



ALTSHULER SHAHAM
Financial LTD



Altshuler Shaham Finance Ltd.

2025 Annual Report





ALTSHULER SHAHAM FINANCE LTD.

("the Company" or "the Corporation")

2025 Annual Report

Chapter A	Description of Corporate Affairs
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Chapter D	Additional Information regarding the Corporation
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This is an English translation of a Hebrew report that was published on March 19, 2026 in "Magna" – ISA official website (reference no.: 2026-01-024284) (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.

Chapter A

Description of Corporate Affairs

December 31, 2025

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Part 1: Description of the General Development of the Corporation's Business

Affairs

This chapter offers a description of the Company's business and developments therein as required in the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 and in the Israeli Securities Regulations (Details of Prospectus and Draft Prospectus - Structure and Format), 1969.

1.1. Definitions

"iFunds"	–	iFunds Capital Ltd.
"Altshuler Alternative"	–	Altshuler Shaham Alternative Ltd.
"Altshuler Credit"	–	Altshuler Shaham Credit Ltd.
"Altshuler Construction"	–	Altshuler Shaham for Construction Ltd.
"Altshuler Credit for Business"	–	Altshuler Shaham Credit for Businesses Ltd.
"Altshuler Ltd."	–	Altshuler Shaham Ltd.
"Altshuler Provident"	–	Altshuler Shaham Provident and Pension Ltd.
"Altshuler Shaham Real Estate"	–	Altshuler Shaham Real Estate Ltd.
"Altshuler Investment Funds"	–	Altshuler Shaham Alternative Investment Funds Ltd.
"The Company"	–	Altshuler Shaham Finance Ltd.
"The Supervisor"	–	The Supervisor of the Capital Market, Insurance and Savings Authority.
"The Group"	–	The Company and the corporations controlled by it as they will be from time to time.
"Altshuler Group"	–	Altshuler Shaham Ltd. and corporations controlled by it.
"The Company Prospectus" or "The Prospectus"	–	The Company's listing and initial specific public offering prospectus and shelf prospectus of February 28, 2022, as amended on March 30, 2022 (reference numbers: 2022-01-023872 and 2022-01-039427).
"The Senior Officer Remuneration Law"	–	The Law for Remuneration of Senior Officers in Financial Corporations (Special Approval and Disallowance of Tax Expense due to Irregular Remuneration), 2016..
"The Companies Law"	–	The Companies Law, 1999.
"The Securities Law"	–	The Securities Law, 1968.
"The Anti-Money Laundering Law"	–	The Anti-Money Laundering Law, 2000, regulations based there upon, AML Order (mandatory identification, reporting and records maintenance by insurers, insurance agents and managing companies to avoid money laundering and terrorism financing), 2017.
"The Children's Savings Fund"	–	Investment provident fund — long-term savings for children.

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"Credits"	–	Business Credits and Growth Ltd.
"Yair Holdings"	–	Lowenstein Yair Holdings Ltd.
"The Reporting Period"	–	December 31, 2025
"Ordinary Shares"	–	Registered Ordinary Shares of NIS 0.01 par value each of the Company.
"The Income Tax Ordinance"	–	The Income Tax Ordinance [New Version] 1961.
"The Capital Market Authority"	–	The Capital Market, Insurance and Savings Authority at the Ministry of Finance.
"Amendment 190"	–	The Income Tax Ordinance [New Version], 1961 (Amendment No. 190 to the Income Tax Ordinance)
"Income Tax Regulations for Approval and Management of Provident Funds"	–	Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964.
"The Distribution Commission Regulations"	–	Supervision of Financial Services Regulations (Provident Funds) (Distribution Commissions), 2006.
"Shareholder equity regulations and circular"	–	Financial Services Supervision Regulations (Provident Funds) (Minimum Equity Required from a Management Company), 5771 2012 and Institutional Bodies Circular 2-2012-9 Capital Requirements for Management Companies.
"Direct Expenses Due to Transactions Regulations"	–	Financial Services Supervision Regulations (Provident Funds) (Direct Expenses Due to Transactions) (Amendment and Temporary Provision), 5778-2018.
" Yield imputation regulations "	–	Financial Services Supervision Regulations (Provident Funds) (Imputation of Return in a New Comprehensive Pension Fund), 5777-2017.
"Reporting period"	–	Period of twelve months that ended December 31, 2025
"Report Approval Date"	–	March 18, 2026.

1.2. The Company's activities and description of its business development

The Company was incorporated in Israel as a private company limited by shares on December 9, 2021. On April 4, 2022, the Company's shares were first listed for trading on the stock exchange and were allocated to the shareholders of Altshuler Provident, in exchange for the shares of Altshuler Provident transferred to the Company (the "Restructuring"). For further details regarding the Restructuring, see Section 1.3.1 below.

As of the Report Approval Date, the control over the Company is held by Yair Holdings (14.85%) and Altshuler Ltd. (55.40%) (together with Yair Holdings - "the Controlling Shareholders"). The ultimate controlling shareholders in the Company are Messrs. Yair Lowenstein, Gilad Altshuler and Kalman Shaham. See more information of the holdings of the Company's shares and the control in the Company and of the shareholders' agreement signed between the Controlling Shareholders in Regulation 21A to Chapter D to this periodic report.

See details of a business opportunity agreement signed between the Company and the Controlling Shareholders and its amendment, as approved by the General Meeting of the Company's Shareholders in paragraph 9.8 on Regulation 22 to Chapter D to this periodic report and paragraph 1.6 to the Company's shareholders' meeting notice report of September 22, 2022, as amended on October 19, 2022 (reference numbers: 2022-01-121105 and 2022-01-127945, respectively), whose information is hereby included by reference.

The Company operates in three areas of activity, which are classified as separate operating segments in the financial statements: Management of provident funds and pension funds; management, distribution, marketing and distribution of alternative investments and provision of credit to small and medium-sized businesses and real estate developers.

See paragraph 1.5 below for more information of the Company's operating segments.

1.3. Major developments in the Company's operations

1.3.1. Business restructuring

On January 17, 2022, the Company entered into a merger agreement with A.S. Ya'ad Hanpaka Ltd. ("the Target Company") and Altshuler Provident as a result of which on March 31, 2022, the Target Company merged into Altshuler Provident ("the Merger Transaction").

As per the Merger Transaction and the Company's Prospectus, in return for the shares of Altshuler Provident granted to the Company, each holder of Altshuler Provident share at the end of the trading day of March 31, 2022 ("the Merger Record Date") was allocated an Ordinary Share of NIS 0.01 par value of the Company ("the Allocated Shares").

Following the closing of the Merger Transaction and the grant of the Allocated Shares, on March 31, 2022, the trading of Altshuler Provident's shares on the TASE was discontinued and the shares were delisted. On April 4, 2022, the Company's shares began trading on the TASE and the Company became a public company, as this term is defined in the Companies Law, and a reporting entity, as this term is defined in the Securities Law. See more information of the service agreement signed between the Company and Altshuler Provident in Note 23 to the financial statements attached in Chapter C to this report.

1.3.2. Additional Significant Acquisitions

On June 22, 2022, the Company completed its entry into the field of alternative

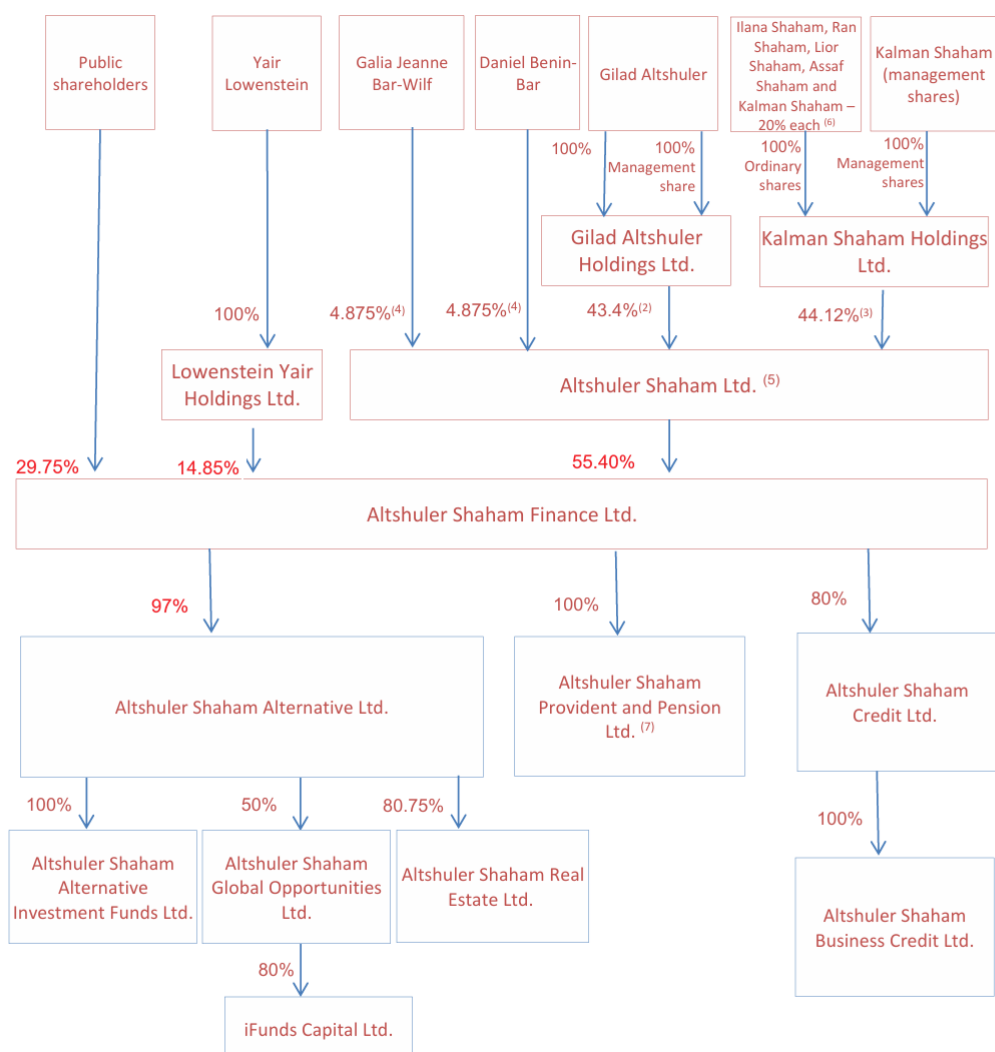
investment activity through the establishment of Altshuler Real Estate, a private limited company controlled by the Company. On January 26, 2023, Altshuler Investment Funds was established and on February 12, 2024, the Company, through Altshuler Alternative, completed its acquisition of 40% of the issued and held share capital of iFunds. For additional details of these field of operations, see paragraph 3.2 below.

On August 19, 2024, the Company, through Altshuler Credit, completed the acquisition of the operation of CrediTeam and of the entire issued and outstanding share capital of Altshuler Business Credit and entry into the credit market. During the third quarter of 2025, Altshuler Credit expanded its operations and established Altshuler Construction, a wholly-owned private company. For additional details regarding the credit activity area, see Section 3.3 below.

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Chapter A - Description of the Corporation's Business

1.4. 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. These companies are not depicted in the diagram; (2) Of which 26.43% is held in trust by Altshuler Trusts Ltd.; (3) Of which 27.63% is held in trust by Altshuler Trusts Ltd.; (4) Of which 27.02% is held in trust by Altshuler Trusts Ltd.; (5) It should be noted that the remaining holdings in Altshuler Shaham Ltd. (approximately 2.73%) are held by Altshuler Trusts Ltd. (in trust for employees); (6) All ordinary shares are held in trust through Shenkar Lex Trust Company Ltd. (for details regarding the allocation of shares to Mr. Tzafir Zanzouri in Altshuler Shaham Alternative Ltd. after the date of the report, see section 3.2.1 below); (7) For details regarding the allocation of shares to Mr. Tzafir Zanzouri in Altshuler Shaham Alternative Ltd. after the date of the report, see section 3.2.1 below.

1.5. The Company's operating segments

As of the date of the report, the Company has three operations (which are classified as separate operating segments for accounting purposes in the financial statements). The field of activity is the management of provident funds and pension funds, which is carried out through Altshuler Provident, within the framework of which Altshuler Provident manages provident funds and pension funds. Altshuler Provident's management operations are conducted in accordance with the Supervision of Financial Services Law (Provident Funds), 2005 ("the Provident Fund Law"). In addition, Altshuler Provident has an insurer license as per the Supervision of Financial Services Law (Insurance), 1981 ("the Insurance Supervision Law"). The Company also operates in the field of alternative investment activities, within the framework of which the Company engages in management, initiation, marketing and distribution of alternative investments ("**Alternative Investment Activities**").un in the real estate industry and other industries through Altshuler Real Estate Ltd., Altshuler Investment Funds and iFunds.

In addition, the Company operates in the field of credit activity ("**Credit activity**"), within the framework of which the Company engages in providing credit to small and medium-sized businesses and real estate developers through Altshuler Credit for Businesses and Altshuler Credit for Construction.

In addition, the Company is looking into entering new markets of operation, whether organically and inorganically by itself or through founding or purchasing subsidiaries, focusing on operations that are synergetic to the Group's operations. The Company's management plans to continue exploring the expansion of its operating segments inter alia by identifying new business opportunities and prospective business partnerships in the credit markets and in the financial and pension product distribution market. See details of these operations in paragraph 3.1, 3.2 and 3.3 respectively.

1.6. Investments in the Company's equity and share transactions

From January 1, 2024 up to the Report Date, there were no material investments in the Company's equity or transactions in its shares by interested parties in an unlisted corporation other than as described below ¹:

<u>Date</u>	<u>Operation</u>
August 22, 2024	Off-market purchase of 651,854 Ordinary shares of the Company for NIS 4.65 per share by Mr. Yair Lowenstein, the Company's CEO and a controlling shareholder therein. See also the Company's immediate report of August 22, 2024 (reference number: 2022-01-092557) whose information is hereby included by reference.
October 7, 2024	Off-market purchase of 186,500 Ordinary shares of the Company for 5.5696 NIS per share by Mr. Yair Lowenstein, the Company's CEO and a controlling shareholder therein. For additional details, see the Company's immediate report of August 8, 2024 (reference number: (2024-01-608566) whose information is hereby included by reference.
October 9, 2024	Off-market purchase of 255,000 Ordinary shares of the Company for 5.9 NIS per share by Mr. Yair Lowenstein, the Company's CEO and a controlling shareholder therein. See also the Company's immediate report of October 10, 2024 (reference number: 2024-01-609694) whose information is hereby included by reference.
October 10, 2024	Off-market purchase of 301,000 Ordinary shares of the Company for 5.9 NIS per share by Mr. Yair Lowenstein, the Company's CEO and a controlling shareholder therein. See also the Company's immediate report of October 10, 2024 (reference number: 2024-01-610011) whose information is hereby included by reference.
October 28, 2024	Off-market purchase of 176,150 Ordinary shares of the Company for 6.184 NIS per share by Mr. Yair Lowenstein, the Company's CEO and a controlling shareholder therein. See also the Company's immediate report of October 29, 2024 reference number: 2024-01-612347) whose information is hereby included by reference.

1.7. Dividend distributions

1.7.1. Details about dividends distributed by the Company and distributable profits

From January 1, 2024 up to the Report Date, the Company distributed the dividends as detailed in the table below:

<u>Date of the board of directors' decision</u>	<u>Amount of distributed dividend</u>
March 20, 2024	NIS 23 million
May 22, 2024	NIS 21 million
August 19, 2024	NIS 21 million
November 20, 2024	NIS 21 million
March 19, 2025	NIS 22 million
May 22, 2025	NIS 18 million
August 21, 2025	NIS 23 million
November 26, 2025	NIS 22 million

Moreover, on March 19, 2025, the Company's Board approved the distribution of a dividend based on the Company's financial statements (hereby attached as Chapter C to this report) in a total of NIS 17 million, after having decided that the Company meets the distributable profits test in the Companies Law.

The company's board of directors decided to distribute this amount, which is lower than the rate set in the Company's policy, for the Company's business development needs, with an emphasis on financing part of the credit activity from the Company's equity and for the purpose of identifying and realizing business opportunities. The Company's Board of Directors will continue to examine the scope of the dividend distribution, taking into account the above.

See details of the dividend distributions in Note 14d to the financial statements hereby attached as Chapter C to this report.

¹ Excluding options allocated to employees and officers or exercised by them.

1.7.2. Dividend distribution policy:

On May 30, 2022, the Company's Board adopted a dividend distribution policy according to which, subject to the provisions of applicable mandatory provisions of law, including the provisions of Article 302 to the Companies Law and the restrictions applicable to the Company as per financing agreements, and at the Company's sole discretion, the Company will annually distribute to its shareholders at least 75% of its distributable profits in the relevant year. It should be noted that if the above mandates and restrictions do not enable the distribution of 75% of the Company's distributable profits in a certain year, subject to the provisions of the Companies Law and at the Company's sole discretion, it will distribute a dividend at the maximum amount permitted by said mandates and restrictions.

1.7.3. Distributable profits

As of December 31, 2024, before the distribution specified in paragraph 1.7.1 above as approved on March 19, 2025 has been made, the Company's distributable profits (within the meaning of this term in Article 302 to the Companies Law) amounted to NIS 319,930 thousand.

1.7.4. Dividend distribution restrictions

As of the Report Date, the Company is not subject to any external restrictions that are likely to affect its ability to distribute a dividend. Notwithstanding the aforesaid, Altshuler Provident's non-compliance with the financial covenants applicable to it by virtue of bank loans would require the banks' consent to a distribution of a dividend by Altshuler Provident to the Company. See details of the financial covenants applicable to Altshuler Provident in Note 18d to the financial statements hereby attached to this report as Chapter C.

Part 2: Other Information

2.1 Financial information of the operating segments

For financial information and other financial data relating to the Group's operating segments, see Note 4 to the financial statements in Chapter C to this report. For explanations of the developments in the financial statement data, see the Board of Directors' Report hereby attached to this report as Chapter B. Following are financial data of the Group's operating segments based on the Company's consolidated financial statements:

Year ended December 31, 2025 NIS in thousands

	Provident fund and pension fund management	Alternative investments	Credit	Other	Unallocated to operating segment	Total
Revenues from external parties	897,222	15,059	21,475	1,215	-	934,971
Finance income	-	49,845	-	-	-	49,845
The Company's interests in partnerships accounted for using the equity method.	-	24,767	-	-	-	24,767
Cost of operations with external parties	725,335	29,050	32,979	-	16,316	803,680
Fixed costs *	411,867	23,918	17,810	-	16,316	469,911
Variable costs *	313,468	5,132	15,169	-	-	333,769
Sector Results	171,887	60,621	(11,504)	1,215	(16,316)	205,903
Attributable to equity holders of the Company	171,887	24,348	(8,900)	1,215	(16,316)	172,234
Attributable to non-controlling interests	-	36,273	(2,604)	-	-	33,669
Segment assets	852,140	118,864	396,417	-	185,462	1,552,883
Segment liabilities	555,938	26,148	348,511	-	2,945	933,542

Year ended December 31, 2024: NIS in thousands

	Provident fund and pension fund management	Alternative investments	credit	Other	Unallocated to operating segment	Total
Revenues from external parties	905,643	12,516	2,399	1,177	32	921,767
The Company's interests in partnerships accounted for using the equity method.	-	192	-	-	-	192
Cost of operations with external parties	713,559	21,796	4,661	-	17,665	757,681
Fixed costs *	394,479	18,847	4,557	-	17,665	435,548
Variable costs *	319,080	2,949	104	-	-	322,133
Sector Results	192,084	(9,088)	(2,262)	1,177	(17,633)	164,278
Attributable to equity holders of the Company	181,530	(7,339)	(2,575)	1,177	(17,633)	164,831
Attributable to non-controlling interests	-	(1,749)	313	-	-	(2,363)
Segment assets	921,218	35,865	90,819	-	161,660	1,209,562
Segment liabilities	609,259	15,740	32,657	1,177	6,596	664,252

Year ended December 31, 2023: NIS in thousands

	Provident fund and pension fund management	Alternative investments	Other	Unallocated to operating segment	Total
Revenues from external parties	984,353	6,007	1,200	14,128	1,005,688
Cost of operations with external parties	777,397	13,917	-	7,261	798,575
Fixed costs *	424,393	12,379	-	7,261	444,033
Variable costs *	353,004	1,538	-	-	354,542
Sector Results	206,956	(7,910)	1,200	6,867	207,113
Attributable to equity holders of the Company	206,956	(6,387)	1,200	6,867	208,636
Attributable to non-controlling interests	-	(1,523)	-	-	(1,523)
Segment assets	997,800	7,687	-	187,458	1,192,945
Segment liabilities	648,821	5,430	-	19,056	673,308

* 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.

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

2.2.1. Capital market trends

In the course 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 (Operation Am Kesavi) and Israel's airstrike on Hamas leadership in Qatar. On October 9, 2025, an agreement was signed between the State of Israel and the terrorist organization Hamas, mediated by the US, Egypt, Qatar, and Turkey. As part of the agreement to end the "Iron Swords" War, on October 13, 2025, Hamas released all remaining living hostage and on January 26, 2026, the body of the last deceased hostage was returned.

In the summary of 2025, the indices in Israel and around the world showed price increases, with the Israeli stock market recording excess returns relative to stock markets around the world. The US Federal Reserve lowered interest rates by 0.25% in December 2025, and in Israel, interest rates fell by a quarter of a percentage point in November, after remaining unchanged during the first three quarters of 2025. In January 2026, the Bank of Israel lowered the interest rate once again to 4%. The European Central Bank (ECB) left the interest rate unchanged at 2% at the end of 2025, with the last reduction being in June 2025, when the interest rate fell from 2.25% to 2%. Trade in Israel and around the world was characterized by price increases during the past year, as the foreign exchange market continued to respond with high sensitivity to the tense security situation in Israel and geopolitical events. Against the backdrop of the signing of the agreement to end the war, the Shekel strengthened sharply, and the representative rate of the dollar was set at 3.34 - a 3-year low.

In the fourth quarter as well as in the course of the past year, world indices showed positive yields. In annual terms, in the U.S., the S&P 500 gained about 18.1% and the NASDAQ grew by about 21.2%. The European Stoxx600 index added about 19.9% and the DAX index rose by about 22.3% in the course of 2025. The MSCI WORLD Index rose by about 21.6%. The global bond market recorded negative yields. In the U.S., the United States 10Y Government Bond yield went down in 2025 from about 4.56% at the beginning of the year to about 4.15% at year end.

The Israeli stock market experienced sharp rate increases throughout 2025 with the TA 35 rising by about 51.2%, the TA 125 gaining about 50.1% and the TA 90 climbing by about 44.7%. The Banks Index leaped by about 57.5% in the past year. The Tel-Bond 60 rose by about 6.4% in 2025.

During 2025, Altshuler Provident Fund maintained the equity exposure, in relation to the assets under its management, at approximately 50% in both tradable and non-tradable assets in the general tracks. The main stock exposure in Israel remains to local bank securities and the main exposure abroad remains to leading U.S. indices and their underlying stocks.

In response to the joint military operation with the US that began on February 28, 2026, and against a backdrop of optimism regarding the removal of the nuclear and ballistic threat, the Israeli stock exchange showed sharp price increases, led by insurance stocks.

For additional details regarding the "Iron Swords" War, Operation "Am Kalavi" and Operation "Shaagat H'Ari" and their possible effects on the state of the capital market and the business environment in which the Company operates within the framework of its areas of activity, see Section 2.2.4 below.

2.2.2. Regulatory changes

See details of specific regulatory restrictions that apply to the group, including updates in the Reporting Period, in paragraph 4.7 below.

For details regarding the specific regulatory restrictions that apply to the Company's areas of activity, including updates during the reporting period, see sections 3.1.16, 3.2.13 and 3.3.14 below.

2.2.3. Changes in the operating scope in the Company's operating segments and their profits

During the reporting period, the credit activity area and the alternative investment activity area were presented as accounting activity segments for the first time, in light of an increase in the volume of loans provided by Altshuler Business Credit during the reporting period and in light of an increase in the volume of profitability from the alternative investment activity area due to the revaluation of investments in affiliated and consolidated partnerships in the real estate industry, in accordance with valuations received from external valuers.

For additional details regarding changes in the scope of activity in the Company's areas of activity, see sections 3.1.1.3, 3.2.1.3 and 3.3.1.3 below.

2.2.4. Developments in the Company's macroeconomic environment

U.S.A.

The US job market exhibited relative weakness during 2025, with an increase in the unemployment rate and some cooling in demand for workers. In the month of November, after almost 7 weeks of the US government shutdown, the employment report for September was published, showing an addition of 119,000 jobs to the US economy, compared to forecasts of 50,000. In December, the unemployment rate rose from 4.3% to 4.4%, while the US market added only 50,000 jobs, lower than expected.

In 2025, the Fed gradually lowered the US interest rate, from 4.5% at the beginning of the year to 3.75% at the end, amid the slowdown in the labor market. In December 2025, the interest rate was reduced by 0.25% to 3.75%, the bank's third consecutive reduction, after which it signaled that it intended to slow the pace of reductions. In the January 2026 interest rate announcement, the US interest rate remained unchanged at 3.75%. Fed Chairman Jerome Powell noted that the bank is navigating between its two goals, employment and inflation, and said that the balance of risks has changed as the risk in the labor market has increased.

During the year 2025 US stock markets traded in a positive trend. The Nasdaq rose by about 21.2% and S&P500 added about 18.1% to its value. The Dow Jones industrial average rose by

about 15.3% in 2025. 10-year government bond yields fell by 8.7% during 2025 and were set at 4.1% at the end of the year.

Following the worsening economic crisis in Iran, the erosion of the currency and severe shortages of water and energy.

On February 28, 2026, the United States launched a joint military operation with Israel against the Iranian regime, aimed at removing long-term threats to Israel, primarily the ballistic missile and nuclear threats. In response to the unprecedented military operation, Iran closed the Strait of Hormuz, leading to a surge in oil prices. When trading opened after the weekend when the campaign began, the leading US indices responded with moderate price declines, but in the following days they returned to green territory.

Europe

The European Central Bank, headed by Christine Lagarde, lowered the interest rate once during 2025, in June 2025. With this decision, the interest rate dropped from 2.25% to 2%, and has remained unchanged since. Inflation in the Eurozone was 2% in December 2025, in line with forecasts and within the European Central Bank's target.

The Bank of England lowered the interest rate in December 2025 by a quarter of a percentage point to a level of 3.75, in light of the fact that the risks of an increase in inflation continue to weaken, according to the Monetary Committee member.

In summing up of 2025, a positive trend was recorded on European stock exchanges – the Eurostock 50 index ended with an increase of approximately 21.5% and the Eurostock 600 index with an increase of approximately 19.9%. The DAX index in Germany rose by approximately 22.3% during the past year.

Asia

During the year 2025, the President of the United States, Donald Trump renewed the trade war between the US and China, imposing high tariffs on shipments from China. In addition to imposing tariffs, the president also threatened restrictions on "all critical software," in response to China's moves to limit exports of its critical minerals. Additionally, President Trump on October 30, 2025 met for talks with Chinese President Xi Jinping in Malaysia in an attempt to prevent the escalation of the trade war. According to reports, a framework agreement has been reached between the countries, and tariffs on Chinese goods and products have been reduced.

The Bank of Japan (BOJ) which brought an end to the era of negative interest rates, left interest rates unchanged in September at 0.5%, in line with market expectations. Subsequently, in December 2025, the bank announced an increase in short-term interest rates by a quarter of a percentage point to 0.75%, the highest in 30 years.

Israel

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In the past year, Moody's kept Israel's credit rating unchanged at Baa1, despite the ceasefire and 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.

In summary for 2025, the TA 125 index increased by 50.1%, the TA 35 added 51.2% and the TA 90 increased by 44.7%. The banking index jumped 57.5% and the real estate index added 29.3% to its value. The Tel-Bond 60 rose by 6.4%.

In response to the joint military operation with the US that began on February 28, 2026, and against a backdrop of optimism regarding the removal of the nuclear and ballistic threat, the Israeli stock exchange showed sharp price increases, led by insurance stocks.

The annual deficit in 2025 was 4.7%, lower than the target. The original deficit was 4.2% and was later gradually increased to 5.2%, among other things to finance the stay of evacuees in temporary housing after Operation "Am Kalavi" and to finance the mobilization of the reserve troops. Revenue from state taxes in 2025 amounted to 551.9 billion shekels, an increase of approximately 14% compared to revenues in 2024.

The effects of the "Harvot Barzel" War and the "Am Kalavi" and "Shaagat H'Ari" operations.

During the course of the first quarter of 2025, the State of Israel signed a ceasefire agreement with Hamas, which entered into force on January 19, 2025. The agreement included the withdrawal of IDF forces from the Gaza Strip and the return of displaced Palestinians to the north, as well as the release of 33 hostages in several phases. 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 lasted until the "Shaagat H'Ari operation.

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 ballistic missiles and 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, 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 after which all the hostages held captive by Hamas were freed. As of this writing, the ceasefire is being maintained except for occasional isolated violations by Hamas and a specific response by IDF forces to the violation.

On February 28, as mentioned, the US and Israel launched a joint military operation against Iran, after weeks of direct negotiations between the US and Iran, which according to reports mainly concerned the issue of Iranian nuclear development. After it was reported that the talks had failed, the US, alongside Israel, launched a military operation, and in the opening blow, senior figures in Iran's military and political leadership were killed. A few days later, it became clear that the leader of the Revolutionary Guards, Ali Khamenei, was also killed in the opening strike. In response, Iran began launching ballistic missiles and drones at Israel and the Persian Gulf states, including Dubai, Abu Dhabi, and Kuwait.

The above developments have the potential of adversely affecting the capital market in which Altshuler Provident operates and therefore may cause changes in the scope and value of the assets managed by it. However, at this stage, the war events do not have a material impact on the scope or value of the assets under management. In addition, the Company has an investment policy of

broad diversification in the investment portfolio, so that in practice, over 60% of the assets under management are in the 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.

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 4.5 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.

The impact of inflation and falling interest rates on the market

During the course of 2025, the central banks in Israel and the US made several interest rate cuts, but maintained interest rates at relatively high levels. During the first three quarters of the year, interest rates in Israel remained unchanged at 4.5%. In November 2025, the interest rate decreased by 0.25%, and in January 2026, the Bank of Israel lowered the interest rate once again to 4%. In the February 2026 interest rate announcement, the US interest rate remained unchanged at 4%. Inflation in Israel was 2.6% in 2025. US interest rates fell to 4.25% in September 2025, and then fell again in October to 4%. In December 2025, the interest rate dropped once again to 3.75%, and in the interest rate decision in January 2026, the interest rate remained unchanged. Inflation in the US was set at 2.7% at the end of 2025. The European Central Bank continued to lower interest rates at a relatively rapid pace in early 2025, with the interest rate remaining at 2% in the last quarter and at the end of the year.

The Consumer Price Index remained unchanged in December 2025. However, given that the December 2024 index fell by 0.3%, annual inflation rose slightly and was set at 2.6%. Notable price increases were recorded in the fresh vegetables and fruits, clothing, housing, and transportation categories.

a. Provident fund and pension fund management

Due to the nature of its operations, the Altshuler Provident 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 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.

b. The 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 company's credit portfolio is characterized by a maturity of 1.3 years, which contributes to reducing sensitivity to changes in macroeconomic indicators. 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. At the same time, most of the Company's customers are exposed to the effects of rising inflation, which could lead to an increase in the prices of goods and raw materials, a decrease in demand, cash flow difficulties and an increase in the risk of the Company's credit portfolio. In the Company's assessment, during 2025 and as of the date of publication of the report, inflation and the continued rise in the CPI have not had and are not expected to have a material impact on the Company's financial results, since the sources of financing and the total credit provided by the Company to its customers are not index-linked.

It should be noted that as of the date of publication of the report, the Company did not take index-linked financing sources and did not provide index-linked credit to its customers.

At Altshuler Construction, credit is provided bearing variable interest based on 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. On the other hand, the collateral structure consisting of the "safety cushion" (surplus in projects plus developer profit) in addition to registering various types of collateral, including personal guarantees and first and second-degree liens, constitutes security for the repayment of the credit.

c. Alternative investment activity

The lowering of interest rates in Europe in the past two years has enabled obtaining financing for purchasing assets at relatively low interest rates. On the other hand, despite the recent trend of lowering interest rates, interest rates in the US are still high, which leads to a decline in asset values and opportunities for purchases at attractive prices, and on the other hand, to expensive loans and reduced free cash flow. 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.

The Company's evaluations as presented in paragraph 2.2.4 above represent forwardlooking information, as this term is defined in the Securities Law. These estimates are based, among other things, on information available to the Company, as of the date of approval of this report, and include the Company's estimates or intentions as of the date of approval of this report. However, there is no certainty that these assessments with respect to each of the factors detailed below or their effects on the Company's operations and business will be realized in full or in part. Actual effects could potentially materially differ from forecasts. 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 operations are subject, as specified in paragraph 4.12 below.

Part 3: Description of the Company's Business Affairs by Operating Segments**3.1. Provident fund and pension fund management****3.1.1. General information on the operating segment**

The Company, through Altshuler Provident, operates in the provident and pension fund management segment in the context of which Altshuler Provident manages 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 the Supervisor.

3.1.1.1. Structure of the operating segment and changes therein**Provident funds**

Provident funds and study funds are a medium and long-term savings option subject to various tax incentives. The primary goal of provident funds is accrual of savings to be withdrawn upon retirement as a monthly pension, as a lump sum or as partial sums, depending on product type and features. Provident funds are categorized by their objective and savings purpose, and they offer to savers various investment tracks bearing different risk levels. For information about products managed by Altshuler Provident in this operating segment, see paragraph 3.1.2 below.

Pension funds

Pension funds are long-term savings instruments designed to pay out a pension as from the retirement age. Altshuler Provident's pension fund segment consists of two new pension funds - a comprehensive pension fund and a general pension fund. Unlike the provident fund market, the pension fund market is highly concentrated and most of the assets in this sector are managed by insurance companies. Since 2016 and as the reform of designated pension funds (formerly default pension funds) became effective, a growth trend appeared in the market share of pension funds managed by investment houses, out of the entire sector. For information about products managed by Altshuler Provident in this operating segment, see paragraph 3.1.2 below.

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In recent years there have been significant reforms and changes to statutory provisions with regard to long-term savings. Underlying these reforms and changes is a deliberate Government policy designed to promote pension savings among the entire population, to ensure that their standard of living is maintained after reaching retirement age. This policy originated, inter alia, due to two prominent trends. Firstly, growing life expectancy, which primarily means that most savers would live longer after retiring than was the case previously. The second concerns changes in the behavior of savers, including their late entry into the workforce. Moreover, in recent years there has been a growing trend of consolidation of management companies in this sector, due to the high cost of compliance with requirements, margin erosion due to competition and restrictions imposed on management fees, as well as economies of scale in this sector.

3.1.1.2. Restrictions, legislation, standards and special constraints applicable to the operating segment

For more information about limitations, legislation, standards and special constraints applicable to the operating segment, see paragraph 3.1.16 below.

3.1.1.3. Changes to business volume and profitability of the operating segment

During the reporting period, Altshuler Provident continued marketing and distributing its various products with an emphasis on promoting and strengthening the Altshuler Provident Pension Fund and positioning it as a leading fund among the Israeli public.

During the reporting period, there was a decrease in the balance of members' assets in provident funds, compared to an increase in members' assets in pension funds. The change is mainly due to positive returns and excess deposits over withdrawals compared to the transfer of peers to competitors.

For information about the markets in which Altshuler Provident operates and its market share, see paragraph 3.1.7 below.

3.1.1.4. Market developments in the operating segment or changes to client characteristics

Provident funds

The total assets of provident funds in Israel (compensation and severance pay, study funds, central severance pay funds, investment provident funds and the Savings for Every Child long-term investment provident fund) amounted to approximately NIS 1,009.11 billion as of December 31, 2025, compared to approximately NIS 850.40 billion at the end of 2024, which represents an increase of approximately 18.66%. The assets of the provident funds managed by Altshuler Provident Funds decreased during 2025 from total assets of approximately NIS 131.78 billion at the end of 2024 to total assets of approximately NIS 125.35 billion as of December 31, 2025. A decrease that constitutes a lowering of approximately 4.88% in the total assets of the funds managed by Altshuler Provident Fund.

Pension funds

Pension fund assets in Israel (new comprehensive and general funds) amounted to approximately NIS 1,149.83 billion compared with total assets of approximately NIS 933.80 billion at the end of 2024, an increase of about 23.13%.

In the Reporting Period, pension fund assets managed by Altshuler Provident increased from approximately NIS 33.77 billion at the end of 2024 to approximately NIS 38.53 billion at the end of 2025. An increase of approximately 14.07%.

See more information of the competition in the operating segment and Altshuler Provident's ways of contending with it in paragraph 3.1.7 below.

3.1.1.5. Technological changes which may materially impact the operating segment

Over the years, Altshuler Provident has been investing significant financial resources in improving customer experience by automating work processes, upgrading digital processes, creating computer interfaces and so forth.

In the Reporting Period, the Company invested in developing new and digital technologies for upgrading customer experience and improving business processes such as: A system for self-service using a virtual representative that allows for receiving information and performing a variety of actions independently, a system for depositing money for customers and small employers independently, a system for controlling hotline calls and monitoring 100% of the activity using AI etc.

3.1.1.6. Critical success factors in the operating segment and changes therein

The Company estimates that the critical success factors in the operating segment are as follows:

3.1.1.6.1. Investment management performance relative to other management companies in the short and long term

Returns are a major consideration for those seeking to enroll as members in Altshuler Provident's products, and a significant component in existing client retention. It should be noted that short-term returns are more significant than long-term returns, due to data accessibility and regular posting of returns to various media. For more information about investment management, see paragraph 3.1.2.3 below.

3.1.1.6.2. Brand strength

Altshuler Provident is part of Altshuler Shaham Group, which is identified with the Altshuler Shaham brand, which has been created over years in a gradual, complex process and is well known and well regarded in the market. Supporting and enhancing the brand is one of the key factors in Altshuler Provident's success in its business.

3.1.1.6.3. High-quality marketing and distribution systems

Marketing operations carried out by inhouse pension advisory license holders who are employed by the Group, as well as by retirement insurance agents and advisory banks, in addition to direct operations with employers. Moreover, advertising campaigns reinforce the brand strength and increase awareness among potential clients who would wish to enroll with Altshuler Provident and/or among current clients who wish to enroll with additional products offered by Altshuler Provident. For more information about marketing and distribution, see paragraph 3.1.6 below.

3.1.1.6.4. Professional operating system

Efficient, ongoing, high-quality operational management while providing a rapid response to employers and to clients of Altshuler Provident.

3.1.1.6.5. Service system

The Company sees great importance in this system's professional, high-quality and highly available response to members and to all distribution channels. During the course of the year, the Company expanded the availability of response and is available to its customers 24 hours a day, including through a virtual representative.

3.1.1.6.6. Original and innovative ideas and technology

Introducing computer support for work processes and interfaces, along with constant improvement of services provided through the website. Altshuler Provident sees the website as decisively important, as is the possibility to conduct transactions swiftly and easily, along with current information made available on the website for Altshuler Provident's clients, agents and for the public at large.

3.1.1.6.7. Response capacity

Appropriate, rapid response to events and to market changes with regard to various products and to investment management.

3.1.1.6.8. Goodwill

Reputation is of the utmost importance over time, given that members' assets are managed by Altshuler Provident for extended periods of time. Altshuler Provident benefits from the advantage of having a reputation for competitive values and strong brand assets.

3.1.1.7. Main barriers to entry into and exit in the operating segment and changes therein

3.1.1.7.1. Barriers to entry

Major barriers to entry in the operating segment include compliance with many statutory provisions applicable to the operating segment, including restrictions and conditions stipulated by law for obtaining the licenses, permits and approvals required to engage in this operating segment, including compliance with required significant shareholder equity and maintaining insurance for setting up and managing a company which manages provident funds and pension funds. A company looking to manage provident funds and pension funds must comply, inter alia, with requirements of the Capital Market Authority with regard to financial resilience of the Company and of any individual seeking to control the Company, the Company's business plan, fit Board members and officers of the Company, existence of a stable controlling stake and so forth. Furthermore, a company engaged in management of provident and pension funds requires skilled, professional, high-quality staff and specific job holders in order to comply with requirements of applicable legislation (such as: IT Manager, Information Security Manager, Internal Auditor, Administrative Enforcement Officer and so forth). Companies that manage provident and pension funds are required to invest significant managerial, operating and monetary resources to comply with regulatory requirements. This poses a significant barrier for smaller or newer entities wishing to enter into this field, and is highly onerous for small to medium entities currently operating in the market. Another significant barrier to entry is the need to develop and operate IT systems appropriate for marketing products in this operating segment. The Company believes that professional skills and familiarity with this area are required in order to operate such systems.

Finally, the provident fund segment is highly competitive. The Company believes that the required positive reputation for investment managers and for the management company form another barrier to entry into this segment.

3.1.1.7.2. Barriers to exit

Termination of provident fund and pension fund operations requires such operations to be transferred to another management company. This procedure is governed by the Provident Fund Law and is subject to approval by the Supervisor, including with respect to obtaining a control permit for the acquiring entity, which includes various requirements of the permit recipient, including with regard to maximum leverage, minimum equity of the applicant and so forth. Moreover, total assets under management by Altshuler Provident and regulatory limitations on maximum long-term savings assets which any controlling shareholder may hold could pose an issue for conducting a transaction to acquire operations of Altshuler Provident and therefore may form a barrier to exit of Altshuler Provident from the operating segment.

3.1.1.7.3. Limitations underlying the control permit

Altshuler Provident's control permit (issued by the Supervisor to the controlling shareholders) sets forth various limitations regarding a change in control and/or holding structure in Altshuler Provident including a requirement to obtain the Supervisor's advance written approval for such change other than the circumstances and conditions specified in the permit. Moreover, the permit proscribes the grant of rights (such as mortgage, foreclosure, debt or other right) to the means of control in Altshuler Provident to any third party other than as specified in the permit. The permit also includes a requirement to report to the Supervisor any change in the cumulative rate of holdings in the various corporations which are part of the control chain in Altshuler Provident and an annual reporting duty (all as specified in the permit). For more information about limitations and restrictions applicable to Altshuler Provident in the operating segment, see paragraph 3.1.16 below.

3.1.1.8. Alternatives to the operating segment products and changes therein

Typical alternative products currently available for savings provident funds and pension funds are retirement insurance programs. The Company believes that study funds, which are a medium-term investment channel, currently have no alternative investment products, due to the unique combination of tax incentives they provide upon contribution (up to the maximum allowed for deduction), tax exemption for gain from securities (up to the maximum allowed for deduction), and the option to withdraw the funds over the medium term, free of tax, subject to statutory provisions. The Company believes that investment provident funds have 4 major alternatives: Mutual funds and index funds, managed investment portfolios, savings insurance policy and deposits. However, investment provident funds have significant advantages over these alternatives. Thus, for example, investment provident funds allow members aged 60 or older to move the fund to a pension payout track in a pension fund, and to receive a tax-exempt monthly payout, to move between investment tracks without payment of any capital gain tax, and to move the provident fund to another company without this being considered a taxable event.

3.1.1.9. Structure of the competition in the operating segment and changes therein

For more information on competition see paragraph 3.1.7 below.

3.1.2. Products and services

As of the Report Date, the Company, through Altshuler Provident, manages 8 provident funds (including a study fund) and 2 pension funds in the context of which Altshuler Provident manages assets at a scope of some NIS 163.9 billion. Below are the key product types offered by the Company through Altshuler Provident in the operating segment:

3.1.2.1. Provident funds

a. Savings provident funds, provident funds and personal severance pay provident funds

A provident fund is a long-term savings program designed to accumulate funds to be withdrawn in future, as a lump sum or as a pension, subject to when contributions were made to the fund and how they were designated.

