Europe in the past two years has enabled obtaining financing for purchasing assets at relatively low interest rates. In contrast, in the U.S., the interest rate remains high, albeit currently undergoing a trend of reduction, which impairs property value and affords opportunities for bargain purchases at attractive prices against costly loans and free cash flow impairment. As stated above, in the U.S. and Europe there is currently a trend of inflation stabilization which is expected to enhance certainty in the market.

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*Disclaimer - the Company's evaluations of the future effects of the inflation acceleration and interest increase trends on the Company's operating results represent forward-looking information, as this term is defined in the Securities Law, whose materialization is uncertain and not controlled by the Company. Such evaluations rely on the assessments of the Company's management and may not materialize or materialize differently than expected due to factors which are not under the Company's control such as continued inflation acceleration and market interest rises and other macroeconomic changes, as well as the materialization of any of the other risk factors detailed in paragraphs 4.11 and 3.2.2.1.4 to Chapter A to the Periodic Report.*

### 2.2 Financial information of the operating segments

Since the credit operation was presented for the first time as a reportable operating segment in the Company's financial statements for Q1 2025 and since the alternative investment operation has been presented as a reportable operating segment from the Company's financial statements for Q2 2025, following are updates to paragraph 2.1 to Chapter A to the Periodic Report.

Below are financial data of the Group's operating segments based on the Financial Statements hereby attached (NIS, million):

#### Nine months ended September 30, 2025

	Provident and pension fund management operation	Credit operation	Alternative investment operation	Other	Unallocated to operating segments	Total
Revenues from external customers	676,000	13,344	10,756	906	-	701,006
Company's share of earnings of associated partnerships accounted for at equity	-	-	20,426	-	-	20,426
Cost of revenues from external customers	546,038	23,213	21,442	-	12,295	602,988
Fixed costs*	308,284	13,080	17,591	-	12,295	351,250
Variable costs*	237,754	10,133	3,851	-	-	251,738
Segment results	129,962	(9,869)	9,740	906	(12,295)	118,444
Attributable to equity holders of the Company	129,962	(7,676)	14,483	906	(12,295)	125,380
Attributable to non-controlling interests	-	(2,193)	(4,743)	-	-	(6,936)
Segment assets	1,101,411	322,431	88,598	291	3,470	1,516,201
Segment liabilities	(567,726)	(276,136)	(58,410)	-	(3,935)	(906,207)

\* The distinction between fixed and variable costs relies on principal costs per expense category. Mostly fixed expenses are included in fixed costs while mostly variable expenses are included in variable costs.

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Three months ended September 30, 2025

	Provident and pension fund management operation	Credit operation	Alternative investment operation	Other	Unallocated to operating segments	Total
Revenues from external customers	224,103	6,834	3,227	312	-	234,476
Company's share of earnings of associated partnerships accounted for at equity	-	-	9,428	-	-	9,428
Cost of revenues from external customers	179,709	11,101	9,012	-	5,693	205,515
Fixed costs*	117,021	1,299	6,882	-	5,693	130,895
Variable costs*	62,688	9,802	2,130	-	-	74,620
Segment results	44,394	(4,267)	3,643	312	(5,693)	38,389
Attributable to equity holders of the Company	44,394	(3,194)	7,278	312	(5,693)	43,097
Attributable to non-controlling interests	-	(1,073)	(3,635)	-	-	(4,708)
Segment assets	1,101,411	322,431	88,598	291	3,470	1,516,201
Segment liabilities	(567,726)	(276,136)	(58,410)	-	(3,935)	(906,207)

\* The distinction between fixed and variable costs relies on principal costs per expense category. Mostly fixed expenses are included in fixed costs while mostly variable expenses are included in variable costs.

### 2.3 Updates to the credit operation

Since the credit operation was presented for the first time as a reportable operating segment in the Company's financial statements for Q1 2025, following are updates to paragraphs 2.2 and 3.2.2 to Chapter A to the Periodic Report.

#### 2.3.1 General environment and the effect of external factors on the Company's operations

For information of trends, events and developments in the operating segment's macroeconomic environment and their effects on the operation, see paragraph 1.3 above.

#### 2.3.2 Operation overview

In this operating segment, Altshuler Credit provides loans to businesses through Altshuler Business Credit which holds an extended credit provider license from the Capital Market Authority and offers various business solutions such as real estate funding, procurement funding, working capital funding and more.

From Q3 2025, Altshuler Credit expanded its activity and through Altshuler Construction Loans, a wholly owned private company that was founded in Q3 2025, began providing loans to real estate developers including closed-end credit, capital infusion and extraction. See details of loan agreements signed with Israeli real estate project development and holding companies in paragraph 2.3.4 below.

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It should be noted that Altshuler Construction Loans operates in keeping with the licensing exemption prescribed in Regulation 2(8) to the Financial Services Control Regulations (Regulated Financial Services) (Licensing Exemption), 2022. Moreover, in the Reporting Period, the Company began taking steps for expanding Altshuler Business Credit's operation into the business loan collateral market and applied to the Israel Capital Authority for a license to provide collaterals, which was approved after the Reporting Period.

The loans are provided by Altshuler Credit against different types of collaterals (personal guarantees, third party guarantees, real estate properties, equipment etc.).

### 2.3.3 Structure of the operation and changes therein

The players in the business loan market include banks, credit card companies and nonbank lenders which are partly held by insurance companies, pension funds and provident funds, some public and some private. The Company estimates that the nonbank loan market will continue to grow in the near future due to growing market needs and the process innovativeness and quickness and thought flexibility that characterize the players in this market. The nonbank loan market's current positioning and recent improvement in its image compared with decades ago contribute to the growing trend of referrals by various – large and small - corporations and private parties to nonbank financing channels as a valid alternative other than banks. The Company believes that recent regulations enacted in this field will allow the nonbank credit market to reinforce its reputation as a whole and positively affect large entities operating in this market.

The activity in the market for extending project loans to residential and commercial real estate developers used to be dominated by the bank system but there is a recently growing trend of market penetration by nonbank lenders such as public companies, institutional investors and private equity funds. The Company estimates that the inelastic demands for real estate development in Israel, with emphasis on the residential market, in combination with the regulatory restrictions that apply to bank credit and the strict capital requirements are expected to continue supporting the entry of additional players into the nonbank credit market and substantiate the position of existing players. The elasticity that is characteristic of nonbanks, their readiness for quick adaptability to market needs and independence of banking capital restrictions all afford a significant competitive advantage. The Company is of the opinion that the continued grounding of nonbank lenders in the residential development market will contribute to diversification of financing sources in the industry and allow healthier and more efficient competition that will benefit both developers and consumers.

***Disclaimer - the Company's evaluations as stated above represent forward-looking information, as this term is defined in the Securities Law, which rely, among others, on information available to the Company as of the Report Approval Date and whose materialization, in whole or in part, is uncertain. The actual effect on the market and on the Company's operations may be materially different than anticipated. The potential factors underlying the failure of materialization of the above evaluations and forecasts include changes in local and global capital markets, regulatory changes and mandated regulatory approvals, as well as the materialization of any of the other risk factors to which the Company is exposed as detailed in paragraphs 4.11 and 3.2.2.1.4 to Chapter A to the Periodic Report.***

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2.3.4 Changes in the operation's volumes and profits

2.3.4.1 On May 18, 2025, Altshuler Business Credit entered into an agreement according to which it undertook to provide a loan facility of NIS 47 million to an Israeli residential project development and construction company to be used by the borrower for financing the purchase of land in the center of the country. For details of the loan agreement, see Note 9e to the Financial Statements hereby attached and an immediate report of May 18, 2025 (TASE reference: 2025-01-034716), whose information is hereby included by reference.

2.3.4.2 On August 7, 2025, Altshuler Construction Loans entered into an agreement according to which it undertook to provide a loan facility of NIS 100 million to an Israeli real estate project development and holding company to be used by the borrower for financing its operating activities and for repaying owners' loans and equity investments in existing and future urban renewal projects in the center of the country. For details of the loan agreement, see Note 9b to the Financial Statements hereby attached and an immediate report of August 10, 2025 (TASE reference: 2025-01-058829), whose information is hereby included by reference.

See additional information of changes in loans granted to customers in paragraph 2.3.8 below. See additional information of changes in the operation's volumes and profits in paragraphs 1.1.3, 1.3 and 1.6 above.

2.3.5 Financing

See paragraph 1.8.2 above.

2.3.6 Breakdown of revenues and profits from products and services

As of the Report Date, Altshuler Business Credit and Altshuler Construction Loans generate revenues from extending loans to businesses which are recognized as they accrue using the effective interest method. As of the Report Date, Altshuler Business Credit and Altshuler Construction Loans do not generate any other source of revenue that accounts for 10% or more of their total revenues.

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2.3.7 Supervision and restrictions applicable to the operation

Altshuler Business Credit's operations are governed by various legislations and regulated by various legal authorities. The grant of credit requires Altshuler Business Credit to comply with a multitude of rules, laws, regulations and orders as well as the regulations and guidelines of the Capital Market Authority and other regulators. Following are updates to paragraph 2.2.7 to the Report of the Board of Directors for Q1 2025 issued on May 20, 2025 (TASE reference: 2025-01-035254), whose information is hereby included by reference, regarding the main legal requirements applicable to Altshuler Business Credit's credit operation:

2.3.7.1 On July 20, 2025, an amendment was published to the circular offering guidelines to holders of a credit provider license on credit reporting to the Commissioner which becomes effective on August 3, 2025. The amendment settles the process of filing credit reports by holders of a credit provider license to the Commissioner. It was enacted due to a technicality involving the digital reporting process and the transition to reporting using a new portal instead of the former online system. The change requires holders of a credit provider license to designate a reporting officer in the online system who will have access to the reporting portal.

2.3.7.2 On August 14, 2025, Amendment 13 to the Privacy Protection Law became effective. The Amendment consists of the following revisions: expanding the Israel Privacy Protection Authority's administrative and criminal enforcement tools, including authorizing the Authority to impose major monetary sanctions; significantly minimizing database registration duties; adding a duty of notification to the Authority of databases that contain large scopes of especially sensitive information; introducing the duty to appoint a data protection officer (DPO) under certain circumstances; adapting the law's key terminology to the world's advanced privacy laws (for example, defining "personal information", adding a "database controller" definition and more); and expanding the "data purpose limitation" principle in order to limit illegal or unauthorized use of personal information.

2.3.8 Customers

Altshuler Business Credit

As of the Report Date, Altshuler Business Credit's customer portfolio is comprised of Israeli businesses that are incorporated as companies, partnerships and authorized dealers. Total transactions made in the Reporting Period approximate NIS 272.8 million.

As of the Report Date, Altshuler Business Credit has 180 borrowers, of which 2 account for more than 5% of the credit portfolio with a collective outstanding debt of some NIS 34 million.

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As of the Report Date, the net balance of outstanding customer credit provided by Altshuler Business Credit approximates NIS 241 million compared with NIS 64 million as of December 31, 2024. In the period after the Report Date through the Report Approval Date, additional customer credit was provided in a total of approximately NIS 30.8 million against repayment by customers of approximately NIS 36.9 million.

The Company estimates that as of the Report Date Altshuler Business Credit is not dependent on any single customer or limited number of customers whose loss would materially affect its operations given the diversification of the customer portfolio and the fact that Altshuler Business Credit's customers operate in a multitude of different industries.

*Disclaimer - the Company's evaluations in connection with Altshuler Business Credit's independence of any single customer or limited number of customers as detailed above rely, among others, on information available to the Company as of the Report Approval Date, yet there is no certainty that such evaluations or their effects on the Company's operations and businesses will materialize, in whole or in part. Actual effects could potentially materially differ from forecasts.*

Following is the diversification of Altshuler Business Credit's ten largest customers by gross credit volume as of September 30, 2025:

Customer	Percentage of customer portfolio
1	8.2%
2	5.6%
3	4.8%
4	4.8%
5	4.3%
6	4.1%
7	4.0%
8	4.0%
9	4.0%
10	3.8%

Following is the diversification of Altshuler Business Credit's trade receivables by operating segment as of September 30, 2025:

Operating segment	Percentage of customer portfolio
Construction and real estate	65.10%
Trade	11.00%
Industrial and manufacturing	8.74%
IT and telecommunications	4.56%
Other business services	4.22%
Transportation and storage, courier and delivery	2.92%
Hotels, hospitality and food	2.29%
Other	0.85%
Electricity	0.33%
Total	100%

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Following is the aging of Altshuler Business Credit's trade receivables by maturity dates as of September 30, 2025:

<b>Days to repayment *</b>	<b>Percentage repaid of customer portfolio</b>
0-30	5.9%
31-60	5.8%
61-90	6.1%
91-120	4.0%
121-180	6.5%
181-365	16.1%
365<	52.3%
Past due refinanced debts **	3.3%
Total	100.0%

\* Number of days from Report Date to contractual maturity date.

\*\* Of which approximately NIS 1,042 thousand carried to allowance for expected credit losses.

The average maturity profile of Altshuler Business Credit's credit portfolio as of September 30, 2025 is about 1.2 years.

**Altshuler Construction Loans**

As of the Report Date, Altshuler Construction Loans' customer portfolio consists of a single customer whose net balance is NIS 48.6 million. The loan maturity date exceeds one year. The average term of the portfolio is about 3.2 years. As of the Report Approval Date, there have been no changes in the portfolio composition.

See more information of customer credit including the borrowing rate, types of collaterals and allowance for ECLs in Note 4 to the Financial Statements hereby attached.

**2.3.9 Working capital**

Working capital items mainly consist of cash and cash equivalents, loans to customers, short-term investments, short-term credit and trade payables and are managed at the Group level. See also paragraph 4.4 to Chapter A to the Periodic Report.

**2.3.10 Taxation**

The credit operation's income is taxed at the Israeli corporate income tax rate – 23%. See also Note 15 to the Company's annual financial statements for 2024.