Savings provident funds and provident funds are funds for the self-employed or for a salaried employee, designated as long-term savings and thus are subject to various tax incentive. Since 2008, all contributions to such funds are designated for retirement and would be paid to members as a pension.

In a provident fund where the member is a salaried employee, the member and their employer make regular contributions to the fund at up to 7% and up to 7.5% of the employee's pay, respectively. In addition, the employer makes monthly contributions to the member's fund to secure the member's right to severance pay, at up to 8.33%. In a provident fund where the member is self-employed, the member makes their own contributions to the fund, without a matching contribution from an employer.

As of the Report Approval Date, Altshuler Provident manages 2 provident funds: Altshuler Shaham Gemel and Altshuler Shaham Gemel LeAmitey Hever, with a total of 18 investment tracks, allowing the saver to invest their money at the appropriate risk level for them.

b. Study funds

A study fund is a provident fund for medium term savings, or for study purposes, for salaried employees and the self-employed, including Kibbutz members and cooperative Moshav members. A study fund allows any member, salaried employee or self-employed, to contribute amounts that would become liquid 6 years after opening the account (and under certain circumstances, even sooner). Savers who contribute to a study fund enjoy tax incentives upon deposit and upon withdrawal, up to a maximum contribution amount specified annually.

Study fund for salaried employees - A study fund into which the employee and the employer make monthly contributions. The tax benefit is granted in proportion to the employer's contributions at a capped rate of 7.5% of the effective salary, up to the maximum allowed (except for teachers, as defined in the Income Tax Ordinance, and doctors subject to a special arrangement, who may make contributions at a higher rate) and for the employee's contributions at a capped rate of 2.5% of the effective salary, up to the maximum allowed, or the rate set forth in a collective bargaining agreement approved pursuant to the Collective Bargaining Agreement Act, and in any case at a rate that is not lower than one third of the employer's contribution.

Study fund for the self-employed - A study fund for individuals earning an income from their business or occupation, including Kibbutz members and co-operative Moshav members which does not mandate making fixed monthly contributions. Pursuant to the Income Tax Ordinance, contributions at a rate of up to 4.5% of taxable income and up to the ceiling amount are deductible expenses for tax purposes.

As of the Report Approval Date, the study fund managed by Altshuler Provident offers 12 different investment tracks, allowing the saver to invest their money at the appropriate risk level for them.

c. Central severance pay fund

A central severance pay provident fund is a severance pay provident fund where the member is the employer, making severance pay contributions for their employees. As from January 2008, new central severance pay funds may not be opened and as from January 2011, contributions

cannot be made to existing funds. As of the Report Approval Date, Altshuler Provident manages 4 different investment tracks in this fund.

In June and July 2017, Income Tax Circular 4/2017 was issued regarding accruals in central severance pay funds. Moreover, the Capital Market Authority issued an institutional investor circular on transfers of funds from a central provident fund to severance pay funds. Among others, these circulars allow employers to split central fund accruals into individual provident funds in the name of the qualifying employees and under certain conditions withdraw surplus funds.

d. Central sick pay provident fund

A central sick pay provident fund is a fund for employers, who accrue amounts for payment of sick pay in accounts managed in the employer's name - who are the fund members. The fund pays to members amounts to reimburse expenses paid to their employees for any sick leave, as defined in sick pay eligibility provisions of the Income Tax Regulations (Rules for approval and management of provident funds 1964)

e. Central provident fund for budgetary pension participation

A central provident fund for budgetary pension participation is a fund designated for participation in funding pension payments to employees of the member-employer. As of the Report Approval Date, Altshuler Provident manages 2 different investment tracks in this fund.

f. Investment provident funds

An investment provident fund is a savings plan for the medium or long range, designated to pay a lump sum to the self-employed member on a date of the member's choosing, allowing savers to enjoy the benefits of investment through a provident fund. The accrued funds may be withdrawn at any time as a lump sum, subject to payment of capital gain tax on the real gain, or as a tax-exempt pension after age 60, at the member's choice (withdrawal as actual annuity will be made by moving the accrued funds to a pension provident fund). Contributions to the fund are made by the member, and are capped at NIS 70,000 per year, with the cap adjusted for the increase in CPI annually on January 1. As of the Report Approval Date, the cap is at NIS 83,641.

As of the Report Approval Date, the investment provident fund managed by Altshuler Provident offers 9 different investment tracks, allowing the saver to invest their money at the appropriate risk level for them. This product does not include any insurance coverage. The target audience for this operating segment includes anyone seeking alternative savings for the medium and long term.

g. Investment provident fund - long-term savings for children

An investment provident fund - long-term savings for children is a long-term savings product (of unlimited term) into which the National Insurance Institute makes monthly contributions (as from January 1, 2017) on behalf of every child in Israel for which a child allowance is paid by the National Insurance Institute until the child reaches 18, in addition to payment of the regular child allowance for that child. Children are also entitled to bonuses paid out by the National Insurance Institute on specific dates.

Parents may also increase the savings amount by matching the National Insurance Institute contribution out of the child allowance paid out by the National Insurance Institute.

Children born before December 31, 2016 were entitled, at age 18, to a bonus of NIS 500; Children born from January 1, 2017 received a bonus of NIS 500 in two installments: NIS 250 at age 3 and NIS 250 at age 12 or 13 (for girls or boys). Should the child continue to save in their account after age 18, they are entitled to another bonus of NIS 500 at age 21, provided that no withdrawals had been made from accrued savings.

These amounts are updated from 2017 on January 1 of each year at the rate of increase in the CPI published before that day compared to the CPI published before January 1 of the previous year. Accordingly, in 2025, the amounts of deposits and grants were as follows: The monthly

contribution paid by the National Insurance Institute and the matching monthly contribution by the parent were NIS 57, so the savings amount per month could be up to NIS 114 and total bonuses amounted to NIS 568.

The management fee is payable by the National Insurance Institute through age 21. Upon withdrawal other than as annuity after 60, tax shall be deducted on the profits.

As of the Report Approval Date, the long-term savings for children investment provident fund managed by Altshuler Provident has 4 investment tracks that allow savers to invest their money based on the risk level suitable for them.

3.1.2.2. Pension funds

a. Comprehensive pension fund

A comprehensive pension fund combines three elements: Retirement pension, disability pension and survivor pension, through regular monthly contributions capped at 20.5% of twice the national average salary.

Eligibility for retirement pension is based on the amount accrued throughout the membership period, which is converted into a retirement pension upon retirement using the appropriate actuarial factor for the retirement features selected by the member (their selected retirement age, assured minimum payment term, eligibility for survivor pension after their death), their gender and age upon retirement. After the retirement pension recipient is deceased, the pension annuity is paid to their survivors as survivor pension, at the rate specified upon retirement. The policy holder also benefits from insurance coverage for disability and death prior to expiration of the insurance period. This coverage is funded by deducting the cost of risk from the policy holder's pension fund account, with the cost of such insurance coverage not to exceed 35% over the period when the member is insured in the comprehensive pension fund, where the comprehensive pension fund operates on the basis of mutual guarantee among all fund policy holders. The coverage amount is determined based on the pension track selected by the policy holder (out of the range of insurance tracks on offer), on their gender and age upon enrollment in the comprehensive fund and evolution of their pay and the pension fund's regulations.

In conformity with the Increased Contribution to Retirement Insurance Ordinance - the Extension Ordinance for the Mandatory Pension Act, it is obligatory to contribution part of the employee's salary towards retirement. As from January 2017, the mandatory contribution rates are 18.5% in total (6% for employee contribution, 6% for severance pay and 6.5% for employer contribution).

In addition, in 2017, the Mandatory Pension Law for Independent Members came into effect, which states that an independent member is required to make contributions at the following rates: The portion of income that does not exceed half of the average wage in the economy is subject to a deposit obligation of 4.45%. The portion of income that exceeds half of the average wage in the economy and does not exceed the average wage in the economy is subject to a deposit obligation of 12.55%.

On July 1, 2017, the Return Charging Regulations became effective, changing how designated State-issued "Arad" type bonds are allocated, so as to prioritize retirees and older members at the expense of allocation to younger members. Note that through 2025, the allocation rate of designated debentures to members who are not pension recipients in a particular fund would be identical. Additionally, these regulations also stipulate that the allocation rate to pension recipients in a particular fund may increase, up to a ceiling of 85% of total track assets.

Starting October 1, 2022, a mechanism to secure stable returns for pension funds, as included in Amendment No. 26 to the Supervision of Financial Services Act (Provident Funds), 2005, became effective. According to this mechanism, instead of the investment of 30% of the pension fund assets in designated bonds, the assets will be invested according to the investment policy of the comprehensive pension fund as per the legally prescribed mechanism and will benefit from a secured annual return of 5.15% (linked to the CPI).

Other current circulars concerning pension fund management directives issued by the Capital Market Authority stipulate additional provisions to those in the Regulations, stipulating that the tariff interest rate, used to calculate the conversion factor upon retirement, will not change despite the higher allocation of designated bonds. However, for new pension recipients starting in February 2023, the interest rate will be 4.38% (instead of 4.26%). Pensions payable to retirees who retire after the effective start date of these circulars will be linked to the difference between actual return achieved on the retiree portfolio and the return assumption - and any excess or shortfall with respect to this difference may be allotted over up to 3 years. Retirement shall not result in actuarial deficit for the pension fund, the cost of coverage for disability and survivorship insurance shall not incur a shortfall due to discount rates alone, such that the actuarial deficit of the pension fund was significantly reduced compared to previous years. As of the Report Date, the comprehensive pension fund offers 9 investment tracks for members and 3 tracks for pension recipients.

Additionally, on November 27, 2024, a circular was published amending the provisions of the Consolidated Circular regarding the measurement of liabilities – within the framework of which, the provisions of Chapter 1, Part 2 of Title 5 of the Consolidated Circular regarding measurement were updated, including the default assumptions on the basis of which pension funds will be required to calculate liabilities to their members. In addition, disability tables were added in sections A.8 to A.10 in Appendix A to the Consolidated Circular.

Insurance coverage and insurance tracks in comprehensive pension fund

Insurance coverage covers the policy holders in case of disability (being unable to work) and for survivor (if the policy holder is deceased). The tracks provide different coverage levels for disability and survivorship insurance.

b. Comprehensive pension fund

A General pension fund combines three elements: Old age pension, disability pension and survivors' pension, in recurring or lump sum deposits.

Altshuler Shaham Keren Pensia Hadasha Clalit ("the General Fund") is designated for contributions from salary in excess of 20.5% of twice the national average salary and for lump-sum deposits to purchase pension rights. The fund was established in 2008, jointly with the comprehensive pension fund. Accrual of retirement pension rights in conformity with the bylaws is also based on the accrual amount, similar to the comprehensive pension fund.

Contribution rates to the general pension fund are the same as for the comprehensive pension fund. However, there is no cap on the monthly contribution, and the fund also accepts lump-sum contributions of unlimited amount. Upon making a withdrawal from the pension fund, other than by pension payout, the accrual would be paid out to the policy holder with tax deducted by law.

As of the Report Date, the general pension fund offers 9 investment tracks for members and 3 tracks for pension recipients. The General Fund includes a base track with no insurance coverage. This track is designated entirely for savings for retirement age.

On September 1, 2020, an option was added to purchase insurance coverage for disability and death prior to expiration of the insurance period. This coverage is funded by deducting the cost of risk from the policy holder account, with the cost of such insurance coverage not to exceed 35% over the period when the member is insured in the comprehensive fund, where the General Fund operates on the basis of mutual guarantee among all fund policy holders. The coverage amount is determined based on the pension track selected by the policy holder (out of the range of insurance tracks on offer), on their gender and age upon enrollment in the General Fund and evolution of their pay, based on principles set forth by the Supervisor. Insurance tracks are identical to those in the comprehensive pension fund, except for the customized insurance track, transfer-in member track providing 85% coverage for the widower, transfer-in member track providing survivor coverage lower than 37.5% and/or 40%.

Changes in products during and after the Reporting Period

In March 2025, Altshuler Shaham Provident Fund established a tradable stock track and Altshuler Shaham Savings Plus a tradable combined track -whose assets will only be invested in tradable assets only (that meet the terms stipulated in article 6 of the Institutional Investor Circular 2013-9-13 regarding investment rules that apply to institutional investors), subject to applicable law and at the Investment Committee's discretion.

3.1.2.3. Investment management by Altshuler Provident

Altshuler Provident manages its investments in each channel while considering the best interests of savers, as measured over the long term, and subject to regulatory provisions. Investment management is carried out by the investment arm as follows:

The Investment Committee and investment system - The Investment Committee operates as governed by the investment policy set by Altshuler Provident's Board of Directors and directs the Investment Manager to act accordingly. The Investment Committee determines the exposure to major asset classes, while investment managers select the specific securities for investment subject to the specified policy. The Investment Committee convenes at least once every two weeks to receive an economic overview from the investment managers about the holdings of the funds and other matters that require reporting from time to time. During the reporting period, in accordance with the organizational change in the investment system, as detailed in Section 3.1.11 below, investment managers were appointed according to areas of expertise, managing specific investment areas.

The investment support system - the support system is tasked with processing, settlement, transfers and valuation of all financial transactions conducted by the investment arm. The investment support system is also responsible for ensuring that all transactions that have been conducted are logged and valued accurately and in a timely manner. The support system is also responsible for IT and for process improvement. The investment support system is also responsible for ensuring settlement and required adjustments for various entities, as stipulated by regulatory requirements and controls. The investment support system also conducts ongoing investment control and is in charge of regular monitoring of the compliance of the Investment Manager's performances with the Investment Committee's decisions and with applicable regulatory provisions. The investment control function reports to the Investment Committee and to Altshuler Provident's key management personnel as needed.

The annual investment policy - once a year, Altshuler Provident's Board sets forth and approves the planned investment policy for the provident and pension funds managed by Altshuler Provident in the operating segments, after being presented with the recommendations of the Investment Committee. The Board also receives ongoing reports from Altshuler Provident's Credit Manager, Bad Debt Center, Investment Manager and Financial Risk Manager. Altshuler Provident's investment policy relies on macroeconomic and microeconomic analyses of capital markets in Israel and overseas and is reviewed from time to time by the Investment Committee and revised as needed. In general, the funds invest in diverse asset classes, such as: shares in Israel and overseas, government bonds, corporate debentures, loans in Israel and overseas, real estate and various equity funds with geographic and sector diversification of the investment portfolio. The funds may also invest, from time to time, in Group products (including hedge funds) or along with other Group companies, all subject to statutory provisions.

3.1.3. Breakdown of revenues and profits of products and services

See details of segment results in Note 4 to the financial statements in Chapter C to this report. Following are the main data of the operation of the provident and pension fund:

Year ended December 31, 2025 (NIS in thousands)

	New pension funds		Personal provident funds for rewards and severance pay	Funds Study	Investment provident funds	Investment provident fund - Savings for Every Child	Central funds	Total
	Comprehensive	General						
Managed assets	37,262,900	1,263,068	51,893,791	48,562,366	12,019,582	11,985,922	885,529	163,873,158
Receipts from fees	4,094,396	190,931	594,181	3,183,277	1,932,681	1,019,238	5,776	11,020,480
of which, nonrecurring fees	-	-	198,668	68,780	1,234,810	48,183	-	1,550,441
Annualized fees for newly enrolled members	710,328	38,555	21,581	305,032	155,804	48,914	2	1,280,216
Annualized fees for all members	3,981,727	181,902	463,699	2,991,713	738,661	954,577	4,920	9,317,199
Accruals transferred to the fund	2,723,092	184,070	879,119	444,979	105,184	4,542	2,361	4,343,347
Accruals transferred from the fund	(5,775,542)	(263,523)	(9,925,867)	(11,457,057)	(2,039,479)	(263,505)	(62,117)	(29,787,090)
Payments	(1,017,085)	(1,145)	(2,123,667)	(2,462,499)	(1,007,924)	(290,140)	(47,626)	(6,950,086)
Surplus revenues (losses) over expenses in the period	4,484,280	145,276	5,873,681	5,851,343	1,525,181	1,734,797	85,949	19,700,507
Revenues from accrual management fees	52,810	2,053	338,537	348,129	71,411	24,853	5,222	843,015
Revenues from deposit management fees	50,731	2,363	1,934	-	-	-	-	55,028
Average annual rate of management fees from active assets (in percent)	0.13	0.15	0.64	0.71	0.61	0.23	0.24	
Average annual rate of management fees from inactive assets (in percent)	0.14	0.18	0.61	0.66	0.58	0.23	0.63	
Average annual rate of management fees from assets - annuities (in percent)	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits (in percent)	1.24	1.24	0.29	-	-	-	-	

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Year ended December 31, 2024 (NIS in thousands)

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

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Year ended December 31, 2023 (NIS in thousands)

	New pension funds		Personal provident funds for rewards and severance pay	Funds Study	Investment provident funds	Investment provident fund - Savings for Every Child	Central funds	Total
	Comprehensive	General						
Managed assets	26,692,817	749,586	56,380,942	54,031,360	10,141,913	7,777,852	891,354	156,665,824
Receipts from fees	3,991,508	194,025	852,359	4,835,302	1,228,548	1,033,342	6,733	12,141,817
of which, nonrecurring fees	-	-	135,271	31,169	583,475	46,533	-	796,448
Annualized fees for newly enrolled members	503,457	11,724	28,284	418,606	55,647	36,117	14	1,053,849
Annualized fees for all members	3,725,718	162,174	697,420	4,525,162	581,459	976,656	6,517	10,675,106
Accruals transferred to the fund	1,113,958	22,322	849,581	232,786	51,565	1,481	1,980	2,273,673
Accruals transferred from the fund	(6,825,304)	(187,621)	(10,101,323)	(13,882,023)	(1,824,613)	(95,367)	(54,928)	(32,971,179)
Payments	(57,120)	(7)	(3,130,625)	(4,234,404)	(1,403,403)	(135,618)	(75,834)	(9,037,011)
Surplus revenues (losses) over expenses in the period	3,039,330	69,391	4,353,685	4,670,587	1,060,809	861,031	61,679	14,116,512
Revenues from accrual management fees	34,532	1,353	382,751	410,336	67,688	16,014	5,471	918,145
Revenues from deposit management fees	55,320	2,598	3,414	-	-	-	-	61,332
Average management fee rate from assets in annual terms - active	0.12	0.17	0.67	0.74	0.65	0.23	0.21	
Average annual rate of management fees from inactive assets	0.13	0.23	0.64	0.69	0.63	0.23	0.64	
Average annual rate of management fees from assets – pension recipients	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits (in percent)	1.37	1.43	0.42	-	-	-	-	

3.1.4. New products

See details of products and changes therein in and after the Reporting Period in paragraph 3.1.2 above.

3.1.5. Clients (members)

Altshuler Provident has a diverse client base. Members of provident funds, study funds and pension funds managed by it include members who are self-employed, salaried employees, employers and collective members (such as Kibbutzim). There is no single client or client group added through an employer agreement, the revenues from which exceeds 10% or more of total revenues of Altshuler Provident. Furthermore, there is no single client

or client group added through an employer agreement, whose managed assets exceed 1% or more of total assets. Altshuler Provident does not depend on a single client or a limited number of clients or a group of clients that was added through an arrangement with an employer, the loss of which would materially affect Altshuler Provident's operations. Altshuler Provident has approximately 2.1 million clients. See information of balances and movements of managed assets in paragraph 3.1.5 above.

Below is information about the number of member accounts in Altshuler Provident by product:

	31.12.2025	31.12.2024
Comprehensive pension	402,732	392,166
General pension	21,607	21,899
Rewards and severance	718,993	811,046
Study fund	538,962	634,090
Central severance pay fund	1,889	1,962
Investment provident funds	165,259	169,845
Investment provident fund - Savings for Every Child	956,768	965,387
Central provident fund for budgetary pension participation	2,358	3,704
Central sick pay fund	72	74
Total	2,808,640	3,000,173

3.1.6. Marketing and distribution

Altshuler Provident markets its products through multiple distribution channels, primarily through pension insurance agencies and agents. Altshuler Provident has been co-operating for years with leading pension insurance agencies and agents, but it is not dependent on any particular agent or agency. Altshuler Provident also works with insurance agencies in the Altshuler Group. For more information about marketing agreements between Altshuler Provident and said agencies, see Note 23 to the financial statements in Chapter C to this report and Regulation 22 of Chapter D of this report. Moreover, Altshuler Provident has contracts in place with all banks involved in providing advisory services, for distribution of its products, as well as agreements and working relations with many independent advisors in the market. Other than the aforementioned distribution channels, Altshuler Provident allows individuals to enroll in its products through digital tools and/or through pension savings marketing agents and/or pension insurance agents affiliated with the Group. Altshuler Provident constantly strives to enhance the digital enrollment processes, so as to make them simple and accessible and to allow for rapid enrollment in its products. Altshuler Provident also advertises and markets its products through media advertising: TV, internet, billboards, sponsorships and participation in professional conferences.

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The following information is in regards to acquisition costs and annual commissions (NIS in thousands) to external distributors, while differentiating between provident funds and pension funds

Year 2025

	Repaid commissions (2)		Target commissions (1)		Total	
	Provident	Pension	Provident	Pension	Provident	Pension
Agent/agency	186,156	4,196	15,889	16,533	202,045	20,729
Related party and/or controlled by the Company (3)	3,413	-	102	20	3,515	20
Banks	47,322	-	-	-	47,322	-
Non-bank pensionary advisors	437	-	-	-	437	-
Total	237,328	4,196	15,991	16,553	253,319	20,749

Year 2024

	Repaid commissions (2)		Target commissions (1)		Total	
	Provident	Pension	Provident	Pension	Provident	Pension
Agent/agency	190,509	3,882	41,399	23,403	231,908	27,285
Related party and/or controlled by the Company (3)	3,409	-	151	22	3,560	22
Banks	48,389	-	-	-	48,389	-
Non-bank pensionary advisors	467	-	-	-	467	-
Total	242,774	3,882	41,550	23,425	284,324	27,307

Year 2023

	Repaid commissions (2)		Target commissions (1)		Total	
	Provident	Pension	Provident	Pension	Provident	Pension
Agent/agency	212,323	4,397	11,926	2,850	224,249	7,247
Related party and/or controlled by the Company (3)	3,494	1	116	3	3,610	4
Banks	51,451	-	-	-	51,451	-
Non-bank pensionary advisors	441	-	-	-	441	-
Total	267,709	4,398	12,042	2,853	279,751	7,251

(1) It is clarified that the above does not reflect the annual accounting expense for the said fees in the Company's books, as the expense for the target fee is disclosed in the Company's books.

(2) Less settlement fees.

(3) For more information about the Company's agreements with related parties for distribution of Company products, see Note 23 to the financial statements in chapter C to this report.

3.1.7. Competition

Provident funds

The provident fund market is characterized by extensive competition and many players operating in this field. Competition is due to both economic and commercial factors, which have dictated the price competition in recent years (such as raising public awareness of retirement savings), and to regulatory processes in the field of insurance, savings and capital market. This competition has eroded margins for companies operating in this segment. Competition has also increased due to entry of new players, which makes the environment in which the Company does business more highly competitive, insurance agents who have changed their business focus, new agents joining this market as well as increased public discourse around retirement.

As of December 31, 2025, Altshuler Provident holds a market share of approximately 12.42% of total assets managed in provident funds and study funds, compared to approximately 15.5% as of December 31, 2024.

To the best of its knowledge, the Company's major competitors in the provident fund market are: Yelin Lapidot Provident Fund Management Ltd.; More Provident and Pension Funds Ltd.; HaPhoenix Pension and Provident Funds Ltd.; Harel Pension and Provident Funds Ltd.; Meitav Provident and Pension Funds Ltd.; Clal Pension and Provident Funds Ltd., Migdal Makefet Provident and Pension Funds Ltd.; Analyst Provident Funds Ltd.; and Menora Mivtachim Pension and Provident Funds Ltd.

Pension funds

In recent years, the pension fund market has seen the inception of default funds ("designated pension fund"), which increased competition, primarily with respect to employers. Nevertheless, the pension fund market continues to be highly centralized. In the pension fund segment, there are 9 new pension funds, with those of insurance companies holding approximately 88.5% of total assets under management in the new pension fund market. As of December 31, 2025, the Company is ranked seventh (out of nine) among entities managing pension funds with a market share of approximately 3.37% of total assets managed in new pension funds.

As noted, the launch of the "selected fund" reform has somewhat increased competition in this segment. This is further reinforced by the Supervisor's directive, whereby existing agreements which carry a maximum management fee would expire on April 1, 2018 - one year prior to the date specified in the original directive. Furthermore, on April 1, 2019, the existing default agreements between employers and pension funds expired - and this directive also promoted competition and reduced the concentration in this segment. In September 2024, another tender was held for selecting pension funds and Altshuler Provident won the title of designated pension fund once more.

To the best of its knowledge, the major competitors of Altshuler Provident in the pension market are: Harel Pension and Provident Funds Ltd.; Menora Mivtachim Pension and Provident Funds Ltd.; Clal Pension and Provident Funds Ltd.; Migdal Makefet Pension Funds and Provident Funds Ltd.; HaPhoenix Pension Funds Ltd.; Meitav Provident and Pension Funds Ltd.; More Pension and Provident Funds Ltd.; and Infinity Study, Pension and Provident Funds Ltd.

Main ways to cope with competition

Altshuler Provident makes a concerted effort to recruit new clients by highlighting its

advantages over the competition and by reinforcing relations and expanding the current distribution system. **It also strives to make forms digitally accessible for clients and to improve online enrollment processes for its products, so as to make them simple and user-friendly and takes steps to minimize outbound transfers of members to business rivals and streamline internal work processes.**

Due to the concentration in the market for new pension funds, as described above, Altshuler Provident directs marketing and advertising resources to increase awareness of its pension funds through, inter alia, participating in employer conferences and holding professional daily seminars for agents.

Altshuler Provident also leverages the selection of its pension fund as a designated pension fund by the Capital Market Authority to recruit new clients for both the pension product and to other products.

Other than the foregoing, Altshuler Provident manages its members' funds professionally and with diligence, while attempting to maintain stability over time and to generate high returns. Concurrently, it applies investment policy designed to reflect a risk-reward ratio that is appropriate for the needs of its clients through, inter alia, geographic and sector diversification, and by focusing on liquid assets that allow Altshuler Provident to change the asset allocation and to respond to market events as required.

3.1.8. Seasonality

Provident funds of salaried members are based on current monthly contributions by their employers. Mandatory Pension Act for Self-employed Members, which became effective in 2017, and the launch of investment provident funds, have brought about significant growth in contributions in November-December, compared to deposits in other months. Self-employed members tend to make contributions in these months in particular, so as to benefit from diverse tax benefits. Furthermore, in November-December, members in investment provident funds tend to make up their contributions to such funds up to the legal annual contribution cap per person (for more information about the cap as of the Report Approval Date, see paragraph 3.1.2 above). In these months, contributions to study funds by self-employed members are also higher. Note that although some seasonality exists in member contributions to funds managed by Altshuler Provident, this has no direct bearing on the Company's financial results.

3.1.9. Fixed assets

For details regarding fixed assets as of the date of the report, see Note 8 to the financial statements attached as Chapter C to this report. For information about the Company's agreement with provident and pension fund operating system vendors (for managing member rights), see paragraph 3.1.12 below.

3.1.10. Intangible assets

Altshuler Provident has intangible assets consisting of goodwill and customer relations. Moreover, the Group owns various trademarks duly registered with the Ministry of Justice Trademark Registry, some of which are used by Altshuler Provident. For more information about intangible assets owned by the Company, see Note 5 to the financial statements attached in Chapter C to this report.

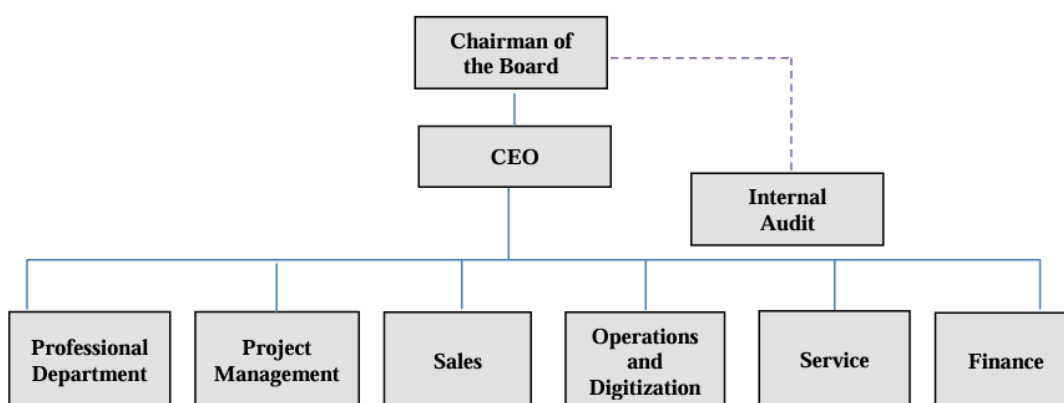
3.1.11. Human resources

GENERAL

As of the reporting date, 722 employees (in full-time equivalent terms) are engaged in this segment by the Company, Altshuler Provident Fund, and by additional outsourced companies, including related companies whose primary activity is the provision of services to Altshuler Provident Fund; of these, 6 are officers. As of December 31, 2024, 797 employees were employed in this sector (in terms of job scope) of which 6 are officers.

For details regarding the distribution of the number of employees as of December 31, 2025 and 2024, see Section 4.3 below.

Chart of Altshuler Provident's organizational structure



<u>Activities outsourced by Altshuler Ltd. and the Company</u>		
IT systems	Investments, Research and Analysis	Internal Compliance, SOX and Operating Risks
Marketing	Operations and Procurement	Credit and Investment Operation and Control
Legal Counsel	Human Resources	Credit

Significant changes in employee headcount during the Reporting Period

- a. On June 1, 2025, Ms. Tali Ram Shapira, as VP of Customer Service of Altshuler Provident, was appointed VP of Service and Operations, replacing Mr. Yuval Markowitz, who served as VP of Operations and Digitization and whose employment at Altshuler Provident ended.
- b. On July 1, 2025, an organizational change was made in the provident and pension investment system within the framework of which Investment managers were appointed according to areas of expertise Reporting to Ms. Leah Preminger, Chief Investment Officer of Altshuler Provident, who manage specific investment areas under their management.

3.1.12. Suppliers and service providers

3.1.12.1. Provident activity

Bank Leumi (Leumi Capital Market Services Ltd.) ("Leumi Capital Market") On December 29, 2021, Altshuler Provident and Leumi Capital Market signed an agreement for provision of operating services for provident funds and study funds managed by Altshuler Provident (in this paragraph - "the agreement" and "the services", respectively), superseding the agreement between the parties dated March 26, 2012. The agreement term is 7 years, from January 1, 2020 through December 31, 2026. The agreement is automatically renewed for subsequent terms of 12 months each. For services provided by Leumi Capital Market, Altshuler Provident pays the fees agreed by the parties, up to a cap specified in the agreement. Altshuler Provident believes it is somewhat dependent on this provider, as transition to an alternative provider will involve a significant additional cost.

3.1.12.2. Pension activity

Sapiens Technologies (1982) Ltd. ("Sapiens") - In December 2020, the Company signed an agreement with Sapiens Software Solutions (Life and Pension) Ltd., then a wholly owned subsidiary of Sapiens, for provision of operating services to the Company's pension fund (in this paragraph - "the agreement" and "the services", respectively). The agreement was for a period of three years from July 1, 2020 through June 30, 2023. At the end of the agreement period, it is automatically renewed for additional 12-month terms. In return for the services, the Company pays the fees agreed by the parties. On March 31, 2022, the parties signed an addendum to the agreement for upgrading the Company's pension fund operating system (for management of member rights). The agreement was also extended until September 30, 2027 and settles the fee for the system upgrade. In the Reporting Period, Sapiens Software Solutions (Life and Pension) Ltd. was statutorily merged into Sapiens effective from January 1, 2024. In the Reporting Period, the parties signed an amendment to the agreement according to which the comptroller services rendered by Sapiens Software Solutions (Life and Pension) Ltd. (consisting of investment asset management, comptroller and data output services) were assigned to Sapiens. The Company is dependent on this provider, as transition to an alternative provider will involve a significant additional cost.

3.1.12.3. GENERAL

Partner Wireline Communications Solutions Limited Partnership ("Partner") - In June 2017, Altshuler Provident and Partner signed an agreement for provision of communication and hosting services Altshuler Provident's servers (in this paragraph - "the original agreement" and "the services", respectively). The original agreement was later updated in effect from January 1, 2022 ("the agreement"). The agreement is for a term of 24 months from the service inception date or until its termination by Altshuler Provident, whichever is later. Altshuler Provident is dependent on this provider, as transition to an alternative provider will involve a significant additional cost.

See details of service agreements entered into by the Company and Altshuler Provident with related companies in Regulation 22 to Chapter D to this report.

3.1.13. Working capital

Altshuler Provident Fund's income stems from the collection of management fees, which are collected monthly on an ongoing basis.

The majority of Altshuler Provident's expenses include commissions to agents, payments to operators, payroll expenses and additional services. The Group usually pays its suppliers with current supplier credit.

Working capital items mainly consist of credit from suppliers and service providers, deferred revenue from management fees, cash and cash equivalents, short-term investments and short-term credit and are managed at the Group level. See more information in paragraph 4.4 below.

3.1.14. Financing

See more information of Altshuler Provident's financing agreements, loans and borrowings in Note 18 to the financial statements hereby attached to this report as Chapter C.

3.1.15. Taxation

Altshuler Provident is a financial institution, as this term is defined in the Value Added Tax Law, 1975. The tax applicable to a financial institution's income is comprised of corporate tax and capital gains tax. See more information in Note 15 to the financial statements hereby attached to this report as Chapter C.

3.1.16. Restrictions and supervision in the operating segment

Altshuler Provident's operations are subject to a long list of regulatory restrictions and rules specified in legislation and in circulars, to directives and positions from the Capital Market Authority which govern many subjects including, inter alia, directives with regard to structure of the management company, including corporate governance rules, requirements with regard to control and holding of Altshuler Provident, as well as provisions with regard to its on-going operations and conduct in management of provident and pension funds, including restrictions on making investments, management of member rights, AML provisions, directives and restrictions with regard to charging commissions and management fees to members, provisions with regard to business continuity in emergencies and so forth. Below is a concise description of some of the material statutory provisions applicable to Altshuler Provident in its provident fund and pension fund operating segments which, according to Altshuler Provident estimations, have or may have significant impact on its operations and results in the operating segment:

8. Primary legislation and regulations which may have material impact on Altshuler Provident's operations

Below is a concise description of legislation and regulations which may significantly impact Company operations and its competitive positioning as of the Report Date and does not constitute an exhaustive description of all legislation, regulations and circulars applicable to its operations.

1. Provident Fund Law

The Provident Fund Law became effective in November 2005. The law regulates the activities of a company that manages provident funds and the management and operation of the provident funds under its management, including equity and insurance requirements, obtaining a license, approving provident funds, directors, board committees, qualifications of directors and investment committee members, obtaining permits and restrictions regarding the transfer of means of control in a management company, powers of the board

of directors and investment committee, asset management and investment of funds, as well as provisions regarding sanctions and fines that the Commissioner of the Capital Market may impose. Over time, additions were made to the Provident Fund Law in various amendments concerning, for example, new products added to the retirement savings market, rules regarding service provision, calculation of agent commissions and mandatory contributions. Note that the Provident Fund Law imposes certain provisions on a management company pursuant to the Insurance Supervision Law, including with regard to pension fund management and with regard to licensing of a pension fund management company as insurer.

2. The Income Tax Ordinance [New Version], 1961 (Amendment No. 190 to the Income Tax Ordinance)

Deposits and withdrawals from provident and pension funds of the Company are naturally subject to the Income Tax Ordinance. Amendment No. 190 to the Income Tax Ordinance, issued on May 14, 2012 (and Amendment No. 8 to the Supervision of Financial Services Law (Provident Funds), 2005 as a consequential amendment) is designed to enable savings at retirement age and their heirs to benefit from tax benefits and fund management through provident funds. Among the tax advantages established in the amendment: Some of the tax advantages included in this amendment are: exemption from capital gain tax when conducting transactions which may constitute a taxable event in other investment channels; allowed transition between investment tracks with no tax payable; exemption from capital gain tax should the member elect to receive their funds as a monthly pension or, alternatively, a one-time conversion of the pension into a lump sum payment, subject to certain conditions, subject to a reduced tax payment at 15% of nominal gain; the amendment also includes tax benefits with regard to heirs of the member. This amendment increased, and in the Company's estimation will continue to increase total contributions to provident and pension funds managed by the Company.

3. Income Tax Regulations

Before the Provident Fund Law was enacted, the Income Tax Regulations were the principal legislation that governed the current operations of provident funds and managing companies. The Income Tax Regulations settle certain rules of managing provident and pension funds and prescribe the rate of contributions to provident funds, the activity of investment committees and the payments and reports to members etc.

4. Distribution Commission Regulations

The Distribution Fee Regulations came into effect in April 2006, and by their virtue, provident fund managers are obligated, provided certain conditions are met (such as: existence of a distribution agreement, existence of an agreement between an advisor and a client, etc.) to pay distribution fees to pension advisors at a fixed and defined rate not to exceed 0.25%.

5. Financial Services Supervision Law (consultation, marketing and pension clearing system), 2005

The law regulates the practice of pension consulting or pension marketing as occupations that require a license, while establishing obligations intended to ensure the objectivity of pension consulting, as well as obligations that apply to holders of a pension marketing license, taking into account the interest they have in the products they market. In general, the law establishes a duty to clarify needs, a duty to provide reasons, a duty to contract with an institutional body, a duty to register and report, a duty to make proper disclosure, as well as

duties of confidentiality, trust, caution, and avoidance of conflict of interest, unless the client's prior written consent has been received. Furthermore, the law establishes obligations of an institutional body towards licensees, including a prohibition on unreasonable refusal to engage with a pension advisor and a prohibition on discriminating against a licensee in providing services. Failure to comply with the provisions of the law may expose the Company and the licensees acting on its behalf to financial sanctions as well as criminal sanctions.

6. Supervision of Financial Services Regulations (Provident Funds) (Attendance of General Meeting by a management company), 2009

On October 8, 2009, regulations became effective, listing cases in which a management company is required to attend a general meeting of a corporation in which it has voting rights, how to form policy with regard to voting and caveats with regard to mandatory voting.

Further to these regulations being issued, a circular was issued regarding increased involvement of institutional investors in the capital market, which governs the obligation of institutional investors to make public their policy and actual voting in corporations in which they have voting rights. These regulations, although they may not impact Company revenues, do require companies in this field to enhance their analysis and compliance departments and how they are implemented may have an effect on the Company's reputation.

7. Shareholder equity regulations and circular

The shareholder equity regulations and circular became effective on March 29, 2012. Pursuant to provisions of these regulations, the minimum required shareholders equity for a management company would be the higher of the following: (a) NIS 10 million; (b) 0.1% of assets under management, for assets under management amounting up to NIS 15 billion, 0.05% of assets under management over said limit and 25% of annual expenses.

The circular complements the regulations and provides relief for equity requirements for any management company that has obtained professional liability insurance or insurance to cover breach of fiduciary duty of employees thereof, subject to conditions set forth in the circular.

As of the Report Date, the Company is in compliance with provisions of the shareholder equity regulations and circular and expects to continue to be in compliance therewith on all of the relevant dates.

8. Supervision of Financial Services Regulations (Provident Funds) (Management Fee), 2012

The regulations determine the maximum management fees that may be charged from the provident funds managed by the Company. The regulations had a material impact on the management fees charged by companies in the operating segment. The Company believes that in the future, management fees in this field will continue to trend moderately lower.

9. Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Investors), 2012 ("Investment Rules Regulations")

The Investment Rules Regulations (along with the supplementary provisions set forth in the Investment Asset Management Chapter of the Capital Market Authority's Regulatory Code) detail the rules applicable to the investment of provident fund assets managed by the Company, as well as to the investment of the Company's nostro funds.

10. Direct Expenses Due to Transactions Regulations

Direct Expenses Due to Transactions Regulations determine the types of direct expenses due to the execution of transactions in provident fund assets, which an institutional body may charge for the execution of transactions in the provident fund assets under its management. The regulations regulate, among other things, the collection of direct expenses according to the types of investment tracks, including how direct expenses should be collected within the framework of a guaranteed return channel. In addition, the regulations regarding certain tracks stipulate that an institutional investor must determine in advance for each investment track individually the maximum rate of direct expenses classified as "external management commissions" that they may charge from members during a calendar year. Institutional investors are required to publish on their website the "external management commission" restriction which they may charge by December 31 of the year before the year in which the restriction was set. The "external management commission" restriction cannot include an expense that consists of payment of variable management fees, as defined in the regulations.

11. The Anti-Money Laundering Law, regulations thereunder, AML Order (mandatory identification, reporting and records maintenance by insurers, insurance agents and managing companies to avoid money laundering and terrorism financing), 2017 (together – “Anti-Money Laundering Law”)

The Anti-Money Laundering Law establishes prohibitions and provisions applicable to the field of activity for the prevention of money laundering and terrorist financing (for additional information regarding the Anti-Money Laundering Law, see the first paragraph of the provisions of Section 3.3.14.14 below), including specific provisions and obligations applicable to the Company regarding some of its activities and products. Among the aforementioned designated provisions and obligations are provisions regarding mandatory client identification, conducting a Know Your Client process, verification of details, requirements for documentation and recording of client information, document retention, reporting to the Authority for the Prohibition of Money Laundering and Terrorism Financing, the obligation to perform ongoing controls, the establishment of policies, tools and risk management with respect to the prohibition of money laundering and terrorism financing, and so forth. Additional instructions in this area are set out in circulars and publications of the Capital Market Authority, including the Circular on Managing Money Laundering and Terrorist Financing Risks in Institutional Entities, as well as instructions from the Money Laundering and Terrorist Financing Prohibition Authority. The company has a person responsible for fulfilling the corporation's obligations as required by the Anti-Money Laundering Law. Failure to comply with the provisions of the Anti-Money Laundering Law and the provisions of the aforementioned authorities may expose the Group's companies and their employees to legal risks, including criminal, civil and administrative sanctions (as applicable), and handling this area requires operational resources from the Company.

2. Capital Market Authority circulars and ordinances which may have material influence on Company operations

1. Selected Pension Fund – Sh. 2021 "Procedure for Determining Selected Funds"

The circular establishes rules regarding the procedure for determining the comprehensive pension funds that will constitute selected funds starting from November 1, 2024 until October 31, 2028 (hereinafter: "Award Period"), including regarding the rate of management fees to be charged by them. It also sets forth a distribution mechanism based on ID check digits that will be used by employers to identify the designated fund per employee out of a selection of designated funds. The mechanism becomes effective on June 1, 2025 and applies to employers with at least 50 employees who add to a designated fund employees

who have not exercised their right to select a provident fund after having been given the right to do so. The Circular also offers guidelines for optional conversion of management fees from accrual to contribution insofar as the new composition of management fees benefits the member as per article 5 to Institutional Investor Circular 2024-9-6, "Directives for Selecting Provident Fund - Update" (of August 25, 2024) (hereafter: "Circular Instructions"). On September 19, 2024, the comprehensive pension funds of the following management companies were announced as their designated funds during the selection period: Altshuler Provident, Meitav Provident and Pension Funds Ltd., Infinity Study and Provident Fund Management Ltd. and More Provident Funds Ltd. It was further determined that, under the aforementioned distribution mechanism, employees whose ID check digit is 2 or 3 will be enrolled in the Company's comprehensive pension fund, and that the management fees to be charged by a managing company of a designated fund from members enrolled therein as of November 1, 2024, and for as long as it remains a designated fund (excluding members enrolled pursuant to a default fund agreement selected in accordance with the provisions of Section 7 of the Circular), shall not exceed the following rates: Management fees from deposits: 1% and management fees from the accumulated balance 0.22%, for a period of at least 10 years from the date of joining.