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### 2.4 Updates to the alternative investment operation

Since the alternative investment operation has been presented as a reportable operating segment from the Company's financial statements for Q2 2025, following are updates to paragraphs 2.2 and 3.2.1 to Chapter A to the Periodic Report.

#### 2.4.1 Operation overview

As of the Report Date, the Company manages, initiates, markets and distributes alternative investments through Altshuler Real Estate, Altshuler Investment Funds and iFunds.

#### 2.4.2 Structure of the operation and changes therein

This operation consists of managing, initiating, marketing and distributing alternative investments in real estate and other markets with the target customers being qualifying and institutional investors or other investors that meet the provisions of applicable laws and with the objective to become a leading market player. The activities in this operation are performed by Altshuler Real Estate, Altshuler Investment Funds and iFunds.

Altshuler Real Estate locates prospective real estate investments independently or using third parties and raises capital for making investments in income yielding properties and development projects. Mainly in the U.S. and Western Europe. The investments are made in partnership with local developers with proven experience and knowledge of the target markets. Following the necessary due diligence and other contract studies, once a decision is made to promote a certain investment, Altshuler Real Estate raises capital and/or debt from investors by incorporating them into an investment entity with respect to a specific property or portfolio of properties. Altshuler Real Estate serves as the GP and/or manager of the real estate investment entities. The Company may also invest and participate in the investments directly or through Altshuler Real Estate at its sole discretion and as permitted by law. In addition, Altshuler Real Estate continues to promote other activities in the real estate investment market by analyzing prospective investments and foundation of more designated funds including public funds.

Altshuler Investment Funds offers investments in nonnegotiable transactions and/or investment funds among others in partnership with leading local and international investment entities. It renders access to the realm of investment funds and nonnegotiable transactions for qualifying and institutional investors by offering exclusive and diversified products that allow co-investing with local and international institutional investors by exposing the investors to a variety of investment opportunities. The Company may also co-invest in these investments at its sole discretion and as permitted by law.

iFunds operates in partnership with the global iCapital Network and offers customers access to a platform for investing in private equity funds, hedge funds, REITs and debt funds, all of which are members of leading multinational management groups under different risk levels and for different investment periods. iFunds may also distribute the Company's products and/or initiate and distribute alternative products by raising investments for alternative feeder funds that are not on iFunds' platform once they are founded and added to the platform. See more information in paragraph 3.2.1.1 to Chapter A to the Periodic Report.

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In 2025, the high interest environment continued to affect the alternative investment market and the Company's investment strategy. In view of the prevailing macroeconomic conditions, the Company proactively adjusted its investment mix by distinguishing between product categories and customizing them to its customers. The Company was also aware of the change in investor preferences who sought to benefit from the high interest environment by making investments with a higher risk-reward profile in order to up their returns. To offer a response to this trend, the Company is expanding the diversity of its investment products to PE investments, designated debt funds, structured financing transactions and opportunities in unique markets while focusing on segments that reflect a more attractive risk-reward ratio based on market opportunities and maintaining strict risk management policies and a balance between potential returns and risk levels.

**2.4.3 Changes in the operation's volumes and profits**

See information of changes in the operation's volumes and profits in paragraphs 1.3 and 1.6 above.

**2.4.4 Products and services**

As of the Report Date, total assets, including unrealized investment commitments, managed by Altshuler Real Estate and Altshuler Investment Funds and distributed by iFunds in this operating segment approximated \$ 678 million compared with approximately \$ 374 million as of December 31, 2024.

In the Reporting Period, Altshuler Real Estate raised three investments in the U.S. in an aggregate of \$ 39.7 million, in which the Company participated together with Altshuler Real Estate in a total of approximately \$ 5.9 million. Of these investments, Altshuler Real Estate and the Company invested approximately \$ 4.9 million in ASRE Churchwick L.P. whose results are consolidated in the Financial Statements hereby attached, see Note 8f thereto.

As of the Report Date, total investments raised by Altshuler Real Estate approximate \$ 177 million compared with approximately \$ 130 million as of December 31, 2024. The change derives from investments raised in the Reporting Period and the effect of foreign exchange rates.

After the Report Date, Altshuler Real Estate began raising an additional investment in U.S. properties in a total of some \$ 11.2 million, of which the Company invested approximately \$ 550 thousand as LP.

Altshuler Real Estate continues to pursue additional real estate investments through due diligence studies and the foundation of special purpose funds, including public funds.

Altshuler Investment Funds - Altshuler Investment Funds' operation consists of serving as GP in limited partnerships and/or special purpose funds for which it raises capital in private placements and/or public offerings.

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As of the Report Date, total amounts raised for investment funds by Altshuler Investment Funds approximated \$ 87 million compared with approximately \$ 36.4 million as of December 31, 2024.

In the Reporting Period, Altshuler Investment Funds raised investments for two new investment funds in an aggregate of approximately \$ 50 million, in which the Company participated in one of these investments by approximately \$ 500 thousand.

Moreover, after the Report Date, Altshuler Investment Funds completed raising financing for a transaction of approximately \$ 3.5 million.

Alternative investments in real estate and infrastructures through Altshuler Real Estate:

Subsidiary name	Holding structure	Investment field	Revenue structure
Altshuler Real Estate (founded in 2022)	Controls the GP of real estate partnerships. As of the Report Approval Date, the GP manages 13 partnerships that invest in properties in the U.S. and Europe along with leading real estate developers: 2 investment partnerships investing in residential real estate in the U.S. (one through REIT), one investment partnership investing in U.S. commercial center, one investment partnership investing in U.S. office property, 4 investment partnerships investing in U.S. industrial properties and 4 investment partnerships investing in European office properties (3 of which through REITs) and investment partnership investing in residential and commercial properties in the U.S.	Direct and indirect investment in specific real estate properties in the U.S. and Europe together with local partners. Investments are made through special purpose partnerships (SPPs) in a predetermined single property or cluster of properties for predetermined investment period as per each purchased property's or property cluster's business plan. Investments can be made in REITs based on predetermined investment policies and periods. The SPPs aim to appreciate LP profits also by buying income-yielding properties that generate cash inflows or profits from disposal on planned investment termination date.	The subsidiary is entitled to receive from all SPPs development fees and annual management fees as well as carried interest based on minimum RoR to the investors. Carried interest is payable on the property disposal date but can be recognized on a current basis (see paragraph 2.4.5 below).

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Alternative investments in private funds through Altshuler Investment Funds:

Subsidiary name	Holding structure	Investment field	Revenue structure
Altshuler Investment Funds (founded in 2023)	Controls the GP of private investment funds. As of the Report Date, the GP manages 3 SPPs that invest in equity of private companies around the globe.	Foundation of private alternative investment funds that invest in equity of private companies around the globe. The investment strategy targets mature companies through co-investments and single and multi-asset investments.	The subsidiary is entitled to receive from all SPPs annual management fees as well as carried interest based on minimum RoR to the investors. In some SPPs, the Company also generates income from initiation fees.

Data of funds managed in the real estate and other sectors by Altshuler Real Estate and Altshuler Investment Funds:

Name of operation and subsidiary	Investor equity managed as of September 30, 2025 (NIS, million)	Overall asset value as of September 30, 2025 (NIS, million)	No. of investors	Status at Report Approval Date
Real estate investments- Altshuler Real Estate	491	596	995	Active
Investments through investment funds- Altshuler Investment Funds	276	296	312	Active

The alternative investment operation also includes holding iFunds, a private company incorporated in Israel, founded in 2021. iFunds offers qualifying investors easy access to an alternative investment platform for investing in PE and hedge funds. The platform facilitates access to a large variety of alternative investment funds which are members of the world's leading management groups. It also affords easy access and readily available investment information to investment advisors.

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### 2.4.5 Breakdown of revenues and profits from products and services

See details of revenues in the operating segment in paragraph 1.6 above and in Note 3 to the Financial Statements hereby attached.

#### Information of carried interest not recognized as revenue in the Company's financial statements:

Carried interest represents a contractual right held by Altshuler Real Estate and/or Altshuler Investment Funds as GP to receive distributions from investment entities subject to meeting a minimum annual rate of return for the investors.

Following is a disclosure of the potential carried interest receivable, computed based on investee business plans and actual investments made in investees in the alternative investment operation through Altshuler Real Estate and/or Altshuler Investment Funds from the date of launching this operation through September 30, 2025:

	<b>Total mount raised (USD, million)</b>	<b>Expected carried interest range (USD, million)</b>
Investments raised by Altshuler Real Estate	177	18-30
Investments raised by Altshuler Investment Funds	87	6-9

As of the Report Date, the Company and Altshuler Real Estate invested in investee partnerships approximately \$ 9 million. The partnerships in which the Company invests are accounted for in conformity with IAS 28 regarding investments in associates and joint ventures and with IFRS 10 regarding consolidated financial statements. The Company has investments in various associate partnerships and a consolidated partnership as LP therein. This type of interests in combination with being the GP, indirectly through investees, qualifies the Company to receive carried interest, among others. The Company's share of the earnings of the investees relies on the business model of each investee, taking into consideration changes in the fair value of assets and liabilities and assuming that the investee readily divests of its assets at their carrying amount at that time, which is based on their fair value, as well as other liabilities and investments made on a net basis.

Revenue from carried interest in investee partnerships is recognized per IFRS 15 regarding revenue from contracts with customers and therefore revenue from carried interest can be recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the recognized revenue is subsequently resolved.

As stated above, in the Reporting Period, revenues from expected carried interest from investments in associated partnerships accounted for at equity were recognized in the Company's Financial Statements in a total of approximately NIS 15.8 million. The Company also recognized revenue of approximately NIS 4.6 million from the associated partnership's earnings as LP. See Note 6 to the Financial Statements hereby attached.

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The Company regularly considers recognition of revenue from carried interest and therefore it is possible that in subsequent periods certain carried interest will be recognized in the financial statements as revenue. In contrast, in view of the long-term nature of the divestiture of certain operations and/or fluctuations in the base assets, unrecognized carried interest may decrease or even become eliminated altogether before it is realized.

*Disclaimer – as of the Report Approval Date, the Company is unable to evaluate if and when the above amounts will be recognized in the financial statements or quantify them. The evaluations of potential carried interest receivable represent forward-looking information, as this term is defined in the Securities Law. These evaluations rely on information that is currently available to the Company which may materialize differently than described among others due to factors which are not under the Company's control such as changes in the assets in which the investees invest, the economic environment, macroeconomic changes, a recession in the market, monetary changes as well as the materialization of any of the other risk factors detailed below.*

### 2.4.6 Marketing and distribution

The marketing activity in this operating segment is performed by the Company's marketing and sales department and also in collaboration with other sales departments of the Altshuler Group. The Company has also entered into marketing and lead agreements with external distributors based on predefined distribution contracts.

See details of distribution agreements with Altshuler Group's insurance agencies in paragraphs 8.15 and 8.16 to Chapter D to the Periodic Report. See details of an agreement signed by iFunds with Bank Leumi in paragraph 3.2.1.1.3 to Chapter A to the Periodic Report.

### 2.4.7 Competition

The principal competition to which iFunds, Altshuler Real Estate and Altshuler Investment Funds are exposed in their operations arises from other groups investing in real estate and in alternative channels such as IBI, Phoenix Advanced Investments, Harel Alternative and more as well as family owned companies, investment funds and institutional investors, all of which benefit from a solid financial structure. These groups also buy and appreciate real estate, create feeder funds and compete for property purchase opportunities and import of international products.

As of the Report Approval Date and to the Company's best knowledge, there is information available on the Company's market share in the alternative investment segment. However, there is competition in this segment when raising capital from investors based on the diversity of local and foreign investment funds or real estate transactions. Furthermore, alternative investment funds represent an alternative product for the more traditional investment products in the capital market such as mutual funds, portfolio management, foreign currency deposits etc. On the other hand, the Company has identified a growing trend of capitalists enhancing their nonnegotiable portfolio investments.

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### Main ways of contending with the competition in the operating segment:

The Company benefits from the reputation, experience and expertise of its managers which facilitate locating potential high yield transactions, performing transaction analytics, harvesting extensive networking and understanding of developers and other market players and having direct access to leading global fund and alternative investment managers. During the investment management stage, the Group's officers strive to achieve efficient and cost-effective management and invest resources in investment appreciation. During the divestiture stage, they take advantage of their business relations and familiarity with the local market to achieve optimal divestiture and investor capital appreciation.

The marketing activity consists of participation in professional conferences, holding designated professional sessions with distributors and prospective customers, scheduling webinars for offering professional values and social media messaging and campaigns.

The operation benefits from the Group's track record, with emphasis on its longstanding market presence and institutional character. Simultaneously, most of the investments in this operating segment are nonnegotiable, which distinguishes them from the Group's negotiable investments.

#### 2.4.8 Vendors

In its ordinary course of business, Altshuler Alternative has entered into agreements with a CRM vendor and a CPA administrator who provides investment transaction administration and consulting services, including compiling, processing and analyzing investor documents and data verification, organizing transaction related information and performing documentation control. The Company estimates that Altshuler Alternative is not dependent on any of its vendors.

<b>Supplier information</b>	<b>Nature of engagement</b>
Agora Real Estate Technologies Ltd., registered private company no. 515859049	CRM system vendors
BDO (Ziv Haft, CPAs), registered partnership no. 540180262	Investment transaction administration and consulting, compiling, processing and analyzing investor documents and data verification, organizing transaction related information and performing documentation control

#### 2.4.9 Financing

See details in paragraph 1.8.3 above.

#### 2.4.10 Discussion of risk factors

See details in paragraph 3.2.1.8 to Chapter A to the Periodic Report.

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2.4.11 Update to paragraph 3.2.1.1.3 to Chapter A to the Periodic Report

In the Reporting Period, options were allocated to an officer in iFunds which, assuming full exercise, account for 5% of iFunds' issued share capital. Accordingly, the interests of Altshuler Shaham Global Opportunities Ltd. in iFunds on a fully diluted basis will be 76%.