2. Expansion Ordinance regarding Increased Contributions for Retirement Insurance pursuant to the Collective Bargaining Agreements Act, 1957

Pursuant to the Expansion Ordinance, as from January 2017 the employee contributions to a pension fund and/or non-pension provident fund were increased to 6% and the employer contributions were increased to 6.5%.

3. Institutional Investor Circular 2017-9-15 "Management fees in retirement savings instruments - Amendment"

Within the framework of the amendment, it was determined, inter alia, that discounted management fees shall be granted for a period of at least five (5) years, as well as provisions governing the cases in which management fees may be increased even prior to the expiry of the said five-year period. This amendment reduces the Company's flexibility in raising savers' management fees.

4. Circular 2018-9-19 "Outsourcing by Institutional Investors"

On June 3, 2018, the circular 2018-9-19 Outsourcing by Institutional Investors was issued, followed by an amendment which is designed to ensure, inter alia, that outsourcing of material operations of institutional investors would be carried out by appropriate service providers, and the relations between such provider and institutional investor would be governed by a well-specified, written agreement. The circular further stipulates control and supervision arrangements designed to reduce and address any potential conflict of interest, such that the outsourced operations would not impact the efficiency and independence of the institutional investor's control and supervision mechanisms.

The circular further stipulates rules for use of outsourcing by institutional investors, including the process of outsourcing operations and on-going management thereof. The circular expands the roles of the board of directors and lists criteria to which the outsourcing policy should make reference.

5. Provisions of consolidated circular, Chapter 2 of Part I, Volume 5 "Board of Directors of an institutional investor"

On August 26, 2018, the circular "Board of Directors of Institutional Investor" was issued, replacing provisions with regard to the board of directors and to board committees in the

board of directors and board committee regulations and in the circular Operating Procedure - Board of Directors and Board Committees. This circular stipulates provisions with regard to composition and qualifications of board members, composition, roles, authority and conduct of the board of directors. The circular became effective on April 24, 2019 and was published in the regulation codex.

The Company's assessments with regard to potential impact of legislation, regulations and circulars applicable to its operations constitute forward-looking information, as this term is defined in the Securities Law. The Company's assessments, as set forth in this section, including with respect to which legislation, regulations and circulars materially affect its operations, may not materialize or may materialize differently than anticipated, inter alia, as a result of factors beyond the Company's control, including changes in public preferences, the enforcement policies of the relevant authorities, and so forth.

3.1.17. Business strategy and targets in the operating segment

Altshuler Provident's strategy is to maintain its position as a leader in the provident and pension fund market in Israel, with emphasis on growing profitability, excellence and leadership position in the capital market, generating optimal returns for its clients over time and strict adherence to transparency, professional attitude, reliability and fairness, improvement of customer service, service and product innovation and technological leadership. Consequently, Altshuler Provident strives for expansion and business growth, innovation, development and establishing retirement products in response to its clients' needs, identifying new business opportunities, achieving organizational efficiency by reducing expense rates, ensuring that organizational and technological infrastructure is maintained for future growth, reinforcing control systems and maintaining risk management and regulatory compliance systems. In the investment sector, Altshuler Provident focuses on identifying cost-effective investment opportunities for generating returns for its customers. In response, Altshuler Provident allocates a considerable portion of investments to foreign markets. This business strategy minimizes risk and exposure to the local market's economic volatility and diversifies the investment options. In 2026, Altshuler Provident will continue to bolster and preserve the overall brand of the investment house, of pension products and in particular, of the pension fund, through marketing measures available to it, including by way of digital marketing.

Altshuler Provident's strategy, as set forth above, reflects its policy regarding the provident and pension fund management operations as of the Report Approval Date and is based on assessments of the operating segment and Altshuler Provident's position as of said date. Altshuler Provident may decide not to implement the aforementioned strategy, in whole or in part, due inter alia to the following reasons: Changes in the capital markets in Israel and worldwide, changes in economic viability, changes in competitive market conditions and in the markets themselves, regulatory changes and required regulatory approvals, as well as the materialization of other risk factors applicable to the operations of Altshuler Provident Fund, as detailed in Section 4.12 below.

3.1.18. Disclosure of risk factors

Sector-specific risk factors are detailed below. Management of provident and pension funds which may have a material impact on the group.

See details of the risk factors that apply to the entire Group and the degree of their effect in paragraph 4.12 below.

For further details regarding the Group's exposure to market risks and the manner in which they are managed, see Section 3 of the Board of Directors' Report and Note 11(d) to the financial statements.

Macro and market risks

3.1.18.1. Dependence on market conditions, employment levels and the capital market

Altshuler Provident's activities and business results depend on the macroeconomic situation in Israel and around the world, the level of employment and developments in the capital market. Periods of economic slowdown, recession, erosion of disposable income, or worsening security situation. In addition, a decline in employment and income available for savings, high volatility and price declines in the capital markets in Israel and around the world may lead to a decrease in the value of managed assets, withdrawal of members' funds and a change in the product mix (moving to more solid channels) or withdrawal of pension savings for the purpose of financing current consumption, in a manner that may harm the group's business results. Altshuler Provident manages this risk through analysis, identification and assessment of trends and works to reduce exposure through risk management, supervision and control mechanisms, including determining an annual investment policy, ongoing control and monitoring of its implementation by the Investment Committee, ongoing guidelines regarding the investment mix (including exposure to equity and debt instruments, MFA and exposure to foreign exchange), and ensuring that investments are spread across investment channels, issuers and sectors of the economy.

3.1.18.2. Inflation and interest risks

Altshuler Provident Fund is exposed to changes in inflation and interest rates in Israel and around the world. These changes may adversely affect the Group's results in several channels, including: Increase in operating and personnel costs in an inflationary environment, change in the structure and costs of financing, and an impact on the value of investment assets and the value of assets managed in provident funds and pension funds, and accordingly also on income from management fees and the results of provident and pension activities. In addition, sharp fluctuations in interest rates may affect bond prices, the yield curve, and the pricing of other financial assets, as well as client behavior (such as preferring more solid avenues), in a way that may affect the mix of assets under management and revenues.

Altshuler Provident works to manage exposure through investment management, supervision and control mechanisms, including investment committee guidelines based on forecasts and research regarding macroeconomic variables, interest rates and exchange rates; updating the scope of exposure to linkage bases (shekels, index-linked) and duration ranges; performing ongoing control over compliance with exposure ranges and reporting on approaching an excess; and using derivatives to hedge some of the inflation and interest risks. Exposure to changes in interest rates is also examined by examining stress scenarios, in accordance with the accepted disclosure principles regarding stress tests for interest rates and sensitive instruments, while determining a significant but reasonable interest rate change.

3.1.18.3. Exchange rate risks

Altshuler Provident's investment policy assigns considerable weight to investment in companies and financial assets traded in markets outside Israel (including stocks and bonds denominated in various currencies), and therefore a substantial portion of the group's investment assets are denominated in foreign currencies. As a result, the Group

is exposed to changes in exchange rates, which may materially affect the Shekel value of investments in foreign currencies and the returns presented to customers. Fluctuations in exchange rates may lead to a decrease in the value of managed assets, increased volatility in returns, and increased redemptions or transitions between routes and products, thereby adversely affecting the Group's income from management fees and its business results. In addition, sharp fluctuations in exchange rates may affect the manner in which risks are managed and the mix in investment portfolios (including exposure adjustments and execution of hedging transactions), in a manner that may affect investment performance and management and hedging expenses.

Exchange rate risk management is carried out in accordance with the guidelines of the Investment Committee and the investment managers, while relying on economic forecasts and assessments regarding exchange rates, and determining a hedging policy that includes, among other things, the scope of residual exposure, the currencies to be hedged, the hedging period and the scope of hedging transactions. Decisions are made in accordance with policy and by the authorized authorities.

3.1.18.4. Credit risks

Altshuler Provident is exposed to the risk of financial loss as a result of defaults, failure to repay on time, or a decline in the credit quality of issuers of securities (mainly bonds), borrowers under loans, or parties to transactions and agreements. The realization of credit risk may lead to a decline in the value of assets in investment portfolios, write-offs or credit losses, damage to returns presented to customers, and an increase in return volatility. These effects may lead, among other things, to a decrease in the value of the assets under management, to an increase in redemptions or transitions between routes and products, and accordingly have a negative impact on the Group's income from management fees and its business results. Credit risk may increase in the event of a concentration of investment in a particular industry, exposure to a single borrower or group of borrowers, as well as during periods of widening credit spreads, worsening market conditions, or macroeconomic changes that may impair the debt repayment ability of borrowers and issuers.

It should be noted that the characteristics of credit risk, the method of management and the level of involvement vary between investment in tradable bonds and entrepreneurial and non-tradable credit activity, including non-bank credit.

Credit risk management at Altshuler Provident is carried out in accordance with the credit policy in particular and the investment policy in general, determined by the Board of Directors and in accordance with the relevant regulation, including exposure limits to the issuer/borrower in accordance with the investment regulations and the Board of Directors' guidelines. Providing a loan or investing in debt is done after analyzing and assessing the ability of the borrowing or issuing entity to service the debt and meet the terms of the loan. In necessary cases, the credit application is brought for discussion by the credit committee, and a decision is made by the investment committee, taking into account recommendations, pricing (interest and credit spreads), and compliance with policy. We note that in the area of coordinated loans and bonds, the Group generally does not perform hedging transactions, and risk reduction is based primarily on credit terms, diversification, and exposure limits.

Credit activity is supervised by the Investment Committee, the Credit Committee and the Financial Risk Manager. The Credit Department, Investment Control Department and Credit Department conduct ongoing monitoring of the borrower's compliance with the loan terms and financial benchmarks, monitoring changes in credit spreads and macro data, as well as examining assets with high spreads/difficulties and stress scenarios.

3.1.18.5. Counterparty risks

Altshuler Provident is exposed to counterparty risk, which is the risk of loss or erosion in the value of investment assets due to a counterparty's failure to meet its obligations in a transaction, including the probability of insolvency and loss in the event of default. This exposure arises from the investment activities and management of members' funds, including with banks, brokers and custodians: Securities are held with custodians, deposits are held in banks, tradable derivative transactions are executed through local banks, and transactions OTC (including forwards, swaps (SWAP) and options on currencies and interest rates) are executed with local and international banks in accordance with agreements ISDA. The materialization of counterparty risk may adversely affect the Group's activities not only through a specific financial loss, but also through an impairment of the ability to manage investments on an ongoing basis: A failure or significant deterioration in the condition of a counterparty may result in direct losses on exposures (including deposits and derivative transactions), delays or disruptions in trading and clearing, and limitations on the ability to make mix adjustments, hedges and manage liquidity in a timely manner. Such damage may affect the returns presented to customers and the service experience, be expressed in redemptions or transitions between routes and products, and accordingly lead to a decrease in the volume of assets managed and a reduction in income from management fees. In addition, a counterparty event may result in increased operating costs, legal costs, and risk management, including the need to replace a custodian or broker, changes to work processes, or increased collateral requirements (Margin) in derivatives transactions.

Concentrating activity with a limited number of financial institutions may increase counterparty risk, even when those entities meet established threshold requirements and standards.

Altschuler Provident works to reduce counterparty risk through a framework of engagements and agreements (including ISDA in OTC transactions), policy for executing transactions and selecting financial institutions, spreading activity among various entities, and ongoing monitoring of the financial strength of banks, brokers and custodians. During periods of increased market volatility or macroeconomic changes that may affect the stability of financial institutions, the risk manager deepens the frequency and scope of testing and updates the Company's management on developments.

3.1.18.6. Liquidity risk:

Altshuler Provident is exposed to liquidity risk in the long-term savings segment, which stems from uncertainty regarding the scope and timing of payments, redemptions, and transfers of accumulations, in relation to the scope of marketable assets and cash available for realization at that time. The materialization of the risk may require raising sources or realizing assets in a short time and in an unexpected manner, and in situations of lack of liquidity in the markets, may limit the Group's ability to reduce exposures or make adjustments to the investment portfolios, and may even lead to the realization of assets at prices that do not necessarily reflect their fair value. Such a situation may harm the returns presented to partners, increase volatility, and contribute to redemptions or transitions between tracks, and accordingly negatively impact the volume of assets under management, income from management fees, and the results of the segment.

An operational, technological, regulatory or image-related event may lead to a sharp

increase in redemptions and withdrawals in a short period of time, thereby exacerbating liquidity risk, even if the investment policy complies with regulatory restrictions.

This exposure is affected, among other things, by investments that are non-marketable or have low marketability (such as real estate, private investment funds and coordinated loans, as well as securities issued in small quantities). To reduce risk, the Investment Committee has set investment limits with respect to assets with low marketability or that are illiquid, and the Investment Control Unit monitors daily compliance with these limits, and in the event of a deviation, reports to the Investment Committee and the Board of Directors. In addition, liquidity risk is taken into account in determining investment policy and in ongoing management, including managing the volume of liquid assets in relation to expected volatility, examining the scope and manner of use of financial instruments such as derivatives, and examining stress scenarios.

Sectoral risks

3.1.18.7. Competition risks

Given the high level of competition in the provident and pension industries in Israel, Altshuler Provident is exposed to competition risks. The competition is mainly against insurance companies and investment houses, and is expressed in management fees, performance and net returns achieved for customers, as well as in the quality of service, availability and professional response, and use of digital tools and channels and online processes.

Competition is also influenced by a regulatory environment that encourages cost reduction for savers and increased transparency, including mechanisms and market tenders (such as default pension fund tenders) that create a market anchor for low management fees, sometimes alongside long-term commitments for discounted management fees and weighing parameters such as performance, quality of service, and digital interfaces. These trends, along with the possibility of further regulatory intervention in the structure and caps of management fees or in the rules for comparison and reporting, could lead to a continuing regulatory erosion of average management fees, reduced pricing power, and increasing pressure on profit margins.

Increased competition, and in particular pressure to lower management fees, could harm Altshuler Provident's revenues and profitability. In addition, low returns relative to competitors, failure to meet customer expectations over time, or damage to positioning and service quality (including digital user experience) may lead to an increase in the volume of transfers and redemptions, a decrease in the volume of assets under management, a decrease in the number of members and the volume of deposits, and accordingly negatively affect income from management fees and the results of Altshuler Provident. At the same time, competitive efforts may require additional investments in marketing, technology and service, which may also affect profitability. On the other hand, excess returns and continuous improvement in the level of service may support an increase in the number of associates and the volume of assets under management, but there is no certainty about the ability to maintain a competitive advantage over time, due, among other things, to market volatility and the emphasis placed on investment manager performance.

Altshuler Provident is working to deal with this risk, among other things, by developing a variety of specialized investment tracks tailored to market conditions and member preferences, strengthening and developing a network of direct and external distribution channels, investing in advertising and branding, developing and improving service systems, including digital channels and online processes, customer retention activities, as well as operational efficiency and ongoing management of the expense structure,

with the aim of mitigating the impact of management fee erosion and supporting competitiveness over time.

3.1.18.8. Regulatory risks (compliance and enforcement)

Altshuler Provident is exposed to regulatory and compliance risk, as its activities are regulated and supervised, and are characterized by frequent regulatory changes. The extensive regulatory environment requires the Group to invest, over time, significant financial and managerial resources in order to comply with regulatory requirements, control objectives, enforcement and risk management, including the implementation of processes and procedures, operational and technological adjustments, as well as ongoing employee training. Regulatory changes may impose restrictions on areas of activity and products, change the business and competitive environment (including barriers to entry for competitors), and burden operations. Altshuler provided through additional compliance and implementation costs, in a manner that could harm its results and profitability.

In addition, a tight regulatory environment increases the risk of violating legal provisions, which may expose the group and its officers to financial sanctions, sanctions and damage to its reputation and goodwill, which are essential to its operations. Furthermore, unexpected changes or those that have not yet matured into binding legislation, as well as changes in primary and secondary legislation, may require Altshuler Provident to make adjustments to its work processes and create operational difficulties and additional costs, while negatively impacting its areas of activity and financial results.

Risks specific to the field of activity

3.1.18.9. Fraud and embezzlement risks

Altshuler Provident is exposed to embezzlement and fraud risks, which stem from the scope of its activities, multiple operational and commercial interfaces, and ongoing work with sensitive information and customer funds. This risk includes, among other things, the use of inside information, securities fraud, misuse of payment details, as well as embezzlement or irregularities in trading processes, money transfers, and safeguarding of associates' funds. Events of this type may cause the group direct financial damage (including refunds, treatment and control expenses), regulatory and legal exposure, as well as image damage that may affect its ability to Altshuler Provident to retain and recruit customers.

Recently, there has been an increase in attempts at impersonation and fraud on social networks, with the aim of convincing people in distress to withdraw funds through unauthorized intermediaries who charge commissions. These actions may result in tax charges for illegally withdrawing funds. Altshuler Provident works to increase the awareness of associates and increase the vigilance of employees in these cases, who are instructed to draw the attention of managers in any case of suspicious contact, hesitation or lack of clarity, thereby helping to protect the rights of associates and the group's reputation.

3.1.18.10. Operational and IT risks

Altshuler Provident is exposed to operational risks arising from the operation of the funds, which, if realized, could cause damage and harm the Company's ongoing operations. Altshuler Provident, both on the member side and on the investment side. These risks include, among other things, human errors, malfunctions in computer and information systems, embezzlement and fraud, failures in trading processes, clearing

and money transfers, as well as failure to comply with regulatory directives. Their materialization may result in financial losses, delays or disruptions in the provision of services to members, increased remediation and handling costs, exposure to sanctions or legal proceedings, and reputational damage, thereby adversely affecting the results of Altshuler Provident Fund.

Altshuler Provident entered into an agreement with an operator for the ongoing operation of the provident funds, system administrator CRM for tracking and documenting member rights, and maintains departments that support ongoing activities and monitor the work of operational staff. Some of the operational risks are expressed within the framework of the operating agreements. On an annual basis, SSAE 18 control reports are received from the service providers, which include the definition of control objectives in the information systems domain and an examination of the effectiveness of the design, implementation and operation of the controls, in order to achieve the defined control objectives. Altshuler Provident Fund has appointed a business continuity officer and approved a business continuity procedure, under which drills are conducted, including scenarios and responses, potential solutions, lessons learned from near-miss events, the establishment of policy, and decision-making by the relevant parties.

3.1.18.11. Interfaces between Altshuler Provident and the provident fund and pension fund management sectors

The activity of the provident fund and pension fund management segment is carried out through a management company operating within the Group and as part of a broader group structure. Within this framework, there are shared work interfaces and services between the management company and other companies in the Group, including in the areas of information systems, headquarters services, risk management, compliance and operations. This structure may create a certain dependence on group infrastructure and services, and also requires strict regulation of work interfaces, separation of powers and management of conflicts of interest, bearing in mind that the management company is subject to unique regulatory provisions that apply to it separately.

Altshuler Provident works to regulate the interfaces of activity and control between the companies, to establish procedures to prevent conflicts of interest and to ensure compliance with the legal and regulatory requirements that apply to each of Altshuler Provident's entities.

For details of procedures and policies for reducing exposure and the extent of their impact at the Group level, see Section 4.12 below.

3.1.18.12. Cyber and data security risks

Altshuler Provident is exposed to cyber and information security risks. For details of procedures and policies to reduce exposure and the extent of their impact at the group level, see Section 4.12 below.

3.1.18.13. Legal risks and class actions

Altshuler Provident's activity in the capital market is regulated and supervised by various governmental and regulatory authorities, and has been characterized in the past decade by numerous regulatory and legislative changes, some of which are ongoing and some of which have not yet matured into binding legislation. Due to the scope of regulation in Altshuler Provident's areas of activity, Altshuler Provident is required to invest, over time, significant financial and managerial resources in order to comply with

legal provisions and guidelines, meet control objectives, enforcement and risk management requirements, internal audit, as well as implementation processes and employee training on regulatory matters. Some of the aforementioned changes may have an impact on the Group's business results. In addition, a tight regulatory environment increases the risk of a violation of the legal provisions applicable to the Group and its activities, which could lead to enforcement proceedings and sanctions, liability of the Group or its officers, and Altshuler suffered damage to the reputation and goodwill essential to its activities.

In addition, regulatory changes that have not yet matured, unexpected regulatory changes (including in areas that were not regulated at that time), as well as changes in primary or secondary legislation, may impose restrictions on the Group in its areas of activity, require adjustments to processes and systems, create operational difficulties and incur significant additional costs, in a manner that may adversely affect the areas of activity, financial results and profitability. All regulatory changes are expected to have a direct impact on the group's activities to varying degrees. In addition to regulatory risks, Altshuler Provident's activities expose it to legal risks. In recent years, legal claims, including class actions, have been filed against various entities in the capital market, inter alia, in connection with liability as managers of provident funds and pension funds, as lenders, for various activities in the capital market and following employee embezzlement. In light of the nature of the activity of Altshuler Provident, which includes activity with hundreds of thousands of customers, the group is exposed to claims from various parties, including class actions in significant amounts, to claims from colleagues and customers, from various supervisory authorities, as well as to binding precedent decisions regarding activity in its field of activity. Such claims and proceedings may expose Altshuler Provident Fund to reputational and financial risk, management and defense costs, settlements or judgments, as well as requirements to remedy deficiencies and implement operational changes. The group has professional liability insurance, but some of the claims are not covered by the policies, and it is also possible that in the event of multiple claims or a claim with a high financial scope, the liability limit will not cover all of the damages that may be caused to the group, and may even lead to an increase in insurance premiums.

In order to manage and reduce exposure to these risks, Altshuler Provident is careful to act in accordance with the legal provisions applicable to its activities and invests resources in maintaining compliance, enforcement, risk management and internal audit systems. Altshuler Provident's activities are supported by ongoing legal counsel, reflected, inter alia, in the drafting and review of engagements and agreements of the Group's companies and their activities, and in the implementation of regulatory requirements within work processes.

The Company has adopted and implements an internal enforcement program, in accordance with the principles and criteria published by the Securities Authority, as well as the criteria and guidelines of the Ministry of Finance with respect to the relevant activities, and this program has been adapted over the years to the structure and nature of Altshuler Provident Fund's operations. The internal enforcement plan includes supervision and control mechanisms, risk management and the execution of integrated risk surveys (operational risks and compliance risks), the implementation of a compliance culture, as well as the execution of annual training for employees and managers to strengthen compliance with legal provisions. Within this framework, periodic controls are also carried out, work procedure updates and the enforcement plan outline are updated, monitoring tools are adapted to identify anomalies, internal

information flow and reporting mechanisms are in place, as well as structured response procedures for handling violations and drawing cross-cutting lessons. The aforementioned rule is regularly monitored by the internal audit system, with the aim of supporting regulatory compliance and implementing an effective enforcement plan.

See details of material litigation against the Company or Group companies in Note 25 to the financial statements hereby attached to this report as Chapter C.

3.1.18.14. Actuarial risks involving pension funds

The pension funds managed by Altshuler Provident are exposed to insurance and actuarial risks arising, among other things, from the lengthening of life expectancy, actuarial model risks, and parametric risks related to the selection of assumptions and parameters for the actuarial model. In addition, there are risks arising from regulatory changes, as well as from changes in member behavior (for example: selection of a pension guarantee period), which may affect actuarial liabilities, the actuarial balance and the results.

In the comprehensive pension and general pension, material risks also include the "demographic return", which is affected, among other things, by the scope of claims by members for disability (loss of work capacity) and/or survivors, as well as by the scope and volume of issuance of designated bonds by the Israeli government, to the extent that this is relevant to the arrangements applicable to the funds. The realization of these risks may lead to changes in the actuarial balance, affect the rights of members, and the results of Altshuler Gemel's activities in the pension sector.

For the purpose of risk management, the Group performs ongoing monitoring and control of all actuarial and insurance risks, in coordination between the actuary and the risk manager, including periodic review of actuarial assumptions, analysis of trends in claims and morbidity and mortality data, and controls over underwriting and operational processes in accordance with the characteristics of the products and applicable regulations.

In addition, the general pension fund has entered into a reinsurance agreement to reduce exposure to claims in the areas of disability (loss of earning capacity) and/or survivors; however, reliance on reinsurers creates exposure to counterparty risk and commercial risks, including the risk of non-payment, coverage disputes, changes in the terms of engagement, increases in reinsurance costs or a reduction in coverage availability, which may affect the exposure of the pension funds and the Group, as well as costs.

3.2. Alternative Investment Operation Sector

3.2.1 General information on the operating segment

Within this operating segment, Altshuler Shaham Alternative Ltd. ("Altshuler Alternative") is engaged in the management, origination, marketing and distribution of alternative investments through Altshuler Shaham Real Estate Ltd. ("Altshuler Real Estate"), Altshuler Shaham Alternative Investment Funds Ltd. ("Altshuler Investment Funds") and iFunds Capital Ltd. ("iFunds").

As of the Company's financial statements for June 30, 2025, this activity is presented as an accounting operating segment (and accordingly as an operating segment), following an increase in the level of profitability from this activity, which accounted for approximately 27% of the Company's total segment-attributed profits for 2025, due to the revaluation of investments in equity-accounted partnerships and a consolidated partnership in the real estate sector, based on external valuations obtained. For additional details about the valuation, see Note 13(2) to the financial statements.

As of the date of the report, Altshuler Alternative was fully owned by the Company. On March 18, 2026, the Company's Board of Directors, following approval by the Company's Compensation Committee, approved the allocation of approximately 3% of Altshuler Alternative's share capital to Mr. Tzafrir Zanzouri, who serves as CEO of Altshuler Alternative. The allocation was made in accordance with the compensation policy for the Company's officers and according to a capital compensation plan adopted by Altshuler Alternative and submitted to the Tax Authority, under the capital gains track through a trustee in accordance with Section 102 of the Income Tax Ordinance. The allocation of shares is subject to a vesting period ending on March 31, 2029, which is contingent on Altshuler Alternative's performance targets, and subject to the provisions set forth in the terms of the grant.

3.2.1.1. Structure of the operating segment and changes therein

- Altshuler Real Estate.

On June 28, 2022, Altshuler Real Estate was founded as a private company limited in shares which is 80.75% controlled by the Company and owned by Ms. Sharon Gerszbejn (7%), who serves as Deputy CEO and CFO in the Company, and Mr. Earl Zinn (12.25%), who serves as CEO of Altshuler Real Estate (in this paragraph - "the shareholders"). On August 1, 2022, the shareholders entered into an agreement which settles their business relationship, including the management of Altshuler Real Estate, share dispositions and Buy Me Buy You mechanisms. See more information in paragraph 3.2.14.4 below.

In the course of 2024, an agreement was closed for the transfer of the Company's interests in Altshuler Real Estate and in entities related thereto in the context of which the Company transferred its interests in Altshuler Real Estate to Altshuler Alternative. Accordingly, as of the financial statement date, the Company indirectly holds 80.75% of the issued and outstanding share capital of Altshuler Real Estate through Altshuler Alternative.

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.

On January 26, 2023, Altshuler Investment Funds was incorporated as a private company limited in shares. It is wholly owned by Altshuler Alternative, which is a wholly owned subsidiary of the Company. Altshuler Investment Funds serves as GP in limited partnerships and/or special purpose funds for which it raises capital privately and from the public. This operation is performed concurrently with the alternative real estate investment management operation as detailed above.

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

On February 12, 2024, the Company, through Altshuler Shaham Alternative, which is wholly owned by the Company, completed the acquisition of shares in Altshuler Shaham Global Opportunities Ltd. ("A.S." Global"), which were held by Altshuler Ltd., constituting 50% of the issued and paid-up share capital of A.S. Global, following receipt of approvals from the Audit Committee, the Company's Board of Directors and the General Meeting (the "Purchase Agreement"). **A.S. A.S. Global holds 80% of the issued and outstanding share capital of iFunds so that as of the Report Date, Altshuler Alternative indirectly holds about 40% of the issued and outstanding share capital of iFunds** ².

According to the acquisition agreement, Altshuler Alternative also purchased the shareholders' loan provided by Altshuler Ltd. to iFunds whose balance as of February 12, 2024 was approximately NIS 6,372 thousand and as of the Report Date amounts to approximately NIS 10,346 thousand. The shareholders' loan bears annual interest at the minimum rate prescribed in the Income Tax Ordinance.

After closing the above-mentioned acquisition, the Company, Altshuler Alternative and iFunds signed an agreement according to which the Company and/or Altshuler Alternative (themselves or through employees or service providers on their behalf) will provide iFunds various services for its current operations. For further information, see paragraph 3.2.1.11.6 below.

iFunds is a private company founded in 2021 and incorporated in Israel which offers easy access to qualified investors using an alternative investment platform targeting private

² During the reporting period, iFunds granted options to an officer of iFunds, which, assuming full exercise, represents 5% of the issued share capital of iFunds, and Altshuler Shaham Global Opportunities Ltd.'s holdings in iFunds, fully diluted, will be 76%..

equity funds and hedge funds whose access is normally limited and challenging for the private qualified investor.

3.2.1.2. Restrictions, legislation, standards and special constraints applicable to the operating segment

For more information about limitations, legislation, standards and special constraints applicable to the operating segment, see paragraph 3.2.13 below.

3.2.1.3. Changes to business volume and profitability of the operating segment

The reporting period, 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. In response to this trend, the Company is acting to expand the range of investment products it offers, including private investments, designated debt funds, structured financing transactions and opportunities in niche markets, while focusing on segments that reflect an attractive risk-reward ratio in light of market opportunities. This is alongside rigorous risk management and maintaining a balance between potential returns and the level of risk

3.2.1.4. Market developments in the operating segment or changes to client characteristics

During 2025, the trend of pricing adjustments in real estate assets and private equity transactions in Israel and worldwide continued, against the backdrop of an interest rate environment that remained relatively high compared to previous years, significant financing costs, and volatility in global tradable markets. These trends have led to a slowdown in transaction volumes in some markets, alongside an increased emphasis on active management of existing assets, selective disposals and careful consideration of new investments..

3.2.1.5. Critical success factors in the operating segment and changes therein

3.2.1.5.1. As the exclusive representative of iCapitalNetwork in Israel, iFunds benefits from a clear business advantage granting it access to information and distribution of alternative investments to qualifying customers.

3.2.1.5.2. As members of the Altshuler Group and owing to the Group's track record, Altshuler Real Estate and Altshuler Investment Funds are often privy to valuable investment opportunities under the corporate opportunity arrangement with Altshuler Provident.

3.2.1.5.3. Having the knowhow, experience and expertise for selecting suitable developers and/or funds and investment projects and to guarantee beneficial returns for the investors.

3.2.1.5.4. Using the knowhow and expertise to analyze business plans, perform developer/fund DD studies and assess the risk and exposure of the project and/or base assets.

3.2.1.5.5. The local developer and/or fund investment manager has proven experience in the operation that allows optimal management of the project/fund's investments to appreciate returns and profits and manage any crises.

3.2.1.5.6. Ongoing management and monitoring of the project with the local entrepreneur and/or the fund's investment manager. This includes, inter alia, frequent communications with representatives of the development company or the fund's investment manager, receipt of ongoing updates regarding the progress of the project or the fund's investments, receipt of periodic reports, analysis of the budget against the business plan, monitoring of the project or fund investment Gantt chart, cash flow analysis, and monitoring of any loan, as applicable, and the like.

3.2.1.6. Main barriers to entry into and exit in the operating segment and changes therein

3.2.1.6.1. Extensive experience in the field is required, including in-depth knowledge of target markets, local entrepreneurs, regulation and tax laws, and others.

3.2.1.6.2. Need for skilled teams such as an analysis department, investor relations team, sales department, etc.

3.2.1.6.3. Minimum initial capital required, among other things, for the purpose of an initial examination of each investment, such as examining viability from a economic, tax, engineering aspect, etc. And sometimes initial capital required to make investments in short periods of time.

3.2.1.6.4. Need for knowledge and experience in building a legal and tax framework suitable for different types of investors for the planned investment.

3.2.1.6.5. Accessibility to distribution channels that specialize in the marketing and distribution of alternative investments.

3.2.1.6.6. Need for experienced operational systems for monitoring, distribution and service for investors.

3.2.1.6.7. Since these are non-marketable investments for extended investment periods without the possibility of early redemption, this may constitute a barrier to entry and exit for players in the marketable investment sector.

3.2.1.7. Alternatives to the operating segment products and changes therein

Non-tradable investments are part of the investors' investment mix and join other investments such as investment portfolios, investments in mutual funds and ETFs, crypto, foreign exchange, etc.

3.2.1.8. Structure of the competition in the operating segment and changes therein

For more information on competition see paragraph 3.2.6 below.

3.2.2. Products, services and revenue structure

Altshuler Real Estate- within its operation framework, Altshuler Real Estate serves as GP in limited partnerships and/or special purpose funds for which it raises capital in private placements and/or public offerings.

During the reporting period, Altshuler Real Estate completed fundraising for 4 investments in the US, totaling approximately \$49.3 million. Of these investments, Altshuler Real Estate and the Company invested a total of approximately \$6.4 million, of which approximately \$4.9 million are in partnership with ASRE Churchwick LP whose results were consolidated in the financial statements. For additional details, see Note 13(1) to the financial statements.

As of the reporting date, the total investment funds raised by Altshuler Real Estate amount to approximately \$188 million (of which the Company, together with Altshuler Real Estate, invested approximately \$9 million), compared to assets of 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 reporting date, Altshuler Real Estate continued raising capital for two additional investments in assets in the US, with a total fundraising amount of approximately \$28 million, of which the Company invested approximately \$1.4 million as a limited partner. As of the date of approval of the report, the total of the fundraising completed amounts to approximately \$26 million.

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.

During the reporting period, Altshuler Investment Funds completed fundraising for three additional investment funds and/or transactions under its management, in an aggregate amount of approximately \$54.3 million, in which the Company participated with an investment of approximately \$0.5 million.

As of the Report Date, total amounts raised for investment funds by Altshuler Investment Funds approximated \$90.7 million compared with approximately \$ 36.4 million as of December 31, 2024.

After the report date, Altshuler Investment Funds began raising funds for an additional investment in an investment fund in Europe for a total raised amount of approximately €7 million. As of the date of approval of the report, the total fundraising completed amounts to approximately €6 million.

iFunds – iFunds, which operates, inter alia, in cooperation with the global iCapital Network, offers distribution entities access to a platform that enables investment in private equity funds, hedge funds, real estate funds and debt funds managed by leading global asset managers, across varying risk levels and investment horizons, and with relatively low minimum investment amounts. Additionally, the platform affords investment advisors easy access to available information about the investment throughout the investment cycle. In addition, iFunds may distribute the Company's products and/or initiate and distribute alternative products that are not available on the iFunds platform at the time of their creation and subsequent listing on the platform.

As of the Report Date, total assets, including unrealized investment commitments, managed by Altshuler Real Estate and Altshuler Investment Funds, and the assets distributed by iFunds in this operating segment approximated \$758 million compared with approximately \$374 million as of December 31, 2024.

Alternative investments in real estate through Altshuler Real Estate:

Subsidiary name	Holding structure	Investment field	Revenue structure
Altshuler Shaham Real Estate (founded in 2022)	Controls the GP of real estate partnerships. As of the Report Approval Date, the GP manages 14 partnerships that invest in properties in the U.S. and Europe along with leading real estate developers: Two investment partnerships investing in residential assets in the United States (one of which through a real estate fund), one investment partnership investing in a	Direct and indirect investment in specific real estate assets In the US and Europe alongside local partners. Investments are made through special purpose partnerships or a defined pool of real estate assets identified in advance, for a defined investment period in accordance with the business plan of each acquired asset or pool of assets. Investments can be made in REITs based on	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. The carried interest, as noted above, is payable upon realization of the asset, but in certain cases is recognized as carried interest income on an ongoing basis (for further details regarding carried interest, see Section 1.4 of

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Chapter A - Description of the Corporation's Business

Subsidiary name	Holding structure	Investment field	Revenue structure
	commercial center in the United States, one investment partnership investing in an office property in the United States, five investment partnerships investing in industrial and/or logistics assets in the United States, and one investment partnership investing in hospitality assets in the United States. 4 investment partnerships investing in office properties in Europe (including 3 through investment in real estate funds)	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 Board of Directors' Report).

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 date of the report, the general partner manages 2 partnerships that invest in special purpose funds that invest in the capital of private companies around the world, and 2 Israeli special purpose partnerships that invest in the capital of Israeli private companies (one investment in the retail sector, and one investment in the venture capital sector).	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.. As well as direct and indirect investment in the capital of specific companies in Israel alongside local partners. Investments are made through special purpose partnerships or a defined pool of real estate assets identified in advance, for a defined investment period in accordance with the business plan of each acquired company or number of purchased companies.	In all funds, the subsidiary is entitled to receive from annual management fees as well as carried interest based on minimum RoR to the investors. In some SPPs, the subsidiary is also entitled to 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 December 31, 2025 (NIS, million)	Overall asset value as of December 31, 2025 (NIS, million)	No. of investors	Status at Report Approval Date
Investments in real estate through Altshuler Real Estate				
Real estate investments	525	632	1,058	Active
Investments in investment funds through Altshuler Investment Funds				
Investments in investment funds and investments in private equity companies	286	317	327	Active

3.2.3. Breakdown of revenues and profits of products and services

In consideration for the origination and management of the investment entities, Altshuler Real Estate and Altshuler Investment Funds may be entitled to origination fees and/or annual management fees and/or carried interest, subject to achieving a minimum annual return for investors. The origination fees are paid on the transaction closing date, the management fees are paid on a regular basis, and the carried interest is paid individually based on each agreement with an investment entity.

In 2024 and 2025, the Company recognized current management fees of NIS 12,154 thousand and NIS 6,095 thousand and origination fees of NIS 2,925 thousand and NIS 6,421 thousand, respectively.

For details regarding carried interest not recognized in the Company's financial statements in respect of total fundraising since the commencement of operations, see Section 1.4 of the Board of Directors' Report on the Company's affairs, attached hereto as Chapter B.

3.2.4. Customers

The company's clients include private investors, corporations and kibbutzim who wish to be exposed to alternative investment avenues as part of diversifying their investment portfolio and in accordance with a medium-long investment horizon. The Company's investment offers are made in accordance with the provisions of applicable law, including compliance with the limitations on the number of offerees set forth in the Securities Law.

The Company has a significant pool of classified investors who meet the conditions set forth in the First Schedule to the Securities Law ("**Qualified Investors**"), and is working continuously to increase the scope of this pool and expand the overall investor base, including through dedicated marketing activities, deepening the relationship with existing investors, and expanding distribution channels. As of the date of the report, the Company has a pool of investors, the majority of whom consist of active investors who hold investment positions, alongside a pool of potential investors that reflects potential for continued growth.

3.2.5. Marketing and distribution

Marketing activities are carried out through the Company's marketing and sales department. In addition, the Company entered into marketing and referral agreements with external distributors. Under these distribution agreements, external distributors are entitled to commissions based on the management fees charged and/or initiation fees. For details regarding distribution agreements with insurance agencies and other companies of the Altshuler Group, see Sections 9.9.3, 9.9.4 and 9.9.5 of Chapter D of this report. See details of iFunds' agreement with Bank Leumi in paragraph 3.2.14.10

below.

At the end of 2025, iFunds signed a distribution agreement with Israel Discount Bank Ltd., following which the bank began advising in the alternative sector using the iFunds platform. In addition, after the report date, iFunds signed an agreement to distribute alternative products distributed on the platform with Mizrahi Tefahot Bank Ltd.

3.2.6. Competition

The main competition in the activities of iFunds, Altshuler Real Estate and Altshuler Investment Funds is against groups that invest in real estate and other alternative investments, including companies such as: IBI, Phoenix Advanced Investments, Harel Alternative and more, family offices, investment funds and institutional entities, with 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.

Main ways to cope with competition

The Company benefits from the reputation, experience and expertise of its management, which enable the identification of transactions with high return potential, analysis of transactions, leveraging an extensive network of relationships and familiarity with developers and other parties active in the sector, as well as direct access to leading global fund managers and alternative investment managers; during the investment management stage, the companies' management operates to ensure efficient management while maximizing cost savings, alongside the allocation of resources with a view to enhancing investment returns; and at the asset realization stage, leveraging business relationships and familiarity with the local market in order to execute the transaction under optimal conditions that will maximize investors' returns.

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.

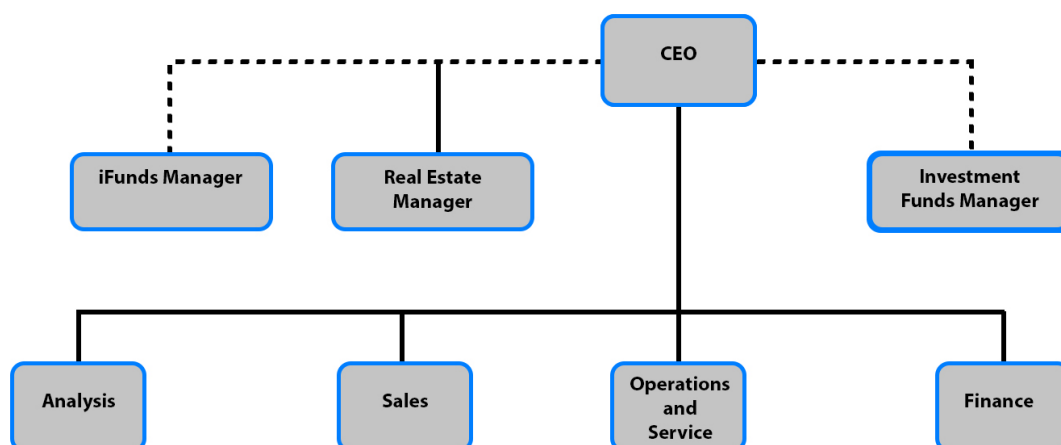
The operation benefits from the Group's track record, with emphasis on its longstanding market presence and institutional character. Simultaneously, most of the investments in this operating segment are nonnegotiable, which distinguishes them from the Group's negotiable investments.

3.2.7. Human resources

GENERAL

As of the reporting date, 52 employees (in full-time equivalent terms) are engaged in this segment by the Company, Altshuler Alternative, and by additional outsourced companies, including related companies whose primary activity is the provision of services to Altshuler Alternative and companies under its control; of these, 8 are officers. As of December 31, 2024, 39 employees were employed in this sector (in terms of job scope) of which 8 are officers.

Below is a chart of Altshuler Alternative's organizational structure



3.2.8. Suppliers and service providers

In order to carry out the activity, Altshuler Alternative entered into agreements with a customer investment management system provider (CRM).

Supplier information	Nature of engagement
Agora Real Estate Technologies Ltd., registered private company no. 515859049	CRM system vendors

3.2.9. Working capital

Working capital items, which mainly include cash, related party balances, short-term credit, and supplier credit, are items managed at the Group level. See more information in paragraph 4.4 below.

3.2.10. Investments

For details regarding the Company's and Altshuler Real Estate's investments in affiliated real estate partnerships and in a consolidated real estate partnership, see Note 13 to the annual financial statements attached as Chapter C to this report.

3.2.11. Financing

For further details regarding the financing agreements of Altshuler Real Estate and Altshuler Alternative, including loans and credit facilities obtained by Altshuler Real Estate and Altshuler Alternative, see Note 18 to the financial statements attached hereto as Chapter C of this report.

For details regarding the provision of credit facilities by the Company to Altshuler Real Estate, Altshuler Investment Funds and iFunds, see additional information to the consolidated financial statements attached in Chapter C of this report.

3.2.12. Taxation

The credit operation's income is taxed at the Israeli corporate income tax rate of 23%. See more information in Note 15 to the Company's financial statements.