2.5 Litigation

For updates in the Reporting Period, see Note 7 to the Financial Statements hereby attached.

2.6 The October 7 war in Israel

See more information of the ongoing war in Israel in paragraph 1.3 above.

2.7 Altshuler Credit's engagement in loan agreements through Altshuler Business Credit and Altshuler Construction Loans

See more information in paragraph 2.3.4 above.

2.8 Update to paragraph 1.7 to Chapter A to the Periodic Report - dividend distributions

2.8.1 On March 19, 2025, the Company's Board approved the distribution of a dividend based on the Company's financial statements as of December 31, 2024 in the amount of NIS 22 million. See information in connection with the dividend distribution in the Company's immediate reports of March 20, 2025 and April 6, 2025, as amended on April 7, 2025 (TASE references: 2025-01-018616, 2025-01-025220 and 2025-01-025574, respectively), whose information is hereby included by reference.

2.8.2 On May 19, 2025, the Company's Board approved the distribution of a dividend of NIS 18 million based on the Company's interim financial statements as of March 31, 2025. See information in the Company's immediate reports of May 20, 2025 and May 27, 2025 (TASE references: 2025-01-035269 and 2025-01-037743, respectively), whose information is hereby included by reference.

2.8.3 On August 21, 2025, the Company's Board approved the distribution of a dividend of NIS 23 million based on the Company's interim financial statements as of June 30, 2025. See information in the Company's immediate reports of August 24, 2025 and August 31, 2025 (TASE references: 2025-01-062818 and 2025-01-065575, respectively), whose information is hereby included by reference.

2.8.4 On November 26, 2025, after having established that the Company meets the distribution tests in the Companies Law, the Company's Board approved the distribution of a dividend of NIS 22 million based on the Company's interim financial statements attached to this report. See also Note 9b to the Financial Statements hereby attached.

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**2.9     Issue of options to employees and officers**

- 2.9.1     On January 9, 2025, the Company allocated 9,245,436 options that are exercisable into 9,245,436 ordinary shares of the Company to employees, service providers and officers in the Company and in companies that are wholly or partially owned by it and to employees, service providers and officers in Altshuler Ltd. and in companies that are wholly or partially owned by Altshuler Ltd. Assuming full exercise, the options account for 4.33% of the Company's issued and outstanding share capital (post allocation on a fully diluted basis). See more information in a meeting notice report of January 2, 2025 and in a shelf offering report of January 9, 2025 (TASE references: 2025-01-000917 and 2025-01-003207, respectively), whose information is hereby included by reference.
- 2.9.2     On March 26, 2025, the Company allocated 226,100 nonmarketable options that are exercisable into 226,100 ordinary shares of the Company to employees in the Company and to employees in Altshuler Ltd. and in companies that are wholly or partially owned by Altshuler Ltd. Assuming full exercise on a cashless basis, the options account for about 0.11% of the Company's issued and outstanding share capital (post allocation on a fully diluted basis). See more information in a shelf offering report of March 26, 2025 (TASE reference: 2025-01-020852), whose information is hereby included by reference.
- 2.9.3     On May 28, 2025, the Company allocated 110,970 nonmarketable options that are exercisable into 110,970 ordinary shares of NIS 0.01 par value each of the Company to employees in the Company and in companies controlled by it and to employees in Altshuler Ltd. and in companies that are wholly or partially owned by Altshuler Ltd. Assuming full exercise on a cashless basis, the options account for about 0.05% of the Company's issued and outstanding share capital (post allocation on a fully diluted basis). See more information in a shelf offering report of May 28, 2025 (TASE reference: 2025-01-038395), whose information is hereby included by reference.
- 2.9.4     On September 7, 2025, the Company allocated 224,045 nonmarketable options that are exercisable into 224,045 ordinary shares of NIS 0.01 par value each of the Company to employees in the Company and in companies controlled by it and to employees in Altshuler Ltd. and in companies that are wholly or partially owned by Altshuler Ltd. Assuming full exercise on a cashless basis, the options account for about 0.11% of the Company's issued and outstanding share capital (post allocation on a fully diluted basis). See more information in a shelf offering report of September 7, 2025 (TASE reference: 2025-01-067492), whose information is hereby included by reference.
- 2.9.5     Shortly after this Report is published, the Company plans to issue a shelf offering report for allocating 120,636 nonmarketable options that are exercisable into 120,636 ordinary shares of NIS 0.01 par value each of the Company to employees in the Company and in companies controlled by it and to employees in Altshuler Ltd. and in companies that are wholly or partially owned by Altshuler Ltd. Assuming full exercise on a cashless basis, the options will account for about 0.06% of the Company's issued and outstanding share capital (post allocation on a fully diluted basis).

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**2.10 General meetings**

- 2.10.1 On January 7, 2025, the special annual general meeting of the Company's shareholders approved the following resolutions: (1) increasing the pool of options that may be granted to the controlling shareholder; (2) allocating options from time to time to employees of the Company or of companies that are wholly or partially owned by it who provide services to the controlling shareholder based on an approved cost allocation mechanism or to employees whose grant may create a personal interest for the Company's controlling shareholders; (3) allocating options from time to time to employees of the controlling shareholder group who provide services to the Company under service agreements based on an approved cost allocation mechanism; (4) allocating options from time to time to employees of the controlling shareholder group who do not provide services to the Company under service agreements. See also the meeting notice report issued by the Company on November 21, 2024, as amended on January 2, 2025 (TASE references: 2024-01-617519 and 2025-01-000917, respectively), whose information is hereby included by reference.
- 2.10.2 On June 24, 2025, the special annual general meeting of the Company's shareholders approved the following resolutions: (1) the reappointment of Ms. Yael Naftali and Ms. Adi Blumenfeld as external directors in the Company for a second term of three years from the general meeting approval date; and (2) the Company's engagement in an amended service agreement with Altshuler Shaham Properties Ltd. (indirectly) in whose approval the controlling shareholders in the Company have a personal interest. See also the meeting notice report issued by the Company on May 20, 2025, as amended on June 19, 2025 (TASE references: 2025-01-043925 and 2025-01-035264, respectively), whose information is hereby included by reference.
- 2.10.3 On September 25, 2025, the special annual general meeting of the Company's shareholders approved the following resolutions: (1) reappointing the Company's current external auditors and authorizing the Board to determine their fees; (2) reapproving the Company's officers' remuneration policy in the format attached to the meeting notice report; (3) extending the validity of the letters of indemnity and quittance issued by the Company to officers who are controlling shareholders, to officers who are family relatives of controlling shareholders and to officers whose letters of indemnity and quittance may pose personal interest for controlling shareholders for a period of three years from the general meeting approval date. See also the meeting notice report issued by the Company on August 21, 2025 (TASE reference: 2025-01-062610), whose information is hereby included by reference.

**2.11 Shelf prospectus**

On October 27, 2025, after the Report Date, the Company issued a shelf prospectus dated October 28, 2025. See also an immediate report of October 27, 2025 (TASE reference: 2025-01-080630), whose information is hereby included by reference.

For more information of significant events during and after the Reporting Period, see Notes 8 and 9 to the Financial Statements hereby attached.

## Report of the Board of Directors on the State of Affairs of the Corporation

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### 3. Exposure to market risks

The Group's financial operations, which are mainly performed by Altshuler Provident, expose it various market risks. Market risks include interest rate risk, stock price risk, CPI risk and foreign currency risk. Market risk is the risk that the fair value or future cash flows of financial assets and liabilities will fluctuate as a result of changes in market prices, exchange rates, returns, margins and other market parameters.

Market risks including at the nostro portfolio level are supervised by the Board and reported in the financial statements.

Altshuler Provident has a nostro portfolio whose main purpose is to retain the monetary value of its investments and enable it to meet the liquid asset requirement in the Supervision of Financial Services Regulations (Provident Fund) (Investment Rules Applicable to Institutional Investors), 2012 ("**the Investment Rules Regulations**"). According to the Investment Rules Regulations, Altshuler Provident must hold liquid assets, as this term is defined in the Regulations, against 50% of its mandatory minimum shareholders' equity as required by the Supervision of Financial Services Regulations (Provident Fund) (Minimum Shareholders' Equity of Provident Fund or Pension Fund Management Company), 2012. Moreover, any amount in the Group's nostro portfolio in excess of the mandatory liquid assets is invested in quoted or unquoted assets at the discretion of its finance managers and with the approval of the qualified functions.

According to this policy, the changes in the nostro portfolio have little effect on the Company's profits and financial strength.

In the Reporting Period, there were no material changes in the market risks to which the Company is exposed. See more information in the Company's Periodic Report.

#### The Value at Risk ("VaR") model

VaR is a standard model used for measuring exposure to market risks in companies in the financial services industry. VaR estimates the maximum loss in a certain investment or investment portfolio within a given timeframe and given probability of occurrence. As any statistical tool, VaR provides an estimate within reasonable ranges by measuring the potential loss for an investor due to the materialization of market risks (interest, inflation, exchange rates, commodity prices and security prices). To use the metric, the investment mix, holding period and predetermined statistical significance must all be taken into consideration.

As of the Report Date, the fair value of the Group's short-term investments is NIS 156,538 thousand whereas the VaR of these assets is NIS 243 thousand, accounting for 0.2% of the fair value of short-term investments.

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**Ran Shaham**  
Chairman of the Board of Directors

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**Yair Lowenstein**  
CEO

Report Approval Date: November 26, 2025

**Report of Internal Control over Financial Reporting and Disclosure**

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**Report of Internal Control over Financial Reporting and Disclosure**

**Interim Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure  
Pursuant to Regulation 38C(a) to the Israeli Securities Regulations (Immediate and Periodic Reports),  
1970 ("the Report Regulations")**

Management, under the supervision of the Board of Directors of Altshuler Shaham Finance Ltd. ("**the Company**"), is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Company, performed by the following key management personnel:

1. Mr. Yair Lowenstein, CEO and Director in the Company;
2. Ms. Sharon Gerszbejn, Deputy CEO, VP Finance in the Company;
3. Mr. Tzafrir Zanzuri, CEO of Altshuler Shaham Alternative Investments Ltd.,  
Deputy CEO, VP Business Development in the Company;
4. Ms. Osnat Antebi, VP, Legal Counsel;
5. Ms. Anat Knafo-Tavor, CEO of Altshuler Shaham Provident and Pension;
6. Ms. Sigalit Raz, VP, HR;
7. Mr. Erez Yefet, CFO of the Company and of Altshuler Shaham Provident and Pension.

Internal control over financial reporting and disclosure consists of the Company's existing controls and procedures as planned by the CEO and most senior financial officer in the Company, or under their charge, or by anyone who is effectively in charge of said functions, with the supervision of the Company's Board of Directors, designed to provide reasonable assurance on the reliability of financial reporting and the preparation of the financial statements in conformity with the provisions of applicable laws, and ensure that all information which the Company is required to disclose in the financial statements issued by it is collected, processed, summarized and reported in a timely manner as required by law.

Among others, internal control consists of controls and procedures designed to ensure that all information which the Company is legally required to disclose as above is collected and transferred to the Company's Management, including the CEO and most senior financial officer in the Company or anyone who is effectively in charge of said functions, in order to allow decision making in a timely manner, with respect to the disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that a material misstatement or omission of information in the financial statements will be prevented or detected.

In August 2024, closing was achieved for the transaction entered into by Altshuler Shaham Credit Ltd. (which is controlled by the Company, "**Altshuler Credit**") for the purchase of the entire issued share capital of CrediTeam Credit 2 Grow Ltd. ("**the transaction**" and "**CrediTeam**", respectively), as detailed in paragraph 3.2.2.1 to Chapter A to the Company's Periodic Report.

The evaluation of the effectiveness of internal control over financial reporting and disclosure performed by the Company's Management with the supervision of the Board of Directors did not include the evaluation of the effectiveness of internal control over financial reporting and disclosure in Altshuler Credit.

## Report of Internal Control over Financial Reporting and Disclosure

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As per the ISA Staff guidance of July 2010, FAQ (SOX) 1 ("**the ISA's guidance**"), when a company achieves control over another corporation in the reporting period ("**the acquired corporation**") and the company's management or board of directors are unable to evaluate the effectiveness of internal control in the acquired corporation, then:

"The ISA Staff will not consider it a violation of the regulations if disclosure is provided in the effectiveness assessment report regarding the scope of the assessment of the effectiveness of internal control in which the board of directors and management state that the acquired corporation is not included in the scope of the effectiveness assessment report".

Effectively, as per the ISA's guidance, an acquired corporation can be excluded from the effectiveness assessment report until the periodic report of the year following the year in which the control of the acquired corporation is achieved.

In view of the closing date of the transaction and following a comprehensive analysis, the Company's Management and Board of Directors have concluded that there is real difficulty in preparing an effectiveness assessment report relating to the acquired corporation since the implications of the transaction require making proper adjustments and changes by the Company for the purpose of planning, arranging work interfaces, setting up a control system that addresses all the inherent risks (if any), assimilating the controls in the acquired corporation and performing tests of the effectiveness of internal control over financial reporting and disclosure both for the Company's financial statement close process and for the Company's finance and IT systems and processes. Such adjustments and changes require extended time for planning, performance and implementation.

Notwithstanding all the aforesaid, the Company is of the opinion that the quality of the audit, procedures, internal implementation and financial reporting of the acquired corporation is sufficient to provide proper disclosure to the public given the controls that were practiced by the acquired corporation before the transaction.

Since closing of the acquisition, the Company has been taking steps to complete mapping the risks and identifying and testing the processes and controls in Altshuler Credit for the purpose of financial reporting and disclosure.

In the interim report on the effectiveness of internal control over financial reporting and disclosure attached to the interim report for the period ended September 30, 2025 ("**the latest interim report of internal control**"), the internal control in the Company was found to be effective.

Through the report date, no event or matter that are likely to change the evaluation of the effectiveness of internal control as found in the latest interim report of internal control has been brought to the attention of the Company's Board of Directors or Management.