3.2.13. Restrictions and supervision in the operating segment

The operation of the limited partnerships and special purpose funds in which Altshuler Real Estate and Altshuler Investment Funds serve as GP is governed by certain restrictions as set forth in the partnership

foundation agreements. There are other restrictions that apply to the operation of the limited partnerships and special purpose funds as prescribed by various regulations such as the Partnership Ordinance that regulates the activity and taxation of Israeli investment partnerships. In addition, some of the investments are managed outside Israel, including through special purpose entities incorporated in the jurisdictions in which the investments are located, but not exclusively. These investments are subject to regulation and restrictions under foreign laws.

A major limitation that applies to the operation of the limited partnerships and special purpose funds derives from the Securities Law and ISA guidelines (or corresponding provisions in the Mutual Trust Investments Law). The distribution of a participation unit of limited partnerships without a prospectus may be construed as a public offering of securities and therefore, in the absence of a prospectus, is only permitted to qualified entities as listed in the First Addendum to the Securities Law or to a limited number of unqualified optionees. On July 17, 2019, the ISA issued a Staff Position on the respective application of both the Mutual Trust Investments Law and the Securities Law according to which a limited partnership that invests in securities and has more than 50 unqualified investors as partners is governed by the Mutual Trust Investments Law as per Article 2 to this law.

This means that limited partnerships and/or special purpose funds that invest in securities may be disallowed to utilize the exemption in Article 15D to the Securities Law which permits making an offering to up to 35 unqualified optionees over a period of 12 months more than once (unless as a result of the offering/sale to another group of 35 investors the number of unqualified investors in the fund reaches 50). In addition to the foregoing, the distribution of participation units of limited partnerships and/or designated funds incorporated outside Israel, which are considered a 'financial asset' under the Investment Advice Law, may be subject to the provisions of the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995, and the guidelines of the Securities Authority issued thereunder.

3.2.14. Material agreements

3.2.14.1. Real estate service agreement

See details of a service agreement in this field of operation in paragraph 9.2 to Chapter D to this report.

3.2.14.2. Alternative service agreement

On May 23, 2023, the Company, Altshuler Alternative and Altshuler Investment Funds entered into service agreements according to which the Company provides various services to Altshuler Investment Funds and Altshuler Alternative and the latter provides various services to Altshuler Investment Funds. The services consist of IT, finance, legal counseling and marketing in return for the payment of management fees at cost + 6% as set forth in the service agreements. On February 6, 2024, the transfer pricing arrangement in the agreements was revised.

3.2.14.3. Distribution agreements

See details of distribution agreements signed with the insurance agencies of the Altshuler Group in paragraph 9.9.3 of Chapter D of this report.

3.2.14.4. Shareholders' agreement in Altshuler Real Estate

On August 1, 2022, Altshuler Real Estate's shareholders entered into a shareholders' agreement for settling their business relationship as shareholders in Altshuler Real Estate. The agreement sets forth guidelines for appointing directors on the board, convening general meetings and making decisions that require the consent of 100% of the board members. The agreement also includes provisions regarding share dispositions (first refusal, tag along and

drag along rights), capital raising, financing, sale or transfer of shares between the shareholders and Buy Me Buy You mechanisms. The agreement is in effect as long as the shareholders or their transferees are shareholders in Altshuler Real Estate, unless the agreement is terminated at the decision of the entire shareholders or in the event of Altshuler Real Estate's winding up or liquidation.

3.2.14.5. Shareholders' agreement between A.S. Global shareholders

Accordingly For the provisions of the Shareholders' Agreement which regulates the relationship between Altshuler Alternative and the additional shareholder in connection with the ownership of A.S. shares. Global (including control of iFunds) and in connection with the role of each of them in the management of A.S. Global and iFunds, Altshuler Alternative is considered the controlling shareholder in A.S. Global and iFunds (indirectly) (in this section – "**Shareholders Agreement**").

As per the shareholders' agreement, the Company (through Altshuler Alternative) undertook to provide iFunds shareholders' loans in addition to the shareholders' loan which Altshuler Alternative purchased from Altshuler Ltd. in the acquisition agreement. See more information in paragraph 3.2.14.7 below.

3.2.14.6. Service agreement between the Company and/or Altshuler Alternative and iFunds

After closing, the Company, Altshuler Alternative and iFunds signed an agreement according to which the Company and/or Altshuler Alternative (themselves or through employees or service providers on their behalf) will provide iFunds various services for its current operations as detailed below: Accounting and financial management services, bookkeeping, legal services; payroll; rent and office maintenance; business development through company management; and sales/sales management services ("**the Services**" and "**iFunds Services Agreement**").

The iFunds Services Agreement enters into force as of the date of completion of the purchase agreement for an indefinite period, and is not cancelable as long as Altshuler Alternative is a shareholder in A.S. The iFunds Services Agreement entered into force as of the completion date of the acquisition agreement, for an indefinite period, and may not be terminated for as long as Altshuler Alternative holds shares in A.S. Global Ltd., unless iFunds terminates the engagement with immediate effect upon the occurrence of any of the grounds specified in the iFunds Services Agreement, such as the imposition of a temporary or permanent attachment on the Company's assets or the filing of an application for a stay of proceedings or a receivership order over its assets (which is not removed within 30 days); a material change in the Company's corporate structure; a breach of the confidentiality obligations imposed on the Company under the iFunds Services Agreement; and the like.

In return for the services, iFunds pays the Company monthly management fees plus VAT (as applicable) based on the transfer pricing arrangement set forth in the agreement.

For further details regarding the manner of calculation of certain services to be provided to iFunds under the iFunds Services Agreement, see Section 7.2.2. For the meeting notice dated January 1, 2024 (reference number: 2024-01-000744) whose information is hereby included by reference.

3.2.14.7. Financing agreement

As part of the shareholders' agreement entered into by Altshuler Alternative and M. W. I. (as specified) In section 3.2.14.5 below), Altshuler Alternative undertook to provide IFunds, in addition to the owner's loan that the Company acquired under the purchase agreement,

an additional loan (or loans) in the years 2024 to 2026 (inclusive) in amounts that Ifunds will require from time to time in order to meet the components determined in the annual budget in accordance with a business plan to be approved by the A.S. Board of Directors. Global ("the **Business Plan**") and in accordance with the terms set forth in the Shareholders' Agreement ("**Additional Owner Loans**"). During the years 2024-2025, additional loans were provided in the amount of approximately NIS 6.7 million.

The shareholders' loans bear annual interest at the minimum rate prescribed in the Income Tax Ordinance.

For further details regarding the additional loans and the manner of their provision, see Section 7.2.1.3(a) of the notice of meeting dated January 1, 2024, the information of which is incorporated herein by reference (TASE reference: 2024-01-000744). 2024-01-000744).

The parties also determined certain mechanisms for additional financing to be provided by Altshuler Alternative, as needed, based on the shareholders' agreement it signed with M W.A. The shareholders' agreement also includes guidelines regarding the prioritization of use of any cash generated to iFunds. See details in paragraphs 7.2.1.3(b) and 7.2.1.3(c) to a meeting notice report of January 1, 2024 whose information is hereby included by reference (reference number: 2024-01-000744).

The above information regarding the Company's evaluations of the scope of additional shareholders' loans represents forward-looking information, as this term is defined in the Securities Law, which relies on the information currently available to the Company and which may not materialize or materialize differently than described above for reasons that are not under the Company's sole control such as the financial results of iFunds or the realization of any of the risk factors detailed in paragraph 4.11 below.

3.2.14.8. Lead generation agreements between iFunds and Altshuler Investment Funds and iFunds and Altshuler Real Estate

As part of their operations, Altshuler Investment Funds serves as manager of alternative investment funds and Altshuler Real Estate serves as manager of real estate investment funds. Both companies raise capital by private placement of rights to funds or assets (collectively - "the investment funds").

As part of the engagement under the acquisition agreement, upon completion of the transaction, each of Altshuler Investment Funds and Altshuler Real Estate entered into a marketing agreement (the "Marketing Agreement") with iFunds, pursuant to which, subject to decisions to be made from time to time by the parties, iFunds may present to its sub-distributors ("Sub-Distributors"), via its platform, rights in the investment funds for the purpose of marketing to the Sub-Distributors' clients (the "Investment Transactions").

Each party to the lead generation agreement may terminate the agreement at any time by providing an advance written notice of 30 days. The agreement will be terminated immediately in the event of fundamental breach or insolvency of any of the parties.

In return for the marketing services, iFunds is entitled to a commission of up to 50% on each actual transaction closed by Altshuler Investment Funds or Altshuler Real Estate as a result of iFunds' lead.

3.2.14.9. Agreement between iFunds and Icapital to provide iFunds access to an alternative investment platform

On May 12, 2022, iFunds entered into an agreement with companies from the group iCapital. As part of the agreement, the group provides iCapital iFunds has access to an alternative

investment platform, through which iFunds will act as the exclusive distributor in Israel of certain private investment funds and will provide access and support services to sub-distributors and qualified investors in Israel. The term of the agreement is for a period of five years, commencing on January 1, 2023, with the possibility of extension for an additional period of five additional years, subject to compliance with the conditions established between the parties. In addition, at the end of three years from the date of the beginning of the contract period, either party may terminate the agreement if conditions included in the agreement are met, by giving 60 days' prior notice, in accordance with the provisions of the agreement. This agreement has had a number of non-material amendments over the years.

3.2.14.10. Agreement between iFunds and Bank Leumi LeIsrael Ltd. to provide access to the iFunds platform

On October 31, 2022, iFunds entered into an agreement with Bank Leumi LeIsrael Ltd., under which iFunds will allow the bank's employees and its qualified customers access to the iCapital system in order to present alternative investment products to the bank's customers, information about customer investments was presented. The agreement was signed for a period of five years from the date of its signing, which will be automatically renewed for additional periods of one year each, unless one of the parties has notified its desire to terminate it with prior notice.. After two years from the date the agreement enters into force, either party to the agreement may terminate it with 180 days' prior notice. On August 22, 2024, an addendum to the agreement was signed between the parties, which includes updates and clarifications regarding the definitions of the services and the information provided within the framework of the contract..

3.2.14.11. Services Agreement between iFunds and HTC. Investments Ltd. ("H.T.S."), through Moshe Weingarten, to provide the services of an active chairman to iFunds

For further details regarding the transaction, as well as the manner in which the engagement in the transaction was approved and the controlling shareholder's personal interest therein, see Sections 7, 12.5 and 12.2 of the notice of meeting dated January 1, 2024 (TASE reference: 2024-01-000744), the contents of which are incorporated herein by reference.

3.2.15. Business strategy and targets

Altshuler Alternative operates in the management, initiation, marketing and distribution of alternative investments, and focuses on continued development of its activities in the alternative investment market in Israel, while maintaining the principles of risk management, professional review and compliance with the legal and regulatory provisions that apply to it.

Objectives: As part of Altshuler Alternative's objectives plan, it aims to work to establish its position as a significant player with a presence in the alternative investment market in Israel, while focusing its activities on a qualified investor audience and institutional bodies, and in accordance with the activity strategy and the applicable regulatory framework. Within this framework, the Company works to establish its activities as a stable and supportive arm for generating revenue for the parent company, while maintaining a balance between business growth and risk management, as well as to expand its activities through engagements with investment managers and partners (GPs), with an emphasis on the areas of real estate and alternative funds.

Business Strategy: In order to achieve its goals, the Company operates in accordance with a strategy that focuses on making unique, high-quality alternative investment products accessible to qualified investors and institutional entities, while adhering to professional review, risk management and transparency. The Company aims to expand collaborations with international

entities, fund managers and leading business partners, which will contribute to creating added value for the Company's customers, both at the product level and at the level of knowledge, experience and exposure to global investment opportunities. Within this framework, the Company is working to locate new partners, with an emphasis on the real estate sector, and is promoting engagements with GPs have proven experience, unique expertise, and an operating model that matches the investment strategy and risk profile of its clients.

Innovation: As part of its worldview, the Company emphasizes continuous innovation in its activities, including: Continuous development and upgrading of work processes, information systems, and analysis and control tools. Adapting investment products to the changing needs of the qualified and institutional investor audience. Integrating advanced technological solutions to improve customer experience, operational efficiency, and decision-making processes. Examining new models for alternative investment and expanding areas of activity in accordance with trends in local and international markets.

The company estimates that implementing this strategy will allow it to continue to grow in a controlled manner, strengthen its position in the market, and constitute a continuous source of value for its customers and shareholders.

3.2.16. Disclosure of risk factors

See details of the risk factors that apply to the entire Group and the degree of their effect in paragraph 4.12 below. Each of the investment funds or alternative real estate transactions has different risks that are detailed in the fund's investment agreements. The materialization of these risks may affect the management fees and success fees charged by the general partner and may also affect the returns that the investment in the partnership will generate for investors.

Following are risk factors that are specific to the Alternative investment management operation:

Macroeconomic risks - Growth in the capital market, the economy in Israel and around the world, inflation rates and fiscal and monetary policies of central banks, credit availability and geopolitical events in the countries in which the Company operates, all of which affect the macroeconomic climate in the territories in which the Company operates and may lead to damage to the performance of the funds and investments, among other things, due to a decline in prices in the underlying assets in which the funds invest, a decrease in demand for assets and insolvency of tenants. On the demand side of the Company's products, a deterioration in the macroeconomic situation may harm demand for investments as well as the scope of available investments, thereby negatively affecting the ability to recruit investors for the alternative funds managed by the Company, the pace of transaction execution and, as a result, the Company's profitability. In addition, a deterioration in the macroeconomic situation may negatively affect investors' willingness to commit to new investments, the pace of capital raising, and investors' compliance with future investment commitments.

Foreign currency - the majority of the Company's revenues are received in foreign currency. Therefore changes in the local exchange rate against the Shekel may damage the Company's income. As a rule, the Company does not enter into foreign currency hedges.

Interest hikes and negative revaluation of real estate properties - interest hikes in Israel and worldwide might affect the finance expenses of the investments managed by the Company, thereby reducing cash inflows from investments. Additionally, the increase in interest rates may lead to negative valuations of assets as a result of the increase in discount rates in the relevant territory. Impairment in the cash flows of the investments managed by the Company, resulting from non-renewal of lease agreements or tenant departures, a decline in tenants' ability to meet

their obligations, or the need to locate replacement tenants, may lead to a decrease in the profits to which the Company is entitled. Moreover, negative revaluations of real estate properties following increase in WACC rates are likely to impair their fair value and reduce it to below the original investment as a result of which the Company will not receive any carried interest. In addition, high interest rates may make it difficult for potential buyers to obtain financing to purchase assets in which the funds managed by the Company invest, which may make it difficult to realize the assets.

In certain scenarios, an impairment in cash flow or a decline in asset value may lead to a violation of financial covenants in financing agreements and require additional capital injection or debt refinancing on less favorable terms.

Liquidity risk and difficulties in realizing investments - the alternative investments offered to customers are investments that are not liquid at all times and are not tradable. The ability to realize alternative investments depends, among other things, on market conditions, credit availability, interest rate environment, demand for assets and the existence of regulatory or operational impediments. Inability to realize investments on time may affect the level and timing of the Company's profitability. Inability to realize investments on time may affect the timing and even the Company's eligibility for success fees.

Regulatory changes and changes in tax regimes – the Company manages investments operating under various tax regimes, primarily in the United States and Europe; changes in regulation and/or in the tax regimes to which the investments are subject may affect the profitability of the investments and thereby impair the Company's entitlement to carried interest. The existing regulatory situation does not fully regulate the activities of alternative funds, and as new regulation is formed in the field, including regulation that will limit the manner of distribution of these partnerships, it may adversely affect the activities of alternative investments.

Dependence on suppliers - Altshuler Shaham Alternative may have a material dependence on suppliers and partners as elaborated in their partnership agreements, including dependence on developers. An insolvency event, conduct that harms reputation, managerial, financial or operational failure, or a failure in the relationship with key suppliers or developers may adversely affect the success of such alternative investments, including reputational damage and the ability of Altshuler Shaham Alternative to realize its business plans.

3.3. The Credit Operation

3.3.1. General information on the operating segment

The company operates in the field of credit activity within the framework of which the Company engages in providing credit to small and medium-sized businesses and real estate developers through Altshuler Credit for Businesses and Altshuler Credit for Construction.

3.3.1.1. Structure of the operation and changes therein

On August 19, 2024, the Company, through Altshuler Credit, completed the acquisition of the operation of CrediTeam and of the entire issued and outstanding share capital of Altshuler Business Credit and officially launched the Credit Operation ("the closing date"). On the closing date, Altshuler Credit allocated 20% of its issued and outstanding share capital to CrediTeam's founders, Hagar Peretz Dayan and Gil Topaz, in equal parts.

Within this operating segment, Altshuler Credit, through Altshuler Business Credit, a company holding an extended credit provider license from the Capital Market Authority, is engaged in providing credit to small and medium-sized enterprises for

various purposes, such as: Real estate financing, financing for the purchase of equipment, working capital financing, and more.

The provision of financing by Altshuler Credit is made, among other things, against the receipt of various collateral (such as: Owner guarantees, third-party guarantees, real estate assets, equipment, etc.).

Additionally, during the reporting period, 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.

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.

For further details regarding loan agreements with companies engaged in the development and holding of real estate projects in Israel, see Section 2.6 of the Board of Directors' Report attached hereto as Chapter B of this report.

In addition, during the fourth quarter of 2025, the Company received a license to provide guarantees from the Capital Markets Authority. After the report date, the first framework agreements for providing guarantees were signed.

The credit activity area was presented for the first time as an accounting activity segment in the Company's financial statements as of March 31, 2025 (and accordingly as an activity area) in light of an increase in the volume of loans provided by Altshuler Business Credit during the first quarter of 2025.

3.3.1.2. Restrictions, legislation, standards and special constraints applicable to the operating segment

For more information about limitations, legislation, standards and special constraints applicable to the operating segment, see paragraph 3.3.14 below.

3.3.1.3. Changes in the operation volumes and profits

In the Company's assessment, the limitations on the capital adequacy of the banking system, as well as the development of the non-bank financing sector and the improvement of its image among potential customers, resulting, among other things, from the extensive regulatory regulation in the field, will increase the appeal to non-bank financing companies and to the Company in particular. The Company evaluates that the fact that Altshuler Credit is a member of a large reputable group creates business opportunities for companies to challenge their competitors in the credit market since customers are likely to prefer advantages such as economies of scale, financial stability and reputation.

Profitability in the credit segment is subject to numerous challenges. The availability of non-bank funding sources, which increased in recent years until 2022 as a result of the low interest rate environment that prevailed in the Israeli economy, led to the entry of many players and increased competition in the sector, resulting in a decrease in the effective cost to customers and a gradual erosion of margins in the industry. On the other hand, the increased risk environment in the market in the past year caused by the high interest environment and the economic ramifications of the ongoing war in Israel resulted in enhanced risk in the small and medium business segment. Notwithstanding the aforesaid, there is an evident trend of increased demand by companies for nonbank credit as a viable

alternative for banks. To date, Altshuler Credit has focused on small and medium businesses which make up the bulk of its customer portfolio.

As of the report date, the balance of loans provided to customers by Altshuler Credit approximates NIS 363 million. In the period following the reporting date and until the date of approval of the report, additional credit was extended to customers, net of customer repayments, in the amount of approximately NIS 63 million.

3.3.1.4. Market developments in the operating segment or changes to client characteristics

Activity in the small and medium-sized business credit industry consists of a number of players in the economy, such as: The banking system, credit card companies and non-bank financing entities, some of which are held by insurance companies, pension funds and provident funds, and some of which are 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 positioning of the non-bank market, together with the improvement in its image in recent years and the regulatory framework established in recent years, contributes to the continued trend of small and medium-sized enterprises turning to non-bank financing channels as an alternative to bank financing. The Company believes that recent regulations enacted in this field will allow the nonbank credit market to reinforce its reputation as a whole and is inclined to 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. In the Company's estimation, 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 flexibility that characterizes non-banking entities and their ability to make rapid adjustments to market needs and provide financing in complex structures constitute a distinct 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.

The Company's evaluations as presented above represent forward-looking information, as this term is defined in the Securities Law. These estimates are based, among other things, on information available to the Company, as of the date of approval of this report. However, there is no certainty that they will materialize in entirety or partially. The actual effect on the market and on the Company's operations may be materially different than anticipated. Among the potential factors for the non-materialization of these assessments and forecasts are, inter alia, changes in the capital markets in Israel and worldwide, changes in the real estate market in Israel, regulatory changes and required regulatory approvals, as well as the materialization of any of the other risk factors to which the Company is exposed, as detailed in Section 4.12 below.

3.3.1.5. Critical success factors in the operation

Success factors in the credit segment depend on effective risk management, compliance with regulatory requirements, technological capabilities, strong underwriting capabilities,

risk diversification, the performance of controls, implementation of procedures, and the availability and efficiency of service. In addition, companies with substantial equity and attractive debt raising capabilities are likely to be able to increase their customer portfolios and maintain high profits and quality customers. Altshuler Credit, as part of the group, is able to raise money at a competitive price and within a short period of time compared to its competitors through various channels such as: Banks finance, issuing securities to the public, commercial securities, etc.

3.3.1.6. Main barriers to entry and exit in the operation and changes therein

The Company evaluates that the main barriers to entry in the Credit Operation are as follows:

3.3.1.6.1. Obtaining a financial service provider license - the need for an appropriate license as per the Financial Service Supervision Law (Regulated Financial Services), 2016 is the principal barrier to entry into the nonbank credit market.

3.3.1.6.2. Regulation and regulatory oversight - nonbank credit providers are subject to oversight by the Capital Market Authority as well as other regulators. In addition, non-bank credit providers are required to comply with various provisions under the Anti-Money Laundering Law and the orders issued thereunder, including reporting, disclosure and record-keeping obligations.

3.3.1.6.3. Capital requirements - entering the nonbank credit market requires extensive capital resources to raise financing from outside sources.

3.3.1.6.4. Outside financing sources - a credit provider mainly relies on attractive and substantially extensive credit sources.

3.3.1.6.5. Technological costs - investing in technological and digital platforms and systems for loan management, data analytics and integration with various entities which could be quite costly for new market players.

3.3.1.6.6. Marketing barriers - Creating a network of contacts and agreements with a variety of intermediary entities operating in various fields of activity, for the purpose of receiving credit applications.

3.3.1.6.7. Limitations underlying the control permit

In the control permit granted to Altshuler Business Credit (which was granted by the Commissioner to its controlling shareholders), various restrictions were set regarding the change in control and/or the structure of the holdings in Altshuler Business Credit. In addition, it was determined that the permit holders will not give their consent, by act or omission, to the imposition of foreclosures on the means of control in Altshuler Business Credit or in the companies that control it, and will not allow any other action that could actually change the rights associated with the means of control, without the approval of the Capital Market and Insurance Supervisor. The permit also stipulated reporting requirements to the inspector if the conditions specified therein were met.

The Company believes there are not major barriers to exit in the Credit Operation since its contracts legally allow it to assign its rights to third parties.

3.3.1.7. Alternatives to the operating segment products and changes therein

In addition to the credit services provided by the Company within the scope of its activities, the Company's customers, depending on their size and scope of activity, can contact banks,

credit card companies or other credit service providers and obtain credit from them in various ways.

3.3.1.8. Structure of the competition in the operating segment and changes therein

For more information on competition see paragraph 3.3.7 below.

3.3.2. **Products and services**

Altshuler Credit provides business credit for a variety of purposes and continues to maintain low risk levels and a high level of collateral in the credit portfolio. During the year, there was an increase in the proportion of loans backed by liens on real estate assets in the Company's credit portfolio. The company provides real estate-backed financing, among others, to real estate developers and companies for business purposes, including for the benefit of the following activities:: Loans for the purpose of purchasing real estate and/or completing it for the purpose of financing the purchase of real estate Loans for a variety of purposes with real estate collateral and financing investment activities backed by real estate collateral.

In addition, Altshuler Construction operates in the field of financing residential real estate developers and intends to continue to increase its activity in this field, while regularly examining the overall business environment in the economy and developments in the residential real estate sector in particular.

During the reporting period, Altshuler Business Credit received approval from the Capital Markets, Insurance and Savings Authority and approval from the Ministry of Finance to issue guarantees and began issuing financial guarantees. As part of this activity, the Company offers its customers various types of guarantees, such as performance guarantees, tender guarantees, quality and inspection guarantees and other financial guarantees such as guarantees for rental payments and supplier guarantees. In recent years, a number of non-bank credit institutions have begun operating in this field, which is dominated by banks and insurance companies, and which constitute an alternative and create competition for bank guarantees. As of the date of the report, no guarantees have yet been given within the framework of the Company's activities.

The Company's activity in this product is subject to provisions regarding capital adequacy and liquidity, as determined by the Supervisor of Financial Services Providers in the framework of the circular "Additional Equity and Liquidity Requirement for Financial Services Providers." Within this framework, the Company is required to ensure that the ratio of equity to the amount of exposures arising from the guarantee portfolio is not less than 4%, provided that the scope of the guarantees exceeds the NIS 25 million threshold. As of the date of approval of the report, the Company does not meet the described threshold.

3.3.3. **Breakdown of revenues and profits of 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. During the years 2025 and 2024, financing income from the operating segment was recognized in the amount of approximately NIS 21,475 thousand and approximately NIS 2,399 thousand, respectively.

3.3.4. **New products**

As stated in Section 3.3.2 above, during the reporting period, Altshuler Credit expanded its activities and, through Altshuler Construction, began to engage in providing credit to real estate developers, including closed-end support, capital replenishment and surplus

extraction.

In addition, on November 13, 2025, Altshuler Business Credit's application for a license to provide guarantees was approved by the Capital Markets Authority and the Company began taking steps to expand its activities into the field of providing guarantees. After the report date, the first framework agreements for providing guarantees were signed.

See more details of the business restructuring in paragraph 3.3.2 below.

3.3.5. **Customers**

Altshuler Business Credit.

As of the report date, Altshuler Business Credit's customer portfolio consists of businesses in Israel that are incorporated as companies, partnerships and licensed dealers whose annual revenue turnover does not exceed NIS 1 billion. Total transactions made in the Reporting Period approximate NIS 393 million.

As of the Report Date, Altshuler Business Credit has 192 borrowers, of which 3 account for more than 5% of the credit portfolio with a collective outstanding debt of some NIS 74 million.

As of the reporting date, the net balance of customer credit extended by Altshuler Business Credit amounts to approximately NIS 305 million, compared to a customer credit balance of approximately 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 104 million against repayment by customers of approximately NIS 52 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 December 31, 2025:

Customer	Percentage of customer credit portfolio
1	9.5%
2	7.6%
3	6.4%
4	4.4%
5	4.3%
6	3.7%
7	3.7%
8	3.3%
9	3.3%
10	3.3%

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Chapter A - Description of the Corporation's Business

Following is the breakdown of the customer balance, by sector of activity, as of December 31, 2025

Operating segment	Percentage of customer credit portfolio
Construction and real estate	64.46%
Trade	15.88%
Industrial and manufacturing	6.94%
Other business services	4.42%
IT and telecommunications	3.53%
Transportation and storage, courier and delivery	1.57%
Hotels, hospitality and food	1.56%
Other	1.17%
Electricity	0.47%
Total	100%

Following is a breakdown of the Construction and Real Estate Activity industry into sub-sectors as of December 31, 2025:

	Percentage of total construction and real estate industry	Percentage of customer credit portfolio
Contractors	22.6%	14.64%
Income-producing property financing	11.3%	7.30%
Land financing	18.7%	12.00%
For any purpose against real estate	47.4%	30.52%
Total	100.00%	64.46%

ALTSHULER SHAHAM FINANCE LTD.

Chapter A - Description of the Corporation's Business

Following is the breakdown by maturity – the duration of the customer credit portfolio, as of December 31, 2025:

Days to repayment *	Percentage repaid of customer portfolio
0- 30	6.0%
31- 60	5.1%
61- 90	4.1%
91- 120	4.1%
121- 180	8.7%
181- 365	12.4%
>365	56.0%
Past-due debts that have been rescheduled**	3.6%
Total	100%

*Number of days from Report Date to the contractual repayment date of the debt.

**Of which approximately NIS 6,087 million carried to allowance for expected credit losses.

The average maturity profile of Altshuler Business Credit's credit portfolio as of December 31, 2025 is about 1.3 years.

Below is a breakdown of customers by type of collateral that is used to secure credit repayment at Altshuler Business Credit:

	% of total customers (gross) As of December 31, 2025
Mortgage on residential real estate	24.0%
Mortgage on commercial real estate	4.9%
Mortgage on land	31.1%
Equipment bondage	3.2%
Vehicle lien	1.6%
Third-party guarantees	0.4%
Personal guarantees	34.3%
Unsecured loans	0.5%
Total	100%

The following is the breakdown of credit backed by tangible collateral according to the types of collateral and the financing rate (LTV) in Altshuler Business Credit (in millions of NIS):

LTV finance rate	Residential real estate	Commercial real estate	Land	Equipment	Vehicle	Total
30%-0%	1.03	-	38.49	0.03	0.10	39.65
50%-30%	1.46	4.25	-	-	-	5.71
70%-50%	14.73	0.00	0.18		0.24	15.15
Over 70%	58.74	10.09	59.22	10.06	3.89	142.00
Total	75.96	14.34	97.89	10.09	4.23	202.51

Altshuler Construction Credit

As of the report date, Altshuler Construction Credit's customer portfolio includes one customer. The net credit balance to customers is approximately 49 million NIS. The loan maturity date for customers is 48 months. The average term of the portfolio is about 37 months.

The credit is credit that is applied in stages according to the maturity of the project as detailed below:
NIS in thousands

Customer	Nr. of projects of the client	The scope of financing for each client's project*	Credit facilities	Collateral details	Expected surplus as of December 31, 2025	Gross utilized credit	LTV
1	6	50% of the surplus	100,000	Surpluses in projects	147,202	50,000	34%

* The customer was approved for a framework against surpluses in a maximum amount of 50% of the surpluses of the pledged projects.

After the report date, additional credit was provided to customers in the amount of NIS 12 million.

For additional details regarding credit to customers, including the financing rate, types of collateral and provision for credit losses, see Note 10 to the Company's financial statements.

3.3.6. Marketing and distribution

Distribution agreements in the credit market allow the Company to expand its outreach to attract new customers and retain existing ones. The company operates both through the Company's sales personnel and through external intermediaries (business consultants), with the intermediaries being entitled to a commission for providing a loan to a new or existing customer. The Company also has an inhouse sales department that works to recruit prospective customers and retain existing customers.

3.3.7. Competition

The main competition which Altshuler Credit faces in the market is by large nonbank credit providers such as the Nawi Group, Jacob Finance & Investments, the Peninsula Group, SR Accord and credit card companies.

There are also small and medium sized companies operating in this market that pose less of a competition as they often struggle to compete with the credit terms and volumes offered by their rivals due to high financing costs.

Competition in the non-bank credit sector is characterized by several key parameters: Reputation, the amount of credit given to an individual customer, the amount of credit given, interest rates, the amount of fees and the service provided.

In its activity in supporting construction projects, Altshuler Credit's main competitors are: (a) Banks and insurance companies that have established real estate financing departments and provide financing to developers with closed-end support (senior debt), including the issuance of collateral required to secure buyers' funds according to the Sales Law; (b)

Institutional and private financing funds that provide developers with closed-end support (senior debt), including a component of equity supplementation (subordinated debt). Altshuler Credit's main competitors in this type of loan are Michlol Real Estate, The Yesodot Fund, the Peninsula Group and Ruby Capital; (c) companies/funds that provide financing to entrepreneurs for the purpose of supplementing equity only (mezzanine loans). In loans of this type, the entrepreneur provides inferior collateral, such as surplus liens and second-degree liens, in favor of the lender, in return for a high interest rate that reflects the risk in the transaction and additional fees that are expected to result in a higher return than financing projects with closed support. Altshuler Credit's main competitors in this type of loan are Peninsula Group, Menif, Michlol Real Estate and Gamla Harel.

Main ways to cope with competition

Altshuler Credit benefits from the Company's long standing track record and reputation and from the experience and expertise of its managers that afford it flexibility and allow it to offer tailored customer service, raise cost-effective capital to offer customers attractive commercial terms in the market, extend loans in substantial scopes and optimize credit, interest and commission terms.

3.3.8. **INTANGIBLE ASSETS**

As of December 31, 2025, the balance of intangible assets and goodwill attributable to credit activity amounts to approximately 23 millions of NIS. See more information in Note 5 to the Company's financial statements.

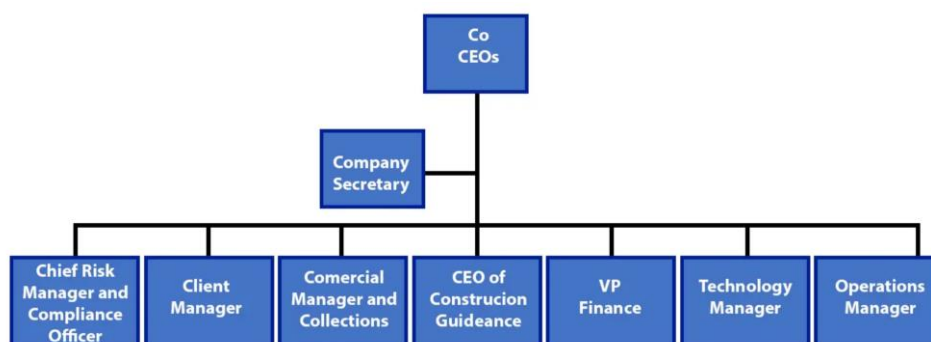
3.3.9. **Human Resources**

GENERAL

As of the date of the report, 35 employees (in terms of job scope) are employed in this segment by the Company, Altshuler Credit, and by additional outsourced companies, including by affiliated companies, of whom 5 are officers. As of December 31, 2024, 15 employees were employed in this sector (in terms of job scope) of which 4 are officers.

For details regarding the distribution of the number of employees and additional details regarding human resources as of December 31, 2025 and 2024, see Section 4.3 below.

Below is a chart of Altshuler Credit's organizational structure



- Finance, information security and IT infrastructure, business continuity, marketing, company secretarial services and legal advice are services provided by the group.

Material changes in employee headcount and/or in the organizational structure during the Reporting Period

- (1) During the reporting period, Mr. Reuven Breinberg was appointed as Manager of Construction Credit Activities.
- (2) After the report date, in January 2026, David Ohayon was appointed VP Commercial, responsible for all legal engagements with its customers and for Altshuler Credit's collection activities.

3.3.10. Suppliers and service providers

In order to carry out the activity, Altshuler Shaham Credit entered into agreements with a customer management system provider (CRM) and also against the system ERP for credit management, including loan origination, payment schedule management, management of a variety of collateral, and collection from customers.

Supplier information	Nature of engagement
Almog Software Industries Ltd. 511087371	A credit management system that includes a loan module, credit facilities, construction support, and guarantees. Credit provision management, interest calculations, collection, invoicing, reports and collateral management
Microsoft Dynamics 365 CRM	A customer management system that allows you to manage the Company's sales processes.

3.3.11. Working capital

Working capital items, which mainly include cash and cash equivalents, customer credit, short-term credit and supplier and service provider credit, are items managed at the Group level. See more information in paragraph 4.4 below.

3.3.12. Financing

For details regarding the financing agreements entered into by the Company for the purpose of credit activity, see Note 18 to the financial statements attached in Chapter C of this report.

For details regarding the provision of credit facilities by the Company to Altshuler Credit, Altshuler Business Credit and Altshuler Construction, see additional information to the consolidated financial statements attached in Chapter C of this report.

3.3.13. Taxation

The credit operation's income is taxed at the Israeli corporate income tax rate of 23%. See more information in Note 15 to the Company's financial statements.

3.3.14. Restrictions and supervision in the operating segment

Credit activity is carried out through Altshuler Credit, which holds full ownership in Altshuler Business Credit and Altshuler Construction. It should be noted that Altshuler Construction operates in keeping with the licensing exemption prescribed in Regulation 2(8) to the Financial Services Control Regulations (Regulated Financial Services) (Licensing Exemption), 2022. Altshuler Business Credit operates under a license to provide credit. As part of its operations, Altshuler Business Credit is subject to various legislative provisions and supervision by various legal authorities, including dedicated regulation and guidelines set by the Capital Market Authority and other regulators. The following is a concise breakdown of the main legal provisions that apply to Altshuler

Business Credit's credit activity. Some of the legal provisions (which are not specific only to licensed credit providers) also apply to Altshuler Shaham Construction.:

3.3.14.1. Financial Services Supervision Law (Regulated Financial Services), 2016

The Financial Services Supervision Law (Regulated Financial Services), 5776-2016, which came into force on June 1, 2017, regulates the aspects of licensing and supervision in all matters relating to the provision of credit ("**The Law**" or "**Supervision Law**"), and the Capital Market, Insurance and Savings Authority ("**the Authority**" or "**Capital Market Authority**") was established by law as the supervisor of regulated financial services.

In accordance with the provisions of the law, providing credit through a business requires licensing, unless the credit provider is exempt from the licensing requirement by law or regulations enacted by virtue of the law. As stated, Altshuler Construction Credit is exempt from the licensing requirement according to the law by virtue of the regulations that were established as stated. For the purpose of implementing the law, the Commissioner of the Capital Market, Insurance and Savings Authority was appointed in his capacity as the Supervisor of Financial Services Providers ("**Supervisor**"). The Supervisor is authorized to grant licenses under the law to those engaged in the provision of financial services, including credit services, and has been granted extensive powers of regulation, supervision, enforcement and administrative investigation, including the imposition of financial sanctions.

As of the date of the report, Altshuler Business Credit holds an expanded license to provide credit, in accordance with the provisions of Section 16 of the Supervision Law, which is valid until December 31, 2029.

3.3.14.2. "Saving Documents" Circular

In December 2020, the Capital Market Authority published the circular in question. The circular stipulates, among other things, that a financial services provider will retain and document every document related to a transaction it has executed for at least 7 years from the date of completion of the transaction, including digital documents (this is in addition to the existing provisions regarding the retention of documents in accordance with the provisions of any law). According to the circular, such documentation is intended to enable the reconstruction of each individual transaction, both for the purposes of auditing and enforcement by the Financial Services Supervisor and for the purposes of the financial services provider itself.

3.3.14.3. Circular "Risk Management at a Regulated Financial Services Provider"

In May 2022, the Capital Market Authority published the circular in question, and on February 21, 2024, a revised circular was published. The purpose of the circular is to guide the financial services provider in adopting risk management procedures that will help it effectively deal with the various risks to which it is exposed, or may be exposed. This is done, among other things, by formulating a policy and work processes for risk management, appointing a risk manager and establishing a risk management unit, allocating adequate resources for risk management, and establishing reporting routines that will enhance its capabilities in identifying, measuring, monitoring, managing, and reporting the risks to which it is exposed or may be exposed.

3.3.14.4. Circular "Instructions for holders of a license to provide credit - credit reports to the supervisor"

On November 17, 2022, the Capital Market Authority published the circular in question, which was intended to establish provisions regarding the requirement for reports on credit activity that applies to holders of a credit granting license.

On July 20, 2025, an amendment to the circular was published, which entered into force 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.

3.3.14.5. Circular "Cyber Risk Management in Financial Services Providers"

In May 2022, the Capital Market Authority published the circular in question, and on February 21, 2024, a revised circular was published. The Act stipulates that a cyber risk management framework for a financial services provider will include actions to prevent, neutralize, investigate, and deal with cyber threats and incidents, with the aim of reducing their impact and the damage they cause to customers and the financial system, before, during, and after they occur.

The circular defines principles that require that cyber risk management be carried out in an effective, up-to-date and ongoing manner, based on proper corporate governance principles that include, among other things, reference to methods, processes and controls and in a manner that enables dealing with cyber threats and managing cyber incidents.

3.3.14.6. Circular "Regulating the Conduct of Financial Service Providers in Investigating Public Complaints" and Circular "Handling Public Complaints"

On November 29, 2022, the circulars in question were published. The purpose of the Circular Regulating the Conduct of Financial Service Providers in the Inquiry of Public Complaints is to establish instructions regarding the conduct of financial service providers in handling public inquiries received from financial service providers or public inquiries that the Supervisor investigates and that were referred to them by the Supervisor, in accordance with his authority in the Supervision Law. The Circular on Handling Public Complaints establishes rules and instructions regarding the conduct of the financial services provider in handling public complaints with the aim of increasing the quality of service provided to its customers, all for the purpose of safeguarding and protecting their interests and promoting their interests, while increasing information transparency and accessibility.

3.3.14.7. Circular "Additional equity and liquidity requirements for financial service providers"

On August 28, 2023, a circular was published, "Additional equity and liquidity requirements for financial service providers," which sets additional equity requirements for various licensees, depending on the nature of their activity and risk characteristics. The need to establish provisions regarding the requirement of additional equity capital from a financial services provider stems from the various risks that characterize each of the supervised financial services providers, as well as from the scope of their activities.

In the context of holders of a license to provide credit, the circular applies to a

credit provider with significant public debt (a holder of an expanded license to provide credit, which provides credit that originates, among other things, from the debentures held by the public, the total face value of which is higher than NIS 5 billion and lower than NIS 15 billion) and to a holder of an expanded license to provide credit that provides a guarantee.

3.3.14.8. Fair Credit Law, 5753-1993 ("Fair Credit Law")

The Fair Credit Law was enacted with the aim of protecting individual borrowers (including licensed dealers) in the credit market and increasing competition in this market by setting a maximum interest rate and default interest rate on loans to individuals (including licensed dealers), imposing increased disclosure obligations on lenders, and imposing administrative and criminal sanctions. The law grants the Minister of Justice the authority to determine that the law will also apply to corporations.

3.3.14.9. Circular "Disclosure in a Loan Contract"

In July 2018, the Capital Market Authority published the circular in question, and in May 2019, an amended circular was published, which entered into force in August 2019. The provisions of the circular are intended to regulate the manner in which the details that a credit service provider is required to disclose to the borrower (as defined in the Fair Credit Law, 5753-1993) are presented within the framework of the loan contract, inter alia in accordance with the provisions of Section 3(b) of the Fair Credit Law, in order to ensure that the borrower who enters into a loan contract with a credit service provider will be clearly presented with the main details required for the purpose of fully understanding his obligations and rights under the contract.

3.3.14.10. Credit Data Law, 5776-2016 ("Credit Data Law")

The Credit Data Law regulated a central database for credit data in Israel, with the aim of increasing competition in the retail credit market, expanding access to credit, reducing discrimination in the provision of credit, and creating an anonymous database that will be used by the Bank of Israel to perform its functions. For the purpose of implementing the law, the Bank of Israel established a central credit data database. According to the law, the credit data collected from information sources stipulated in the law will be stored and transferred by the Bank of Israel to the credit bureaus, which will compile the data and transfer it, among other things, to credit providers in accordance with the provisions stipulated in the law.

The Credit Data Regulations (Amendment), 5771-2021 and the Credit Data Rules (Miscellaneous Provisions), 5778-2017 (along with the provisions and guidelines of the Commissioner for the Sharing of Credit Data) supplement the provisions regulated in the Credit Data Law and outline supporting provisions with respect to arrangements not included in the law.

Within the framework of the legal restrictions, preliminary actions are required to obtain a credit indication about a customer and the customer's approval to receive a credit report about him (where the credit provider is authorized to receive a credit report), in the format and manner prescribed in the Credit Data Law.

3.3.14.11. Money Laundering Prohibition Law 5770-2000 ("Money Laundering Prohibition Law") and the orders by virtue thereof

The Money Laundering Prohibition Law establishes prohibitions and provisions intended to prevent money laundering. In addition, this law, as well as orders and regulations enacted pursuant to it, impose additional specific obligations in this area on certain entities in the private sector, including various entities in the financial sector, with the aim of preventing the exploitation of the financial system for money laundering purposes. This exploitation may expose the entities, among other things, to legal risks, operational risks, and reputational risks.

The Money Laundering Prohibition Order (Identification, Reporting and Record-Keeping Obligations of Financial Asset Service Providers and Credit Service Providers to Prevent Money Laundering and Terrorist Financing), 2018 imposes various obligations on those who are required to have a license to provide credit under the Supervision of Regulated Financial Services Law, including, among others: Obligation to register identification details of service recipients; implementation of a "know your customer procedure"; identification and verification obligations; obligation to receive a declaration on the beneficiary and the controlling shareholder; obligations regarding electronic transfers; implementation of controls over the customer's actions; obligation to maintain records; obligation to check identification details against a list of declared terrorist organizations and terrorist operatives and against a list of entities declared to assist in the distribution and financing of weapons of mass destruction; obligation to establish a policy for managing money laundering and terrorist financing risks; provision of reports to the Authority for the Prohibition of Money Laundering and Terrorist Financing on activities, as required by the order, and all as specified in the order. It should be noted that some of the obligations (such as the duty to conduct a customer due diligence process) are only required in relation to service recipients who are not occasional service recipients as defined in the order.

Circular "Managing Money Laundering and Terrorist Financing Risks at Regulated Financial Service Providers" - In December 2021, the Capital Market Authority published the circular "Managing Money Laundering and Terrorist Financing Risks at Regulated Financial Service Providers." The provisions of the circular are intended to guide financial service providers to which the circular applies in adopting a risk-based approach to preventing money laundering and terrorist financing in order to enable them to effectively deal with money laundering and terrorist financing risks. This is done, among other things, by formulating policies and procedures for managing money laundering risks, appointing a person responsible for fulfilling the obligations of the prohibition of money laundering and terrorist financing, effectively allocating resources in accordance with the risks identified, and establishing procedures for maintaining ongoing control and for the proper and effective implementation of the Know Your Customer procedure.

3.3.14.12. The Combating Terrorism Law, 5776-2006 ("The Combating Terrorism Law")

The Combating Terrorism Law deals primarily with defining offenses related to terrorism and terrorist financing, the methods of declaring terrorist organizations and operatives, and providing appropriate administrative and judicial tools for combating terrorism and terrorist financing, and in particular defines terrorist offenses, terrorist financing offenses, offenses of committing an act with property that is capable of assisting, promoting, or financing the commission of a terrorist

offense, and the offense of violating the duty to report.

The law establishes, among other things, the obligation to report to the Israel Police any action on property that is terrorist property (as defined in the law), or when this action enables, promotes, or finances the commission of an act of terrorism.

3.3.14.13. Insolvency and Economic Rehabilitation Law, 5778-2018 ("Insolvency Law")

The Insolvency Law became effective in September 2019. The Insolvency Law includes various provisions that emphasize the rehabilitation of corporations and debtors as a central value, while applying certain restrictions with regard to realization and the resulting rate of return. However, the Insolvency Law establishes provisions aimed at increasing the proportion of debt that will be repaid to creditors and increasing the value of the debtor's assets while reducing the harm that will be caused to creditors as a result of insolvency. On January 29, 2025, this law was amended (in Amendment No. 8) so that the amounts were updated (following a change in the Consumer Price Index rate), among other things, regarding the amount for submitting a corporate application for an order to open proceedings, presumption of insolvency at the request of a creditor; opening of proceedings by an individual with debts in a small amount, etc.

On January 21, 2026, Amendment No. 9 to the Insolvency Law was approved in the Knesset. By virtue of the amendment, a corporation or individual may request from the court a temporary stay of proceedings for specified periods that may be extended in accordance with the provisions of the amendment, preventing creditors from initiating or continuing collection or asset realization proceedings, for the purpose of formulating an agreed debt arrangement, without the debtor being forced to enter into full insolvency proceedings. Upon issuing the order, the court appoints a "settlement administrator" who oversees the procedure and assists in its formulation. The amendment also includes protections for creditors, including threshold conditions, reporting obligations, the right to object, and reservations for granting the order in cases of concern about fraud against creditors, asset smuggling, or bad faith.

3.3.14.14. The Banknotes Ordinance [New Version] ("**The Banknotes Ordinance**")

The Bills of Exchange Ordinance regulates the legal framework applicable to bills of exchange in general, including deferred communications, which are considered bills of exchange for all intents and purposes. The ordinance determines the essential characteristics required to create a valid bill, and defines the status and rights of a holder in good standing, the obligations of the drawer of the bill, as well as the rules applicable to the transfer of a bill to another person. This framework regulates the transfer of the bill from the drawer to the holder and the transferor thereafter, and regulates the rights of the parties to the bill in the relationship between the parties and in relation to third parties.

3.3.15. **Material agreements**

3.3.15.1. Acquisition agreement

On June 6, 2024, the Company's Board approved the Company's go-to-market strategy for the Credit Operation through the agreement signed by Altshuler Credit, then a private company wholly owned by the Company, for the acquisition of the business operation of CrediTeam and of the entire issued and

outstanding share capital of CrediTeam Credit, then a private company wholly owned by CrediTeam, which holds an extended credit provider license from the Capital Market Authority (in this paragraph - "the acquisition agreement" or "the CrediTeam transaction").

The acquisition agreement was signed on June 19, 2024. In the context of the CrediTeam transaction, Altshuler Credit allocated to each of the two founders of CrediTeam shares in Altshuler Credit. Accordingly, from the closing date, each founder holds about 10% of Altshuler Credit's issued and outstanding share capital. The CrediTeam transaction was closed on August 19, 2024.

3.3.15.2. Shareholders' agreement

On August 19, 2024, Altshuler Credit and CrediTeam's founders entered into a shareholders' agreement (Shareholder's Agreement) and the CrediTeam transaction was closed. The shareholders' agreement settles the business relationship between the Company and the founders in relation to Altshuler Credit's operations, including: (a) material decisions that require the consent of at least one of the two founders; (b) provisions regarding the employment of the founders as co-CEOs of Altshuler Credit; (c) provisions regarding the financing of Altshuler Credit, including by the Company; (d) grant of put option to the founders to sell up to one third (1/3) of their interests in Altshuler Credit based on a predetermined mechanism.

3.3.15.3. Service agreement

Upon closing of the CrediTeam transaction, the Company and Altshuler Credit entered into a service agreement according to which the parties exchange various services for their operating activities as follows: (i) professional services such as procurement, marketing, legal counsel and IT systems in return for quarterly management fees. The allocation of related costs is based on the mechanism set forth in the agreement; (ii) quarterly mutual reimbursement of onetime expenses that do not exceed NIS 90,000 a quarter as agreed upon between the parties; (iii) general services and jobs as may be needed by either party in connection with their operating activities at a maximum gross annual scope of NIS 1 million.

Additionally, according to the service agreement, the Company provides Altshuler Credit with management services in return for cost plus a fixed margin of 6% (Cost + 6%) plus VAT.

For additional details regarding the transaction, see the Company's immediate reports dated June 9, 2024, June 19, 2024 and August 20, 2024 (Reference No.: 2024-01-058201, 2024-01-062326 and 2024-01-090592 respectively) which are included in this report by reference as well as in Notes 3B and 13E to the reports The financial statements attached in Chapter C of this report.

3.3.15.4. Agreements with banks

The Company has agreements with banks to receive credit facilities for the purpose of providing credit to customers. See more information in Note 18 to the financial statements hereby attached to this report as Chapter C.

3.3.16. **Business strategy and targets in the operating segment**

The company is working continuously to expand its customer base and increase the scope of its credit portfolio, all while emphasizing the quality of its customers, strict underwriting

processes, professional and efficient service, and maintaining low risk levels and increasing collateral in the credit portfolio.

In addition, the Company periodically examines the continued expansion of the basket of financing products it offers to its customers. During 2025, the Company launched its activity in the field of providing credit to real estate developers and intends to continue and increase its activity in this field during 2026, while continuously examining the overall business environment in the economy and the real estate industry in particular. In addition, the Company received a permit from the Capital Market Authority for activity in the field of issuing guarantees, and accordingly, the Company prepared to begin activity in the field, and to this end, it completed the required technological developments and will work to develop the financial guarantees portfolio, an activity that was launched at the end of the reporting year and will generate additional value for the Company's customers and increase its product portfolio.

The Company continues to invest in supporting technological systems, among other things, to support the growth in credit volumes and the development of additional financing solutions. In order to realize its goals, the Company is working to increase the scope of financing sources, whether through credit from banking corporations or through bonds and/or bonds..

Altshuler Credit's strategy, as detailed above, reflects its policy as of the date of approval of the report with respect to credit activity, and is based on assessments of this area of activity and Altshuler Credit's position as of this date. Altshuler Credit may decide not to implement the aforementioned strategy, in whole or in part, due inter alia to the following reasons: Macroeconomic changes, changes in economic viability, changes in market competition conditions and changes in the markets themselves, regulatory changes and required regulatory approvals, as well as a result of the other risk factors applicable to Altshuler Credit's activities, as detailed in sections 3.3.17 and 4.12 below.

3.3.17. Disclosure of risk factors

See details of the risk factors that apply to the entire Group and the degree of their effect in paragraph 4.12 below. Following are the specific risk factors that apply to the Company's activities in the Credit Operation:

3.3.17.1. Macroeconomic risks and market risks

Macro, market and economic cyclical risks: The risk of adverse economic conditions or systemic shocks (such as war, recession, or inflation) affecting the financial system and the solvency of borrowers. The Company manages this risk through the identification and advance assessment of trends and long-term planning, while holding ongoing discussions and making adjustments as necessary.

Slowdown in the real estate industry: A significant portion of the Company's credit is provided to contractors and construction companies, and is based on real estate as the main collateral. The company is exposed to a slowdown in real estate activity in Israel. Such a slowdown could erode the repayment capacity of borrowers in the industry and harm their cash flows as well as the value of real estate assets used as collateral. A significant decline in real estate prices could lead to erosion in the ratio of LTV. In the field of credit for construction financing - the Company provides credit to the residential construction industry and is therefore exposed to fluctuations in the residential real estate market: A slowdown in sales, an increase in the price of inputs, or a decline in housing prices could harm the value

of collateral and/or the ability of its customers to repay the credit and harm the Company's results. Risk management measures include determining a conservative value based on Standard 19 appraisals, applying safety factors, and examining the borrower's independent cash flow repayment capacity without exclusive dependence on collateral.

Interest rate and inflation risk: The risk of unexpected changes in interest rates adversely affecting the Company's financial position. The company provides all credit at a variable interest rate based on the prime interest rate and at the same time takes out credit at a prime interest rate, and therefore the main effect of the interest rate is in relation to the customers' repayment ability. An increase in the inflation rate in the economy, which is expected to lead to an increase in the interest rate, may cause a decrease in demand for credit in the economy and an increase in the Company's credit risk.

Changes in long-term interest rates (mortgages): Changes in mortgage interest rates have an impact on the construction industry. An increase in mortgage interest rates may reduce demand and, as a result, the number of construction starts and the market in which Altshuler Credit operates. On the other hand, a decrease in mortgage interest rates may increase the number of apartments purchased and the number of construction starts.

3.3.17.2. Credit risk:

Credit risk is the risk that arises from the probability that a borrower or group of borrowers fail to meet their obligations to the Company such as failure to pay principal and/or interest as a result of which the Company's profits will be impaired. Credit risk is the Company's main risk, and the Company's management recognizes the importance and quality of its management as a necessary condition for its success. The commercial terms of the engagement with customers are derived from the potential risk level attributed to the customer, which is derived from a number of criteria such as; the duration of the credit period, the period of familiarity with the customer, the quality of the collateral and the financial strength of the customer, as well as the expected operating cost to the Company from executing the transaction. It should be noted that despite performing periodic checks of collateral and ongoing controls on the credit portfolio and activity to reduce risks, the Company is faced with collection difficulties in certain cases. The commercial terms of the engagement with customers are derived from the potential risk level attributed to the customer, which is derived from a number of criteria such as; the duration of the credit period, the period of familiarity with the customer, the quality of the collateral and the financial strength of the customer, as well as the expected operating cost to the Company from executing the transaction.

It can be mitigated using several means such as professional underwriting, receipt of collateral and portfolio dispersion. Lack of diversification or credit concentration risk may occur, among other things, when a company's credit portfolio contains a high amount of credit exposure, direct or indirect, to one or more of the following: Large borrowers or groups of borrowers; a particular industry, economy or economic sector; a geographical area; and credit to parties whose financial performance is intertwined as a result of joint business activities. Credit analysis includes an assessment of the borrower's credit risk and transaction risk, while taking a holistic view of the borrower's exposure and liabilities. The control and risk management processes include ongoing collection and analysis of various

sources of information, identification and credit discussion of customers for whom red lights were discovered, checking the quality of collateral and analyzing appraisers' estimates, analyzing financial statements, and more. Altshuler Credit also carries out a process of drawing lessons in cases of credit failures and implementing the lessons in the credit policy. The credit policy is discussed and approved by the Board of Directors at least once a year. The Altshuler Credit Board of Directors receives a quarterly review of the credit portfolio, including aspects of meeting the risk appetite defined by it within the policy framework. Beyond defining risk appetite, the policy includes processes and tools used to control risk, risk appetite limits and limits for measuring credit risk, reference to the main types of collateral, the financing channels/products offered by Altshuler Credit, principles of credit analysis and approval, prices and fees, a hierarchy of authorities for credit approval, as well as the definition and handling of problematic debts and a collection policy. Accordingly, the Company has formulated work procedures to monitor compliance with the policy and its implementation.

The credit policy defines threshold conditions, credit limits for an individual customer, a limit on the portfolio's MHP, a rate limit LTV and applying collateral coefficients to mortgaged assets (real estate and others), while taking into account the group of borrowers when analyzing credit.

The credit approval authority hierarchy is determined by the Altshuler Credit Board of Directors:

- Credit team for ongoing requests up to 1.5% of the portfolio balance (consists of the underwriter, the VP of Credit, and co-CEOs. A binding quorum of co-CEOs and the VP of Credit has been set for the forum.
- Expanded credit team for requests over NIS 3 million - a credit team forum for ongoing requests up to NIS 3 million, including the risk manager, the chairman of the board of directors and the CEO of real estate operations - as applicable.
- Problematic Debt Credit Team – VP of Credit, Co-CEOs, CEO of Real Estate Operations – as applicable, VP of Commercial Operations in charge of collection activities.
- The VP of Credit has personal authority to approve solo or real estate-backed credit up to NIS 1 million at a minimum interest rate defined in the policy.

Credit policy deviation: The credit policy includes a mechanism that allows limited deviation from the policy, and this is reported to the Board of Directors as part of the quarterly reporting.

The person in charge of managing credit risk in the Company is the VP of Credit, Mr. Alon Panto, to whom the underwriting department also reports.

Altshuler Credit systematically acts to minimize credit risks by practicing regular controls, gathering and analyzing information and monitoring warning indicators of increased credit risk of borrowers using the traffic light system (red light=highly risky). Altshuler Credit also applies processes that underlie continual and consistent optimization of portfolio quality over time in combination with advanced banking and risk management methodologies.

Due to the preliminary stage of the activities in the credit market and the size of the loan portfolio, the Company expects challenges in mitigating concentrations of credit risks that will be dissipated if it achieves a major growth in its portfolio.

The relationship between employee compensation and the Company's risk appetite

from an Altshuler Credit perspective: Underwriting decisions are made solely by the underwriting team and are approved by the appropriate committees. There is no relationship between the Company's risk appetite and the scope of compensation. We note that, as is customary in the industry, sales department employees are compensated on a monthly basis for transactions that have been closed in accordance with a defined mechanism that also determines an upper limit for said monthly compensation.

3.3.17.3. Liquidity risk:

This risk arises from the possibility that the entities financing the Company may cancel the Company's credit facilities and require it to repay its obligations at a level exceeding the funds available for such repayment at that time, thereby potentially adversely affecting the Company's business development and scope of operations. Risk management measures include, among other things, relying on credit from the parent company and diverse bank credit facilities, while maintaining sufficient redundancy.

3.3.17.4. Risk of non-compliance with regulatory provisions:

Non-compliance with regulatory requirements, including in the areas of anti-money laundering and counter-terrorism financing, may lead to legal sanctions, financial losses and reputational damage. Altshuler Credit has appointed a compliance officer responsible for the prohibition of money laundering, who holds an office and acts in accordance with a regular annual work plan approved once a year by the Board of Directors, has formulated an internal enforcement plan approved by the Board of Directors, and is pursuing a strict compliance policy. Altshuler Credit manages regular work processes and oversees regulatory developments through a legal department, as well as carrying out lessons learned processes in cases where the risk materializes. The company completed a compliance survey during the second half of 2025 and a work plan was developed to address the findings.

3.3.17.5. Operational risk:

The risk of loss sustained from failed internal processes, human acts or errors, system failures or outside events. This risk also consists of risk of fraud and embezzlement. With the Group's support, the Company practices controls, procedures and systems for managing operational risks, including data security, business continuity and fraud and embezzlement detection. Altshuler Credit implements control mechanisms and segregation of duties, access restrictions, ongoing monitoring and oversight of employee activities, the operation of a hotline enabling anonymous reporting, customer identification and verification procedures, a rigorous underwriting process for credit applications, and the like. Altshuler Credit Appoints Risk Manager, And during 2026, it is expected to conduct risk surveys regarding operational processes.

3.3.17.6. Legal risk:

The risk of misinterpretation of legal provisions, litigations and criminal proceedings launched against the Company. Altshuler Credit has a legal counsel organization that oversees all written engagements, and it also relies on outside consultants and leading law firms as necessary.

Part 4: Matters pertaining to the Group's Operations as a Whole

4.1 **Fixed assets**

See details of property, plant and equipment in Note 8 to the financial statements hereby attached to this report as Chapter C.

4.2 **Intangible assets**

See details of intangible assets in Note 5 to the financial statements hereby attached to this report as Chapter C.

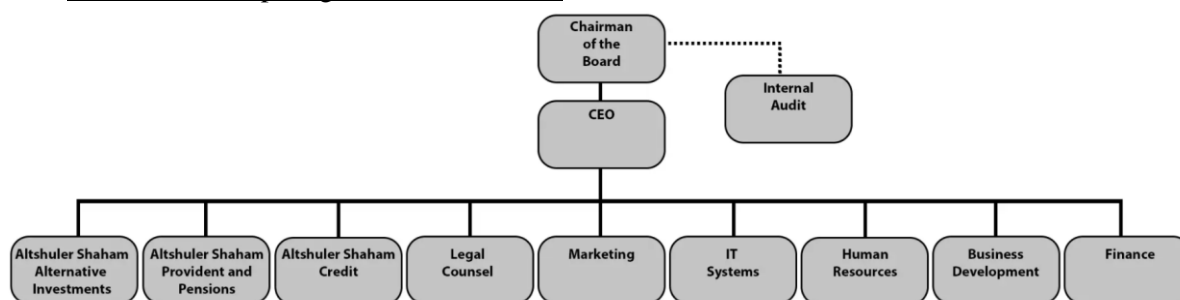
4.3 **Human resources**

4.3.1. **GENERAL**

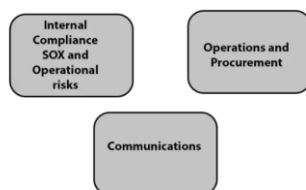
The Company considers the human resource as instrumental in its potential of enhancing its profits and therefore invests extensively in recruiting and retaining quality personnel with the required experience and expertise. The Company also invests financial and administrative resources in training its teams as needed for its operating activities and for rendering services to the Group companies. As of the date of the report, the Company employs 828 employees (in terms of job scope), of which 10 are senior executives (not including directors). As of December 31, 2024, 867 employees (in terms of job scope) were employed in this sector of which 11 are officers. Some of the Company's employees focus on a specific operation while others provide services to more than one operation. See details of senior officers in the Company in paragraph 15 to Chapter D to this report.

As part of the Business Restructuring in 2022, the majority of Altshuler Provident's employees and officers were transferred to the Company with retention and continuation of the employer employee rights and these employees now provide services to the Group companies including the services to Altshuler Provident as specified in paragraph 4.8.13 above. It should be noted that as required by capital market regulations, Altshuler Provident retained certain key management personnel. In addition, as detailed in Regulation 22 of Chapter D of this report and in Sections 3.2.14.1 and 3.3.15.3 above, the Company provides services to Altshuler Real Estate, Altshuler Investment Funds, iFunds and Altshuler Credit for their ongoing operations through the Company's employees, officers and service providers.

4.3.2. Chart of the Group's organizational structure:



Activities outsourced by Altshuler Shaham Ltd.



4.3.3. Employee headcount

As of December 31 of the years 2024 and 2023, the Group had a total of 828 and 867 employees, respectively. Following is the breakdown of employees in the segment as of December 31, 2024 and 2025 by department:

Breakdown of employee headcount as of December 31, 2025:

Department/operation	Pension and Provident Fund Operation	Alternative Investment Operation	Credit Operation	In the Company (Headquarters employees)	Total
Operations	177	5	14	0	196
Service	231	10	0	0	241
Sales and marketing	76	9	6	1	92
IT systems	86	3	6	1	96
Investments	69	4	0	0	73
HQ	83	21	9	17	130
Total	722	52	35	19	828

Breakdown of employee headcount as of December 31, 2024:

Department/operation	Pension and Provident Fund Operation	Alternative Investment Operation	Credit Operation	In the Company (Headquarters employees)	Total
Operations	206	4	8	0	218
Service	283	6	0	0	289
Sales and marketing	80	9	3	3	95
IT systems	82	2	0	1	85
Investments	63	4	0	0	67
HQ	83	14	4	12	113
Total	797	39	15	16	867

4.3.4. Dependence on employees

As of the Report Date, the Company believes neither it nor Altshuler Provident has any material dependence on a specific employee or officer.

4.3.5. Investments in training and learning

The Group's employees undergo training and on-the-job training in the issues that are needed in their line of work, including for compliance with laws and regulations that govern their profession as well as an onboarding orientation workshop for new hires. Also, in conformity with the Company's training program, as part of the onboarding and professional learning processes in the Company, employees receive the proper training for fulfilling their positions including applicable statutes and regulations. All the Company's employees are hired under personal labor contracts and are not governed by any collective or special labor agreements.

4.3.6. Employee remuneration, benefits and nature of employment contracts at the Group

The employment terms of all Group employees are governed by individual contracts. Such employment terms include, inter alia, a monthly salary, overtime pay, paid leave, notice period, monthly travel allowance (or company car or reimbursement of car maintenance expenses) and other social benefits by law, including contributions towards retirement savings. These employment contracts also include nondisclosure undertakings with respect to information which the employee has received in conjunction with and during their employment by the Group. Moreover, the Company typically provides incentives to staff in various departments, by way of an annual bonus at the Company's discretion, or through employee performance incentives, such as commissions for achieving sales targets, achieving service targets and so forth.

In keeping with a pre-ruling received from the Israel Tax Authority in connection with the Business Restructuring, the conversion of the options allocated as per Altshuler Provident's option plan to its employees and officers into Company shares was conducted while adhering to the existing tax rulings as per the provisions of Section 102 to the Income Tax Ordinance under the current version. See more information in paragraph 1 to Chapter D to this report and paragraphs 3.5-3.6 to the Prospectus, hereby included for reference only.

As part of the compensation packages for the Group's employees and employees of the Altshuler

Group, the Company provides capital compensation to employees, service providers and officers of the Company and of companies wholly or partially owned by it, as well as to employees, service providers and officers of Altshuler Ltd. and of companies wholly or partially owned by Altshuler Ltd.

For additional details regarding the option plan, the terms of the options and the approval of the Company's shareholders' meeting regarding the increase in the pool of option warrants of the controlling shareholder in the Company and the allocation of option warrants to employees of the Altshuler Group and to employees of the Company who provide services to the Altshuler Group, as well as details regarding option warrants granted during the reporting period, see Sections 9.5 and 9.6 of Chapter D attached to this report.

4.3.7. Remuneration of key officers

The remuneration of key officers in the Company are governed by the Company's remuneration policy. For further details, see the Company's General Meeting Notice dated August 21, 2025, (Reference No.: 2025-01-062610) whose information is hereby included by reference.

It should be noted that in accordance with Section 3.1 of the Compensation Policy for Officers, the Company's Board of Directors determined that the principles of the compensation policy will apply to the CEOs of the following subsidiaries only: Altshuler Shaham Provident (subject to the compensation policy in accordance with the applicable regulation), Altshuler Shaham Alternative and Altshuler Shaham Credit.

See details of the employment agreement of Mr. Yair Lowenstein, the Company's CEO and a Controlling Shareholder, in paragraph 7.3.2 to Chapter D to this report. and Section 4 of the meeting notice dated January 1, 2024 (Reference No.: 2024-01-000744) whose information is hereby included by reference.

4.3.8. Material changes in employee headcount during the Reporting Period

- a. On April 7, 2025, Mrs. Meital Barnea, VP of Service, ceased to serve as an officer of the Company.
- b. After the report date, on February 23, 2026, Mr. Felix Spector was appointed as the Company's VP of Information Systems, replacing Ms. Keren Fox, whose employment with the Company ended.

4.4. Working capital

Composition of the Company's working capital as of December 31, 2025 including:

On the current assets side - including cash and securities (including liquid assets required to comply with minimum equity regulations) in a total amount of approximately NIS 266.3 million, receivables and payable balances in a total amount of approximately NIS 50.9 million, investment in leases, net in a total amount of approximately NIS 10.4 million, customer credit in a total amount of approximately NIS 125.1 million and current tax assets in a total amount of approximately NIS 7.2 million. Total current assets approximately NIS 459.9 million.

On the current liabilities side – including short-term credit and current maturities of loans from banking corporations totaling approximately NIS 489 million, current maturities of lease liabilities totaling approximately NIS 16.9 million, payables and other short-term credit balances totaling approximately

NIS 129.2 million, and current taxes payable totaling approximately NIS 3.8 million. Total current liabilities approximately NIS 638.9 million.

As of December 31, 2025, the Company has negative working capital in a total amount of approximately NIS 179 million (including liquid assets required for compliance with minimum capital requirements).

The negative working capital position as of the reporting date is primarily attributable to uncommitted credit facilities (“on call”) obtained by the Company for the purpose of extending loans to customers in its credit operations, as compared to the current and non-current assets of the credit portfolio.

Composition of the Company's working capital as of December 31, 2024 including:

On the current assets side – including cash and marketable securities (including liquid assets required for compliance with minimum capital requirements) totaling approximately NIS 214.3 million, receivables and other debit balances totaling approximately NIS 45.7 million, investment in leases, net, totaling approximately NIS 13.3 million, customer credit totaling approximately NIS 42 million, and current tax assets totaling approximately NIS 0.2 million. Total current properties 315.5 million NIS.

On the current liabilities side – including short-term credit and current maturities of loans from banking corporations totaling approximately NIS 141.9 million, current maturities of lease liabilities totaling approximately NIS 18.7 million, payables and other short-term credit balances totaling approximately NIS 122 million, and current taxes payable totaling approximately NIS 2 million. Total current liabilities amount to approximately NIS 284.6 million.

As of December 31, 2024, the Company has negative working capital in a total amount of approximately NIS 30.9 million (including liquid assets required for compliance with minimum capital requirements).

4.5. Financing

As of the Report Approval Date, the Company finances its operations 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.

4.5.1. Provident fund and pension fund management

For details regarding the bank loans and credit facilities taken out by Altshuler Provident, see Note 18C'1' to the Company's financial statements attached as Chapter C to this report.

To secure the entire credit facilities received by Altshuler Provident from banks as above, it undertook to meet the following financial covenants:

- a) Altshuler Provident's revenues from management fees will not be lower than NIS 200 million a quarter. Altshuler Provident's 2025 Q3 revenues from management fees totaled NIS 221 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 446 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 debt coverage ratio is 1.93.

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 debt coverage ratio is 2.89.

4.5.2. The Credit Operation

In order to finance credit activity, the Company entered into agreements with a number of banking corporations for the purpose of taking out various credit facilities, as detailed below:

4.5.1.1. Banking Corporation A – Credit facilities, for a period of one year ending on September 28, 2026, as detailed below: (a) A non-binding credit line, "On Kol" in the amount of NIS 100 million; (b) A binding credit line in the amount of NIS 100 million. The interest on the above credit will be Prime less 0.2%-0.25%.

See also the Company's immediate report of October 1, 2024 (reference number: 2024-01-607531), dated April 22, 2025 (Reference No.: 2025-01-028610) and dated September 29, 2025 (Reference No.: 2025-01-072882), the contents of which are included in this report by reference as well as in Note 18C3 to the Company's financial statements attached to this report.

4.5.1.2. Banking Corporation B – A non-binding credit line, "On Kol" in the amount of NIS 200 million. After the report date, on February 12, 2026, the Company and Banking Corporation B entered into an agreement to increase the non-binding credit facility, "On Kol", to the amount of NIS 300 million at prime interest minus 0.2%-0.25%.

The Company's general terms of engagement with Banking Corporation B include accepted stipulations for providing a credit line for immediate repayment, including due to a demand for immediate repayment of debts to other creditors.

For further details, see the immediate reports published by the Company on April 22, 2025 (reference number: 2025-01-028610) and dated February 12, 2026 (Reference No.: 2026-01-014659), the contents of which are included in this report by reference as well as in Note 18C3 to the Company's financial statements attached to this report.

4.5.1.3. Banking Corporation C – an uncommitted ("on call") credit facility in a total amount of NIS 150 million, under which the Company may request that loans be made available to it at an interest rate of prime minus 0.2%–0.25% for a period of one year. For the purpose of securing the credit facility, the Company undertook that Altshuler Provident would meet the financial criteria described in Section 4.5.1 above. For further details, see the immediate report published by the Company on November 27, 2025 (TASE reference: 2025-01-0982992), the contents of which are included in this report by reference as well as in Note 18C3 to the Company's financial statements attached to this report.

It should be clarified regarding the "On Kol" frameworks that, depending on the nature of "On Kol" loans, their scope and actual terms may change from time to time as determined by the banking corporations. To the extent that the Company requests to implement "On Kol"

frameworks under conditions different from those specified above, such implementation will be subject to approval by the authorized bodies in the Company.

In order to secure the Company's obligation in connection with the credit facility referred to in sections 4.5.2.1-4.5.2.3 above, the Company undertook to pledge, in a permanent, first-ranking lien, in favor of Banking Corporation A, Banking Corporation B and Banking Corporation C, in the amount of NIS 200 million, NIS 300 million and NIS 150 million respectively (plus interest differentials, linkage and expenses) all of the Company's rights owed to it by Altshuler Provident, according to a services agreement entered into by the Company and Altshuler Provident on May 23, 2023. The rights of banking corporations A, B, and C above, in connection with the pledge of rights, will be "pri paso", in accordance with the contractual agreements detailed above.

As of December 31, 2025, the carrying amount of the credit facilities (including interest accrued thereon) in the credit operation approximates NIS 344,260 thousand.

As of the Report Approval Date, the Company has available credit facilities of NIS 650 million for extending loans to customers.

According to the Company's assessment, during 2026, the Company is expected to increase its sources of financing in order to realize its goals, and in accordance with the increase in the volume of credit that it will provide to customers, the Company will work to increase the volume of financing sources, whether through credit from banking corporations or through bonds and/or NAM.

The above information regarding the Company's estimates regarding the expected growth in the Company's sources of financing is forward-looking information, based on the information available to the Company as of this date, and which may not materialize or may materialize differently than described above, for reasons beyond the Company's sole control, including as a result of macroeconomic changes, changes in the non-bank credit market, regulatory changes or the materialization of any of the risk factors detailed in the Company's periodic report.

4.5.3. The alternative investment operation

For the purpose of providing bridging loans for partnerships and ongoing operations, Altshuler Real Estate and Altshuler Alternative entered into non-binding credit framework agreements, "On Kol", for a total amount of up to NIS 100 million from Banking Corporation B and Banking Corporation C, as defined in Section 4.5.2 above.

On November 26, 2025, Altshuler Alternative and another banking corporation entered into an agreement to provide an additional non-binding credit line, "On Kol", in the amount of NIS 50 million, from Banking Corporation B, under which Altshuler Alternative and its subsidiaries will be able to request loans to be provided to them.

The loans granted under the credit facilities mentioned in this section above will bear interest at the prime rate plus 0.3-0.5% for the first three months from the date the credit is taken out, and after this period, the said interest rate will increase by 1%. In addition, for the loans that will be granted, document preparation fees will be charged, in a negligible amount, depending on the scope of the loan. For additional details regarding the Company's entry into an agreement to increase the credit limit, see an immediate report published by the Company on November 27, 2025 (Reference No.: 2025-01-093040) whose information is hereby included by reference.

For the purpose of securing the credit facility, the Company undertook that Altshuler Provident would meet the financial criteria described in Section 4.5.1 above. In addition, the Company

provided a limited guarantee for the benefit of Altshuler Alternative's obligations in connection with the credit facility provided to it.

It should be clarified regarding the "On Kol" frameworks that, depending on the nature of "On Kol" loans, their scope and actual terms may change from time to time as determined by the banking corporations. To the extent that the Company requests to implement "On Kol" frameworks under conditions different from those specified above, such implementation will be subject to approval by the authorized bodies in the Company.

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 December 31, 2025, the carrying amount of the credit facilities (including interest accrued thereon) approximates NIS 15,598 thousand. For further details regarding the credit facilities, see Note 18(c)(2) to the Company's financial statements for 2025.

For further details regarding the Group's sources of financing, including interest rates and financing agreements entered into by the Group during the reporting period, see Note 18 to the Company's financial statements for 2025.

4.6. Taxation

See information in Note 15 to the financial statements hereby attached to this report as Chapter C.

4.7. Restrictions and regulatory oversight applicable to the operating segment

4.7.1. GENERAL

The group's companies are supervised by various regulatory bodies, including the Israel Securities Authority and the Ministry of Finance. The Group's companies are periodically subject to audits and inspections by various parties, including internal audits and inspections. In addition, in light of the nature of the activities and areas of business of the Group companies, which include activity with hundreds of thousands of customers, the Group companies receive inquiries from customers in the normal course of business that include various claims, and the Group is exposed to claims from various parties, including class actions in significant amounts, to claims from colleagues and customers, and from various supervisory authorities. Such claims and proceedings may expose the Group to reputational and financial risk, management and defense costs, settlements or judgments, as well as requirements to remedy deficiencies and implement operational changes, fines, and other sanctions as prescribed by law. The group has professional liability insurance, but some of the claims are not covered by the policies, and it is also possible that in the event of multiple claims or a claim with a high financial scope, the liability limit will not cover all of the damages that may be caused to the group, and may even lead to an increase in insurance premiums. In order to comply with legal and regulatory provisions, the Group invests significant resources, both financial and managerial, to strengthen internal control systems, compliance, regulation, employee training, and professional human resources. For additional details regarding the Company's activities in connection with regulatory risks and legal risks, see sections 4.12.2 and 4.12.8 below.

The Capital Market Commissioner granted a control permit to hold means of control in Altshuler Provident, which includes, among other things, various restrictions on changing control and/or the structure of holdings in Altshuler Provident. Altshuler Business Credit has an expanded license to provide credit as well as a control permit, which imposes restrictions on the transfer of its holdings. For additional details regarding the limitations included in the control permits granted to Altshuler Provident and Altshuler Business Credit, see sections 3.1.1.7.3 and 3.3.1.6.7 of this chapter.

The Group's activities are regulated by a number of legal provisions and regulations, which

determine, among other things, various rules regarding the Company and/or Group companies, regarding minimum equity capital for companies in the fields in which the Group operates, rules regarding permitted investments for companies in the various fields of activity, the obligation to maintain insurance coverage, board of directors' compositions, and restrictions applicable to employees regarding personal investments in securities.

4.7.2. Privacy Protection Law, 1981 ("**Privacy Protection Law**")

The Privacy Protection Law and regulations enacted under it constitute the central normative framework in Israel for regulating the collection, possession, use and processing of personal information. The law imposes a series of substantive and organizational obligations on organizations that manage or process personal information, including the obligation to process information for a legitimate and defined purpose, obligations to register or notify databases in certain cases, the obligation to inform data subjects, maintain the confidentiality of information, appoint a privacy protection officer (in certain cases), exercise the rights of data subjects in relation to personal information, and so on.

The Privacy Protection Regulations (Information Security), 2017 (the "Information Security Regulations"), require organizations to implement technological and organizational measures in accordance with the level of sensitivity of their information databases, including the establishment of internal procedures, the appointment of an information security officer (in certain cases), management of access authorizations, system security, information security management in human resources, the performance of periodic controls, information security in the supply chain, and the management of security incidents.

In addition, by virtue of the Privacy Protection Law, specific regulations were enacted that regulate various aspects of personal information processing, including regulations dealing with the transfer of information outside the borders of Israel (Privacy Protection Regulations (Transfer of Information to Databases Outside the Borders of the State, 2001), regulations that establish arrangements for exercising the rights of data subjects, including the right to review and procedures for appealing a refusal to review a request (Privacy Protection Regulations (Conditions for Reviewing Information and the Procedures for Appealing a Refusal to Review a Request), 5741-1981), as well as regulations that regulate the import of personal information transferred to Israel from the European Economic Area (Privacy Protection Regulations (Provisions Concerning Information Transferred to Israel from the European Economic Area), 5783-2023).

On August 14, 2025, the Privacy Protection Law (Amendment No. 13), 5774-2024, entered into force, within the framework of which the Privacy Protection Law was amended, inter alia, in the following aspects: Expanding the administrative and criminal enforcement tools of the Privacy Protection Authority; authorizing the Authority to impose financial sanctions; reducing the bureaucratic burden by significantly reducing database registration obligations; adapting the definitions in the law to current technological developments, among other things, by expanding definitions such as 'personal information', 'processing', 'holder' and adding reference to the definition of 'particularly sensitive information'.

The Privacy Protection Authority, which acts as the regulator authorized to enforce the Privacy Protection Law in Israel, plays a central role in shaping and directing the implementation of the law in this area. Alongside its powers of supervision, enforcement and imposition of administrative sanctions, the Authority publishes guidelines, opinions and professional positions on various issues relating to the interpretation of the provisions of the law and regulations and their practical implementation by organizations. Among other things, in recent years the Authority has published its position regarding the obligation to notify in the context of the collection and use of personal information; guidelines regarding privacy aspects in monitoring employees working remotely;

guidelines regarding the transfer of ownership of a database; guidelines regarding the role of the board of directors in fulfilling the corporation's obligations under information security regulations; a statement of opinion on the subject of collecting ID card numbers and photocopying ID cards; guidelines regarding the interpretation of regulations for transferring information outside of Israel; policy regarding the collection and use of biometric information in the workplace; as well as various guidelines and guides regarding the security of personal information.

Violation of the provisions of the Privacy Protection Law and the regulations thereunder may result in significant legal, economic and organizational consequences for a corporation, including exposure to criminal sanctions, civil lawsuits, financial sanctions and administrative sanctions. Furthermore, privacy or information security breaches may lead to serious harm to the trust of the public, customers and business partners, and operational consequences such as system shutdowns, regulatory investigations and burden on ongoing operations.

For details regarding restrictions and supervision of the Group's companies in each of its main areas of activity, see sections 3.1.16, 3.2.13 and 3.3.14 in this chapter above.

4.8. Material agreements and collaboration agreements

Service agreement between the Company and Altshuler Provident

On July 31, 2022, the Company and Altshuler Provident signed a service agreement, amended on December 27, 2022, according to which the Company provides Altshuler Provident various services needed for Altshuler Provident's ongoing operations such as legal, finance, marketing and investment services ("the provident services") and Altshuler Provident provides the Company predetermined sales management services for the Real Estate Investment Operation ("the sale services").

The agreement was entered into for an indefinite period, commencing on April 1, 2022, and for as long as the Company holds shares in Altshuler Provident Fund. This is subject to the right of each party to the agreement to terminate it with one hundred and eighty days' written notice. Altshuler Provident also has the right to terminate the agreement effective immediately without providing advance notice in the occurrence of any of the events stipulated in the agreement such as conflict of interests between the companies, the Company's insolvency, the Supervisor's demand or a material change in the Company's holding structure.

In consideration for the provision of provident services, the Company was entitled to annual management fees derived from Altshuler Provident Fund's management fee revenues in the relevant period, and in any event not less than an amount equal to the proportion attributable to Altshuler Provident Fund in respect of the cost of employing the senior officers providing the services thereto, as approved by the competent organs of Altshuler Provident Fund (the "Consideration for the Services") In consideration for sales services, Altshuler Provident Fund is entitled to consideration from the Company in an amount equal to the cost of employing the providers of the sales services, in accordance with the portion of their positions attributable to such services, plus applicable commissions (the "Sales Consideration") The sales proceeds will be offset against the service proceeds to which the Company is entitled.

The service agreement was amended on December 27, 2022 whereby from October 1, 2022, Altshuler Provident pays management fees that allow it to retain EBITDA that accounts for 20% of its revenues from management fees in a specific period. In this context, EBITDA refers to earnings before depreciation, amortization, financing, taxes and income/expenses not from operating activities.

The service agreement was amended again on May 23, 2023 to allow Altshuler Provident to provide the Company various services in return for cost only.

For details regarding agreements entered into by the Company with interested parties, see Chapter D of

this report.

4.9. Legal Proceedings

See information of material litigations against the Company or other Group members in Note 25 to the financial statements hereby attached to this report as Chapter C.

4.10. Business strategy and targets

The Company regularly explores the possibility of branching out into new operating segments that are synergetic to its operations in general and specifically to managing provident and pension funds, whether by itself or by founding SPVs, all subject to applicable legal requirements. In accordance with the implementation of this strategy, the Company operates in the field of alternative investments and in the field of credit activity, in order to expand the basket of services and investment avenues offered to the Company's customers, among other things, to areas that are less affected by volatility in the capital markets. Accordingly, during 2025, the Company's activities in the credit sector and in the alternative investment sector became reportable operating segments as described in detail in this chapter.

Alongside this, the Company will continue to work to identify new business opportunities and invest resources and managerial inputs, for expansion and business and innovative growth, all while emphasizing increased profitability.

Simultaneously, the Company strives to strengthen and retain the brand name of its investment house and of Altshuler Provident's saving products and specifically the pension funds managed by it by using diverse digital and other marketing channels and by investing inputs in the constant improvement of customer service and provision of comprehensive and professional responses to customers by changing or diversifying the saving tracks and by designing an all-encompassing platform of service and product offerings.

The Company's strategy, as set forth above, reflects Company policy as of the Report Approval Date and is based on assessment of the Company's operating segments and position and of the capital markets as of the Report Date. The Company may decide not to implement the aforementioned strategy, in whole or in part, due inter alia to the following reasons: Changes to capital markets in Israel and overseas, changes to economic feasibility, changes to competitive market conditions and changes to actual markets, regulatory changes and required regulation approvals, as well as due to the materialization of any of the other risk factors applicable to Company operations, as set forth in paragraph 4.12 below.

4.11. Anticipated developments in the coming year

In the coming year, the Company expects to continue developing its business ventures by enhancing the platform of services and products offered by the Group companies with emphasis on:

1. Strengthening and expanding the alternative real estate investment operation, substantiating the other alternative investment operation including by identifying business prospects for developing the operation and its investment channels and reinforcing and expanding the alternative investment marketing and distribution operation through iFunds.
2. Expanding the credit operation, focusing on extending business loans and construction loans.

In addition, the Company continues to examine the expansion of additional areas of activity, inter alia, through the identification of new business opportunities and opportunities for establishing relevant business collaborations, such as the distribution of financial and pension products and the retail banking sector.

The Company's assessments as above represent forward-looking information, as this term is defined in the Securities Law, which is based on Company assessments, which may fail to materialize, or may materialize partially or differently than anticipated due, inter alia, to factors outside of the Company's

control, such as the need for regulatory approvals, demand for Company services and investment channels (current and future, as they may be), lower returns achieved by the Company and changes to economic markets as well as due to the materialization of any of the other risk factors applicable to Company operations, as set forth in paragraph 4.12 below.