As of the report date, based on the latest interim report of internal control and based on information communicated to the Company's Board of Directors and Management as above, internal control is effective.

**Report of Internal Control over Financial Reporting and Disclosure**

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**CEO Certification as per Regulation 38C(d)(1)**

I, Yair Lowenstein, hereby certify that:

1. I have reviewed the interim report of Altshuler Shaham Finance Ltd. ("**the Company**") for the third quarter of 2025 ("**the reports**").
2. To my knowledge, the reports do not contain any misrepresentation of any material facts and do not omit any representation of any material facts that are needed in order for the representations included therein, in view of the circumstances under which such representations were included, not to be misleading with reference to the period of the reports.
3. To my knowledge, the financial statements and the other financial information included in the reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Company for the dates and periods addressed in the reports.
4. I have disclosed to the Company's auditors and to the Company's Board of Directors, and the Board's Audit Committee, based on my latest evaluation of internal control over financial reporting and disclosure:
  - (a) All the significant deficiencies and the material weaknesses in the establishment or operation of internal control over financial reporting and disclosure that are liable to reasonably adversely affect the Company's ability to record, process, summarize or report financial information in a manner that is to impair the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law; and
  - (b) Any fraud, whether material or not, that involves the CEO or direct subordinates thereto or that involves other employees with a significant role in internal control over financial reporting and disclosure.
5. I, alone or along with others in the Company:
  - (a) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to guarantee that material information relating to the Company, including to its subsidiaries, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Company and in the subsidiaries, particularly during the period of the preparation of the reports; and
  - (b) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to reasonably guarantee the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law, including according to generally accepted accounting principles;
  - (c) Have not been informed of any event or matter that occurred in the period from the latest report date (interim or periodic, as applicable) through the date of this report that is likely to change the conclusion reached by the Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

There is nothing in the aforesaid to derogate from my responsibility or the responsibility of anyone else, pursuant to any law.

November 26, 2025

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Yair Lowenstein  
CEO and Director

## Report of Internal Control over Financial Reporting and Disclosure

**Certification of the Most Senior Financial Officer as per Regulation 38C(d)(2)**

I, Sharon Gerszbejn, hereby certify that:

1. I have reviewed the interim financial statements and other financial information included in the interim reports of Altshuler Shaham Finance Ltd. ("**the Company**") for the third quarter of 2025 ("**the reports**").
2. To my knowledge, the interim financial statements and other financial information included in the interim reports do not contain any misrepresentation of any material facts and do not omit any representation of any material facts that are needed in order for the representations included therein, in view of the circumstances under which such representations were included, not to be misleading with reference to the period of the reports.
3. To my knowledge, the interim financial statements and other financial information included in the interim reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Company for the dates and periods addressed in the reports.
4. I have disclosed to the Company's auditors and to the Company's Board of Directors, and the Board's Audit Committee, based on my latest evaluation of internal control over financial reporting and disclosure:
  - (a) All the significant deficiencies and the material weaknesses in the establishment or operation of internal control over financial reporting and disclosure as they address the interim financial statements and other financial information included in the interim reports that are liable to reasonably adversely affect the Company's ability to record, process, summarize or report financial information in a manner that is to impair the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law; and
  - (b) Any fraud, whether material or not, that involves the CEO or direct subordinates thereto or that involves other employees with a significant role in internal control over financial reporting and disclosure.
5. I, alone or along with others in the Company:
  - (a) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to guarantee that material information relating to the Company, including to its subsidiaries, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Company and in the subsidiaries, particularly during the period of the preparation of the reports; and
  - (b) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to reasonably guarantee the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law, including according to generally accepted accounting principles;
  - (c) Have not been informed of any event or matter that occurred in the period from the latest report date (interim or periodic, as applicable) through the date of this report that relates to the interim financial statements and other financial information included in the interim reports that I consider is likely to change the conclusion reached by the Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

There is nothing in the aforesaid to derogate from my responsibility or the responsibility of anyone else, pursuant to any law.

Sharon Gerszbejn  
Deputy CEO, CFO

November 26, 2025

**ALTSHULER SHAHAM FINANCE LTD.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF SEPTEMBER 30, 2025**

**UNAUDITED**

**INDEX**

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## **Auditors' review report to the shareholders of Altshuler Shaham Finance Ltd.**

### **Introduction**

We have reviewed the accompanying financial information of Altshuler Shaham Finance Ltd. and its subsidiaries ("**the Company**"), which comprises the consolidated statement of financial position as of September 30, 2025 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the periods of nine and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel  
November 26, 2025

KOST FORER GABBAY & KASIERER  
A Member of Ernst & Young Global

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	September 30,		December 31,
	2025	2024	2024
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	79,649	76,618	83,988
Short-term investments	156,561	132,363	130,329
Loans to customers	111,094	27,692	42,021
Accounts receivable	77,511	49,748	45,655
Net lease investment	10,140	13,335	13,323
Current tax assets	6,241	1,364	176
Total current assets	441,196	301,120	315,492
NON-CURRENT ASSETS:			
Long-term investments	64,559	5,740	3,114
Receivables	9,471	4,912	4,964
Loans to customers	178,313	3,004	22,294
Deferred acquisition costs	214,675	223,018	233,766
Net lease investment	8,949	30,141	29,895
Investment in associated partnerships	28,782	8,672	8,653
Right-of-use assets	32,988	38,837	36,157
Property, plant and equipment	19,756	24,492	24,253
Intangible assets	503,524	526,753	518,256
Deferred tax assets	13,988	10,072	12,718
Total non-current assets	1,075,005	875,641	894,070
Total assets	1,516,201	1,176,761	1,209,562

The accompanying notes are an integral part of the interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2025	2024	2024
	Unaudited		Audited
	NIS in thousands		
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Short-term credit	403,372	57,550	92,520
Current maturities of loans from banks	49,390	49,390	49,390
Current maturities of lease liabilities	17,333	20,589	18,665
Accounts payable	119,088	114,655	121,981
Current taxes payable	2,581	288	2,050
<b>Total current liabilities</b>	<b>591,764</b>	<b>242,472</b>	<b>284,606</b>
<b>NON-CURRENT LIABILITIES:</b>			
Loans from banks	253,049	302,442	290,092
Payables	2,879	2,879	2,879
Lease liabilities	40,079	67,131	65,189
Employee benefit liabilities, net	1,553	2,373	1,461
Deferred tax liabilities	16,883	23,050	20,025
<b>Total non-current liabilities</b>	<b>314,443</b>	<b>397,875</b>	<b>379,646</b>
<b>Total liabilities</b>	<b>906,207</b>	<b>640,347</b>	<b>664,252</b>
<b>EQUITY:</b>			
Share capital	2,029	2,023	2,024
Share premium	244,180	241,654	242,008
Capital reserve from transaction with controlling shareholder	(6,054)	(4,457)	(4,671)
Capital reserve from share-based payment transactions	37,077	32,575	33,099
Capital reserve from financial assets measured at fair value through other comprehensive income	(35)	(33)	(35)
Foreign currency translation reserve	(1,947)	45	(115)
Retained earnings	297,206	267,300	276,720
<b>Total equity attributable to equity holders of the Company</b>	<b>572,456</b>	<b>539,107</b>	<b>549,030</b>
<b>Non-controlling interests</b>	<b>37,538</b>	<b>(2,693)</b>	<b>(3,720)</b>
<b>Total equity</b>	<b>609,994</b>	<b>536,414</b>	<b>545,310</b>
<b>Total liabilities and equity</b>	<b>1,516,201</b>	<b>1,176,761</b>	<b>1,209,562</b>

The accompanying notes are an integral part of the interim consolidated financial statements.

November 26, 2025

Date of approval of the  
financial statementsRan Shaham  
Chairman of the Board  
of DirectorsYair Lowenstein  
CEOSharon Gerszbejn  
Deputy CEO, CFO

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	NIS in thousands (except per share data)				
Revenues from management fees, net	684,488	682,538	226,907	229,054	911,738
Revenues from commissions	3,174	5,658	735	1,936	7,629
Finance income in respect of nonbank credit	13,344	470	6,834	470	2,399
<b>Total revenues</b>	<b>701,006</b>	<b>688,666</b>	<b>234,476</b>	<b>231,460</b>	<b>921,766</b>
Marketing, operating, general and administrative expenses	592,145	563,876	197,931	190,022	754,691
Expenses in respect of credit losses	4,740	552	3,488	552	1,342
Finance expenses in respect of nonbank credit	4,844	-	2,837	-	83
<b>Total expenses</b>	<b>601,729</b>	<b>564,428</b>	<b>204,256</b>	<b>190,574</b>	<b>756,116</b>
<b>Operating income</b>	<b>99,277</b>	<b>124,238</b>	<b>30,220</b>	<b>40,886</b>	<b>165,650</b>
Finance income	8,808	7,576	2,892	2,219	10,765
Finance expenses	10,369	8,409	3,435	2,464	14,228
Other income	302	28	3	3	473
Company's share of earnings (losses) of associated partnerships accounted for at equity	20,426	(11)	9,428	(9)	(192)
<b>Income before taxes on income</b>	<b>118,444</b>	<b>123,422</b>	<b>39,108</b>	<b>40,635</b>	<b>162,468</b>
Taxes on income	40,297	41,670	13,856	13,930	52,147
<b>Net income</b>	<b>78,147</b>	<b>81,752</b>	<b>25,252</b>	<b>26,705</b>	<b>110,321</b>
<b>Other comprehensive income (loss) (net of taxes):</b>					
<b>Amounts that will be or have been reclassified to profit or loss when specific conditions are met:</b>					
Gain (loss) from investments in financial instruments measured at fair value through other comprehensive income	-	(42)	(1)	(9)	(44)
Foreign currency translation reserve for foreign operations	(2,874)	45	(1,814)	45	(115)
					(159)
<b>Total components of other comprehensive income (loss), net that will be subsequently reclassified to profit or loss</b>	<b>(2,874)</b>	<b>3</b>	<b>(1,815)</b>	<b>36</b>	<b>(159)</b>
<b>Amounts that will not be subsequently reclassified to profit or loss:</b>					
Gain from remeasurement of defined benefit plan	-	-	-	-	824
<b>Total components of other comprehensive income, net that will not be subsequently reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>824</b>
<b>Total other comprehensive income (loss) (net of taxes)</b>	<b>(2,874)</b>	<b>3</b>	<b>(1,815)</b>	<b>36</b>	<b>665</b>
<b>Total comprehensive income</b>	<b>75,273</b>	<b>81,755</b>	<b>23,437</b>	<b>26,741</b>	<b>110,986</b>
<b>Net income (loss) attributable to:</b>					
Equity holders of the Company	83,488	83,469	28,413	27,570	113,065
Non-controlling interests	(5,341)	(1,717)	(3,161)	(865)	(2,744)
	<b>78,147</b>	<b>81,752</b>	<b>25,252</b>	<b>26,705</b>	<b>110,321</b>
<b>Comprehensive income (loss) attributable to:</b>					
Equity holders of the Company	81,656	83,472	27,640	27,606	113,730
Non-controlling interests	(6,383)	(1,717)	(4,203)	(865)	(2,744)
	<b>75,273</b>	<b>81,755</b>	<b>23,437</b>	<b>26,741</b>	<b>110,986</b>
<b>Basic net earnings per share attributable to equity holders of the Company (NIS)</b>	<b>0.42</b>	<b>0.42</b>	<b>0.14</b>	<b>0.14</b>	<b>0.57</b>
<b>Diluted net earnings per share attributable to equity holders of the Company (NIS)</b>	<b>0.42</b>	<b>0.42</b>	<b>0.14</b>	<b>0.14</b>	<b>0.57</b>

The accompanying notes are an integral part of the interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
	Unaudited NIS in thousands								
Balance at January 1, 2025 (audited)	2,024	242,008	(4,671)	33,099	(35)	(115)	276,720	(3,720)	545,310
<b>Net income (loss)</b>	-	-	-	-	-	-	83,488	(5,341)	78,147
<b>Other comprehensive income (loss) (net of taxes):</b>									
Foreign currency translation reserve for foreign operations	-	-	-	-	-	(1,832)	-	(1,042)	(2,874)
<b>Total comprehensive income (loss)</b>	-	-	-	-	-	(1,832)	83,488	(6,383)	75,273
<b>Transactions with owners carried directly to equity:</b>									
Capital contributions by holders of non-controlling interests *)	-	-	-	-	-	-	-	47,060	47,060
Cost of share-based payment	-	-	(1,383)	6,155	-	-	-	-	4,772
Transaction with holder of non-controlling interests	-	-	-	-	-	-	-	581	581
Exercise of employee options	5	2,172	-	(2,177)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(63,002)	-	(63,002)
Balance at September 30, 2025	2,029	244,180	(6,054)	37,077	(35)	(1,947)	297,206	37,538	609,994

\*) See Note 8f below.