4.12. Risk factors

The Group, through its various activities, is exposed to risks of various types and with varying levels of impact on its business. Risk management is a key component of the proper management of the group. Therefore, the Group is constantly working to adopt and upgrade risk management procedures that will help it deal effectively with the various risks. This is done, among other things, by formulating a policy and work processes for risk management, implementing an internal enforcement plan, appointing risk managers in various areas, such as credit risks, money laundering and terrorist financing risks, privacy risks, cyber risks, allocating adequate resources for risk management, and establishing a reporting routine that will increase the ability to identify, measure, monitor, manage, and report risks.

The following presents risk factors that apply to the entire group and the extent of their impact on the group..

For details of unique risk factors relating to activities in the Group's various segments, including the Management of provident funds and pension funds, alternative investment management and in the field of non-bank credit, see sections 3.1.17, 3.2.16 and 3.3.17 above, respectively.

For further details regarding the Group's exposure to market risks and the manner in which they are managed, see Section 3 of the Board of Directors' Report and Note 11(d) to the financial statements.

Macro and market risks

See sections 3.1.17, 3.2.16 and 3.3.17 above, respectively.

Sectoral risks

4.12.1. Competition risks

The Group is exposed to competition risk in the long-term savings segment. Competition is also influenced by a regulatory environment that encourages cost reductions for savers and increased transparency, including market mechanisms and tenders (such as default pension fund tenders) that create a benchmark for low management fees, sometimes alongside long-term commitments to reduced management fees and consideration of parameters such as performance, service quality and digital interfaces.

The Group's core operation is performed by Altshuler Provident, and mainly consists of managing provident and pension funds. Accordingly, the Group is exposed to concentration risk and material dependence on the results of the long-term savings segment. For details about risk factors relevant to this segment and actions to mitigate this risk, see section 3.1.18 above..

The nonbank credit operation is subject to high competition with the existence of several main market players, including the banking system. Customers have a choice between credit providers, which affects the Company's market share.

4.12.2. Regulatory risks (compliance and enforcement)

The Group is exposed to regulatory and compliance risk, as its activities are regulated and supervised, and are characterized by frequent regulatory changes. The existence of several subsidiaries and different activities within the group may increase the risk of uneven application of regulatory provisions, gaps in interpretation and differences in control levels, which may increase exposure to violations and sanctions.

In addition, a tight regulatory environment increases the risk of violating legal provisions, which may expose the group and its officers to financial sanctions, sanctions and damage to its reputation and goodwill, which are essential to its operations. Furthermore, unexpected changes or those that have not yet matured into binding legislation, as well as changes in primary and secondary legislation, may require Altshuler Provident to make adjustments to its work processes and create operational difficulties and additional costs, while negatively impacting its areas of activity and financial results.

For details regarding risk factors unique to the provident fund and pension fund management segment, and actions to mitigate such risks, see Section 3.1.18 above.

Group specific risks

4.12.3. Human resources

The group's human resources has a major impact on its competitiveness, profitability and professional capabilities, particularly in the areas of investment that affect the creation of competitive returns. The company and the group companies have significant managers and employees who constitute an important core of activity, and loss or difficulty in retaining and recruiting professional personnel could harm the group's ability to achieve competitive returns, maintain a level of service and support growth goals, thereby adversely affecting its activities and results. The labor market has undergone changes in recent years that affect the ability to recruit and retain employees and preserve important organizational knowledge. The Group works to reduce risk through competitive compensation as is customary in the market for similar positions, also taking into account the limitations that apply to compensation for officers and key personnel, as well as through investment in improving the employee experience and connecting them to the organization, conducting training programs, developing and retaining knowledge, and creating a work environment (including hybrid) that encourages excellence, innovation, and creativity.

4.12.4. Damage to Company reputation

The Group is exposed to the risk of damage to its reputation and goodwill, as its areas of activity are characterized by a large number of customers, high media exposure and frequent publications about the Group and its competitors in various media outlets, including social networks, as well as ongoing relationships of trust between customers and external and influential parties such as investment advisors at banks, arrangement managers and insurance agents.

The Group's reputation, reliability, integrity and good name constitute an important and vital factor in engaging with new customers and retaining existing customers, and therefore harm to them may lead to significant harm to the Group's activities and business results, including through an increase in redemptions and withdrawals, a decrease in deposits, a decrease in the volume of assets under management and damage to income from management fees.

The group invests resources in building and maintaining its reputation and adheres to values-based conduct of fairness, transparency, and availability, and also operates compliance and enforcement mechanisms and supporting controls, including training on the code of ethics, an internal enforcement program, an anonymous channel for reporting unusual events, and a unit for handling public inquiries.

4.12.5. Fraud and embezzlement risks

The Group is exposed to embezzlement and fraud risks, which stem from the scope of its activities, multiple operational and commercial interfaces, and ongoing work with sensitive information and customer funds. This risk includes, among other things, the use of inside

information, securities fraud, misuse of payment details, as well as embezzlement or irregularities in trading processes, money transfers, and safeguarding of associates' funds. Events of this type may cause the Group direct financial damage (including refunds, treatment and control expenses), regulatory and legal exposure, as well as reputational damage that may affect the Group's ability to retain and recruit customers.

The Group's policies and procedures and its systems have been defined with the aim of reducing exposure to this risk, including segregation of duties, monitoring of operations and controls in sensitive processes (such as trading and handling of money transfers), as well as conducting a periodic embezzlement and fraud survey and updating the controls and work procedures in accordance with findings, error events and customer inquiries. In addition, the group operates an internal enforcement program that includes supervision and control mechanisms, a risk management system, listening to conversations and operating monitoring tools adapted to identify anomalies, internal reporting mechanisms and response and lesson-learning procedures, alongside ongoing monitoring of the internal audit system.

4.12.6. Operational and IT risks

The Group is exposed to operational risks arising from the administration of the funds by Altshuler Provident Fund, which, if realized, may cause damage and adversely affect the Group's ongoing operations, both on the member side and on the investment side. These risks include, among other things, human errors, malfunctions in computer and information systems, embezzlement and fraud, failures in trading processes, clearing and money transfers, as well as failure to comply with regulatory directives. Their materialization may result in financial losses, delays or disruptions in the provision of services to members, increased remediation and handling costs, exposure to sanctions or legal proceedings, and reputational damage, thereby adversely affecting the results of the Group.

In accordance with work procedures established within the Group, the Company and the Group's companies invest resources in identifying and assessing operational risks and information technology risks, determining the severity level of each risk, developing mitigation and prevention measures, and defining alternative work processes in the event of disruption to normal operations. Failures in the information technology systems that support critical activities constitute a significant risk, and to this end, the Group operates a control program that includes monitoring of risk points in these systems and increased control of sensitive processes, as well as a backup site designed to reduce the risk of disabling failures.

The Group periodically holds entity-wide risk surveys including fraud and embezzlement surveys aimed at mapping the main risks arising from its operations and minimizing those risks using inhouse functions. The Company implements various measures to mitigate physical operational risks to property, including risks of theft, fire and flooding, including securing access to the Company's offices and installing fire and smoke detectors that undergo periodic inspections and controls.

Alongside the aforementioned measures, the group's activities rely largely on external suppliers, operated systems and distributed developments, which may increase the complexity of management, dependence on external factors and exposure to operational or technological failures.

For a breakdown of unique risk factors relating to activities in the provident fund and pension fund management segment, see section 3.1.18 above.

4.12.7. Cyber and data security risks

The Group is exposed to cyber and information security risks, including attacks aimed at

disabling, disrupting or damaging systems, unauthorized intrusion, information leakage, damage to data integrity, damage to service availability, as well as risks arising from dependence on external suppliers and outsourcing (including suppliers that provide services in operational systems, customer management systems and technological infrastructure). In addition, the Group is exposed to risks of impersonation, identity theft and counterfeiting, including the use of advanced technological means to commit fraud and social engineering against customers, employees and suppliers (such as impersonation on digital channels, account takeover, and voice or visual impersonation). Also, impersonating customers and forging documents, forging employer certificates and tax certificates in order to make unauthorized withdrawals or taxable withdrawals from colleagues' accounts (with their knowledge or without their knowledge).

Technological developments in the capital market in Israel and around the world, including an increase in the use of automated tools and artificial intelligence-based technologies (AI), increase the complexity of the threat: Hostile elements may use AI for the purpose of upgrading phishing attacks, creating Deepfakes (persuasive fake content), automation of intrusion attempts, vulnerability detection, and sophisticated fraud attempts. At the same time, as organizational use of the tool AI (including the use of external tools) may create unique risks such as information leakage due to entering sensitive information into third-party systems, privacy exposures, "Prompt Injection", dependency on model providers, disruption/bias of products, and damage to customer trust if used uncontrolled or not adapted to legal and regulatory requirements.

The group's computer systems are protected by a multi-layered information security system, including firewalls (Firewall), logical partitions, access controls and permissions, passwords and identification methods, ongoing monitoring and operational controls. Backing up systems and databases is performed daily, including keeping backup copies in a separate environment, to reduce the risk of data loss and ensure recovery capability.

In order to deal with the risks, the group implements a cyber risk management and information security policy that includes the integration of technological and process measures to improve monitoring, prevention, identification and response capabilities; conducting periodic security surveys; conducting internal and external penetration tests; using expert consultants on a routine and emergency basis; and constantly preparing to adapt the systems to regulatory and technological changes. Meanwhile, there are strict procedures for releasing information, computerized monitoring, authorization controls, and physical barriers designed to reduce the risk of information leakage.

The group works to comply with accepted standards in the field of information security and privacy protection, including being certified and operating in accordance with strict standards, including ISO 27001 in the field of information security management, ISO 27701 in the field of personal information management and privacy protection, as well as ISO 27032 in the field of cyber management (and, as relevant, additional generally accepted principles for managing security and privacy risks in a provider/cloud environment are applied).

In addition, detailed work procedures were implemented that regulate relevant processes for dealing with cyber risks, user and permission management, as well as information security and privacy protection rules when using outsourcing services and suppliers, including aspects of third-party risk management. The procedures are reviewed and approved at least once a year, and the information security team performs an annual risk assessment for the systems and key information assets.

The group works to increase employee awareness and vigilance in dealing with phishing, impersonation, the provision of sensitive information, and social engineering, through training,

learning, and exercises, as well as sample tests throughout the year. As part of its preparation to deal with attacks, coping exercises are carried out in which a management response team and a tactical response team are activated in accordance with the cyber incident management and business continuity policy. In this framework, monitoring systems such as SOC monitors abnormal activity 24/7 in order to identify events in real time and reduce their severity and impact.

In terms of corporate governance and control: The company has appointed an information security manager (CISO) responsible for cyber risk policy and management and the implementation of controls, and also appointed a Privacy Protection Officer (DPO) responsible for centralizing the area of privacy protection, leading compliance and implementing processes for managing privacy risks, including engagements with suppliers and data processors and managing privacy incidents.

4.12.8. Legal risks and class actions

The Group's activity in the capital market is regulated and supervised by various governmental and regulatory authorities, and has been characterized in the past decade by numerous regulatory and legislative changes, some of which are ongoing and some of which have not yet matured into binding legislation. Due to the scope of regulation in the Group's areas of activity, Altshuler Provident is required to invest, over time, significant financial and managerial resources in order to comply with legal provisions and guidelines, meet control objectives, enforcement and risk management requirements, internal audit, as well as implementation processes and employee training on regulatory matters. Some of the aforementioned changes may have an impact on the Group's business results. In addition, a stringent regulatory environment increases the risk of non-compliance with the legal provisions applicable to the Group and its activities, which may lead to enforcement proceedings and sanctions, liability of the Group or its officers, and may cause reputational damage and harm to the goodwill essential to the Group's operations.

In addition, regulatory changes that have not yet matured, unexpected regulatory changes (including in areas that were not regulated at that time), as well as changes in primary or secondary legislation, may impose restrictions on the Group in its areas of activity, require adjustments to processes and systems, create operational difficulties and incur significant additional costs, in a manner that may adversely affect the areas of activity, financial results and profitability. All regulatory changes are expected to have a direct impact on the group's activities to varying degrees.

In addition to regulatory risks, the Group's activities, primarily within the framework of Altshuler Provident Fund, expose it to legal risks. In recent years, legal claims, including class actions, have been filed against various entities in the capital market, inter alia, in connection with liability as managers of provident funds and pension funds, as lenders, for various activities in the capital market and following employee embezzlement. In light of the nature of the activity of Altshuler Provident, which includes activity with hundreds of thousands of customers, the group is exposed to claims from various parties, including class actions in significant amounts, to claims from colleagues and customers, from various supervisory authorities, as well as to binding precedent decisions regarding activity in its field of activity. Such claims and proceedings may expose the Group to reputational and financial risk, management and defense costs, settlements or judgments, as well as requirements to remedy deficiencies and implement operational changes. The group has professional liability insurance, but some of the claims are not covered by the policies, and it is also possible that in the event of multiple claims or a claim with a high financial scope, the liability limit will not cover all of the damages that may be caused to the group, and may even lead to an increase in insurance premiums.

In order to manage and reduce exposure to these risks, the Group is careful to act in accordance with the legal provisions applicable to its activities and invests resources in maintaining compliance, enforcement, risk management and internal audit systems. The Group's activities are supported by ongoing legal counsel, reflected, inter alia, in the drafting and review of engagements and agreements of the Group's companies and their activities, and in the implementation of regulatory requirements within work processes. The Company has adopted and implements an internal enforcement program, in accordance with the principles and criteria published by the Securities Authority, as well as the criteria and guidelines of the Ministry of Finance with respect to the relevant activities, and this program has been adapted over the years to the structure and nature of the Group's operations. The internal enforcement plan includes supervision and control mechanisms, risk management and the execution of integrated risk surveys (operational risks and compliance risks), the implementation of a compliance culture, as well as the execution of annual training for employees and managers to strengthen compliance with legal provisions. Within this framework, periodic controls are also carried out, work procedure updates and the enforcement plan outline are updated, monitoring tools are adapted to identify anomalies, internal information flow and reporting mechanisms are in place, as well as structured response procedures for handling violations and drawing cross-cutting lessons. The aforementioned rule is regularly monitored by the internal audit system, with the aim of supporting regulatory compliance and implementing an effective enforcement plan.

See details of material litigation against the Company or Group companies in Note 25 to the financial statements hereby attached to this report as Chapter C.

4.12.9. Insurance risks

Actuarial risks in pension funds – for details regarding unique risk factors relating to activities in the provident fund and pension fund management segment, see Section 3.1.18 above.

4.12.10. Table of risk factors

The following table summarizes the Group's risk factors based on the degree of their effect on its business (assuming they will materialize):

Risk	Significant effect	Medium effect	Small effect
Macro and market risks			
Dependence on the capital market	x		
Inflation and interest risks		x	
Exchange rate risks		x	
Credit risks		x	
Counterparty risks		x	
Liquidity risk:		x	
Sectoral risks			
Competition risks	x		
Regulatory risks (compliance and enforcement)		x	
Company specific risks			
Human resources		x	
Damage to Company reputation	x		
Fraud and embezzlement risks		x	
Operational and IT risks	x		
Cyber and data security risks	x		
Legal risks and class actions		x	
Insurance risks			
Actuarial risks of pension funds			x

It should be noted that notwithstanding the aforesaid, the materialization of several risk factors on an aggregate basis is likely to have a cumulative effect which will have much more major ramifications on the Company's operations than described above.

The Company's assessment of the aforementioned risk factors, including their impact on the Group, and on the assets managed by it, is based on information available to the Group and globally as of the report date and includes estimates and intentions by the Group, considering the current state of affairs. Note that the Company may be exposed in future to other risk factors and/or the aforementioned risk factors may evolve differently than anticipated by the Group and the impact of each risk factors, should it materialize, may differ from the Group's assessments.

See additional information in Note 11 to the financial statements attached to this report as Chapter C.

ALTSHULER SHAHAM
FINANCE LTD.

Board of Directors' Report on the Company's Affairs

For the year ended December 31, 2025

Board of Directors' Report for the Year ended December 31, 2025

Altshuler Shaham Finance Ltd. ("the Company") is pleased to present the Report of the Board of Directors for the year ended December 31, 2025 ("the Reporting Period"). The review presented herein 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 cases, to paint a complete picture, the Company includes additional information that is not necessarily material. The Board of Directors' Report is an integral part of the periodic report which should be read in entirety.

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

1.1. GENERAL

The Company was incorporated in Israel as a private company limited in shares on December 9, 2021 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. See a description of the Company's business environment and its effect on the Company's operations in Chapter A to this report.

1.2. Financial position

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

	December 31,		Company's Explanations
	2025	2024	
Current assets	459,903	315,492	The increase in the balance of current assets compared to the same period last year is mainly due to an increase in short-term customer credit assets in the amount of approximately NIS 83 million following an increase in credit activity that began in the third quarter of 2024, and an increase in short-term investments in the amount of approximately NIS 48.6 million in Altshuler Provident. Also, an increase in cash and cash equivalents, short-term receivables and other debit balances, and current tax assets, compared to a decrease in net lease investment.
Non-current assets	1,092,980	894,070	The increase in the balance of non-current assets compared to the same period last year is mainly due to an increase in long-term customer credit assets in the amount of approximately NIS 206.8 million. In addition, there was an increase in long-term investments and investments in equity-accounted partnerships (for further details, see Notes 13(1)(v) and 11(v)(2) to the financial statements), as compared to a decrease in deferred acquisition costs, investment in leases, right-of-use assets, property and equipment, intangible assets and deferred tax assets.
Total assets	1,552,883	1,209,562	—
Current liabilities	638,863	284,606	The increase in current liabilities compared to the same period last year is mainly due to an increase in short-term credit of approximately NIS 347 million, mainly due to an increase in credit activity that began in the third quarter of 2024. In addition, there was an increase in payables and other credit balances and current taxes payable, compared to a decrease in the current maturities of lease liabilities.
Non-current liabilities	294,679	379,646	The decrease in non-current liabilities compared to the same period last year is mainly due to a decrease in loans from banking corporations to Altshuler Provident in the amount of approximately NIS 49.4 million and a decrease in the liability for lease in the amount of approximately NIS 28.6 million, and in addition, from a decrease in liability items due to employee benefits and deferred tax liabilities.
Equity	619,341	545,310	The increase in equity in the reporting period compared to the same period last year stems from comprehensive income of approximately NIS 148 million, an increase in capital investments by non-controlling interests of approximately NIS 47 million, an increase in capital reserves due to the cost of share-based payments of approximately NIS 5.8 million, and transactions with non-controlling interests of approximately NIS 0.6 million, compared to a dividend distribution of approximately NIS 85 million and a return of capital to non-controlling interests of approximately NIS 43 million.
Total liabilities and equity	1,552,883	1,209,562	—

ALTSHULER SHAHAM FINANCE LTD.
Chapter 2 - Board of Directors' Report on the State of Corporate Affairs

1.3. Operating results

Set out below are details regarding items from the Company's consolidated statement of profit or loss and other comprehensive income (NIS in thousands):

	2025	2024	2023	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
Revenues:								
REVENUES FROM MANAGEMENT FEES, NET	909,356	911,738	985,999	224,868	226,907	227,369	230,212	229,200
Revenues from commissions	4,140	7,629	19,689	966	735	210	2,229	1,971
Finance income in respect of nonbank credit	21,475	2,399	-	8,131	6,834	3,670	2,840	1,929
Total revenues	934,971	921,766	1,005,688	233,965	234,476	231,249	235,281	233,100
Expenses:								
Marketing, operating, general and administrative expenses	788,148	754,691	794,877	196,003	197,931	196,203	198,011	190,815
Expenses in respect of credit losses	5,714	1,342	-	974	3,488	207	1,045	790
Finance expenses in respect of nonbank credit	8,724	83	-	3,880	2,837	1,465	542	83
Total expenses	802,586	756,116	794,877	200,857	204,256	197,875	199,598	191,688
Operating income	132,385	165,650	210,811	33,108	30,220	33,374	35,683	41,412
Finance income	62,138	10,765	8,920	53,330	2,892	3,212	2,704	3,189
Finance expenses	13,689	14,228	12,628	3,320	3,435	3,536	3,398	5,819
Other income	302	473	10	-	3	276	23	445
Company's share of earnings (losses) of associated partnerships accounted for at equity	24,767	(192)	-	4,341	9,428	10,958	40	(181)
Income before taxes on income	205,903	162,468	207,113	87,459	39,108	44,284	35,052	39,046
TAXES ON INCOME	52,197	52,147	69,564	11,900	13,856	13,992	12,449	10,477
Net income	153,706	110,321	137,549	75,559	25,252	30,292	22,603	28,569
Other comprehensive income (loss)	(5,328)	665	(706)	(2,454)	(1,815)	(1,281)	222	662
Comprehensive income	148,378	110,986	136,843	73,105	23,437	29,011	22,825	29,231
Net income (loss) attributable to:								
Equity holders of the Company	127,781	113,065	137,930	44,293	28,413	31,482	23,593	29,596
Noncontrolling interests	25,925	(2,744)	(381)	31,266	(3,161)	(1,190)	(990)	(1,027)
	153,706	110,321	137,549	75,559	25,252	30,292	22,603	28,569
Comprehensive income (loss) attributable to:								
Equity holders of the Company	125,201	113,730	137,224	43,545	27,640	30,201	23,815	30,258
Noncontrolling interests	23,177	(2,744)	(381)	29,560	(4,203)	(1,190)	(990)	(1,027)
	148,378	110,986	136,843	73,105	23,437	29,011	22,825	29,231

Revenues:

Revenues from management fees, net – total net management fee revenues attributable to the provident and pension fund operations in the reporting period amounted to approximately NIS 897,222 thousand, compared to approximately NIS 905,643 thousand in the corresponding period last year. The decrease in income from management fees in the reporting period compared to the corresponding period last year is mainly due to a decrease in the average management fee rate charged by Altshuler Provident Fund compared to an increase in the average balance of assets managed by Altshuler Provident Fund. Total net management fee revenues attributable to the alternative investments operations in the reporting period amounted to approximately NIS 12,138 thousand, compared to approximately NIS 6,095 thousand in the corresponding period last year. The increase in income from management fees from alternative investment activities stems from an increase in the volume of assets under management.

Revenues from commissions – the decrease in revenues from commissions in the reporting period is mainly attributable to a decrease in origination fees due to a reduction in the volume of alternative transactions carried out during the reporting period compared with the corresponding period last year in the alternative real estate segment, as well as a decrease in the exchange rate.

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.

Marketing, operating, general and administrative expenses – total expenses attributable to the provident and pension fund management operation amounted to approximately NIS 725,322 thousand in the Reporting Period compared with approximately NIS 713,618 thousand in the corresponding period of the previous year. 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 18,554 thousand in the Reporting Period compared with approximately 4,659 thousand in the corresponding period of the previous year. 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 29,050 thousand in the Reporting Period compared with approximately NIS 21,739 thousand in the corresponding period of the previous year. 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 for credit losses - The increase in expenses compared to the previous year's period is mainly due to an increase in the portfolio compared to the corresponding period last year, during which the company entered the field of activity.

Financing expenses for non-bank credit - The increase in expenses compared to the previous year's period is mainly due to an increase in the balance of financial liabilities attributable to credit activity compared to the corresponding period last year, during which the company entered the field of activity.

Financing income - The main increase in financing income compared to the corresponding period last year stems from the revaluation of a financial asset managed by Altshuler Real Estate in the amount of approximately NIS 49,845 thousand. See information in Note 11f(2)

to the consolidated financial statements. In addition, there was an increase in financing income from bridging loans to partnerships in alternative investment activities.

Financing expenses - The decrease in financing expenses in the reporting period compared to the corresponding period last year is mainly due to a loss due to the revaluation of a non-marketable financial asset that was recognized in the previous year's period. On the other hand, there was an increase in interest expenses to banks in light of the increase in the average interest rate in provident fund activity and an increase in interest expenses to banks for loans taken out for the purpose of providing bridging loans to partnerships in alternative investment activities.

Other income - In the current period, a capital gain was recognized from the disposal of assets and liabilities, net in respect of leases following the exit from the lease agreement for some of the floors in the Beit Psagot building. In the previous year's period, income was recognized from the revaluation of contingent consideration from the purchase of credits by Altshuler Credit.

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 13(2) to the Financial Statements hereby attached.

1.4. Details regarding success fees

Carried interest represents the legal right of Altshuler Real Estate and/or Altshuler Investment Funds to receive distributions from investees in which they serve as the general partner (GP) subject to the investors meeting a minimum annual rate of return.

The following is a breakdown of the range of potential success fees, which were calculated based on the business plans of the investments, based on the total investments made in the pooling entities, as part of the alternative investment management activity, carried out through Altshuler Real Estate and/or investment funds from the beginning of the activity (i.e., the beginning of real estate activity on June 28, 2022, the beginning of investment funds activity on January 26, 2023).(until December 31, 2025).

	Total Amount raised (USD, million)	Range of expected success fees based on the model (USD millions)	Of which, success fees were recognized as revenue in the company's financial statements. (USD, million)	Range of expected success fees not yet recognized in the Company's financial statements (USD millions)
Investments raised by Altshuler Real Estate	188	34 – 21	8	26 - 13
Investments raised by Altshuler Investment Funds	91	6 – 4	-	6 - 4

As of the Report Date, the Company and Altshuler Real Estate invested in investee partnerships approximately \$ 9.4 million. For these investments, the company and Altshuler Real Estate received distributions totaling approximately \$5.2 million.

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 19.3 million. In addition, the company recognized an amount of approximately NIS 5.4 million as a limited partner from the profits of the included partnership. See Note 13(2) to the Financial Statements hereby attached.

During the reporting period, pre-tax profits were recognized as a result of consolidated partnership profits in the amount of approximately NIS 47.4 million, of which Altshuler Real Estate is entitled to expected success fees in the amount of approximately NIS 8.9 million. In addition, the company and Altshuler Real Estate are entitled to a profit of approximately NIS 10 million from the profits of the consolidated partnership as a limited partner. See Note 31(1)f to the Financial Statements hereby attached.

In accordance with the above, the total net profit attributed to the Company's shareholders, during the reporting period, in respect of the investments detailed above, amounted to approximately NIS 31.5 million.

Certain investments in partnerships (investment entities) in which the Company has invested are accounted for in accordance with International Accounting Standard 28 – Investments in Associates and Joint Ventures (IAS 28), and in accordance with International Financial Reporting Standard 10 – Consolidated Financial Statements (IFRS 10). The Company has investments in various associates and in a consolidated partnership, by virtue of its holdings as a limited partner (LP) in such investments. 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. The Company periodically reviews the recognition of income from success fees. Therefore, it is possible that in subsequent periods some of the success fee will be recognized in the financial statements as income. 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.

Revenue from carried interest in investee partnerships is recognized per IFRS 15 regarding revenue (IFRS 15) 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.

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, 1968. 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.

1.5. Liquidity

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

	2025	2024	2023
<u>Cash flows from operating activities:</u>			
Net income for the period	153,706	110,321	137,549
Adjustments to income	18,804	44,727	95,395
Net cash provided by operating activities	<u>172,510</u>	<u>155,048</u>	<u>232,944</u>
Net cash provided by (used in) investing activities	(58,020)	(40,563)	46,048
Net cash used in financing activities of the Company	(111,009)	(146,353)	(259,657)
Increase (decrease) in cash and cash equivalents	3,481	(31,868)	19,335
Cash and cash equivalents at beginning of year	83,988	115,856	96,521
Cash and cash equivalents at end of year	<u>87,469</u>	<u>83,988</u>	<u>115,856</u>

Cash flows from operating activities – The increase in cash flows from operating activities compared to the corresponding period last year stems from a decrease in cash paid during the period against a decrease in the company's net profit, net of items that do not involve cash flows, and an increase in changes in other balance sheet items.

Net cash provided by (used in) investing activities – The increase in cash flows used for investing activities compared to the corresponding period last year stems from an increase in the repayment of loans from affiliated partnerships, an increase in purchases of financial investments, an increase in investment in intangible assets and fixed assets, a decrease in receipts for investment in leasing, compared to an increase in the provision of loans to affiliated partnerships, a decrease in the acquisition of affiliated companies, receipt of proceeds from investment returns and contingent consideration from investment in affiliated partnerships.

Cash flows used in financing activities - the decrease in cash flows used in financing activities compared with the same period in the previous year is mainly a result of increase in receipt of bank loans and decrease in dividend payments against increase in repayment of bank loans.

1.6. Financing resources

As of the report publication date, the Group finances its operations mostly using its own resources as well as using loans provided to the Group by banks.

In the Reporting Period, the Company received new bank loans for expanding its operations.

For further details regarding the Group's sources of financing, including loan agreements entered into by the Group, see Section 4.5 of Chapter A of this periodic report and Note 18 to the Company's financial statements attached hereto.

2. Material events during and after the Reporting Period

2.1. Dividend distributions

See details of dividend distributions in and after the Reporting Period in paragraph 1.7.1 to Chapter A to this report.

2.2. Approval of allocation of options to Company employees or employees of the controlling shareholder group and increase of the option pool to Altshuler Ltd.

For details regarding the resolution of the Company's general meeting of shareholders dated January 7, 2025, following the approvals of the Audit Committee and the Company's Board of Directors, to increase the number of options that will be available to Altshuler Ltd., as well as the allocation of options to employees of the Company or employees of the controlling shareholder's group, see Note 24C to Chapter C of this periodic report and Section 8.7 to Chapter D of this periodic report.

2.3. Allocation of options to officers in the Company

For details regarding the allocation of options by the Company to officers and employees of the Company during the reporting period and regarding the Company's intention to allocate options after the reporting period, see sections 9.6.1 and 9.6.2 in Chapter D of this periodic report.

2.4. Financing agreements

For details regarding financing agreements entered into by the Company during the reporting period, see Section 4.5 of Chapter A of this periodic report and Note 18 to the financial statements attached to this periodic report.

2.5. Developments in the Company's economic environment and their effect on the Company's operations

2.5.1. Effects of the 'Swords of Iron' War and the 'Am KeLavi' and 'Shaagat HaAri' operations

For further details regarding the effects of the Swords of Iron War and the Am KeLavi and Shaagat HaAri operations on the Israeli economy, and the Company's assessments regarding their impact on the Company's operations, see Section 2.2.4 of Chapter A of this report and Note 1(b) to the financial statements attached hereto as Chapter C.

2.5.2. Effects of inflation and changes in interest rates

For details regarding the impact of inflation and changes in the market interest rate, including developments in the Company's economic environment and their impact on the Company's operations, see Section 1C of the Financial Statements and Section 2.2 of Chapter A of this report.

2.6. Altshuler Credit engagement through subsidiaries to provide credit to real estate developers

2.6.1. 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 (in this paragraph-"the Loan Agreement"). For additional details regarding the loan agreement, see the immediate report dated May 18, 2025, the contents of which are included in this report by reference.)Reference No.: 2025-01-034716).

2.6.2. 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 (in this paragraph-"the Loan Agreement"). For additional details regarding the loan agreement, see the immediate report dated August 10, 2025, the contents of which are included in this report by reference (Reference No.: 2025-01-058829).

2.7. Shelf prospectus

On October 27, 2025, the Company published a shelf prospectus dated October 28, 2025, following receipt of a permit from the Securities Authority.

See more information of events after the Reporting Period in Note 28 to the Company's financial statements hereby attached in Chapter C to this report.

3. Exposure to market risks

The Group's core operations are performed by Altshuler Provident and therefore expose it to various market risks.

Altshuler Credit also examined the market risks in relation to the existing credit portfolio. As part of the risk assessment, due to the characteristics of the portfolio, market risks were assessed as minimal.

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, yields, spreads and other market parameters. Market risks include interest rate risk, stock price risk, CPI risk and foreign currency risk.

See also Note 11d to the Company's financial statements hereby attached in Chapter C to this report.

3.1.1. Head of Financial Risk Management

The officer in charge of managing market risks in Altshuler Provident is CPA Yuval Dror who serves as the Group's Chief Risk Officer. CPA Dror has a BA in Business Administration and Accounting from the Tel-Aviv College of Management Academic Studies, is a graduate of the CRM financial risk management program and is a CISA of IT systems. In his former position, he served as risk controller of Meitav Trade Stock Exchange Member and of Meitav Brokerage and as a member of Meitav Provident and Pension's internal credit committee. He has more than 16 years of experience in local and global capital market investments and risk management.

3.1.2. Description of market risks

The Company's asset management operations, which include Altshuler Provident's management of provident and pension funds, are exposed to the various market risks. See details of the Group's entire risk factors in paragraph 4.12 to Chapter A to this report.

3.1.3. The Group's market risk management policy

Market risks inherent to Altshuler Provident's operations 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.

3.1.4. The supervision and implementation of the Group's market risk management policy

See information of the supervision and implementation of the market risk management policy in paragraph 4.12 to Chapter A to this report and in Note 11 to the Company's financial statements hereby attached to this report.

3.1.5. Linkage bases report

See information of the linkage bases report in respect of the Group's financial assets and liabilities as of December 31, 2024 and 2025 in Note 11 to the Company's financial statements hereby attached in Chapter C to this report.

3.1.6. Sensitivity tests

See information of sensitivity tests to changes in market factors in Note 11 regarding financial instruments in the Company's financial statements hereby attached to this report in Chapter C.

3.1.7. The Value at Risk ("VaR") model

Following are details of the adoption of the VaR model by the Company in accordance with the Reporting Regulations.

The 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 a statistical tool, the VAR measure provides an answer within reasonable limits to this question. The index estimates the potential loss expected by the investor due to the materialization of market risks (interest rates, inflation, exchange rates),. Commodity prices and securities prices). To use the metric, the investment mix, holding period and predetermined statistical significance must all be taken into consideration.

Model description

As part of the monitoring of market risks in Altshuler Provident Fund's operations, the Company uses an analytical VaR model, under which the Company relies on the actual returns of the investment portfolio and calculates the standard deviation of the weighted portfolio returns The Company uses daily quoted market prices for quoted securities.

Model assumptions

The measurement metric uses the following assumptions:

- a. The measurement outlook is one day.

- b. The probability is 95%, which means the VaR used is the value that represents the 5% loss probability (a historic timeframe of three years which translates into 750 observations and therefore the VaR represents the 37-38 worst observation).
- c. The portfolio yield distribution is normal.
- d. The model contains all of the risk factors included in the investment portfolio: Stock prices, interest rates, exchange rates.
- e. The assets in the investment portfolio.

How to calculate assets in the model EVaR-

The Company measures the VaR using a designated risk management system by Hedge-Tech Financial Engineering Ltd. If available, daily data are used for all quoted assets and if not, the assets are attributed to the proper benchmarks for which daily data are used. For unquoted assets with monthly quotes, the yields are normalized to daily levels.

Fiscal mutual fund - fair value of short-term NIS or dollar bonds based on the fund's average life (less than 0.25).

Bonds - the fair value of bonds is calculated based on the expected discounted cash flows generated to their holders (interest + principal) based on the average term and discount rates derived from the relevant interest curve with the addition of the credit margin as of the calculation date. For distressed debts, quotes are obtained based on the research department's analysis.

Model limitations

The VaR model relies on a sensitivity analysis of categories of assets held by the Group as of the model adoption date but attributes values for periods during which these assets are not necessarily held by the Group or were held by the Group at different rates (sometimes materially different from the holding rates on the calculation date). For example, a specific share in constant decline, whose trend changes after it is purchased by the Company and is now on the rise could result in a negative VaR which would be misleading. The VaR model calculates theoretical future change based on past data - when there is no necessity that there is a direct connection between the two. Since the simulation is performed based on the behavior of financial instruments over a three-year period, the data may be affected by unusual events that have occurred and do not represent a similar expectation for the future, which are not reflected in the model.

The model may also be limited when measuring new risk factors in the absence of historic data.

VaR results as of the report date

As of the Report Date, the fair value of the Group's short-term investments is NIS 178,895 thousand whereas the VaR of these assets is NIS 214 thousand, accounting for 0.12% of the fair value of short-term investments.

ALTSHULER SHAHAM FINANCE LTD.

Chapter 2 - Board of Directors' Report on the State of Corporate Affairs

4. Information about highly material valuations (Regulation 8B) of the Securities Regulations (Periodic and Immediate Reports), 1970

Identity of valuation subject	Timing of the assessment (Validity date)	Value of the valuation subject shortly prior to the valuation date (had generally accepted accounting principles, including with respect to depreciation and amortization, had not required it to be marked down to valuation)	Value of valuation subject determined in the valuation	Valuator identity and attributes, including experience providing valuations for accounting purposes to reporting entities on a similar scale to those of the reported valuation or higher, and dependence on the entity commissioning the valuation, including reference to any indemnification agreements with the valuator	Valuation model applied by the valuator	Assumptions used by the valuator for the valuation, based on the valuation model
Testing the impairment of deferred acquisition costs (DAC)	31/12/2025	DAC in respect of provident funds and pension funds amounted to NIS 102,130 thousand and NIS 96,639 thousand, respectively	No impairment needs to be recognized for DAC in respect of provident funds and pension funds	The valuation was prepared by a team headed by Mr. Shalom Sofer, CPA, partner at Kesselman & Kesselman PWC Israel and expert in financing and valuations. Mr. Sofer holds an undergraduate degree in Accounting and Economics, Magna cum Laude, and a graduate degree in Economics, Magna cum Laude - both from Tel Aviv University	Discounting cash flows, Discounted Cash Flow	<ul style="list-style-type: none"> • Altshuler Provident pays its sales agents commissions for new customers enrolling the provident funds and pension savings plans. The costs are capitalized to an asset in Altshuler Provident's books to maintain the income-expense matching principle. The asset is depreciated over a period of 6 years for provident funds and 10 years for pension funds. • The impairment testing was performed for each quarter individually based on two scenarios: <ul style="list-style-type: none"> ○ Scenario 1: A portfolio return of 5% in 2026, in accordance with the budget received from the management of Altshuler Provident Fund, and from 2027 onward, an average return of the sector. For outbound transfers, continuing withdrawals were assumed based on the historical average of each portfolio tier. ○ Scenario 2: A portfolio return of 5% in 2026–2027, in accordance with the budget received from the management of Altshuler Provident Fund, and thereafter an average return of the sector. For outbound transfers, continuing withdrawals were assumed based on the rate in the last eight quarters of 2026-2027 and in 2027 return to the historical average of each portfolio tier (including 2026-2027).

ALTSHULER SHAHAM FINANCE LTD.

Chapter 2 - Board of Directors' Report on the State of Corporate Affairs

Identity of valuation subject	Timing of the assessment (Validity date)	Value of the valuation subject shortly prior to the valuation date (had generally accepted accounting principles, including with respect to depreciation and amortization, had not required it to be marked down to valuation)	Value of valuation subject determined in the valuation	Valuator identity and attributes, including experience providing valuations for accounting purposes to reporting entities on a similar scale to those of the reported valuation or higher, and dependence on the entity commissioning the valuation, including reference to any indemnification agreements with the valuator	Valuation model applied by the valuator	Assumptions used by the valuator for the valuation, based on the valuation model
						<ul style="list-style-type: none"> • The carrying amount of each tier is the DAC received from Altshuler Provident's management. • The impairment testing of DAC relied on the outstanding amount of each portfolio tier which the entity expects to receive for the services of the underlying asset less the costs directly attributable to the provision of the services. • The amount was measured based on a valuation of the cash flows of each portfolio tier for a period of 15 years from January 1, 2025 to the end of 2045 ("the forecast period") using the DCF method as of the valuation date. <p>The WACC used to discount the free cash flow reflecting the corporate business risk level was set at 9.5% (after taxes).</p>

5. Mandatory reporting of directors with accounting and financial expertise and independent directors in the Company

The Company's Board has resolved that the minimum number of directors with accounting and financial expertise on the Company's Board will be two (2) in conformity with the provisions of Article 92(a)(12) to the Companies Law based on the Company's type, size, operating scope and complexity of operation.

As of the date of this report, the members of the Board of Directors who were classified by the Company's Board of Directors as having financial accounting expertise are: His Excellency Ran Shaham, Yair Levinstein, Reuven Alex and Tomer Cohen, as well as Ms. Adi Blumenfeld Pinchas, Ms. Meirav Sigal and Ms. Yael Naftali.

See details of the above directors' professional expertise, education, experience and knowledge in Regulation 26 to Chapter D to this report.

As of the report date, the Company has not implemented in its articles of association a directive regarding the percentage of independent directors as per the provisions of the First Addendum to the Companies Law. As of the report publication date, Ms. Meirav Segal serves as an independent director.

6. Disclosure of Internal Auditor

Name - Shai Aharoni.

Start of term in office - March 31, 2022.

Auditor's qualifications - CPA; undergraduate degree in Economics and Accounting; graduate degree in Business Administration (Financing) from Bar Ilan University.

Compliance of the Internal Auditor with statutory requirements - to the best of the Company's knowledge, as stated by the Internal Auditor, the Internal Auditor is in compliance with provisions of Article 146(b) of the Companies Law and with provisions of Articles 3(a) and 8 of the Internal Audit Law, 1992 ("Internal Audit Law").

Other roles of the Internal Auditor - the Internal Auditor has no business relations with the Company nor with any entity affiliated there with. The Internal Auditor is employed by the Company and has no other roles with the Company. The Internal Auditor also serves as Internal Auditor of Altshuler Shaham Group companies affiliated with the Company.

Appointment - the appointment of the Internal Auditor in the Company was approved on February 27, 2022 by the Board after in-depth review of his education and vast experience.

Identity of the corporate function in charge of the Internal Auditor - the Internal Auditor reports to the Chairman of the Company's Board.

Internal Auditor's work plan - the Company's annual audit plan is derived from the multiannual audit plan which relies on a risk survey conducted in the Company to determine the multiannual audit plan. The planning of audit assignments and the setting of priorities are influenced by the following factors: Likelihood of managerial and administrative deficiencies, risk exposure of activities and operations, topics where Management requested an audit, topics required by law, by provisions of internal or external procedures. The annual work plan is determined in accordance with the auditor's recommendation.

The interior, after consultation with the company's management and the audit committee. The plan is approved by the Company's Audit Committee and Board annually, ahead of the next fiscal year. The Internal Auditor may deviate from the work plan, subject to reporting to the Audit Committee. The Audit Committee monitors the implementation of the Internal Audit annual work plan through quarterly reporting to the Committee, and any changes and/or updates required are made in coordination with the Committee.

Scope of work of Internal Auditor - in 2025, a total of 801 internal audit hours were performed at the Company with respect to its operations. The total audit hours were determined by the Audit Committee and approved by the Board. The scope of audit hours was reduced compared to 2024 due to two audits that were planned and their implementation was postponed.

Below is data regarding the scope of audit hours at the company and its subsidiaries:

	<u>Hours of Operation in 2025</u>
The Company	801
Altshuler Shaham Provident and Pension Ltd.	6,308

Conducting the audit - the Internal Auditor and his team are required to conduct the audit with strict adherence to required benchmarks for conducting a professional, reliable, independent audit of the audited entity. The opinion of the Company's Board of Directors was expressed regarding the internal auditor's compliance with the professional standards of the International Institute of Internal Auditors according to which he conducts the audit, based on the internal auditor's statement and an external audit report on the quality of the internal audit (QAR) presented to the Board of Directors in 2025.

Access to information and documents - the Internal Auditor has free access, as set forth in Article 9 of the Internal Audit Law including constant, direct access to Company information systems, including its financial data.

Internal Auditor's report - the Internal Auditor's reports were submitted in writing to the Chairman of the Audit Committee and the Chairman of the Board and discussed in the Audit Committee's meetings, as listed below ¹:

Month	Delivered to the Company	Discussed in the Audit Committee
January	1	-
March	-	1
May	2	2
December	1	1

Board' assessment of the Internal Auditor's function - the Company's Board believes that the scope, nature and continuous operation of the Internal Auditor and his work plan are reasonable and are adequate for achieving the internal audit objectives at the Company.

Remuneration of the Internal Auditor - the remuneration of the Internal Auditor is determined in a personal employment contract and approved by the Remuneration Committee and by the Board. The remuneration is both fixed and equity-based (Company stock options) and also variable in conformity with the Company's remuneration policy. The Company's Board believes that this remuneration does not influence or impair the Internal Auditor's professional judgment.

Holding of Company securities - the Company's Internal Auditor holds unquoted stock options of the Company. The Company's Board believes that this holding does not impair the quality of the Internal Auditor's work.

¹ The discussions described above include a discussion of the Internal Auditor's report from the 2024 work plan; a discussion of some of the audit reports in connection with 2025 was conducted in early 2026.

7. Disclosure of independent auditors

7.1. The CPA Auditor of the Company

The independent auditors of the Company and its subsidiaries are Kost Forer Gabbay & Kasierer, CPAs.

7.2. The independent auditors' professional fees

The following table presents the professional fees paid to the independent auditors for audit, audit-related, tax and other services provided to the entire Group companies in 2024 and 2025:

<u>Year</u>	For audit services *)	For special tax services	For other services
<u>2025</u>	1,060,000	89,660	92,800
<u>2024</u>	775,000	172,250	336,050

*) In addition, the company paid in 2025 and 2024, a total of 420 thousands of NIS and 350 thousands of NIS, respectively for audit services for the provident funds and pension funds managed by Altshuler Provident.

7.3. The principles underlying the independent auditors' professional fees and required approvals

The independent auditors' professional fees are determined in negotiations between the independent auditors and the Company's Management and are deemed by Management to be reasonable and appropriate in accordance with the nature and scope of the Company's operations. The independent auditors' professional fees are approved by the Company's Board in keeping with its authorization in the Company's articles of association. The principles underlying the independent auditors' professional fees rely on actual labor hours based on the scope and complexity of each audited entity.

Chairman of the Board

Ran Shaham

CEO

Yair Lowenstein

Report Approval Date: March 18, 2026.

ALTSHULER SHAHAM FINANCE LTD.

Consolidated financial statements:

As of December 31, 2025

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Shape the future
with confidence

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Independent Auditor's Report **To the Shareholders of ALTSHULER SHAHAM FINANCE LTD.**

Opinions

We have audited the consolidated financial statements of Altshuler Shaham Finance Ltd. (hereinafter: "the Company") which include the consolidated statement of financial position as of December 31, 2025, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, including the principal accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position as of December 31, 2025, and the consolidated financial results and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the provisions of the Securities Regulations (Annual Financial Statements), 2010.

Basis for opinion

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance), 1973. Our responsibilities under these standards are described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements paragraph of this report. We are independent of the Company and its subsidiaries in accordance with the provisions of law applicable in Israel regarding the independence and prevention of conflicts of interest of the auditor in Israel. We also fulfilled our other ethical obligations in accordance with the Certified Public Accountants Law 1955, and regulations thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters detailed below are those matters that were communicated, or should have been communicated, to the Company's board of directors and that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the current period. These matters include, among others, any matter: (1) which relates, or may relate, to significant accounts or disclosures in the financial statements and (2) that involved our professional judgment that was challenging, subjective or especially complex. These matters were addressed as part of our audit and in forming our opinion on the consolidated financial statements as a whole. The communication of these matters below does not change our opinion on the consolidated financial statements as a whole, and we do not provide a separate opinion on these matters or on the items or disclosures to which they relate.

Testing for impairment of deferred acquisition costs in respect of the provident and pension fund

management operation

As described in Notes 2 and 7 to the consolidated financial statements, as of December 31, 2025, the carrying amount of the Company's deferred acquisition costs ("DAC") in respect of the provident and pension fund management operation is NIS 203,203 thousand. Moreover, as described in Note 2 to the consolidated financial statements, the Company examines the recoverable amount of DAC when there are indicators of impairment in relation to the entire provident and pension fund portfolios.

Possible impairment is identified by comparing the amount which the Company expects to receive for DAC in its books. If the carrying amount exceeds the amount receivable, an impairment loss is recognized in the amount of the surplus. The examination of the impairment of deferred acquisition costs was based on the capitalization of the amount that the Company expects to receive for the services to which the asset relates, less the costs directly attributable to the provision of the services.

This amount is determined based on a valuation of the cash inflows from the assets less the costs that are directly attributable to the provision of the services using the discounted cash flow ("DCF") method based on forecasts received from the Company's management as of the valuation date.

Due to the extensive judgment that involves the valuation and the experience and know-how needed to examine the reasonableness of the assumptions and data used by the external valuation expert in determining the amount receivable as expected by the Company, we identified the valuation of DAC as a key audit matter.

Audit procedures performed in response to the key audit matter:

The primary procedures that our audit team and an expert on behalf of the audit team performed to examine the valuations prepared by the Company and its valuation experts included the following:

- Evaluating and examining the adequacy, competence and objectivity of the Company and its valuation experts.
- Reviewing the methodology used by the Company in determining the expected future discounted cash flows from the asset (the valuation).
- Testing the completeness and accuracy of the data underlying the valuation.
- Assessing the reasonableness of significant assumptions used by the management to measure WACC rates, discount rates, deposit and withdrawal rates, outbound transfer rates and average management fees based on past and present performances and verifying whether the assumptions agree to evidence obtained in other areas of the audit.
- Examining the adequacy of the required disclosures regarding impairment testing of DAC.
- We also performed sensitivity analyses of the significant assumptions used by management in the valuation and examined the change in the amount receivable by the Company arising from a change in those assumptions.

Provision for credit losses

As detailed in Note 10B to the consolidated financial statements, the provision for credit losses as of December 31, 2025 amounted to approximately NIS 7,056 thousand and includes a provision for general impairment and specific impairment.

The process of determining the amount of the provision for credit losses is based on significant estimates involving uncertainty and subjective assessments both at the stage of determining the debt classification and at the stage of determining the amount of the provision for credit losses (both within the framework of a general provision and within the framework of a specific provision). A change in these estimates or assessments may have a material impact on the amount of the provision for credit losses presented in the Company's consolidated financial statements.

The main estimates used as a basis for calculating the provision for credit losses:

- When identifying and classifying borrowers, the Company's management exercises discretion to identify borrowers for whom a credit default event (Stage 3) or a significant increase in credit risk (Stage 2) has occurred, according to defined criteria detailed in Note 2.
- In calculating the specific provision, the company's management exercises discretion regarding the future cash flows expected to be collected, as well as regarding the ability to realize collateral and guarantees.
- In calculating the general provision, the company's management exercises discretion in determining the estimate of the provision inherent in the credit portfolio based on loan classification and customer rating, which is determined according to the company's internal model.

We identified the estimates used as the basis for calculating the allowance for credit losses as a key audit matter.

An audit of the provision for credit losses requires the auditor's judgment as well as knowledge and experience in order to examine the reasonableness of the assumptions and data used by the company's management in determining the estimate of the provision for credit losses.

Audit procedures performed in response to the key audit matter:

The main audit procedures that we performed through the audit team and through an expert on behalf of the audit team regarding the examination of the provision for credit losses made by the Company and its valuers were:

- Examining the process of calculating the provision and understanding the internal control environment regarding the determination of the provision for credit losses and auditing the effectiveness of the internal controls relevant to calculating the provision for credit losses.
- Examining the methodology for determining the provision and checking that it is consistent with the accounting rules applicable to the company.
- Checking the adequacy of the classification for a sample from the customer credit portfolio according to defined criteria detailed in Note 2.
- Reviewing the reasonableness of the provision for credit losses and the disclosures required therefor.

Duties of the Board of Directors and Management for the Consolidated Financial Statements

The Board of Directors and Management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the provisions of the Securities Regulations (Annual Financial Statements), 2010; and they are also responsible for such internal control as is necessary in accordance with the determination of the board of directors and management to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors and management are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors and management either intend to liquidate or cease operations, or have no realistic alternative but to do so.

The auditor's duties for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of confidence, but it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In an audit performed in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition we:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. • The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, intentional misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and related disclosures made by the board of directors and management.
- Conclude on the appropriateness of the board of directors' and management's determination regarding the existence of the going concern assumption, and, based on the audit evidence we have obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to include a modification of the standard wording in our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to operate as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements reflect the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors and management, among other things, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that the auditor identifies during the audit.

We also provide the board of directors and management with a statement that we have complied with relevant ethical requirements regarding our independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards applied to eliminate identified threats to our independence.

From the matters communicated, or required to be communicated, with the board of directors and management, we determined those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless legal or regulatory provisions prevent disclosure to external parties regarding that matter.

The engagement partner for the audit subject of the independent auditor's report is Naram Abu-Hit.

Consolidated Statements of Financial Position

	Note	December 31,	
		2025	2024
		NIS in thousands	
<u>CURRENT ASSETS:</u>			
Cash and Cash Equivalents	12	87,469	83,988
Short-term investments	11	178,895	130,329
Loans to customers	10	125,073	42,021
Other receivables and debit balances	9	50,856	45,655
Net investment in lease	6	10,428	13,323
Current tax assets	15	7,182	176
Total current assets		459,903	315,492
<u>NON-CURRENT ASSETS:</u>			
Long-term investments	11	54,067	3,114
Other receivables and debit balances	9	7,374	4,964
Loans to Customers	10	229,046	22,294
DAC	7	203,203	233,766
Net investment in lease	6	7,239	29,895
Investments in associates (partnerships)	13(2)	35,346	8,653
Right-of-use assets	6	31,196	36,157
Property, plant and equipment	8	21,056	25,861
Intangible Assets	5	492,931	516,648
Deferred tax assets:	15	11,522	12,718
Total non-current assets		1,092,980	894,070
Total assets		1,552,883	1,209,562

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Note	December 31,	
		2025	2024
NIS in thousands			
<u>CURRENT LIABILITIES:</u>			
Short-term credit	18	439,597	92,520
Current maturities of loans from banks	18	49,390	49,390
Current maturities of lease liabilities	6	16,889	18,665
Payables	17	129,158	121,981
Current taxes payable	15	3,829	2,050
Total current liabilities		638,863	284,606
<u>NON-CURRENT LIABILITIES:</u>			
Bank loans	18	240,702	290,092
Payables	17	2,879	2,879
Lease liabilities	6	36,578	65,189
Employee benefit liabilities, net	16	994	1,461
Deferred tax liabilities	15	13,526	20,025
Total non-current liabilities		294,679	379,646
Total liabilities		933,542	664,252
<u>Equity:</u>			
	14		
Share capital		2,029	2,024
Share premium		244,609	242,008
Capital reserve from transaction with controlling shareholder		(6,328)	(4,671)
Capital reserve from share-based payment transactions		37,923	33,099
Capital reserve from financial assets measured at fair value through		(37)	(35)
Foreign currency translation reserve		(3,122)	(115)
Retained earnings		319,930	276,720
Total equity attributable to equity holders of the Company		595,004	549,030
Noncontrolling interests		24,337	(3,720)
Total equity		619,341	545,310
Total liabilities and equity		1,552,883	1,209,562

March 18, 2026.

Date of approval of the financial statements

Sharon Gerszbejn
Deputy CEO, CFOYair Lowenstein
CEORan Shaham
Chairman of the
Board of Directors

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Note	For the year ended on		
		December 31,		
		2025	2024	2023
		NIS in thousands		
REVENUES FROM MANAGEMENT FEES, NET	19	909,356	911,738	985,999
Revenues from commissions	13(1), 23E'2A'2	4,140	7,629	5,500
Finance income in respect of nonbank credit	13(1)E	21,475	2,399	-
Total revenues		<u>934,971</u>	<u>921,766</u>	<u>991,499</u>
Marketing, operating, general and administrative expenses	21	788,148	754,691	794,877
Expenses in respect of credit losses	10	5,714	1,342	-
Finance expenses in respect of nonbank credit	18C3	8,724	83	-
Total expenses		<u>802,586</u>	<u>756,116</u>	<u>794,877</u>
Operating income		132,385	165,650	196,622
Finance income	20	62,138	10,765	8,920
Finance expenses	22	13,689	14,228	12,628
Other income		302	473	14,199
Company's share of earnings (losses) of associated partnerships accounted for at equity	13(2)	24,767	(192)	-
Income before taxes on income		205,903	162,468	207,113
TAXES ON INCOME	15	52,197	52,147	69,564
Net income		153,706	110,321	137,549
Other comprehensive income (loss) (net of taxes):				
<u>Amounts that will be or have been reclassified to profit or loss when specific conditions are met:</u>				
Loss from investments in financial instruments measured at FVOCI		(2)	(44)	(46)
reserve for foreign operations	13(1)f, 13(2)	(5,755)	(115)	-
Reclassified to profit or loss upon disposal at fair value through profit or loss		-	-	(1,840)
Total components of other comprehensive loss, net that will be subsequently reclassified to profit or loss		<u>(5,757)</u>	<u>(159)</u>	<u>(1,886)</u>
<u>Amounts that will not be subsequently reclassified to profit or loss:</u>				
Gain from remeasurement of defined benefit plan	16	429	824	1,180
Total components of other comprehensive income, net that will not be subsequently reclassified to profit or loss		<u>429</u>	<u>824</u>	<u>1,180</u>
Total other comprehensive income (loss) (net of tax)		<u>(5,328)</u>	<u>665</u>	<u>(706)</u>
Total comprehensive income		<u>148,378</u>	<u>110,986</u>	<u>136,843</u>

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Note	For the year ended on		
		December 31,		
		2025	2024	2023
		NIS in thousands		
Net income (loss) attributable to:				
Equity holders of the Company		127,781	113,065	137,930
Noncontrolling interests	13	25,925	(2,744)	(381)
		<u>153,706</u>	<u>110,321</u>	<u>137,549</u>
Comprehensive income (loss) attributable to:				
Equity holders of the Company		125,201	113,730	137,224
Noncontrolling interests	13	23,177	(2,744)	(381)
		<u>148,378</u>	<u>110,986</u>	<u>136,843</u>
Basic net earnings per share attributable to share holders of the Company (NIS)				
		<u>0.64</u>	<u>0.57</u>	<u>0.70</u>
Diluted net earnings per share attributable to equity holders of the Company (NIS)				
		<u>0.64</u>	<u>0.57</u>	<u>0.69</u>

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity stocks	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	Balance Profit	Noncontrolli ng interests	Total Equity
	NIS in thousands								
<u>Balance as of January 1, 2023</u>	2,018	238,622	(3,668)	32,807	1,895	-	221,721	(262)	493,133
Net income (loss)	-	-	-	-	-	-	137,930	(381)	137,549
Other comprehensive income (loss) (net of taxes):									
Gain from remeasurement of defined benefit plan	-	-	-	-	-	-	1,180	-	1,180
Loss from investments in financial instruments measured at FVOCI	-	-	-	-	(46)	-	-	-	(46)
Amounts carried to profit or loss from sale of investments in debt instruments at fair value through profit or loss	-	-	-	-	(1,840)	-	-	-	(1,840)
Total comprehensive income (loss)	-	-	-	-	(1,886)	-	139,110	(381)	136,843
Transactions with owners directly credited									
For capital:									
Cost of share-based payment	-	-	(596)	2,257	-	-	-	-	1,661
Exercise of employee options	3	1,617	-	(1,620)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(112,000)	-	(112,000)
<u>Balance as of December 31, 2023</u>	2,021	240,239	(4,264)	33,444	9	-	248,831	(643)	519,637
Net income (loss)	-	-	-	-	-	-	113,065	(2,744)	110,321
Other comprehensive income (loss) (net of taxes):									
Gain from remeasurement of defined benefit plan	-	-	-	-	-	-	824	-	824
Loss from investments in financial instruments measured at FVOCI	-	-	-	-	(44)	-	-	-	(44)
Other comprehensive income	-	-	-	-	(44)	-	-	-	(44)
reserve for foreign operations	-	-	-	-	-	(115)	-	-	(115)
Total comprehensive income (loss)	-	-	-	-	(44)	(115)	113,889	(2,744)	110,986
Transactions with owners directly credited									
For capital:									
Cost of share-based payment	-	-	(407)	1,427	-	-	-	-	1,020
Noncontrolling interests Arising from companies consolidated for the first time	-	-	-	-	-	-	-	(333)	(333)
Exercise of employee options	3	1,769	-	(1,772)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(86,000)	-	(86,000)
<u>Balance as of December 31, 2024</u>	2,024	242,008	(4,671)	33,099	(35)	(115)	276,720	(3,720)	545,310

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Stocks	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 comprehensiv e income	Foreign currency translation reserve	Balance Profit	Noncontrolling interests	Total Equity
	NIS in thousands								
Balance as of January 1, 2025	2,024	242,008	(4,671)	33,099	(35)	(115)	276,720	(3,720)	545,310
Net income	-	-	-	-	-	-	127,781	25,925	153,706
Other comprehensive income (loss) (net of taxes):									
Gain from remeasurement of defined benefit plan	-	-	-	-	-	-	429	-	429
Loss from investments in financial instruments measured at FVOCI	-	-	-	-	(2)	-	-	-	(2)
reserve for foreign operations	-	-	-	-	-	(3,007)	-	(2,748)	(5,755)
Total comprehensive income (loss)	-	-	-	-	(2)	(3,007)	128,210	23,177	148,378
Transactions with owners directly credited For capital:									
Capital contributions by holders of non-controlling interests	-	-	-	-	-	-	-	47,060	47,060
Return of capital to non- controlling interests	-	-	-	-	-	-	-	(42,761)	(42,761)
Cost of share-based payment	-	-	(1,657)	7,430	-	-	-	-	5,773
Transaction with holder of non- controlling interests	-	-	-	-	-	-	-	581	581
Exercise of employee options	5	2,601	-	(2,606)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(85,000)	-	(85,000)
Balance as of December 31, 2025	2,029	244,609	(6,328)	37,923	(37)	(3,122)	319,930	24,337	619,341

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended on December 31,		
	2025	2024	2023
	NIS in thousands		
Cash flows from operating activities of the Company:			
Net income for the year	153,706	110,321	137,549
Items not involving cash flows:			
Finance income in respect of nonbank credit	(21,475)	(2,399)	-
Other finance expenses (income), net	(49,400)	2,391	4,055
Finance expenses in respect of nonbank credit	8,724	83	-
Other income	-	-	(12,857)
Loss (profit) from the sale of Property, plant and equipment and the retirement of a right-of-use asset	(167)	872	45
Cost of share-based payment	5,736	1,020	1,661
Expenses in respect of credit losses	5,714	1,342	-
Company's share of losses (earnings) of associated partnerships accounted for at equity	(24,767)	192	-
Depreciation and amortization:			
Right-of-use assets	8,679	8,566	8,592
Property, plant and equipment	8,126	8,491	8,405
Intangible Assets	44,421	53,564	52,701
Taxes on income	52,197	52,147	69,564
	<u>37,788</u>	<u>126,269</u>	<u>132,166</u>
Changes in other balance sheet items:			
Change in DAC, net	30,563	(1,885)	57,877
Change in loans to customers	(293,617)	(47,297)	-
Change in bank loans for providing nonbank credit	297,558	32,000	-
Change in accounts receivable	(3,287)	(11,503)	7,808
Change in accounts payable	(10,988)	(12,528)	(48,312)
Change in employee benefit liabilities, net	98	75	214
	<u>20,327</u>	<u>(41,138)</u>	<u>17,587</u>
Cash paid and received during the year for:			
Interest paid	(15,315)	(11,965)	(11,487)
Interest received	23,044	5,974	3,416
Taxes paid	(47,040)	(45,152)	(46,287)
Taxes received	-	10,686	-
Dividend received	-	53	-
	<u>(39,311)</u>	<u>(40,404)</u>	<u>(54,358)</u>
Net cash provided by operating activities of the Company	<u>172,510</u>	<u>155,048</u>	<u>232,944</u>
Cash flows from investing activities of the Company:			
Receipts from lease	7,751	8,317	10,157
Receipt of contingent consideration for the acquisition of investee companies	2,070	-	21,956
Grant of loans to associated partnerships	(148,375)	(50,329)	-
Repayment of loans to associated partnerships	151,809	41,392	-
Acquisition of newly consolidated subsidiaries (see Note 3)	-	(26,833)	-
Investments in associated partnerships:	(7,008)	(9,034)	-
Distributions from partnerships included	1,945	-	-
Investment in property, plant and equipment	(3,219)	(1,465)	(3,505)
Investment in intangible assets	(19,694)	(15,271)	(17,707)
Purchase (sale) of financial investments, net	(43,299)	12,660	35,147
	<u>(58,020)</u>	<u>(40,563)</u>	<u>46,048</u>
Net cash provided by (used in) investing activities	<u>(58,020)</u>	<u>(40,563)</u>	<u>46,048</u>
Cash flows from financing activities of the Company:			
Capital contributions by holders of non-controlling interests	47,060	-	-
Return of capital to non-controlling interests	(42,761)	-	-
Receipt of bank loans	263,063	93,829	205
Repayment of lease liability	(16,142)	(19,420)	(19,314)
Repayment of loans from banks	(277,229)	(134,762)	(128,548)
Dividend paid to equity holders of the Company	(85,000)	(86,000)	(112,000)
	<u>(111,009)</u>	<u>(146,353)</u>	<u>(259,657)</u>
Net cash used in financing activities of the Company	<u>(111,009)</u>	<u>(146,353)</u>	<u>(259,657)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended on		
	December 31,		
	2025	2024	2023
	<u>NIS in thousands</u>		
<u>Increase (decrease) in cash and cash equivalents</u>	3,481	(31,868)	19,335
<u>Cash and cash equivalents at the beginning of the year</u>	83,988	115,856	96,521
<u>Cash and cash equivalents at the end of the year</u>	<u>87,469</u>	<u>83,988</u>	<u>115,856</u>
 <u>Material non-cash transactions:</u>			
Right-of-use asset recognized against lease liability	<u>4,759</u>	<u>3,602</u>	<u>6,987</u>

Notes to Consolidated Financial Statements

NOTE 1: GENERAL

a. General description of the company and its activities

Altshuler Shaham Finance Ltd. ("the Company") was incorporated in Israel as a private company limited in shares on December 9, 2021 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 Business Restructuring 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 exchange for the shares of Altshuler Provident transferred 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 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 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 Consolidated Financial Statements

NOTE 1: - GENERAL (Cont.)

b. The effects of the "Harvot Barzel" War and the "Am Kalavi" and "Shaagat H'Ari" operations.

During January 2025, the State of Israel signed a ceasefire agreement with Hamas. The agreement included the withdrawal of IDF forces from the Gaza Strip and the return of displaced Palestinians to the north, as well as the release of 33 hostages in several phases. 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 lasted until the "Shaagat H'Ari" operation.

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, there was a slowdown in business activity in the Israeli economy alongside increases in the local stock market, damage was caused to various infrastructures, extensive recruitment of reservists was carried out for an indefinite period, and disruptions occurred in economic activity in Israel.

In September 2025, US President Donald Trump laid out a plan to end the war in Gaza and release all hostages. On October 9, 2025, an agreement was signed to end the war, after which all Israeli hostages were released from Hamas captivity. As of this writing, the ceasefire is being maintained except for occasional isolated violations by Hamas and a specific response by IDF forces to the violation.

On February 28, 2026, the US and Israel launched a joint military operation against Iran, after weeks of direct negotiations between the US and Iran. In response, Iran began launching ballistic missiles and drones at Israel and the Persian Gulf states, including Dubai, Abu Dhabi, and Kuwait. As of the date of approval of the report, the operation is still ongoing.

The above developments have the potential of adversely affecting the capital market in which Altshuler Provident operates and therefore may cause changes in the scope and value of the assets managed by it. However, at this stage, the war events do not have a material impact on the scope or value of the assets under management. In addition, the Company has an investment policy of broad diversification in the investment portfolio, so that in practice, over 60% of the assets under management are in the 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. The real estate and construction industry in Israel is also affected by the security situation, and is suffering from a slowdown (in the short term) in construction starts, worker availability, and a slowdown in demand due to uncertainty.

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.

It should also be clarified that the effects of the war and its continuation do not, at this stage, have an impact on the financial strength of the group or on its compliance with the financial standards to which it committed itself under the financing agreements. 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.

c. Impact of inflation and changes in market interest rates

Following macroeconomic developments around the world that occurred during 2022, there was an increase in inflation rates in Israel and around the world. As part of the steps taken to curb the rise in prices, central banks around the world, including the Bank of Israel, began raising interest rates. On November 24, 2025, the Bank of Israel lowered the interest rate by 0.25%, for the first time in two years. In 2025, the annual inflation rate is low compared to 2024. In January 2026, the Bank of Israel lowered the interest rate once again by 0.25% to a level of 4%.

Due to the nature of its operations, the Altshuler Provident 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

NOTE 1: - GENERAL (Cont.)

c. Effects of inflation and changes in market interest rates (continuation)

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. However, the Company estimates that Altshuler Provident's financial strength and asset position, along with its debt structure, the composition of its financial investments, its cash balance and cash flow.

The high ongoing revenue it generates will allow it to continue to finance its operations and meet its obligations.

Furthermore, 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 company's credit portfolio is characterized by a maturity of 1.3 years, which contributes to reducing sensitivity to changes in macroeconomic indicators. 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. At the same time, most of the Company's customers are exposed to the effects of rising inflation, which could lead to an increase in the prices of goods and raw materials, a decrease in demand, cash flow difficulties and an increase in the risk of the Company's credit portfolio. In the Company's assessment, during 2025 and as of the date of publication of the report, inflation and the continued rise in the CPI have not had and are not expected to have a material impact on the Company's financial results, since the sources of financing and the total credit provided by the Company to its customers are not index-linked. It should be noted that as of the date of publication of the report, the Company did not take index-linked financing sources and did not provide index-linked credit to its customers.

At Altshuler Construction, credit is provided bearing variable interest based on 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. On the other hand, the collateral structure consisting of the "safety cushion" (surplus in projects plus developer profit) in addition to registering various types of collateral, including personal guarantees and first and second-degree liens, constitutes security for the repayment of the credit.

Additionally, in alternative investment activities, the decline in interest rates in Europe allows financing for the purchase of assets at relatively low interest rates compared to the past two years. On the other hand, despite the recent trend of lowering interest rates, interest rates in the US are still high, which leads to a decline in asset values and opportunities for purchases at attractive prices, and on the other hand, to expensive loans and reduced free cash flow. 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.

Notes to Consolidated Financial Statements

NOTE 1: - GENERAL (Cont.)

DEFINITIONS

In these financial statements:

The Company	-	Altshuler Shaham Finance Ltd.
The Group	-	The Company and the companies controlled by it.
Influential		
Substantial	-	Altshuler Shaham Ltd. and Lowenstein Yair Holdings Ltd.
Investees	-	Consolidated companies
Related parties	-	As defined in IAS 24.
Interested parties/controlling shareholder	-	As defined in the Securities Regulations (Annual Financial Statements), 2010.
Income Tax Regulations	-	Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964.

NOTE 2: - MAIN ACCOUNTING POLICIES

a. Basis of presentation of the financial statements:1. Measurement basis:

The Company's financial statements have been prepared on a cost basis, except for employee benefit liabilities and certain financial instruments that are measured at fair value through profit or loss or at fair value through other comprehensive income and cost of share-based payment.

2. Preparation format of the financial statements:

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as IFRS Accounting Standards).

Furthermore, the financial statements have been prepared in conformity with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

3. Consistent accounting policies and first-time application of standards IFRS

The accounting policies presented in these financial statements have been applied consistently for all periods presented, unless otherwise stated.

b. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control.

c. Business combinations and goodwill:

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

Business combinations are accounted for by applying the acquisition method. The cost of the acquisition is measured at the fair value of the consideration transferred on the acquisition date with the addition of non-controlling interests in the acquiree.

Direct acquisition costs are carried to the statement of profit or loss as incurred.

Goodwill is initially measured at cost which represents the excess of the acquisition consideration and the amount of non-controlling interests over the net identifiable assets acquired and liabilities assumed.

d. Functional currency, presentation currency and foreign currency:

The presentation currency of the financial statements is the New Israeli Shekel ("NIS"), which is the functional currency of the Company and its investees.

e. Significant accounting judgments, estimates and assumptions used in the preparation of the financial statements:

Considerations:

In the process of applying the significant accounting policies, the Company has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

1. Discount rate for a lease liability:

The company cannot easily determine the interest rate implicit in the lease, and therefore, for the purpose of calculating

The lease liabilities use the Company's incremental interest rate. That rate represents the rate of interest that the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. When there are no financing transactions that can serve as a basis, the Company determines the incremental borrowing rate based on its credit risk, the lease term and other economic variables deriving from the lease contract's conditions and restrictions.

In certain situations, the Company is assisted by an external valuation expert in determining the incremental borrowing rate.

2. Development costs:

The Company reviews the criteria for recognition of costs in respect of development projects as intangible assets.

The Company capitalizes costs for development projects. Initial capitalization of costs is based, among others, on management's judgement that technological and economic feasibility are confirmed, usually when a development project has achieved the milestone defined by management. In determining the amount to be capitalized, management makes assumptions regarding the future cash flows expected from the project, the discount rate and the expected period of the benefits from the project.

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

Estimates and assumptions

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1. Legal claims

There are various lawsuits and class action certification motions pending against the Group. In estimating the likelihood of outcome of legal claims filed against the Group companies, the Group relies on the opinion of its legal counsel. These estimates are based on the legal counsel's best professional judgment, taking into account the stage of proceedings and legal precedents in respect of the different issues. Since the outcome of the claims will be determined in courts, the results could differ from these estimates. See Note 27 below.

Other than the aforementioned lawsuits, the Company is exposed to complaints/claims that have yet to be asserted/filed due, inter alia, to doubts with regard to interpretation of agreements and/or statutory provisions and/or their application. This exposure is brought to the attention of the Group in several ways, including:

e. The main considerations, estimates and assumptions in preparing the financial statements (continuation)

Through customer inquiries to entities in the group, and in particular to the group's public inquiries supervisor, through customer complaints to the public inquiries unit at the Capital Market Authority, and through claims (which are not class actions) filed with the court. These matters are brought before the Group's management whenever the handling party identifies that such claims may have wider implications. In assessing the risk associated with unasserted claims, the Group relies on internal assessment by the handling entities and by Management, which weigh the estimated probability of a claim being made and the chances of such claim, if made.

Such assessment is based on past experience with regard to claims filed, and on analysis of the actual allegations. By nature, in view of the preliminary stage of elaboration of the legal allegation, the actual outcome may differ from assessment conducted prior to filing of the claim.

2. Determination of DAC as recoverable:

DAC with respect to sale of pension funds and provident funds are amortized over the expected period for receiving management fee revenues. The Group reviews for recoverability by estimating the revenue period whenever there are indications of impairment, based on the overall portfolio of pension and provident fund contracts. If there is no recoverability, amortization of deferred amortization expenses may need to be accelerated, or deferred amortization expenses may need to be written off. See more information in Note 7 below.

3. Deferred tax assets:

Deferred tax assets are recognized for unused carryforward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and level of future taxable profits against which carryforward losses can be offset, their source and the tax planning strategy.

Notes to Consolidated Financial Statements

NOTE 2: ACCOUNTING POLICIES (Cont.)

f. DAC

1. Commissions paid for acquisition of asset management contracts for provident funds and pension funds are recognized under DAC if they may be individually identified and reliably measured, and if they are expected to be recovered by way of management fee. DAC are amortized over the expected period for receipt of management fee revenues. According to Company estimates, the amortization period, as determined, is 6 years for provident fund contracts and 6 years for pension fund contracts through September 30, 2018, and 10 years for pension fund contracts as from October 1, 2018.
2. Commissions paid to agents, resellers and acquisition supervisors for purchase of private equity investor management contracts are recognized as DAC if they can be individually identified and reliably measured and if their recovery, by means of management fees, is expected. DAC are amortized over the estimated period of receiving income from management fees in their respect. As per the Company's estimate, the amortization period is 7 years. The amortization period of DAC is evaluated at each year end.

g. Investments in associated partnerships:

Associated partnerships are partnerships in which the group has significant influence over the financial and operating policies without having control. The investment in associated partnerships is accounted for using the equity method. The company has investments in several associated partnerships in which it serves as limited partner (LP). In addition, the Company serves as general partner (GP) indirectly through investees and is therefore entitled to receive carried interest, among others. The GP is entitled to receive carried interest when the comprehensive income per lp exceeds the predetermined rate of return.

The company adopted the hypothetical liquidation at book value (HLBV) approach for determining its share of the success fee.

The company's associated partnerships are investment entities operating in US and Europe.

The company directly holds less than 20% in the real estate partnerships; however, due to its control of the general partner (GP), it has significant influence over these partnerships.

The accounting treatment in the financial statements of associated partnerships has been applied on a consistent and uniform basis with the accounting treatment in the Company's financial statements.

h. Investment in a joint venture

A joint venture is a partnership over which the group has control over the financial and operating policies. The Company has investments in a consolidated partnership by virtue of its holding and holding of a subsidiary owned by it as a limited partner (LP). In addition, the Company serves as general partner (GP) indirectly through investees and is therefore entitled to receive carried interest, in addition to the success fees. The gp is entitled to receive carried interest when the comprehensive income per lp exceeds the predetermined rate of return.

The company adopted the hypothetical liquidation at book value (HLBV) approach for determining its share of success fees.

The joint partnership is an investment partnership in real estate assets in the United States.

The company directly owns less than 50% of the real estate partnership, but because it controls gp, this partnership was treated as a consolidated partnership.

The accounting policies in the consolidated partnership's financial statements were applied uniformly and consistently with those applied in the Company's financial statements.

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

i. Financial instruments:1. Financial assets:

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Company classifies and measures debt instruments in the financial statements based on:

- (a) The company's business model for managing financial assets, and
- (b) The contractual cash flow characteristics of the financial asset.

a. Debt instruments are measured at amortized cost when:

the Company's business model is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial assets provide entitlement on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. after initial recognition, instruments in this group are measured according to their terms at amortized cost using the effective interest method, less any provision for impairment.

b. Debt instruments are measured at fair value through other comprehensive income when:

The Company's business model is to hold the financial assets in order to both collect their contractual cash flows and to sell the financial assets, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

j. Financial Instruments (continued)1. Financial assets (continued)c. Debt instruments are measured at fair value through profit or loss when:

A financial asset which is a debt instrument does not meet the criteria for measurement at amortized cost or at fair value through other comprehensive income. After initial recognition, the financial asset is measured at fair value and gains or losses from fair value adjustments are recognized in profit or loss.

2. Impairment of financial assets:

The company evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss.

The company distinguishes between two types of loss allowances:

- a) Debt instruments for which there has not been a significant deterioration in credit quality since initial recognition – the loss allowance recognized in respect of such debt instruments is measured based on expected credit losses over the 12 months following the reporting date (12-month ECLs), and the allowance rate reflects the overall risk of the performing credit portfolio; currently, the allowance rate for this group is determined based on a comparison to a group of similar companies (general provision); or
- b) Debt instruments for which there has been a significant deterioration in credit quality since initial recognition – the loss allowance recognized is measured based on expected credit losses over the remaining life of the instrument (lifetime ECLs), and the allowance rate reflects the inherent risk of this group. Currently, the allowance rate for this group is determined based on a comparison to a group of similar companies (general provision); or
- c) Debt instruments defined by the Company as customers who have become impaired because, in the Company's management's assessment, there is concern that the full debt will not be collected from the customer, consist mainly of customers against whom collection proceedings have been initiated. In this group, the provision rates vary from customer to customer according to parameters determined by the Company's management, which take into account the type and value of collateral provided in favor of the debt, if any, the past experience of the Company and its management with similar customers, information about its financial and/or legal situation near the date of the examination, and the opinion of the legal advisors handling its collection (specific provision).

In addition, the Company considers that when contractual payments in respect of a debt instrument are more than 30 days past due, there has been a significant increase in credit risk, unless there is reasonable and supportable information that demonstrates that the credit risk has not increased significantly.

The company considers a financial asset in default when contractual payments are more than 90 days past due. However, in certain cases, the Company considers a financial asset to be in default when external or internal information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

j. Financial Instruments (continued)2. Impairment of financial assets (continued)

The Company considers a financial asset that is not measured at fair value through profit or loss to be impaired due to credit risk when one or more of the following events occur that affect

Negatively on the receipt of future cash flows arising from the financial asset. The Company considers the following events as evidence that a financial asset is damaged:

- a. significant financial difficulty of the issuer or borrower;
- b. a breach of contract, such as a default or past due event;
- c. a concession granted to the borrower due to the borrower's financial difficulties that would otherwise not be granted;
- d. it is probable that the borrower will enter bankruptcy or financial reorganization;

3. FINANCIAL LIABILITIESFinancial liabilities measured at amortized cost

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest rate method.

4. Derecognition of financial liabilities:

If the terms of an existing financial liability are substantially modified or a liability is exchanged for another liability from the same lender with substantially different terms, the modification or exchange is accounted for as an extinguishment of the original liability and the recognition of a new liability. The difference between the carrying amounts of the above liabilities is recognized in profit or loss.

If the modification in the terms of an existing liability is not substantial or if a liability is exchanged for another liability from the same lender whose terms are not substantially different, the Company recalculates the carrying amount of the liability by discounting the revised cash flows at the original effective interest rate and any resulting difference is recognized in profit or loss.

k. Property, plant and equipment

Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation and less accumulated impairment losses and excluding day- to-day servicing expenses.

Depreciation is calculated at constant annual rates on a straight-line basis over the useful life of the assets as follows:

	%
Motor vehicles	15
Office furniture and equipment	7
Computers and peripheral equipment	33
Leasehold improvements	see below

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Group and intended to be exercised) and the expected life of the improvement.

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

1. INTANGIBLE ASSETS

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets, excluding capitalized development costs, are recognized in profit or loss when incurred.

1. Software development costs:

Software development costs are capitalized only if the development costs can be measured reliably, the technical and commercial feasibility of the software can be demonstrated; future economic benefits are expected from the development, and the Company has the intention and resources to complete the development and use the software. Capitalized costs include cost of materials, direct labor costs and overheads that can be directly attributable to preparing the asset for its intended use. Other development expenses are carried to profit or loss as incurred. When an internally developed intangible asset cannot be recognized, the development costs are recognized as an expense in profit or loss as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2. Software and technology:

The assets of the **group** Includes computer systems consisting of hardware and software. Software forming an integral part of the hardware to the extent that the hardware cannot function without the programs installed on it is classified as property, plant and equipment. In contrast, stand-alone software that adds functionality to the hardware is classified as an intangible asset.

3. Amortization:

The estimated useful life for the current period and for comparison periods is as follows:

- a. Future management fee - original difference with regard to expected future management fee upon acquisition of provident funds and pension funds is amortized in conformity with the expected period for receiving the management fee. See details of change in estimate of the amortization period of customer relations purchased in the Psagot transaction in Note 5 below.
- b. Software - is amortized using the straight-line method over 3-6 years.
- c. Technology -purchased in the acquisition of the Credit Operation and amortized using the straight-line method over 9 years. See also Note 3b.

The estimates used for the depreciation methods, useful life and residual value are reviewed at least at the end of each reporting year.

m. Provisions:

A provision in accordance with IAS 37 is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. when the Company expects that part or all of the expense will be refunded to the Company, such as in an insurance contract, the refund will be recognized as a separate asset only at the time when there is virtually certainty of receiving the asset. the expense is recognized in the statement of profit or loss net of any reimbursement.

Following are the types of provisions included in the financial statements:

Legal claims

A provision for legal claims is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Group to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

n. Revenue recognition:

Revenue from contracts with customers is recognized when the control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

Revenues are recognized in profit or loss when the revenues can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income on loans is recognized over the loan period using the effective interest method.

Revenue from credit line and loan origination commissions is recognized over the credit period using the effective interest method.

Revenue from rendering of services

Revenue from rendering of services is recognized over time, during the period the customer simultaneously receives and consumes the benefits provided by the Company's performance. Revenues are recognized in the reporting periods in which the services are rendered.

Costs of obtaining a contract

In order to obtain certain contracts with customers, the Company incurs incremental costs in obtaining the contract (such as sales commissions which are contingent on making binding sales). Costs incurred in obtaining the contract with the customer which would not have been incurred if the contract had not been obtained and which the Company expects to recover are recognized as an asset and amortized on a systematic basis that is consistent with the provision of the services under the specific contract.

o. Net investment gains, finance income and finance expenses:

Net investment gains and finance income include interest income and linkage differences with respect to debt assets, as well as changes to fair value of financial assets presented at FVPL.

Interest income is recognized as it accrues, using the effective interest method.

Gains or losses from exchange rate differences and changes to fair value of investments are reported on a net basis.

Finance expenses include interest expenses, linkage differences and exchange rate differences for loans received, as well as changes to time value with respect to provisions. Borrowing costs which are not capitalized are recognized in profit or loss using the effective interest method.

p. Put option granted to non-controlling interests

When the Company grants the owners of non-controlling rights a put option (PUT), these rights are classified as a financial liability and do not entitle these rights to a share in the consolidated company's profits. At each reporting date, the financial liability is measured based on the estimated present value of the consideration that will be transferred upon exercise of the put option/based on the fair value of the determined consideration. Updates to the liability amount are recognized in profit or loss.

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

q. Leases:

The Company accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

1. The Company as lessee:

For transactions in which the Company is the lessee, it recognizes a right-of-use asset against a lease liability at the commencement date, with the exception of lease transactions for a period of up to 12 months and lease transactions in which the underlying asset is of low value, in which the Company has elected to recognize

Lease payments are expensed in profit or loss on a straight-line basis over the lease term.

In transactions in which the employee is entitled to a vehicle from the Company as part of his employment terms, the Company treats these transactions as employee benefits in accordance with the provisions of IAS 19 and not as a sublease transaction.

On the commencement date, the lease liability includes all unpaid lease payments (excluding variable lease payments) discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate. After the commencement date, the Company measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred.

The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life and the lease term. When there are indications of impairment, the Company assesses the impairment of the right-of-use asset in accordance with the provisions of IAS 36.

2. Lease extension and termination options:

A non-cancelable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised.

In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Company remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

3. Subleases:

In a transaction in which the Company is a lessee of an underlying asset (head lease) and the asset is subleased to a third party, the Company assesses whether the risks and rewards incidental to ownership of the right-of-use asset have been transferred to the sub-lessee, among others, by evaluating the sublease term by reference to the useful life of the right-of-use asset arising from the head lease.

When substantially all the risks and rewards incidental to ownership of the right-of-use asset have been transferred to the sub-lessee, the Company accounts for the sublease as a finance lease, otherwise it is accounted for as an operating lease.

If the sublease is classified as a finance lease, the leased asset is derecognized on the commencement date and a new asset, "finance lease receivable" is recognized at an amount equivalent to the present value of the lease payments, discounted at the interest rate implicit in the lease. Any difference between the carrying amount of the leased asset before the derecognition and the carrying amount of the finance lease receivable is recognized in profit or loss.

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

- r. Change in accounting policy includes initial application of new financial reporting standards and amendments to existing accounting standards Disclosure Standards IFRS New during the period prior to implementation

IFRS 18, "Presentation and Disclosure in Financial Statements":

In April 2024, the International Accounting Standards Board (IASB) the international IFRS 18 standard (International Financial Reporting Standard) , presentation and disclosure in financial statements (hereinafter: "**The new standard**") which replaces the international IAS 1 accounting standard (hereinafter: "**IAS 1**").

The new standard will include existing requirements of IAS 1 and new requirements for presentation in the statement of profit or loss, including the presentation of amounts and subtotals required in accordance with the new standard, disclosure of performance indicators defined by management (management-defined performance measures) and new requirements for grouping and disaggregating financial information.