The accompanying notes are an integral part of the interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Non- controlling interests	Total equity
	Unaudited NIS in thousands								
Balance at January 1, 2024 (audited)	2,021	240,239	(4,264)	33,444	9	-	248,831	(643)	519,637
<b>Net income (loss)</b>	-	-	-	-	-	-	83,469	(1,717)	81,752
<b>Other comprehensive income (loss) (net of taxes):</b>									
Gain from investments in financial instruments measured at FVOCI	-	-	-	-	(42)	-	-	-	(42)
Foreign currency translation reserve for foreign operations	-	-	-	-	-	45	-	-	45
<b>Total comprehensive income (loss)</b>	-	-	-	-	(42)	45	83,469	(1,717)	81,755
<b>Transactions with owners carried directly to equity:</b>									
Cost of share-based payment	-	-	(193)	548	-	-	-	-	355
Non-controlling interests arising from newly consolidated company	-	-	-	-	-	-	-	(333)	(333)
Exercise of employee options	2	1,415	-	(1,417)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(65,000)	-	(65,000)
Balance at September 30, 2024	2,023	241,654	(4,457)	32,575	(33)	45	267,300	(2,693)	536,414

The accompanying notes are an integral part of the interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
	Unaudited NIS in thousands								
Balance at July 1, 2025	2,026	242,937	(5,576)	36,208	(34)	(1,175)	291,793	(5,900)	560,279
<b>Net income (loss)</b>	-	-	-	-	-	-	28,413	(3,161)	25,252
<b>Other comprehensive income (loss) (net of taxes):</b>									
Loss from investments in financial instruments measured at FVOCI	-	-	-	-	(1)	-	-	-	(1)
Foreign currency translation reserve for foreign operations	-	-	-	-	-	(772)	-	(1,042)	(1,814)
<b>Total comprehensive income (loss)</b>	-	-	-	-	(1)	(772)	28,413	(4,203)	23,437
<b>Transactions with owners carried directly to equity:</b>									
Capital contributions by holders of non-controlling interests *)	-	-	-	-	-	-	-	47,060	47,060
Cost of share-based payment	-	-	(478)	2,115	-	-	-	-	1,637
Transaction with holder of non-controlling interests	-	-	-	-	-	-	-	581	581
Exercise of employee options	3	1,243	-	(1,246)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(23,000)	-	(23,000)
Balance at September 30, 2025	2,029	244,180	(6,054)	37,077	(35)	(1,947)	297,206	37,538	609,994

\*) See Note 8f below.

The accompanying notes are an integral part of the interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
	Unaudited NIS in thousands								
Balance at July 1, 2024	2,023	241,387	(4,396)	32,687	(24)	-	260,730	(3,164)	529,243
<b>Net income (loss)</b>	-	-	-	-	-	-	27,570	(865)	26,705
<b>Other comprehensive income (loss) (net of taxes):</b>									
Loss from investments in financial instruments measured at FVOCI	-	-	-	-	(9)	-	-	-	(9)
Foreign currency translation reserve for foreign operations	-	-	-	-	-	45	-	-	45
<b>Total comprehensive income (loss)</b>	-	-	-	-	(9)	45	27,570	(865)	26,741
<b>Transactions with owners carried directly to equity:</b>									
Cost of share-based payment	-	-	(61)	155	-	-	-	-	94
Non-controlling interests arising from newly consolidated company	-	-	-	-	-	-	-	1,336	1,336
Exercise of employee options	*) -	267	-	(267)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(21,000)	-	(21,000)
Balance at September 30, 2024	<u>2,023</u>	<u>241,654</u>	<u>(4,457)</u>	<u>32,575</u>	<u>(33)</u>	<u>45</u>	<u>267,300</u>	<u>(2,693)</u>	<u>536,414</u>

\*) Represents an amount lower than NIS 1 thousand.

The accompanying notes are an integral part of the interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Non- controlling interests	Total equity
	Audited NIS in thousands								
Balance at January 1, 2024	2,021	240,239	(4,264)	33,444	9	-	248,831	(643)	519,637
<b>Net income (loss)</b>	-	-	-	-	-	-	113,065	(2,744)	110,321
<b>Other comprehensive income (loss) (net of taxes):</b>									
Gain from remeasurement of defined benefit plan	-	-	-	-	-	-	824	-	824
Loss from investments in financial instruments measured at FVOCI	-	-	-	-	(44)	-	-	-	(44)
Foreign currency translation reserve for foreign operations	-	-	-	-	-	(115)	-	-	(115)
<b>Total comprehensive income (loss)</b>	-	-	-	-	(44)	(115)	113,889	(2,744)	110,986
<b>Transactions with owners carried directly to equity:</b>									
Cost of share-based payment	-	-	(407)	1,427	-	-	-	-	1,020
Non-controlling interests arising from newly consolidated companies	-	-	-	-	-	-	-	(333)	(333)
Exercise of employee options	3	1,769	-	(1,772)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(86,000)	-	(86,000)
Balance at December 31, 2024	2,024	242,008	(4,671)	33,099	(35)	(115)	276,720	(3,720)	545,310

The accompanying notes are an integral part of the interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	NIS in thousands				
<b>Cash flows from operating activities:</b>					
<b>Net income for the period</b>	78,147	81,752	25,252	26,705	110,321
<b>Items not involving cash flows:</b>					
Finance income in respect of nonbank credit	(13,344)	(470)	(6,834)	(470)	(2,399)
Other finance expenses (income), net	1,370	1,028	(131)	900	2,391
Finance expenses in respect of nonbank credit	4,844	-	2,837	-	83
Loss (gain) from disposal of property, plant and equipment and derecognition of right-of-use asset	(385)	882	(34)	(84)	872
Cost of share-based payment	5,353	355	2,218	94	1,020
Expenses in respect of credit losses	4,740	552	3,488	552	1,342
Company's share of losses (earnings) of associated partnerships accounted for at equity	(20,426)	11	(9,428)	9	192
Depreciation and amortization:					
Right-of-use assets	6,517	6,503	2,134	2,142	8,566
Property, plant and equipment	6,265	6,383	2,065	2,111	8,581
Intangible assets	33,350	40,142	11,139	13,320	53,474
Taxes on income	40,297	41,670	13,856	13,930	52,147
	68,581	97,056	21,310	32,504	126,269
<b>Changes in other balance sheet items:</b>					
Change in deferred acquisition costs, net	19,091	8,863	11,154	(3,248)	(1,885)
Change in loans to customers	(229,291)	(12,353)	(135,943)	(12,353)	(47,297)
Change in loans from banks received to provide nonbank credit	227,025	-	149,372	-	32,000
Change in accounts receivable	(35,907)	(12,483)	(39,755)	(3,346)	(11,503)
Change in accounts payable	(15,376)	(19,522)	1,388	(1,241)	(12,528)
Change in employee benefit liabilities, net	95	(118)	35	77	75
	(34,363)	(35,613)	(13,749)	(20,111)	(41,138)
<b>Cash paid and received during the period for:</b>					
Interest paid	(9,299)	(6,741)	(3,419)	(2,231)	(11,965)
Interest received	15,691	2,199	6,013	577	5,974
Taxes paid	(38,286)	(36,747)	(13,444)	(12,487)	(45,152)
Taxes received	-	10,686	-	-	10,686
Dividend received	-	-	-	-	53
	(31,894)	(30,603)	(10,850)	(14,141)	(40,404)
<b>Net cash provided by operating activities</b>	80,471	112,592	21,963	24,957	155,048

The accompanying notes are an integral part of the interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	NIS in thousands				
<b><u>Cash flows from investing activities:</u></b>					
Receipts from lease	6,445	9,317	2,394	4,438	8,317
Grant of loan to associated partnerships	(134,734)	(34,298)	(28,297)	(7,550)	(50,329)
Repayment of loan from associated partnerships	141,449	26,748	43,756	1,719	41,392
Acquisition of newly consolidated subsidiaries	-	(26,833)	-	(20,587)	(26,833)
Receipt of contingent consideration for acquisition of subsidiaries	2,070	-	-	-	-
Investment in associated partnerships	(3,730)	(8,813)	-	(3,176)	(9,034)
Proceeds from returns on investment in associated partnerships	1,689	-	1,374	-	-
Purchase of property, plant and equipment	(1,754)	(723)	(644)	(483)	(1,465)
Investment in intangible assets	(17,363)	(10,649)	(6,944)	(3,109)	(15,271)
Purchase (sale) of financial investments, net	(83,494)	8,182	(83,702)	19,083	12,660
<b>Net cash used in investing activities</b>	<b>(89,422)</b>	<b>(37,069)</b>	<b>(72,063)</b>	<b>(9,665)</b>	<b>(40,563)</b>
<b><u>Cash flows from financing activities:</u></b>					
Capital contributions by holders of non-controlling interests	47,060	-	47,060	-	-
Repayment of lease liability	(12,750)	(17,770)	(4,249)	(6,786)	(19,420)
Receipt of bank loans	216,095	54,555	109,682	27,555	93,829
Repayment of bank loans	(182,790)	(86,546)	(53,800)	(37,531)	(134,762)
Dividend paid to equity holders of the Company	(63,003)	(65,000)	(23,001)	(21,000)	(86,000)
<b>Net cash provided by (used in) financing activities</b>	<b>4,612</b>	<b>(114,761)</b>	<b>75,692</b>	<b>(37,762)</b>	<b>(146,353)</b>
<b><u>Increase (decrease) in cash and cash equivalents</u></b>	<b>(4,339)</b>	<b>(39,238)</b>	<b>25,592</b>	<b>(22,470)</b>	<b>(31,868)</b>
<b><u>Cash and cash equivalents at the beginning of the period</u></b>	<b>83,988</b>	<b>115,856</b>	<b>54,057</b>	<b>99,088</b>	<b>115,856</b>
<b><u>Cash and cash equivalents at the end of the period</u></b>	<b>79,649</b>	<b>76,618</b>	<b>79,649</b>	<b>76,618</b>	<b>83,988</b>
<b><u>Material non-cash transactions:</u></b>					
Right-of-use asset recognized against lease liability	3,746	3,961	1,235	2,205	3,602

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1:- GENERAL

- a. Altshuler Shaham Finance Ltd. ("**the Company**") was incorporated in Israel as a private company limited in shares on December 9, 2001 by the name of A.S. Matrat Hanpaka Ltd. and on March 17, 2022 changed its name to the current name – Altshuler Shaham Finance Ltd. The Company operates out of its offices on 19a HaBarzel Street, Ramat HaChayal, Tel Aviv.

On March 31, 2022, the Company obtained a merger certificate from the Registrar of Companies according to which Altshuler Provident and Pension Ltd. ("**Altshuler Provident**"), whose shares had been traded on the Tel-Aviv Stock Exchange ("**the TASE**") until that date, became a wholly owned subsidiary of the Company ("**the Business Restructuring**"). The merger certificate was obtained on the eve of the merger transaction according to which Altshuler Provident became a wholly owned subsidiary of the Company and ceased being a reporting entity as this term is defined in the Securities Law, 1968 ("**the Securities Law**").

On April 4, 2022, the Company's shares began trading on the TASE and were allocated to the shareholders of Altshuler Provident in return for the shares the latter had granted to the Company prior to the Business Restructuring. As a result, the Company became a public company, as this term is defined in the Companies Law, 1999, and a reporting entity, as this term is defined in the Securities Law.

Although from a legal standpoint the Company acquired the shares of Altshuler Provident, since on the share purchase transaction closing date, Altshuler Provident's shareholders became holders of voting rights in the Company, the share purchase transaction was accounted for in the financial statements as a reverse acquisition. Accordingly, these financial statements have been issued in the name of the Company, but the accounting treatment herein serves as a continuation of the financial statements of Altshuler Provident, the buyer in the transaction for accounting purposes. These interim consolidated financial statements therefore reflect the continued financial position, operating results and cash flows of Altshuler Provident and the Group's other operations.

As of the date of approval of the financial statements, the Company's core operation consists of managing provident and pension funds through holding the entire (100%) issued and outstanding share capital of Altshuler Provident. As of the date of approval of the financial statements, the Company has three operations which are classified as separate reportable operating segments for accounting purposes in the financial statements: (1) provident and pension fund management operation; (2) credit operation; and (3) alternative investment operation. The credit operation was presented as a separate operating segment for accounting purposes for the first time in the Company's interim financial statements as of March 31, 2025. The alternative investment operation is presented for the first time as a separate operating segment for accounting purposes in these interim consolidated financial statements. The alternative investment operation consists of managing, initiating, marketing and distributing alternative real estate and other investments through Altshuler Shaham Real Estate Ltd. ("**Altshuler Real Estate**"), Altshuler Shaham Alternative Investment Funds Ltd. ("**Altshuler Investment Funds**") and iFunds Capital Ltd. ("**iFunds**").

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1:- GENERAL (Cont.)

- b. These financial statements have been prepared in a condensed format as of September 30, 2025 and for the periods of nine and three months then ended ("**interim consolidated financial statements**"). These financial statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2024 and for the year then ended and accompanying notes ("**annual consolidated financial statements**").

The Company did not publish separate financial information as permitted by an amendment to the Securities Regulations (Periodic and Immediate Reports), 1970.

- c. The effects of the ongoing war in Israel and the Israel-Iran conflict:

In January 2025, Israel and Hamas reached a ceasefire agreement which consisted of the IDF's withdrawal from the Gaza Strip, the return of Palestinians to their homes in the north of the Strip and the release of 33 Israeli hostages in several steps. On March 17, 2025, in view of Hamas' refusal to release more Israeli hostages, the ceasefire collapsed and the IDF launched a widespread maneuver in the Gaza Strip. The ceasefire agreement with Hezbollah in the northern border with Lebanon became effective on November 27, 2024 and has lasted through the date of approval of the consolidated financial statements.

On June 13, 2025, a direct conflict arose between Israel and Iran following Israel's launching of airstrikes against military and nuclear sites across Iran. As a result of Iran's counterattacks against Israel, a state of emergency was declared in Israel. The military operation ended on June 24, 2025. During this period, the local economy sustained a slowdown in business activity, damage to various infrastructures, recruitment of army reservists for an indefinite period and disruptions to economic activity throughout the country.

In September 2025, U.S. President Trump put forward a plan to end the war in Gaza and free all the hostages. The agreement to end the war was signed on October 9, 2025 and all the living hostages held captive by Hamas were freed on October 13, 2025.

The above developments have the potential of adversely affecting the domestic capital market and impair the scope and value of the assets managed by Altshuler Provident. At present, the ongoing state of war has not had a material impact on the scope or value of the assets managed by Altshuler Provident, mainly owing to its investment policy and diversified investment portfolio whereby, in practice, more than 60% of the assets are managed in global capital markets.

Moreover, the geopolitical events are likely to negatively affect the business environment in which the Group operates. The Company concluded that the risk level of small and medium businesses in the credit market has risen due to the war and has adjusted its credit policy accordingly.

In addition, as of the report date, the various investments in the alternative investment operation are only exposed to foreign markets and are not directly exposed to the events and developments in Israel. In the reporting period, the Company continued to operate regularly and raised capital for its alternative investment funds.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1:- GENERAL (Cont.)**

However, the Company estimates that at present, the war has not had a material effect on the Group's operations, financial stability or ability to comply with financial covenants as per financing agreements. Moreover, as of the date of approval of these financial statements, the Company is unable to fully and reliably assess the extent of the future effect of the war on its operations, also in view of the current fluctuations in the markets, the uncertainty involving the duration, intensity and impact of the war on the Company's operating segments or any measures that might be adopted by the Israeli Government.

d. Effects of inflation and market interest rises:

In the first three quarters of 2025, the Bank of Israel and the Fed in the United States kept their benchmark interest rates relatively high. While the BoI interest rate remained at 4.5% in the reporting period, the Fed interest rate was lowered to 4.25% in September 2025. The ECB continued lowering its Euro Area interest rate at a relatively fast pace to 2.0% at the end of the reporting period. In an interest notice after the reporting date, on November 24, 2025, the BoI lowered the interest rate to 4.25%.

Due to the nature of its operations, the Company is exposed to capital market fluctuations. It should be noted that the bulk of the Company's financial debt assumed by it bears unindexed fixed interest and therefore its finance expenses have not been materially affected. In general, changes in the interest and inflation environments are liable to have a negative impact on the capital markets and the business environment in which the Company operates, thereby also causing a decrease in the scope and value of assets managed by it, whether due to changes in the number of active members of the various saving channels or due to market slowdown and price decline trends. Nevertheless, the Company believes that its financial stability, asset portfolio, debt structure, composition of financial investments, free cash flow and high cash flow generated by operating activities will all allow it to continue to finance its operations and meet its obligations.

Moreover, the current inflationary environment indirectly affects the credit market for small and medium businesses, yet given the nature of Altshuler Business Credit's credit portfolio, which is entirely unindexed and bears variable interest of Prime, the level of direct exposure to changes in inflation is limited. The credit portfolio consists of loans with short terms on average, which contributes to reducing their sensitivity to changes in macroeconomic parameters. In addition, using variable interest based on Prime allows updating the interest rate on a regular basis to adapt to the changes in the market interest environment and eliminates the risk of direct linkage to the inflation rate. The Company believes that continuously extremely high inflation rates are liable to raise the market's risk profile due to the challenges that small businesses will face in maintaining the level of their operating expenses and the value of their money. The Company takes regular steps to manage those risks and adapt its underwriting policy to the changes in the business environment.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1:- GENERAL (Cont.)**

Altshuler Construction Loans offers loans bearing variable interest of Prime, unlinked to the CPI and customized to the financing sources and therefore its direct exposure to inflationary fluctuations is limited. Indirectly, high inflation rates are likely to affect housing prices, reduce demands for residential units and sales by developers, increase input prices and impair the profits of developers who are the Company's customers. However, the structure of the securities (surplus projects plus developer profit) as well as other types of collaterals provided such as personal guarantees and senior and junior liens all serve to guarantee debt repayment by customers.

In addition, in the alternative investment operation, the lowered interest rate in Europe in the past two years has enabled obtaining financing for purchasing assets at relatively low interest rates, yet the need to refinance real estate transactions purchased before 2022 involves significantly higher interest rates. In contrast, in the U.S., the relatively high interest rate has reduced property value and afforded opportunities for bargain purchases at attractive prices against costly loans and free cash flow impairment. Moreover, inflation affects cost of expenses in the various projects and project budgets although there is currently a trend of inflation stabilization in Europe and the U.S. which is expected to enhance certainty in the market.

**NOTE 2:- ACCOUNTING POLICIES**

a. Change in the structure of the financial statements:

Through the annual consolidated financial statements, the Group presented its statement of financial position based on order of liquidity without distinguishing between current and non-current assets and liabilities and also presented its profit or loss items in keeping with the disclosures provided by Altshuler Provident in its reports, which adhere to the disclosure requirements of the Israeli Director General of the Capital Market, Insurance and Savings Authority as per the Law for Supervision of Financial Services (Provident Funds), 2005. From the first quarter of 2025, given management's method of analyzing the Group's business activities as a result of initially reporting the nonbank credit operation as an operating segment and in view of common practices in the industry, the Company changed the reporting format of its statement of financial position to distinguish between current and non-current assets and liabilities and of its profit or loss items to apply the nature of expense method (and consequently restructured the statements of financial position and profit or loss and other comprehensive income for comparative periods).

For the purpose of restructuring the statements of financial position and profit or loss and other comprehensive income, the Company selected the most useful information for the users of the financial statements based on common practices in the market (among others to allow comparability with other market players) and adjusted the financial reporting to its internal management reporting according to which it measures its operating and business results.

As per management, the restructuring provides a detailed presentation which is more reliable and relevant in accordance with the provisions of IAS 1, "Presentation of Financial Statements".

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 2:- ACCOUNTING POLICIES (Cont.)

It should be noted that the change in the presentation of the financial statements has no effect on the reported results or the various profit margins recorded by the Company.

Below is the presentation of the consolidated statements of financial position as of December 31, 2023 by order of liquidity with distinction between current and non-current assets and liabilities (as included in the comparative figures in the annual consolidated financial statements):

	<b>December 31,</b> <b>2023</b> <hr/> <b>Audited</b> <hr/> <b>NIS in</b> <b>thousands</b> <hr/>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	115,856
Short-term investments	134,869
Accounts receivable	21,260
Net lease investment	12,882
Current taxes receivable	16,869
	<hr/>
<b>Total current assets</b>	<b>301,736</b>
	<hr/>
<b>NON-CURRENT ASSETS:</b>	
Long-term investments	5,787
Receivables	6,260
Deferred acquisition costs	231,881
Net lease investment	37,031
Right-of-use assets	45,265
Property, plant and equipment	29,567
Intangible assets	529,312
Deferred tax assets	6,106
	<hr/>
<b>Total non-current assets</b>	<b>891,209</b>
	<hr/>
<b>Total assets</b>	<b>1,192,945</b>
	<hr/> <hr/>

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 2:- ACCOUNTING POLICIES (Cont.)

	<b>December 31, 2023</b>
	<b>Audited</b>
	<b>NIS in thousands</b>
<b>LIABILITIES AND EQUITY</b>	
<b>CURRENT LIABILITIES:</b>	
Current maturities of loans from banks	49,390
Current maturities of lease liabilities	20,847
Accounts payable	113,428
Current taxes payable	5,251
<b>Total current liabilities</b>	<b>188,916</b>
<b>NON-CURRENT LIABILITIES:</b>	<b>369,482</b>
Loans from banks	2,879
Payables	79,780
Lease liabilities	2,490
Employee benefit liabilities, net	29,761
Deferred tax liabilities	484,392
<b>Total non-current liabilities</b>	<b>369,482</b>
<b>Total liabilities</b>	<b>673,308</b>
<b>EQUITY:</b>	
Share capital	2,021
Share premium	240,239
Capital reserve from transaction with controlling shareholder	(4,264)
Capital reserve from share-based payment transactions	33,444
Capital reserve from financial assets measured at fair value through other comprehensive income	9
Retained earnings	248,831
<b>Total equity attributable to equity holders of the Company</b>	<b>520,280</b>
<b>Non-controlling interests</b>	<b>(643)</b>
<b>Total equity</b>	<b>519,637</b>
<b>Total liabilities and equity</b>	<b>1,192,945</b>

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2:- ACCOUNTING POLICIES (Cont.)**

- b. Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements.

- c. Reclassification:

The Company reclassified certain immaterial comparative figures for previous periods in order to adjust them to the current period's presentation.

**NOTE 5:- OPERATING SEGMENTS**

- a. General:

Operating segments were determined based on information reviewed by the Chief Operating Decision Maker (CODM) for the purpose of making decisions concerning resource allocation and performance evaluation. Therefore, for management purposes, the Company operates in the following operating segments:

1. Provident fund and pension fund management operation

Management of provident funds, including study funds, and pension funds. The segment's products include provident and severance pay funds, study funds, central severance pay funds, central sick pay provident fund, central provident fund for budgetary pension participation, investment provident funds and investment provident funds – Savings for Every Child, New Comprehensive Pension Fund and New General Pension Fund.

2. Credit operation

Provision of loans to local small and medium businesses and construction loans. This segment was presented as a reportable segment for the first time in the interim consolidated financial statements as of March 31, 2025.

3. Alternative investment operation

Management, initiation, marketing and distribution of alternative investments in the real estate and other sectors. This segment was presented as a reportable segment for the first time in the interim consolidated financial statements as of June 30, 2025.

4. Other

Mainly receipt of commissions for marketing products of Altshuler Ltd. and companies controlled by it.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

Until December 31, 2024, the Company reported two segments: provident and pension fund management and other. Following a quantitative analysis, from the first quarter of 2025, the Company reports the credit operation as a separate operating segment and from the second quarter of 2025, it also reports the alternative investment operation as a new reportable segment. Accordingly, comparative figures have been restated.

Segment performance is evaluated based on results of profit or loss before taxes on income excluding expenses and income not attributed to segments, as presented on the financial statements.

## b. Operating segment reporting:

	Nine months ended September 30, 2025					
	Provident and pension fund management	Credit operation	Alternative investment operation	Other	Adjustments	Total
	Unaudited					
	NIS in thousands					
Revenues from external customers	676,000	13,344	10,756	906	-	701,006
Inter-segment revenues	-	-	-	-	-	-
Total revenues	676,000	13,344	10,756	906	-	701,006
Company's share of earnings of associated partnerships accounted for at equity	-	-	20,426	-	-	20,426
Segment income (loss)	129,962	(9,869)	9,740	906	-	130,739
Expenses not allocated to segments						11,036
Finance income						8,808
Finance expenses						10,369
Other income, net						302
Income before taxes on income						118,444
<u>Additional information</u>						
Commissions, marketing expenses and other acquisition expenses	237,754	549	3,851	-	-	242,154
General and administrative and other expenses	308,284	13,080	17,591	-	-	338,955
Total expenses allocated to segments	546,038	13,629	21,442	-	-	581,109
Expenses not allocated to segments						11,036
Total marketing, operating, general and administrative expenses						592,145

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Nine months ended September 30, 2025		
	Pension funds	Provident funds	Total
		Unaudited	
	NIS in thousands		
Revenues from management fees, net	81,160	594,840	676,000
Commissions, marketing expenses and other acquisition expenses	15,464	222,290	237,754
Operating fees	4,031	18,980	23,011
Total joint expenses	19,495	241,270	260,765
Total allocated income	61,665	353,570	415,235
General and administrative and other expenses			285,273
Segment income			129,962

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

Nine months ended September 30, 2024						
	Provident and pension fund management	Credit operation *)	Alternative investment operation *)	Other	Adjustments	Total
	Unaudited					
	NIS in thousands					
Revenues from external customers	678,491	470	8,834	871	-	688,666
Inter-segment revenues	-	-	-	-	-	-
Total revenues	678,491	470	8,834	871	-	688,666
Company's share of losses of associated partnerships accounted for at equity	-	-	(11)	-	-	(11)
Segment income (loss)	139,824	(1,695)	(4,751)	871	-	134,249
Expenses not allocated to segments						10,022
Finance income						7,576
Finance expenses						8,409
Other income, net						28
Income before taxes on income						123,422
<u>Additional information</u>						
Commissions, marketing expenses and other acquisition expenses	239,484	7	2,337	-	-	241,828
General and administrative and other expenses	299,183	1,606	11,237	-	-	312,026
Total expenses allocated to segments	538,667	1,613	13,574	-	-	553,854
Expenses not allocated to segments						10,022
Total marketing, operating, general and administrative expenses						563,876

\*) Restated, see Note 3a(3).

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Nine months ended September 30, 2024		
	Pension funds	Provident funds	Total
		Unaudited	
	NIS in thousands		
Revenues from management fees, net	72,060	606,431	678,491
Commissions, marketing expenses and other acquisition expenses	11,969	227,515	239,484
Operating fees	5,068	18,115	23,183
Total joint expenses	17,037	245,630	262,667
Total allocated income	55,023	360,801	415,824
General and administrative and other expenses			276,000
Segment income			139,824

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

	Three months ended September 30, 2025					
	Provident and pension fund management	Credit operation	Alternative investment operation	Other	Adjustments	Total
	Unaudited					
	NIS in thousands					
Revenues from external customers	224,103	6,834	3,227	312	-	234,476
Inter-segment revenues	-	-	-	-	-	-
Total revenues	224,103	6,834	3,227	312	-	234,476
Company's share of earnings of associated partnerships accounted for at equity	-	-	9,428	-	-	9,428
Segment income (loss)	44,394	(4,267)	3,643	312	-	44,082
Expenses not allocated to segments						4,434
Finance income						2,892
Finance expenses						3,435
Other income, net						3
Income before taxes on income						39,108
<u>Additional information</u>						
Commissions, marketing expenses and other acquisition expenses	78,391	218	2,130	-	-	80,739
General and administrative and other expenses	101,318	4,558	6,882	-	-	112,758
Total expenses allocated to segments	179,709	4,776	9,012	-	-	193,497
Expenses not allocated to segments						4,434
Total marketing, operating, general and administrative expenses						197,931

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Three months ended September 30, 2025		
	Pension funds	Provident funds	Total
		Unaudited	
	NIS in thousands		
Revenues from management fees, net	27,737	196,366	224,103
Commissions, marketing expenses and other acquisition expenses	5,381	73,010	78,391
Operating fees	1,327	6,331	7,658
Total joint expenses	6,708	79,341	86,049
Total allocated income	21,029	117,025	138,054
General and administrative and other expenses			93,660
Segment income			44,394

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

	Three months ended September 30, 2024					
	Provident and pension fund management	Credit operation )	Alternative investment operation *)	Other	Adjustments	Total
	Unaudited					
	NIS in thousands					
Revenues from external customers	227,482	470	3,258	250	-	231,460
Inter-segment revenues	-	-	-	-	-	-
Total revenues	227,482	470	3,258	250	-	231,460
Company's share of losses of associated partnerships accounted for at equity	-	-	(9)	-	-	(9)
Segment income (loss)	46,964	(1,695)	(1,436)	250	-	44,083
Expenses not allocated to segments						3,206
Finance income						2,219
Finance expenses						2,464
Other income, net						3
Income before taxes on income						40,635
Additional information						
Commissions, marketing expenses and other acquisition expenses	78,307	7	1,014	-	-	79,328
General and administrative and other expenses	102,211	1,606	3,671	-	-	107,488
Total expenses allocated to segments	180,518	1,613	4,685	-	-	186,816
Expenses not allocated to segments						3,206
Total marketing, operating, general and administrative expenses						190,022

\*) Restated, see Note 3a(3).

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Three months ended September 30, 2024		
	Pension funds	Provident funds	Total
		Unaudited	
	NIS in thousands		
Revenues from management fees, net	25,543	201,939	227,482
Commissions, marketing expenses and other acquisition expenses	3,197	75,110	78,307
Operating fees	1,622	6,041	7,663
Total joint expenses	4,819	81,151	85,970
Total allocated income	20,724	120,788	141,512
General and administrative and other expenses			94,548
Segment income			46,964

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

	Year ended December 31, 2024					
	Provident and pension fund management	Credit operation (*)	Alternative investment operation *)	Other	Adjustments	Total
	Audited					
	NIS in thousands					
Revenues from external customers	905,643	2,399	12,516	1,208	-	921,766
Inter-segment revenues	-	-	-	-	-	-
Total revenues	905,643	2,399	12,516	1,208	-	921,766
Company's share of earnings of associated partnerships accounted for at equity	-	-	(192)	-	-	(192)
Segment income (loss)	192,025	(3,685)	(9,415)	1,208	-	180,133
Expenses not allocated to segments						14,675
Finance income						10,765
Finance expenses						14,228
Other income, net						473
Income before taxes on income						162,468
<u>Additional information</u>						
Commissions, marketing expenses and other acquisition expenses	319,080	104	2,949	-	-	322,133
General and administrative and other expenses	394,538	4,555	18,790	-	-	417,883
Total expenses allocated to segments	713,618	4,659	21,739	-	-	740,016
Expenses not allocated to segments						14,675
Total marketing, operating, general and administrative expenses						754,691

\*) Restated, see Note 3a(3).

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Year ended December 31, 2024		
	Pension funds	Provident funds	Total
	Audited		
	NIS in thousands		
Revenues from management fees, net	98,186	807,457	905,643
Commissions, marketing expenses and other acquisition expenses	16,747	302,333	319,080
Operating fees	6,307	24,158	30,465
Total joint expenses	23,054	326,491	349,545
Total allocated income	75,132	480,966	556,098
General and administrative and other expenses			364,073
Segment income			192,025

## NOTE 4:- LOANS TO CUSTOMERS

a. Composition:

	September 30,		December 31,
	2025	2024	2024
	Unaudited		Audited
	NIS in thousands		
Loans to customers	297,707	31,521	65,957
Less – expected credit losses	(6,082)	(552)	(1,342)
Add – interest income receivable	1,621	136	637
Less – deferred revenue (*)	(3,839)	(410)	(937)
	289,407	30,696	64,315
Total short-term loans to customers	111,094	27,692	42,021
Total long-term loans to customers	178,313	3,004	22,294
	289,407	30,696	64,315

(\*) Receipts from origination fees are recognized as revenue using the effective interest method. Outstanding origination fees received from customers that have not yet been recognized as revenue are carried as deferred revenue.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- LOANS TO CUSTOMERS (Cont.)

b. Movement in allowance for expected credit losses:

	Three months ended September 30, 2025			
	12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
	Unaudited			
	NIS in thousands			
Opening balance	1,696	23	875	2,594
Charge during the period	1,511	(7)	1,984	3,488
Closing balance	3,207	16	2,859	6,082
	Nine months ended September 30, 2025			
	12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
	Unaudited			
	NIS in thousands			
Opening balance	881	12	449	1,342
Charge during the period	2,326	4	2,410	4,740
Closing balance	3,207	16	2,859	6,082
	Nine and three months ended September 30, 2024			
	12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
	Unaudited			
	NIS in thousands			
Opening balance	-	-	-	-
Charge during the period	406	146	-	552
Closing balance	406	146	-	552
	Year ended December 31, 2024			
	12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
	Audited			
	NIS in thousands			
Opening balance	-	-	-	-
Charge during the year	881	12	449	1,342
Closing balance	881	12	449	1,342

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- LOANS TO CUSTOMERS (Cont.)

c. Composition of allowance for expected credit losses:

		12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
		September 30, 2025			
		Unaudited			
		NIS in thousands (except rates)			
Loans collateralized by personal guarantees	Gross carrying amount	108,291	385	3,365	112,041
	Loss allowance	1,936	16	1,635	3,587
	Expected loss rate	1.79%	4.21%	48.58%	3.20%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	129,157	-	5,464	134,621
	Loss allowance	870	-	1,224	2,094
	Expected loss rate	0.67%	-	22.40%	1.56%
Construction loans to customers	Gross carrying amount	48,827	-	-	48,827
	Loss allowance	402	-	-	402
	Expected loss rate	0.82%	-	-	0.82%
Total	Gross carrying amount	286,275	385	8,829	295,489
	Loss allowance	3,207	16	2,859	6,082
	Expected loss rate	1.12%	4.21%	32.38%	2.06%

As of September 30, 2025, Altshuler Business Credit and Altshuler Construction Loans held collaterals valued at approximately NIS 115,643 thousand and NIS 50,000 thousand, respectively.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- LOANS TO CUSTOMERS (Cont.)

		12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets *)	Total
		September 30, 2024			
		Unaudited			
		NIS in thousands (except rates)			
Loans collateralized by personal guarantees	Gross carrying amount	23,004	822	174	24,000
	Loss allowance	345	37	-	382
	Expected loss rate	1.50%	4.50%	-	1.59%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	4,036	2,448	764	7,248
	Loss allowance	61	109	-	170
	Expected loss rate	1.50%	4.50%	-	2.34%
Total	Gross carrying amount	27,040	3,270	938	31,248
	Loss allowance	406	146	-	552
	Expected loss rate	1.50%	4.50%	-	1.77%

\*) Originated credit impaired assets are valued at their fair value on the purchase date.

As of September 30, 2024, Altshuler Business Credit held collaterals valued at approximately NIS 9,580 thousand.

		12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
		December 31, 2024			
		Audited			
		NIS in thousands (except rates)			
Loans collateralized by personal guarantees	Gross carrying amount	26,544	236	887	27,667
	Loss allowance	584	12	52	648
	Expected loss rate	2.20%	5.08%	5.86%	2.34%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	34,887	-	3,103	37,990
	Loss allowance	297	-	397	694
	Expected loss rate	0.85%	-	12.79%	1.83%
Total	Gross carrying amount	61,431	236	3,990	65,657
	Loss allowance	881	12	449	1,342
	Expected loss rate	1.43%	5.08%	11.25%	2.04%

As of December 31, 2024, Altshuler Business Credit held collaterals valued at approximately NIS 47,822 thousand.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- LOANS TO CUSTOMERS (Cont.)

- d. Breakdown of loans to customers collateralized by immobile collaterals (real estate and/or plant) and construction loans based on collateral type and LTV ratio:

	<b>LTV of 30%-50%</b>	<b>LTV of 50%-70%</b>	<b>LTV above 70%</b>	<b>Total</b>
	<b>September 30, 2025</b>			
	<b>Unaudited</b>			
	<b>NIS in thousands</b>			
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	10,695	10,877	113,049	134,621
Construction loans to customers	48,827	-	-	48,827
	<u>59,522</u>	<u>10,877</u>	<u>113,049</u>	<u>183,448</u>
	<b>LTV of 30%-50%</b>	<b>LTV of 50%-70%</b>	<b>LTV above 70%</b>	<b>Total</b>
	<b>September 30, 2024</b>			
	<b>Unaudited</b>			
	<b>NIS in thousands</b>			
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	899	1,453	4,896	7,248
	<u>899</u>	<u>1,453</u>	<u>4,896</u>	<u>7,248</u>
	<b>LTV of 30%-50%</b>	<b>LTV of 50%-70%</b>	<b>LTV above 70%</b>	<b>Total</b>
	<b>December 31, 2024</b>			
	<b>Audited</b>			
	<b>NIS in thousands</b>			
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	654	12,063	25,273	37,990
	<u>654</u>	<u>12,063</u>	<u>25,273</u>	<u>37,990</u>

## NOTE 5:- FINANCIAL INSTRUMENTS

- a. Fair value:

Financial liabilities

	<b>September 30, 2025</b>		<b>September 30, 2024</b>		<b>December 31, 2024</b>	
	<b>Carrying amount *)</b>	<b>Fair value **)</b>	<b>Carrying amount *)</b>	<b>Fair value **)</b>	<b>Carrying amount *)</b>	<b>Fair value **)</b>
	<b>Unaudited</b>		<b>Unaudited</b>		<b>Audited</b>	
	<b>NIS in thousands</b>					
Bank loans	704,834	674,300	409,713	359,000	432,379	390,514
Total financial liabilities	<u>704,834</u>	<u>674,300</u>	<u>409,713</u>	<u>359,000</u>	<u>432,379</u>	<u>390,514</u>

\*) Including accrued interest.

\*\*) The fair value relies on future discounted cash flows (principal and interest) of each loan at the relevant market interest based on the Company's credit rating and the relevant loan term.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- FINANCIAL INSTRUMENTS (Cont.)

## b. Bank loans:

As of September 30, 2025, Altshuler Provident is in compliance with all the financial covenants determined with banks.

## c. Classification of financial instruments by fair value hierarchy:

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS in thousands			
Short-term investments	156,538	-	23	156,561
Long-term investments	-	96	*) 64,463	64,559
Total	156,538	96	64,486	221,120
	September 30, 2024			
	Level 1		Level 3	Total
	Unaudited			
	NIS in thousands			
Short-term investments	132,337		26	132,363
Long-term investments	-		*) 5,740	5,740
Total	132,337		5,766	138,103
	December 31, 2024			
	Level 1		Level 3	Total
	Audited			
	NIS in thousands			
Short-term investments	130,305		24	130,329
Long-term investments	-		*) 3,114	3,114
Total	130,305		3,138	133,443

\*) Mainly comprising expected future gains of approximately NIS 3,264 thousand, NIS 5,667 thousand and NIS 3,138 thousand as of September 30, 2025, September 30, 2024 and December 31, 2024, respectively. The expected future gains plus income receivable were discounted using a 7% discount rate.

In the reporting period, the Company made a long-term nostro investment as LP in an investment fund managed by Altshuler Investment Funds. As of the report date, the investment approximates NIS 1,653 thousand.

Moreover, the Company and Altshuler Real Estate co-invested with unrelated partners in ASRE Churchwick L.P. in respect of which a long-term financial asset was recognized (see Note 8f below). As of the report date, the financial asset approximates NIS 59,508 thousand.

As a result, in the reporting period, the Company recognized a net gain from revaluation of long-term financial investments amounting to approximately NIS 46 thousand, which was charged to finance income.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 6:- CONDENSED INFORMATION OF ASSOCIATED PARTNERSHIPS ACCOUNTED FOR AT EQUITY**

## a. Investment in ASR Washington D.C. Sheriff Rd. L.P.:

The Company includes financial information from the financial statements of ASR Washington D.C. Sheriff Rd. L.P. ("ASR Washington"), an associated partnership. ASR Washington prepares its financial statements in conformity with IFRS Accounting Standards, which match the Company's accounting policies. In the reporting period, the Company invested approximately NIS 3,127 thousand in ASR Washington, reflecting an investment of about 4.9%. The Company is also entitled to receive carried interest if ASR Washington's comprehensive income exceeds a predetermined annual capital return rate. The Company holds less than 20% of ASR Washington but since the Company controls ASR Washington's GP and accordingly, ASR Washington's management and decision-making process, the Company has significant influence over ASR Washington.

ASR Washington was incorporated and operates in the U.S. and prepares its financial statements in USD. The balances in the statement of financial position have been translated into NIS based on the exchange rate as of September 30, 2025 (US\$1 = NIS 3.31). The operating results in the statements of profit or loss and other comprehensive income have been translated into NIS based on the average exchange rate from the investment date through the reporting date (US\$1 = NIS 3.52).

Following is condensed information of ASR Washington as included in the statement of financial position:

	<b>September 30, 2025</b>
	<b>Unaudited</b>
	<b>NIS in thousands</b>
Current assets	823
Non-current assets	108,167
Current liabilities	396
Total equity	108,594
Company's share of the associated partnership's equity	12,735

Following is condensed information of ASR Washington's operating results as included in the statements of profit or loss and other comprehensive income:

	<b>Nine months ended September 30, 2025</b>	<b>Three months ended September 30, 2025</b>
	<b>Unaudited</b>	
	<b>NIS in thousands</b>	
Operating loss	(2,474)	(182)
Gain from revaluation of real estate property	56,011	(1,776)
Net income	53,351	(1,961)
Company's share of the associated partnership's earnings (losses) in the period	10,655	(10)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**NOTE 6:- CONDENSED INFORMATION OF ASSOCIATED PARTNERSHIPS ACCOUNTED FOR AT EQUITY (Cont.)**

ASR Washington's net income in the last four quarters accounts for about 7.7% of the consolidated income in the financial statements. The Company does not attach the financial statements of ASR Washington since the underlying criteria have not been met.

In the reporting period, a valuation was prepared for the property in which ASR Washington invests by an external valuation expert. The change in the property's value mainly arises from the loss of an anchor tenant in the property at the end of the second quarter of 2025 whose contractual rent of \$ 4 per sq ft was significantly lower than market price based on the valuation. The valuation therefore analyzed the property as vacant and took into account rent of about \$ 14.5 per sq ft as is normally paid in the property's location.

The valuation relied on the DCF method under the following assumptions:

- Discount rate (on net revenues) of 6.5%
- Annual rental income of \$ 8,979,590
- Dry spaces at \$ 14.25 per sq ft
- Cooling spaces at \$ 15.25 per sq ft
- Vacancy rate of 6%

b. Investment in other associated partnerships:

As of the report date, the Company invests in five other associated partnerships at a rate of 5% each. The Company is entitled to carried interest as LP in the partnerships if a partnership's comprehensive income exceeds a predetermined annual capital return rate. The Company holds less than 20% of each partnership but since the Company controls the GP that manages the partnership and the partnership's decision-making process, the Company has significant influence over these partnerships.

As of the report date, the Company's share of the equity of the associated partnerships is approximately NIS 16,047 thousand. Also, in the reporting period, the Company invested in the associated partnerships approximately NIS 603 thousand and recognized gains of approximately NIS 9,771 thousand.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 7:- CONTINGENT LIABILITIES AND COMMITMENTS

- a. Legal and other proceedings filed against Altshuler Provident:

The table below shows a summary of amounts claimed in pending motions for class action certification filed against Altshuler Provident, as noted by plaintiffs in their statements of claim. Note that the amount claimed may not necessarily be a quantification of the exposure as estimated by Altshuler Provident, since these are assessments by the plaintiffs which will be elaborated in the legal proceeding. Note, also, that the table below does not show concluded proceedings, including proceedings concluded after a settlement agreement has been approved.

Motions for approval of class actions filed against Altshuler Provident:

	<u>Number of claims</u>	<u>Claimed amount NIS in millions</u>
<u>Claims approved as class actions:</u>		
Claims whose amount is specified	-	-
Claims whose amount is not specified	1	-
<u>Pending class action certification motions:</u>		
Claims whose amount is specified	-	-
Claims whose amount is not specified	4	-

1. In keeping with the matters discussed in Note 27a(2) to the annual consolidated financial statements, Altshuler Provident submitted its summations to the Court.
2. In keeping with the matters discussed in Note 27a(3) to the annual consolidated financial statements, Altshuler Provident submitted a letter of defense to the Court.
3. In keeping with the matters discussed in Note 27a(4) to the annual consolidated financial statements, the parties submitted notice to the Court whereby they had reached understandings for concluding the case outside the court. On July 20, 2025, the parties notified the Court that the settlement negotiations had failed, yet in the reporting period, the parties resumed negotiations and on November 24, 2025 filed a motion with the Court for approving a settlement agreement.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 7:- CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

- b. Legal and other proceedings filed against Psagot Provident and Pension Funds Ltd. ("Psagot Provident"), which was merged into Altshuler Provident:

Motions for approval of class actions filed against Psagot Provident:

	<u>Number of claims</u>	<u>Claimed amount NIS in millions</u>
<u>Pending class action certification motions:</u>		
Claims whose amount is specified	-	-
Claims whose amount is not specified	2	-

In keeping with the matters discussed in Note 27c(2) to the annual consolidated financial statements, the Attorney General submitted a position on the settlement agreement. On September 8, 2025, the petitioner and the respondent (Altshuler Provident) submitted a mutual response to the Attorney General's position.

In the reporting period, other than as described above, no material developments occurred compared to the information disclosed in Note 27 to the Company's annual consolidated financial statements.

The overall provision recorded as of September 30, 2025 in respect of claims filed against the Company, Psagot and Psagot Provident less amounts receivable from Altshuler Provident's insurers amounts to approximately NIS 6,089 thousand.

## NOTE 8:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- a. Dividends:

On March 19, 2025, in keeping with the Company's dividend distribution policy, the Company's Board declared the distribution of a dividend of approximately NIS 22,000 thousand to the Company's shareholders, representing approximately NIS 0.11 per share. The dividend was paid on April 9, 2025.

On May 19, 2025, in keeping with the Company's dividend distribution policy, the Company's Board declared the distribution of a dividend of NIS 18 million to the Company's shareholders, representing approximately NIS 0.09 per share. The dividend was paid on June 11, 2025.

On August 21, 2025, in keeping with the Company's dividend distribution policy, the Company's Board declared the distribution of a dividend of NIS 23 million to the Company's shareholders, representing approximately NIS 0.12 per share. The dividend was paid on September 11, 2025.

See Note 9b below for details of a dividend of NIS 22 million declared by the Company's Board after the reporting date.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 8:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

- b. In keeping with the matters discussed in Note 26c to the annual consolidated financial statements, on March 19, 2025, May 19, 2025 and August 21, 2025, the Company's Board approved grants of 226,100, 110,970 and 224,045 options of the Company, respectively, to employees in the Company and in related companies by virtue of shelf offering reports issued by the Company based on the following terms:
- The exercise price of the options will be the quoted market price of the Company's share at the end of the grant date.
  - 50% of the options will vest within two years from the Board's meeting approval date, another 25% will vest the following year and the remaining 25% the year thereafter. Vesting is contingent on the optionee's continued employment in the Company and on the Company's compliance with the KPIs specified in the option letters.
  - The contractual life of the vested options is 10 years from the grant date.
  - The allocation of the options is capital gains taxable through a trustee as set forth in Section 102(b)(2) to the Israeli Income Tax Ordinance (for qualifying service providers, the allocation will be governed by Section 3(j) to the Ordinance). The vested options will be exercised on a net cashless basis so that the exercise price is theoretical only for calculating the value of the benefit and not to be paid by the optionee.

See Note 9c below for details of the Board's approval for the grant of 120,636 options after the reporting date.

- c. In keeping with the matters discussed in Note 18c(3) to the annual consolidated financial statements, on April 22, 2025, the Company signed an agreement with Bank A to receive another credit facility totaling approximately NIS 100 million to be provided as follows: NIS 50 million as on call credit for one year and the other NIS 50 million as binding credit for one year (in respect of which the Company will be charged non-utilization commission of 0.5%). The interest on the above credit will be Prime less 0.2%-0.25%.

On September 29, 2025, the Company refinanced its entire credit facilities from the abovementioned Bank A and received NIS 200 million available until September 28, 2026, with no material changes in terms. It was also agreed that the general floating lien provided in favor of Bank A on Altshuler Business Credit will cease securing the Company's debts.

Moreover, on April 22, 2025, the Company signed an agreement with Bank B for receiving an on call credit facility of NIS 200 million under which the Company may withdraw loans bearing interest of Prime less 0.2%-0.25% for one year.

As of the report date, the utilized loan balance approximates NIS 272 million.

See Note 9e below for details of an agreement signed by the Company with Bank C for receiving an additional credit facility of NIS 150 million after the reporting date.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**NOTE 8:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)**

- d. In keeping with the matters discussed in Note 6c to the annual consolidated financial statements, on April 30, 2025, Altshuler Provident and subtenants signed an agreement that cancels the rent of certain floors of the Psagot House from the building's owners in return for compensation to be paid to the building owners by Altshuler Provident and/or the subtenants. Any rental fees paid by Altshuler Provident will be fully reimbursed by the subtenants. The cancelation of the rent has no material effect on the Company's operating results.
- e. On May 18, 2025, Altshuler Business Credit entered into an agreement with an Israeli residential developer and contractor ("the borrower") according to which Altshuler Business Credit undertook to provide the borrower a credit facility of NIS 47 million for financing the purchase of lands in the central region of Israel. The borrower may withdraw the loan facility in instalments, subject to the prerequisites of the loan agreement and as customary in this type of agreement. Any amount withdrawn under the loan facility will bear unindexed variable interest of Prime plus 1%-2%, plus VAT and plus commissions as commonly practiced by Altshuler Business Credit. The loan principal is repayable in a lump sum at the end of 18 months from the loan grant date. To secure the credit, the borrower will record a senior fixed mortgage on the land rights, on the rights of the borrower's shareholder and on the borrower's rights as per land agreements. Moreover, its shareholders will guarantee the fulfillment of the borrower's liabilities towards the Company.
- f. In continuation of the matter discussed in Note 13 to the annual consolidated financial statements, the Company exercised its right to make nostro investments in transactions managed by Altshuler Real Estate and Altshuler Investment Funds, both subsidiaries of the Company.

In the reporting period, the Company invested the full \$ 1,038 thousand of an investment commitment of \$ 1,038 thousand, as a limited partner in real estate ventures. The Company has significant influence over the associated partnerships which are accounted for at equity.

See condensed information of the Company's investment in associated partnerships following revaluation of the investments in the associated partnerships based on external valuations obtained in Note 6 above.

Moreover, in September 2025, the Company, through Altshuler Real Estate, founded ASRE Churchwick L.P. for investing U.S. real estate properties. Altshuler Real Estate invested approximately \$ 4 million in the partnership as LP and is entitled to carried interest as the GP. The Company invested in this partnership approximately \$ 0.94 million as LP. As of the report date, the Company and Altshuler Real Estate jointly hold about 26.3% of the participation units in ASRE Churchwick L.P. Since the Company and Altshuler Real Estate control the partnership's decisions and hold more than 20% therein, the Company consolidates its operating results.

In the reporting period, the Company also invested approximately \$ 500 thousand, representing its entire investment commitment, as LP in an investment fund managed by Altshuler Investment Funds.

See Note 91 below for details of the Company's investment of approximately \$ 550 thousand as LP in another real estate transaction after the reporting date.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**NOTE 8:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)**

- g. In keeping with the matters discussed in Note 18c(2)(b) to the annual consolidated financial statements, in the reporting period, Altshuler Real Estate and Altshuler Investment Funds utilized about NIS 166 million of their credit facilities to finance their operating activities and provide bridge loans to partnerships, of which approximately NIS 125 million were repaid by the reporting date.

Also, Altshuler Real Estate utilized approximately NIS 13.3 million of the credit facility to invest in a partnership, of which approximately NIS 12.4 million were repaid after the reporting date.

As of the report date and the date of approval of the financial statements, utilized credit facilities approximate NIS 51.2 million and NIS 6.4 million, respectively.

See Note 9d below for details of the Board's approval to increase the above credit facilities after the reporting date.

- h. On June 24, 2025, after obtaining the approval of the Company's Audit Committee and Board, the General Meeting approved the Company's engagement in an amendment to the service agreement with Altshuler Shaham Properties Ltd. (indirectly) ("**Altshuler Properties**") in whose approval the Company's controlling shareholders have a personal interest. As per the amendment, certain services rendered by Altshuler Real Estate under this agreement to Altshuler Properties will be charged at a fixed fee of NIS 130 thousand (plus VAT) per transaction for an entire calendar year or the relative portion thereof per transaction ending in a calendar year. The parties also agreed that Altshuler Real Estate will be entitled to an additional fee of up to NIS 20 thousand (plus VAT) for services actually provided by it and/or by the Company in connection with sale of assets in investment transactions.
- i. In keeping with the matters discussed in Note 18c(1) to the annual consolidated financial statements, on July 2, 2025, Altshuler Provident renewed a credit facility of NIS 150 million for a period of one year from the end of the former credit facility under the same terms. Moreover, on August 6, 2025, Altshuler Provident used another NIS 20 million from its credit facility which bears variable NIS interest of Prime-0.5% for a one-year period. On September 15, 2025, Altshuler Provident repaid NIS 20 million of the credit facility and utilized another NIS 30 million bearing variable NIS interest of Prime-0.5% for a period of one year.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**NOTE 8:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)**

- j. On August 7, 2025, a wholly controlled subsidiary of the Company, Altshuler Shaham Credit Ltd. ("**Altshuler Credit**"), through a company that is wholly controlled by Altshuler Credit, Altshuler Shaham Construction Loans Ltd. ("**Altshuler Construction Loans**"), entered into an agreement according to which Altshuler Construction Loans undertook to provide a loan facility of NIS 100 million to a borrower to be used by the borrower for financing its operating activities and for repaying owners' loans and making equity investments in existing and future urban renewal projects in the center of the country. As per the loan agreement, the borrower may withdraw the loans in five maximum instalments subject to meeting the preconditions set forth in the loan agreement as customary in this type of agreement. Any loan provided out of the loan facility will bear variable unindexed interest of Prime+4%-5%, plus VAT, with the addition of the standard commissions practiced by Altshuler Business Credit. The loan principal is repayable in a lump sum at the end of 48 months from the loan grant date.

To secure the loan facility, the borrower will provide the following collaterals: senior fixed liens in respect of and in connection with its entire rights to surplus earnings of the relevant project and junior fixed and floating liens (subordinate to liens in respect of lending banks) in connection with certain projects. Moreover, the majority holders of the borrower's issued and outstanding share capital will provide personal guarantees and negative liens.

**NOTE 9:- SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

- a. In keeping with the matters discussed in Note 8f above, after the reporting period, Altshuler Real Estate began raising an additional investment transaction in the U.S. in an aggregate of \$ 11.2 million, of which the Company invested approximately \$ 550 thousand as LP.
- b. On November 26, 2025, the Company's Board approved increasing the credit facilities received for extending bridge loans to the associated partnerships mentioned in Note 8g above by another NIS 50 million to a total of NIS 150 million under similar terms.
- c. On November 26, 2025, the Company's Board declared the distribution of a dividend of NIS 22,000 thousand, representing approximately NIS 0.11 per share, to the Company's shareholders in keeping with the Company's dividend distribution policy.
- d. In keeping with the matters discussed in Note 8b above, on November 26, 2025, the Company's Board approved the grant of another 120,636 Company options to employees of the Company and of related companies by virtue of a shelf offering report that will be issued by the Company, under the same terms as the previous grants in 2025.
- e. On November 26, 2025, the Company signed an agreement with Bank C for receiving a nonbinding on call credit facility of NIS 150 million under which the Company may receive loans bearing interest of Prime less 0.2%-0.25% for a period of one year. Accordingly, as of the date of approval of these financial statements, the Company has available credit facilities in an aggregate of NIS 550 million for providing loans to customers.

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