IFRS 18 does not modify the recognition and measurement provisions of items in the financial statements. However, since items within the statement of profit or loss must be classified into one of five categories (operating, investing, financing, taxes on income and discontinued operations), it may change the entity's operating profit. Also, the publication of the new standard resulted in limited amendments to other accounting standards, including: IAS 7, Statement of Cash Flows and IAS 34, Interim Financial Reporting. IFRS 18 is to be applied retrospectively for periods beginning on or after January 1, 2017.

- s. In March 2024, the Israeli Parliament approved a decree for raising the VAT rate from 17% to 18% in effect from January 1, 2025. The effect of the new legislation on deferred taxes due to the tax rates that are expected to apply upon reversal amounted to approximately NIS 0.9 million and was recognized in taxes on income in profit or loss in the first quarter of 2024. The deferred tax liability was adjusted accordingly.

- t. Reclassification:

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

- u. 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".

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.

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

v. Changing the structure of financial statements (continuation)

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):

	to date
	<u>December 31, 2023</u>
	<u>Audited</u>
<u>CURRENT ASSETS:</u>	
Cash and cash equivalents	115,856
Short-term investments	134,869
Other receivables and debit balances	21,260
Net investment in lease	12,882
Current taxes receivable	16,869
Total current assets	<u>301,736</u>
<u>NON-CURRENT ASSETS:</u>	
Long-term investments	5,787
Other receivables and debit balances	6,260
DAC	231,881
Net investment in lease	37,031
Right-of-use assets	45,265
Property, plant and equipment	29,567
INTANGIBLE ASSETS	529,312
Deferred tax assets:	6,106
Total non-current assets	<u>891,209</u>
Total assets	<u><u>1,192,945</u></u>

Notes to Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIES (Cont.)

v. Changing the structure of financial statements (continuation)

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

Notes to Consolidated Financial Statements

NOTE 3: - **Business combinations**a. Acquisition of iFunds

On February 12, 2024, the Company, through Altshuler Shaham Alternative Ltd. ("Altshuler Alternative"), completed the acquisition of shares in Altshuler Shaham Global Opportunities Ltd. ("A.S. Global") which were held by Altshuler Ltd., and which constituted 50% of the issued and paid-up share capital of A.S. Global. As of the date of approval of the report, A.S. holds Global by 80% of the issued and paid-up share capital of iFunds. Accordingly, Altshuler Alternative indirectly holds about 40% of the issued and outstanding share capital of iFunds and is the controlling shareholder therein. See also Note 13d below.

The Company recognized the fair value of the assets acquired and liabilities assumed in the business combination. As of the date of approval of the financial statements, a final purchase price allocation (PPA) of the fair value of the assets acquired and liabilities assumed in the business combination has been obtained.

The fair value of the identifiable assets and liabilities of iFunds on the acquisition date:	Fair value February 12, 2024 NIS in thousands
Cash and Cash Equivalents	126
Other receivables and debit balances	709
Deferred tax assets, net	1,138
Intangible Assets	358
Property, plant and equipment	55
	<u>2,386</u>
Payables	<u>(298)</u>
Net identifiable assets	2,088
Noncontrolling interests	1,669
Goodwill arising on acquisition	<u>2,615</u>
Total purchase price	<u><u>6,372</u></u>
<u>Cash used in the acquisition:</u>	
Cash and cash equivalents in acquiree on acquisition date	126
Cash paid for the acquisition	<u>(6,372)</u>
Net cash	<u><u>6,246</u></u>

The overall cost of the business combination was approximately NIS 6,372 thousand and was paid entirely in cash.

The excess cost over the carrying amount of the identifiable assets was carried to goodwill. The goodwill created in the acquisition is allocated to the expected benefits from the synergy of the operations of the Company and iFunds.

Notes to Consolidated Financial Statements

NOTE 3: - **Business combinations** (continuation)

b. **Acquisition of the Credit Operation**

On August 19, 2024, the Company, through altshuler credit, a private company that is controlled by the Company, completed the acquisition of the business operation of crediteam and the entire issued and outstanding share capital of altshuler business credit which is wholly owned by crediteam.

According to the acquisition agreement, in return for the acquired operation, altshuler credit paid crediteam approximately nis 26,421 thousand in cash. the purchase price is subject to certain adjustment mechanisms as determined in the acquisition agreement in respect of which altshuler credit recognized in its books an asset, "receivables for contingent consideration", whose carrying amount as of the acquisition date approximated nis 1,643 thousand. on february 12, 2025, the Company received the contingent consideration in the amount of nis 2,070 thousand. the payment was financed using an interest-bearing capital note issued by the Company.

Upon closing, altshuler credit allocated to each of the founders of the acquired operation 1,250 ordinary shares that account for 10% of its issued and outstanding share capital. the Company holds 10,000 preferred shares of altshuler credit which account for 80% of the latter's issued and outstanding share capital. in addition, the Company allocated to each founder a put option according to which the founders may obligate the Company to purchase from them up to one third of their shares in altshuler credit in return for the exercise of the Company's shares and/or in cash for an overall cost that does not exceed nis 15,000 thousand under the terms agreed between the parties.

The preferred shares confer their holders a right of preference in any dividend distribution by altshuler credit and/or distribution of surplus assets in a deemed liquidation event totaling nis 20,609 thousand. in any event of dividend distribution by altshuler credit up to the full preference amount, the dividends will solely be distributed to the holders of preferred shares subject to the adjustment mechanisms in the acquisition agreement.

The fair value of the identifiable assets and liabilities of the Credit Operation on the acquisition date:

	Fair value For August 19, 2024
	NIS in thousands
Cash and cash equivalents	5,834
Loans to customers	18,660
Other receivables and debit balances	1,692
Deferred tax assets, net	1,243
Intangible assets	13,202
Property, plant and equipment	52
	<u>40,683</u>
Payables	(531)
Financial liability	(22,504)
	<u>(23,035)</u>
Net identifiable assets	17,648
Noncontrolling interests	(1,336)
Goodwill arising on acquisition	10,109
Total purchase price	<u><u>26,421</u></u>
<u>Cash used in the acquisition:</u>	
Cash and cash equivalents in acquiree on acquisition date	5,834
Cash paid for the acquisition	(26,421)
	<u><u>(20,587)</u></u>
Net cash	<u><u>20,587</u></u>

Notes to Consolidated Financial Statements

NOTE 3: - **Business combinations** (continuation)

b. Acquisition of credit activity (continued)

The excess cost over the carrying amount of the identifiable assets was carried to intangible assets consisting of technology, license and goodwill. The fair value of the technology was estimated at approximately nis 11,591 thousand based on the replacement value that relies on the cost expended by crediteam in developing the underwriting technology. The fair value of the license was estimated at approximately nis 100 thousand based on the cost method, representing the total costs borne by crediteam credit to obtain the license.

The goodwill created in the acquisition totaling NIS 10,109 thousand is allocated to the expected benefits from the purchase of the skilled workforce of CrediTeam comprising employees that will be hired by the Company in the acquisition agreement and the synergy of the operations of the Company and the acquiree.

NOTE 4: - **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**
Management of provident funds, including study funds, and pension funds.
The products included in the segment are: Reward and compensation funds, further education funds, central provident funds for severance pay, a central fund for paying sick pay, a central fund for participating in a budgetary pension, investment provident funds and investment provident funds for long-term savings for a child, a new comprehensive pension fund, a new general pension fund.
2. **The 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 activity**
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.

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. In light of this, the comparative data for these reportable segments was presented retrospectively as a separate segment.

Segment performance is evaluated based on earnings before taxes on income excluding expenses and income not attributed to segments, as presented on the financial statements.

Notes to Consolidated Financial Statements

NOTE 4: - **Operating segments** (continuation)

b. Operating segment reporting:

For a period of one year ended
On December 31, 2025

	Provident fund and pension fund management	The Credit Operation	Alternative investment activity	Other	Adjustmen ts	Total
	NIS in thousands					
Revenues from external parties	897,222	21,475	15,059	1,215	-	934,971
Inter-segment revenues	-	-	-	-	-	-
Total revenues	897,222	21,475	15,059	1,215	-	934,971
Finance income	-	-	49,845 *)	-	-	49,845
Company's share of losses of associated partnerships accounted for at equity	-	-	24,767	-	-	24,767
Segment income (loss)	171,900	(11,517)	60,621	1,215	-	222,219
Expenses not allocated to segments						15,222
Finance income						12,293
Finance expenses						13,689
Other income						302
Income before taxes on income						205,903
Additional information						
(1) <u>Marketing, operating, administrative and general expenses</u>						
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS						
	313,468	731	5,132	-	-	319,331
General and administrative and other expenses	411,854	17,823	23,918	-	-	453,595
Total expenses allocated to segments	725,322	18,554	29,050	-	-	772,926
Expenses not allocated to segments						15,222
Total marketing, operating, general and administrative expenses						788,148
(2) <u>Additional information for the activity</u> <u>Management of provident funds and pension funds</u>						
	Pension	Provident	Total			
REVENUES FROM MANAGEMENT FEES, NET	109,083	788,139	897,222			
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	20,303	293,165	313,468			
Operating fees	5,359	25,309	30,668			
Total joint expenses	25,662	318,474	344,136			
Total allocated income	83,421	469,665	553,086			
General and administrative and other expenses			381,186			
Segment income			171,900			

*) For further details, see Note 13(1)f.

Notes to Consolidated Financial Statements

NOTE 4: - **Operating segments** (continuation)

b. Reporting on operating segments (continuation)

	For a period of one year ended On December 31, 2024					Total
	Provident fund and pension fund management	Credit operation *)	Alternative investment operation *)	Other	Adjustmen ts	
NIS in thousands						
Revenues from external parties	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						473
Income before taxes on income						162,468
Additional information						
<u>(1) Marketing, operating, administrative and general expenses</u>						
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	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
<u>(2) Additional information for the activity</u>						
<u>Management of provident funds and pension funds</u>						
	Pension	Provident	Total			
REVENUES FROM MANAGEMENT FEES, NET	98,186	807,457	905,643			
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	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			

(* Presented retrospectively as a reportable segment; see Note 4(a).

Notes to Consolidated Financial Statements

NOTE 4: - **Operating segments** (continuation)

b. Reporting on operating segments (continuation)

	For a period of one year ended On December 31, 2023				Total
	Provident fund and pension fund management	Alternative investment operation *)	Other	Adjustment s	
Revenues from external parties	984,353	6,007	1,139	-	991,499
Inter-segment revenues	-	-	-	-	-
Total revenues	984,353	6,007	1,139	-	991,499
Segment income (loss)	206,956	(7,910)	1,139	-	200,185
Expenses not allocated to segments					3,563
Finance income					8,920
Finance expenses					12,628
Other income, net					14,199
Income before taxes on income					207,113

(*)

Additional information

(1) Marketing, operating, administrative and general expenses

COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	353,004	1,538	-	-	354,542
General and administrative and other expenses	424,393	12,379	-	-	436,772
Total expenses allocated to segments	777,397	13,917	-	-	791,314
Expenses not allocated to segments					3,563
Total marketing, operating, general and administrative expenses					<u>794,877</u>

(2) Additional information for the activity

Management of provident funds and pension funds

	Pension	Provident	Total
REVENUES FROM MANAGEMENT FEES, NET	92,820	891,533	984,353
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	17,611	335,393	353,004
Operating fees	6,976	22,694	29,670
Total joint expenses	24,587	358,087	382,674
Total allocated income	68,233	533,446	601,679
General and administrative and other expenses			<u>394,723</u>
Segment income			<u>206,956</u>

Presented retrospectively as a reportable segment, see Note 4A.

Notes to Consolidated Financial Statements

NOTE 5: - INTANGIBLE ASSETS

	Fees Futures management	Goodwill	Computer software and technology	Total
	NIS in thousands			
<u>Cost:</u>				
Balance as of January 1, 2024	278,510	297,290	166,620	742,420
Initial consolidation **)	-	12,724 **)	13,560 **)	26,284
Additions *)	-	-	16,134 *)	16,134
Balance as of December 31, 2024	<u>278,510</u>	<u>310,014</u>	<u>196,314</u>	<u>784,838</u>
Additions *)	-	-	20,704	20,704
Balance as of December 31, 2025	<u>278,510</u>	<u>310,014</u>	<u>217,018</u>	<u>805,542</u>
<u>Accumulated amortization and accumulated impairment losses:</u>				
Balance as of January 1, 2024	(100,583)	(934)	(113,109)	(214,626)
Amortization in the year	(22,465)	-	(31,099)	(53,564)
Balance as of December 31, 2024	<u>(123,048)</u>	<u>(934)</u>	<u>(144,208)</u>	<u>(268,190)</u>
Amortization in the year	(22,074)	-	(22,347)	(44,421)
Balance as of December 31, 2025	<u>(145,122)</u>	<u>(934)</u>	<u>(166,555)</u>	<u>(312,611)</u>
<u>Net book value:</u>				
As of December 31, 2025	<u>133,388</u>	<u>309,080</u>	<u>50,463</u>	<u>492,931</u>
December 31, 2024	<u>155,462</u>	<u>309,080</u>	<u>52,106</u>	<u>516,648</u>

*) Additions for computer software include additions for self-development: In 2025 and 2024 a total of **14,003** Thousands of NIS and 11,410 thousands of NIS respectively.

***) See Note 3 regarding business combinations.

Notes to Consolidated Financial Statements

NOTE 5: - Intangible assets (continuation)

Impairment of goodwill and intangible assets with an indefinite useful life

On December 31, 2025, the Company examined the fair value of the provident and pension activities, credit activities and alternative investment activities (including goodwill and future management fees), based on the Company's market price, with relevant adjustments.

The estimated recoverable amount of each cash-generating unit is higher than the unit's carrying amount, and therefore no provision for impairment is required.

The following is the goodwill balance as of December 31, 2025 and 2024 of the aforementioned intangible assets allocated to each of the cash-generating units:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>NIS in thousands</u>	
Provident and pension activities	296,356	296,356
The Credit Operation	10,109	10,109
Alternative Investment Activity	<u>2,615</u>	<u>2,615</u>
	<u>309,080</u>	<u>309,080</u>

Estimate of future management fees

The amortization period for customer relationships acquired as part of the Psagot transaction is 11 years for members of the "Psagot Gadish" provident fund, which was merged into the "Altschuler Shaham Provident Fund," and 10 years for members of the "Psagot Shia Further Education" training fund, which was merged into the "Altschuler Shaham Further Education" training fund.

NOTE 6: - Leases

Disclosures for leases in which the Company acts as lessee

The Company has entered into leases of buildings and motor vehicles which are used for the Group's current operations.

Leases of buildings have lease terms of between 2 and 6 years whereas leases of motor vehicles have lease terms of up to 3 years.

Some of the leases entered into by the Company include extension options.

a. Information on leases:

	<u>For the year ended on</u>	
	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>NIS in thousands</u>	
Interest expense on lease liabilities	2,452	2,931
Finance income from subleasing right-of-use assets	1,004	1,587
Total negative cash flow for leases, net	9,465	12,460

Notes to Consolidated Financial Statements

NOTE 6: - Leases (continuation)b. Extension optionsLease of building on 19 HaBarzel Street in Tel-Aviv

The Company has entered into multiple leases with respect to right-to-use assets on HaBarzel Street in Tel-Aviv that include extension options. These options afford the Company flexibility in managing the lease transactions and adapting them to the Company's business needs.

The Company exercises significant judgement in deciding whether it is reasonably certain that the extension and termination options will be exercised.

The lease of the building on HaBarzel Street in Tel-Aviv is until December 31, 2030. Moreover, the lease stipulates that the Company may lease additional areas from the lessor, subject to availability of areas for lease offered by the lessor from time to time, for a 3-year term with an optional extension for a further 3-year term with respect to each additional area, or through December 31, 2030, whichever is sooner, in conformity with terms and conditions to be agreed by the parties at that time, which would also be part of the lease. The lease further stipulates that the Company may shorten the lease term with respect to the leasehold areas, in whole or in part, including the additional areas, if any, such that the lease will expire on June 30, 2028, subject to restrictions, terms and conditions as set forth in the lease. The lease further stipulates that the lessor will provide a budget to the lessee, as contribution towards refurbishment and adaptation work in the leasehold areas, as set forth in the lease.

On July 1, 2023, the Company leased additional space in the building for a period of one and a half years with an option for an additional 3 years, which was exercised at the end of 2024.

Lease of floor on 1 HaBarzel Street in Tel-Aviv

On July 1, 2024, the Company leased an additional space in the building on 1 HaBarzel Street in Tel-Aviv for a period of two years with an option for an additional two years.

Lease of building on Sapir Street in Haifa

In March 2022, the Company entered into lease of an office building on Sapir Street in Haifa instead of the building on Yohanan HaSandlar Street in Haifa described above for performing some of its current operations. The lease is for a period of 5 years with an option for extension by another 5 years.

On May 1, 2024, the Company signed an agreement for terminating part of the leases for the property on Sapir Street in Haifa. As part of the lease termination, the Company paid a nonrecurring fee of NIS 1,107 thousand.

c. Net investment in lease

As part of the acquisition and merger of Psagot, Altshuler Provident entered into a lease agreement with the owners of the Psagot building at 3 Rothschild Street, Tel Aviv, until December 31, 2027. ("**Original rental agreement**").

On August 26, 2021, Altshuler Provident entered into a sublease with Value Capital One Management Ltd. ("the sublessee") for some of the floors in the building. The sublease is from August 2021 through actual expiration of Altshuler Provident's lease, i.e. through December 31, 2027.

In consideration for the sublease, the sublessee shall pay Altshuler Provident monthly rent linked to the CPI, as well as additional payments as stipulated in the original lease.

On May 9, 2022, Altshuler Provident signed an addendum to the sublease with Value Capital One Management Ltd., Psagot Securities Ltd. and Psagot Funds Ltd. for leasing additional floors in Beit Psagot.

Also, on September 1, 2022, Altshuler Provident signed another addendum to the sublease with Rani Zim Shopping Centers Ltd. for subleasing the other floors in Beit Psagot to the latter.

Notes to Consolidated Financial Statements

NOTE 6: - Leases (continuation)c. Investment in lease, net (continuation)

On April 30, 2025, Altshuler Gemel and the subtenants signed an agreement to cancel the lease agreement for some of the floors in Beit Psagot with the building owners, in exchange for compensation to be paid to the building owners by Altshuler Gemel 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.

d. Disclosures in respect of right-of-use assets:Year 2025

	<u>Buildings</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>NIS in thousands</u>		
<u>Cost:</u>			
<u>Balance as of January 1, 2025</u>	50,735	13,717	64,452
<u>Additions during the year:</u>			
Additions to right-of-use assets for new leases in the period	-	3,844	3,844
Adjustments for indexation	817	98	915
Disposals during the year	-	<u>(4,368)</u>	<u>(4,368)</u>
<u>Balance as of December 31, 2025</u>	<u>51,552</u>	<u>13,291</u>	<u>64,843</u>
<u>Accumulated depreciation:</u>			
<u>Balance as of January 1, 2025</u>	18,204	10,131	28,335
<u>Additions during the year:</u>			
Depreciation	5,649	3,030	8,679
Disposals during the year	-	<u>(3,367)</u>	<u>(3,367)</u>
<u>Balance as of December 31, 2025</u>	<u>23,853</u>	<u>9,794</u>	<u>33,647</u>
<u>Depreciated cost at December 31, 2024</u>	<u>27,699</u>	<u>3,497</u>	<u>31,196</u>

See details of the maturity dates of lease liabilities in Note 11e below.

Notes to Consolidated Financial Statements

NOTE 6: - **Leases** (continuation)a. Disclosures regarding right-of-use assets (continuation)Year 2024

	<u>Buildings</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>NIS in thousands</u>		
<u>Cost:</u>			
<u>Balance as of January 1, 2024</u>	53,944	13,336	67,280
<u>Additions during the year:</u>			
Additions to right-of-use assets for new leases in the period	348	2,599	2,947
Adjustments for indexation	512	143	655
<u>Disposals during the year</u>	<u>(4,069)</u>	<u>(2,361)</u>	<u>(6,430)</u>
<u>Balance as of December 31, 2024</u>	<u>50,735</u>	<u>13,717</u>	<u>64,452</u>
<u>Accumulated depreciation:</u>			
<u>Balance as of January 1, 2024</u>	13,476	8,539	22,015
<u>Additions during the year:</u>			
Depreciation	5,533	3,033	8,566
<u>Disposals during the year</u>	<u>(845)</u>	<u>(1,441)</u>	<u>(2,286)</u>
<u>Balance as of December 31, 2024</u>	<u>18,164</u>	<u>10,131</u>	<u>28,295</u>
<u>Balance of depreciated cost at December 31, 2024</u>	<u>32,571</u>	<u>3,586</u>	<u>36,157</u>

See details of the maturity dates of lease liabilities in Note 11e below.

Notes to Consolidated Financial Statements

NOTE 7: - DAC

a. Composition:

	<u>To date December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>NIS in thousands</u>	
Pension	99,532	96,639
Provident	102,063	136,495
Alternative investment funds	1,608	632
	<u>203,203</u>	<u>233,766</u>

b. Movement in DAC:

	<u>Pension *)</u>	<u>Providence*)</u>	<u>Alternative investment funds **)</u>	<u>Total</u>
	<u>NIS in thousands</u>			
Balance as of January 1, 2024	83,844	147,834	203	231,881
Additions	25,652	48,201	514	74,367
Current amortization	<u>(12,857)</u>	<u>(59,540)</u>	<u>(85)</u>	<u>(73,482)</u>
Balance as of December 31, 2024	96,639	136,495	632	233,766
Additions	18,901	21,616	1,244	41,761
Current amortization	<u>(16,008)</u>	<u>(56,048)</u>	<u>(268)</u>	<u>(72,324)</u>
Balance as of December 31, 2025	<u>99,532</u>	<u>102,063</u>	<u>1,608</u>	<u>203,203</u>

*) As of the report date, the Company has estimated the expected life expectancy of the asset. See also Note 2f(1) above. In addition, in accordance with the provisions of IFRS 15 "Revenue from Contracts with Customers", the Company performed an impairment test of the asset as of December 31, 2025. As of the valuation date, the balance of the discounted amount of the consideration that the Company expects to receive, less the costs directly attributable to the provision of the services, is higher than the balance of the deferred acquisition expenses in the books, and therefore no impairment should be recognized.

The calculation of the payment is based on the value in use of each portfolio tier which reflects its recoverable amount. The value in use is determined in a valuation of the cash flows of each portfolio tier for a period of 20 years from January 1, 2025 through the end of 2045 using the DCF method based on forecasts obtained from the Company's Management as of the valuation date using a WACC of 9.5% (after taxes).

Regarding the assumptions underlying the calculation of the consideration which the Company expects to receive, Management believes that there are no potential changes in the key assumptions underlying the calculation which are likely to cause the carrying amount of DAC to significantly exceed the value of the consideration which the Company expects to receive less the costs directly attributable to the provision of the services.

As per the Company's estimate, the amortization period is 7 years. The Company amortizes the costs based on the expected life of the project to which the customers are enrolled. See also Note 2f(2) above.

Notes to Consolidated Financial Statements

NOTE 8: Property, plant and equipment

Year 2025

	Tool Vehicle	Office furniture and equipment	Computers and peripheral equipment	Leasehold improvements	Total
	NIS in thousands				
Cost:					
Balance as of January 1, 2025	154	7,223	41,952	36,048	85,377
Additions during the year	-	145	3,044	142	3,331
Balance as of December 31, 2025	<u>154</u>	<u>7,368</u>	<u>44,996</u>	<u>36,190</u>	<u>88,708</u>
Accumulated depreciation:					
Balance as of January 1, 2025	(154)	(3,783)	(36,200)	(17,389)	(59,526)
Additions during the year	-	(468)	(3,986)	(3,672)	(8,126)
Balance as of December 31, 2025	<u>(154)</u>	<u>(4,251)</u>	<u>(40,186)</u>	<u>(23,061)</u>	<u>(67,652)</u>
Reduced cost balance per day December 31, 2025	-	<u>3,116</u>	<u>3,381</u>	<u>13,130</u>	<u>21,056</u>

Year 2024

	Tool Vehicle	Office furniture and equipment	Computers and peripheral equipment	Leasehold improvements	Total
	NIS in thousands				
Cost:					
Balance as of January 1, 2024	154	7,131	40,071	34,754	82,110
Initial consolidation	-	-	107	-	107
Additions during the year	-	92	1,774	1,294	3,160
Balance as of December 31, 2024	<u>154</u>	<u>7,223</u>	<u>41,952</u>	<u>36,048</u>	<u>85,377</u>
Accumulated depreciation:					
Balance as of January 1, 2024	(154)	(3,344)	(31,572)	(15,955)	(51,025)
Additions during the year	-	(439)	(4,618)	(3,434)	(8,491)
Balance as of December 31, 2024	<u>(154)</u>	<u>(3,783)</u>	<u>(36,190)</u>	<u>(19,389)</u>	<u>(59,516)</u>
Reduced cost balance per day December 31, 2024	-	<u>3,440</u>	<u>5,762</u>	<u>16,659</u>	<u>25,861</u>

Notes to Consolidated Financial Statements

NOTE 9: - Other receivables and debit balances

	December 31,	
	2025	2024
NIS in thousands		
<u>Receivables and short-term debt balances</u>		
Income receivable	22,542	16,196
Prepaid expenses	9,416	7,383
Bridge loans to partnerships *)	8,781	8,998
Prepaid agent commissions	1,606	2,045
Contingent consideration	-	2,070
Obligatory related parties	548	1,537
Loans to employees	326	111
Other receivables	7,637	7,315
	<u>50,856</u>	<u>45,655</u>
<u>Long-term receivables and payables</u>		
Prepaid expenses	4,774	4,964
Other receivables	2,600	-
	<u>7,374</u>	<u>4,964</u>

See also Note 18c(2)(b).

As for linkage terms of assets and liabilities, see Note 11d(3).

NOTE 10: - LOANS TO CUSTOMERS

a. Customer credit composition, net

	As of December 31, 2025			December
	NIS in thousands			31, 2024
	Total	Business credit	Construction credit	Business credit
Credit to customers	363,844	313,844	50,000	65,957
Less – expected credit losses	(7,056)	(6,662)	(394)	(1,342)
Add – interest income receivable	1,587	1,363	225	637
Less prepaid income (1)	(4,256)	(3,159)	(1,097)	(937)
Total customer credit	<u>354,119</u>	<u>305,386</u>	<u>48,734</u>	<u>64,315</u>
Total short-term loans to customers	125,073	123,792	1,281	41,818
Total long-term loans to customers	229,046	181,593	47,453	22,497

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

Notes to Consolidated Financial Statements

NOTE 10: - Customer Credit (continuation)

b. Movement in allowance for expected credit losses:

	Stage 1 - Credit losses - 12 months	Stage 2 - Credit Losses - Lifetime Balance	Stage 3 - Credit losses for impaired assets at the date of initial recognition of the asset	Total
Year ended December 31, 2024				
NIS in thousands				
Opening balance	881	12	449	1,342
Charge during the year	2,569	(9)	3,153	5,714
Closing balance	<u>3,450</u>	<u>3</u>	<u>3,603</u>	<u>7,056</u>

	Stage 1 - Credit losses - 12 months	Stage 2 - Credit Losses - Lifetime Balance	Stage 3 - Credit losses for impaired assets at the date of initial recognition of the asset	Total
Year ended December 31, 2024:				
NIS in thousands				
Opening balance	-	-	-	-
Charge during the year	881	12	449	1,342
Closing balance	<u>881</u>	<u>12</u>	<u>449</u>	<u>1,342</u>

Notes to Consolidated Financial Statements

NOTE 10: - Customer Credit (continuation)

b. Composition of allowance for expected credit losses:

		Stage 1 - Credit losses - 12 months	Step B - Credit Losses - Lifetime Balance	Stage 3 - Credit losses for impaired assets at the date of initial recognition of the asset (*)	Total
As of December 31, 2025					
NIS in thousands					
Loans collateralized by personal guarantees	Gross carrying amount	105,545	68	3,923	109,536
	Loss allowance	1,875	3	2,257	4,135
	Expected loss rate	1.78%	4.21%	57.53%	3.50%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	196,942	-	5,569	202,511
	Loss allowance	1,181	-	1,346	2,527
	Expected loss rate	0.60%	-	24.17%	1.25%
Construction customer credit	Gross carrying amount	49,128	-	-	49,128
	Loss allowance	394	-	-	394
	Expected loss rate	0.80%	-	-	0.80%
Total	Gross carrying amount	351,615	68	9,491	361,175
	Loss allowance	3,450	3	3,603	7,056
	Expected loss rate	0.98%	4.21%	37.96%	1.95%

*) Impaired assets were valued at their fair value on the purchase date.

Notes to Consolidated Financial Statements

NOTE 10: - Customer Credit (continuation)

b. Composition of the provision for expected credit losses (continuation)

		Stage 1 - Credit losses - 12 months	Step B - Credit Losses - Lifetime Balance	Stage 3 - Credit losses for impaired assets at the date of initial recognition of the asset *)	Total
As of December 31, 2024					
NIS in thousands					
Loans collateralized by personal guarantees	Gross carrying amount	26,544	236	887	27,967
	Loss allowance	584	12	52	649
	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	37,991
	Loss allowance	296	-	396	692
	Expected loss rate	0.85%	-	12.79%	1.83%
Total	Gross carrying amount	61,431	236	3,989	65,656
	Loss allowance	881	12	449	1,342
	Expected loss rate	1.43%	5.08%	11.25%	2.04%

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

c. Breakdown of credit backed by real estate and/or equipment according to the financing rate (LTV as of December 31, 2025:

	LTV of 0%- 30%	LTV of 30%- 50%	LTV of 50%-70%	LTV above 70%	Total
As of December 31, 2025					
NIS in thousands					
Credit for business customers	45,368	-	15,138	142,005	202,511
Credit to construction customers *)	-	49,128	-	-	49,128
	<u>45,368</u>	<u>49,128</u>	<u>15,138</u>	<u>142,005</u>	<u>251,639</u>

*) **The safe ones** are surpluses of projects, **therefore, shivvim** is in the context of forward-looking information that is not fully under the Company's control and whose actual existence is uncertain. The information is based on information received by the Company from customers as of the date of approval of the report, where in projects that are in the execution stages, the information is based on performance reports for the project (its status, financial balances, etc.) That the Company receives on an ongoing basis, and for projects that are not yet under construction, the information is based on zero data and reports as of the date the financing was provided, while examining the timeliness of the information, the need to update it on an ongoing basis, including customer assessments and plans that may not materialize or may materialize differently from the customer plans., including if one or more of the factors listed below are present: (1) there will be adverse changes in the state of the economy and/or the state of the real estate market and/or the state of the residential apartment market in general and in the areas where the specific projects are located; (2) changes will occur in construction costs and/or in the prices of raw materials and/or in their availability and/or in the prices of construction inputs and/or in the availability of skilled labor.

Notes to Consolidated Financial Statements

NOTE 10: - Customer Credit (continuation)c. Breakdown of credit backed by real estate and/or equipment according to the financing rate
((LTV as of December 31, 2024):

	LTV of 0%- 30%	LTV of 30%- 50%	LTV of 50%-70%	LTV above 70%	Total
	December 31, 2024				
	NIS in thousands				
Credit for business customers	258	396	12,063	25,273	37,990

d. Customer Aging Report in Arrears – Business Credit Portfolio

	December 31,	
	2025	2024
Number of days *	NIS in thousands	
0- 30	240	2,112
31- 60	1,448	46
61- 90	2,475	5
91- 120	568	160
121- 180	48	1,567
181- 365	570	4,588
Over 365	5,037	240
Layouts	1,668	-
Total	12,054	8,719

* Number of days – describes days in arrears from the original check date.
The amounts presented are gross debts before adjusting the fair value of the customer credit portfolio as of the date of purchase of credits (for further details, see Note 3B).

Notes to Consolidated Financial Statements

NOTE 11: - Financial Instruments

a. GENERAL

The company has three areas of operation, which are classified as separate accounting operating segments in the financial statements: Provident and pension fund management, credit activity and alternative investment activity. The Group's activities expose it to the following risks: Market risks, credit risks (counterparty), liquidity risks, interest rate risks and operational risks.

b. Description of risk management procedures and methods:

Risk management is an inherent part of the Group's day-to-day operations in making investments. under management The risks The group Aspiring Identify, measure and analyze the The risks The standing ones in front of The group sets limits and controls Compatibility for risks and monitor About The risks and standing Within limits. The methods Risk management is reviewed in a way Current in order to Reflect Changes On condition The market and in activity The group. The group, through Training, Procedures and controls, operational For development Environment Control Effective in it All The employees Understand the Their role and their commitment.

c. Legal requirements

The Group has appointed a Financial Risk Officer for provident funds managed by Altshuler Provident, as an objective, independent party for creating appropriate infrastructure at the management company for understanding, identifying and measuring the aforementioned risk types, for regular monitoring thereof, for decision making and for setting policy based there upon. The Financial Risk Officer conducts regular measurements and controls, which are reported to the Board of Directors and to Board committees as required.

As per the Capital Market, Insurance and Savings Authority Circular no. 2024-10-2, as a holder of an extended credit provider license, Altshuler Credit is legally mandated to include operational, outsourcing and business continuity risks in its risk management activities. Moreover, Altshuler Credit chose to also manage credit risks.

a. Market risks:

Market risks affect the fair value of the Group's assets, mainly the Group's securities portfolio which is held for nostro investments and the Group's income component which is derived from the value of the provident and pension fund assets managed by by Altshuler Provident.

Notes to Consolidated Financial Statements

NOTE 11: - Financial Instruments (continuation)d. Market risks (continuation)1. Currency risk

The financial assets linked to a foreign currency, due to which the Group has exposure to currency fluctuations, as of December 31, 2025, financial liabilities, net, are approximately NIS 3,605 thousand, and as of December 31, 2024, financial assets, net, are approximately NIS 1,749 thousand.

The selected changes were determined in accordance with management's assessments of reasonably possible changes in these risk variables.

	Sensitivity test to changes At the foreign exchange rate			
	Gain (loss) from the change			
	Increase in the exchange rate of 10%	Increase in the exchange rate of 5%	Currency decline of 5%	Currency decline of 10%
	NIS in thousands			
Year 2025	<u>(360)</u>	<u>(180)</u>	<u>180</u>	<u>360</u>
Year 2024	<u>175</u>	<u>87</u>	<u>(87)</u>	<u>(175)</u>

2. Consumer Price Index Risk

The Group has lease agreements that include leases of buildings and vehicles. The lease agreements are mostly linked to the consumer price index and are therefore exposed to market and index risks. As of December 31, 2025, the net financial liabilities, which are index-linked and for which the Group has exposure to changes in the consumer price index, are approximately NIS 40,923 thousand, and as of December 31, 2024, approximately NIS 45,794 thousand.

The selected changes were determined in accordance with management's assessments of reasonably possible changes in these risk variables.

	Sensitivity test to changes In the consumer price index	
	Gain (loss) from the change	
	Increase in index of 5%	Index decline of 5%
	NIS in thousands	
Year 2025	<u>(2,046)</u>	<u>2,046</u>
Year 2024	<u>(2,290)</u>	<u>2,290</u>

Notes to Consolidated Financial Statements

NOTE 11: - **Financial Instruments** (continuation)

d. Market risks (continuation)

3. Interest risks:

The Group has short-term investments, short-term and long-term customer credit, short-term credit commitments, and long-term loans from banking corporations, and therefore the Company is exposed to changes in interest rates. The level of interest in the economy has an impact on the Group's activities. The Group uses credit from banking corporations, in the ordinary course of business, among other things, to bridge timing gaps between the dates of use and the date of receipt of proceeds from the maturity of investments.

In the area of non-bank credit, changes in market interest rates relate mainly to the loan provided by Altshuler Credit and to the Company's liabilities that carry variable interest. The Group's income from this activity is based primarily on the existing spread between the cost of credit to which the Group is obligated by the financing entities and the interest it charges its customers. Below is the assessment of sensitivity and changes to carrying amount of financial assets, representing the various categories of debt assets, due to changes in interest rate. These calculations assume that all other variables that affect asset value (such as credit rating) are kept constant.

Note that this sensitivity is not linear, so that larger or smaller changes than the changes described below may not be simply extrapolated from the effect of such changes. The selected changes were determined in accordance with management's assessments of reasonably possible changes in these risk variables.

	Sensitivity test to changes		
	At the interest rate		
	Loss From a change in the interest rate	Fair value of assets	Profit From a change in the interest rate
	+5%		-5%
	NIS in thousands		
<u>As of December 31, 2025</u>			
Mutual fund participation units	(1,434)	156,027	1,434
Fixed-interest government bonds	(11,606)	22,846	11,606
Unquoted debt asset	-	23	-
LOANS TO CUSTOMERS	(20,100)	354,119	20,100
Loans from banking corporations at variable interest rates	19,375	(440,514)	(19,375)
	<u>(27,529)</u>	<u>92,501</u>	<u>27,529</u>
<u>To date December 31, 2024</u>			
Mutual fund participation units	(198)	107,696	198
Unquoted debt asset	(1,671)	22,609	1,671
LOANS TO CUSTOMERS	(3,537)	64,315	3,537
Loans from banking corporations at variable interest rates	2,710	(92,716)	(2,710)
	<u>(2,696)</u>	<u>101,904</u>	<u>2,696</u>

- a. Sensitivity analysis to change in interest rate applies to instruments bearing variable interest. The exposure is with regard to cash flow from the financial instrument. To calculate sensitivity, the Company accounts for a change in interest rate since the start of the year, even for assets acquired during the year.
- b. The sensitivity analysis includes only the items whose value will be directly affected by a change in the interest rate.
- c. The sensitivity analysis of comprehensive income accounts for the effect on pretax income (loss) in the period.
- d. The sensitivity analyses are based on the carrying amount and not the economic value.

Notes to Consolidated Financial Statements

NOTE 11: - Financial Instruments (continuation)d. Market risks (continuation)3. Interest rate risk (continuation)

The Group has fixed-interest financial instruments that are not measured at fair value as follows:

	December 31,	
	2025	2024
	NIS in thousands	
<u>Assets:</u>		
CASH AND CASH EQUIVALENTS	87,469	83,988
	<u>87,469</u>	<u>83,988</u>
<u>Liabilities:</u>		
Loans from banking corporations (including current maturities)	290,246	339,662
	<u>290,246</u>	<u>339,662</u>

The fixed-interest financial instruments expose the Company to fair value risk due to changes in interest rates. Since these instruments are not measured at fair value through profit or loss, a change in the interest rate as mentioned is not expected to have any impact on profit or loss.

Notes to Consolidated Financial Statements

NOTE 11: - Financial Instruments (continuation)d. Market risks (continuation)4. Details of the Group's assets and liabilities by linkage basis:

	December 31, 2025				Total
	Unlinked	linked To the index	linked For foreign exchange	Non- financial and other items	
	NIS in thousands				
Current assets:					
Cash and cash equivalents	87,469	-	-	-	87,469
Short-term investments	178,895	-	-	-	178,895
Short-term customer credit	125,074	-	-	-	125,074
Receivables and short-term debt balances	29,176	270	11,993	9,416	50,855
Net lease investment, short-term	-	10,428	-	-	10,428
Current tax assets	-	7,182	-	-	7,182
Total current assets	420,614	17,880	11,993	9,416	459,903
Non-current assets:					
Long-term investments	54,067	-	-	-	54,067
Long-term receivables and payables	7,374	-	-	-	7,374
Long-term customer credit DAC	229,046	-	-	203,203	229,046
Net lease investment, long term	-	7,239	-	-	7,239
Investments in associated partnerships:	-	-	-	35,346	35,346
Right-of-use assets	-	-	-	31,196	31,196
Property, plant and equipment	-	-	-	21,056	21,056
Intangible Assets	-	-	-	492,931	492,931
Deferred tax assets	-	-	-	11,522	11,522
Total non-current assets	290,487	7,239	-	795,254	1,092,980
Total assets	711,101	25,119	11,993	804,670	1,552,883
Current liabilities:					
Short-term credit	423,999	-	15,598	-	439,597
Current maturities for loans	49,390	-	-	-	49,390
Current maturities for lease commitments	-	16,889	-	-	16,889
Short-term receivables and balances	120,412	8,746	-	-	129,158
Current taxes to pay	-	3,829	-	-	3,829
Total current liabilities	593,801	29,464	15,598	-	638,863
Non-current liabilities:					
Bank loans	240,702	-	-	-	240,702
Other Payables	2,879	-	-	-	2,879
Long-term lease liabilities	-	36,578	-	-	36,578
Employee benefit liabilities	-	-	-	994	994
Deferred tax liabilities	-	-	-	13,526	13,526
Total non-current liabilities	243,581	36,578	-	14,520	294,679
Total liabilities	837,382	66,042	15,598	14,520	933,542
Total equity	-	-	-	619,341	619,341
Total equity and liabilities	837,382	66,042	15,598	633,861	1,552,883
Total balance sheet exposure	(126,281)	(40,923)	(3,605)	170,809	-

Notes to Consolidated Financial Statements

NOTE 11: - Financial Instruments (continuation)d. Market risks:4. Details The Group's assets and liabilities divided into linkage bases (continuation)

	December 31, 2024				Total
	Unlinked	linked To the index	linked For foreign exchange	Non- financial and other items	
	NIS in thousands				
Current Assets:					
Cash and cash equivalents	83,988	-	-	-	83,988
Short-term investments	130,329	-	-	-	130,329
Short-term customer credit	42,021	-	-	-	42,021
Receivables and short-term debt balances	22,379	243	10,686	12,347	45,655
Net lease investment, short-term	-	13,323	-	-	13,323
Current tax assets	-	176	-	-	176
Total current assets	278,717	13,742	10,686	12,347	315,492
Non-current assets:					
Long-term investments	3,114	-	-	-	3,114
Long-term receivables and payables	4,964	-	-	-	4,964
Long-term customer credit	22,294	-	-	-	22,294
DAC	-	-	-	233,766	233,766
Net lease investment, long term	-	29,895	-	-	29,895
Investments in associated partnerships:	-	-	-	8,653	8,653
Right-of-use assets	-	-	-	36,157	36,157
Property, plant and equipment	-	-	-	24,253	24,253
Intangible Assets	-	-	-	518,256	518,256
Deferred tax assets	-	-	-	12,718	12,718
Total non-current assets	30,372	29,895	-	833,803	894,070
Total assets	309,089	43,637	10,686	846,150	1,209,562
Current liabilities:					
Short-term credit	83,583	-	8,937	-	92,520
Current maturities for loans	49,390	-	-	-	49,390
Current maturities for lease commitments	-	18,665	-	-	18,665
Short-term receivables and balances	118,454	3,527	-	-	121,981
Current taxes to pay	-	2,050	-	-	2,050
Total current liabilities	251,427	24,242	8,937	-	284,606
Non-Current Liabilities:					
Bank loans	290,092	-	-	-	290,092
Other Payables	2,879	-	-	-	2,879
Long-term lease liabilities	-	65,189	-	-	65,189
Employee benefit liabilities	-	-	-	1,461	1,461
Deferred tax liabilities	-	-	-	20,025	20,025
Total non-current liabilities	292,971	65,189	-	21,486	379,646
Total liabilities	544,398	89,431	8,937	21,486	664,252
Total equity	-	-	-	545,310	545,310
Total equity and liabilities	544,398	89,431	8,937	566,796	1,209,562
Total balance sheet exposure	(235,309)	(45,794)	1,749	279,354	-

Notes to Consolidated Financial Statements

NOTE 11: - Financial Instruments (continuation)

b. Liquidity risk:

Liquidity risk is the risk that the Group will be required to sell assets at a lower price, in order to meet its obligations. For example, a potential need to raise resources unexpectedly and within a short period of time, may require rapid disposal of assets at prices below the market value for such assets.

The Group has a negative working capital ratio totaling approximately NIS 179 million, as of December 31, 2025 (and as of December 31, 2024, a positive working capital ratio totaling approximately NIS 31 million).

The negative working capital position as of the reporting date is primarily attributable to uncommitted credit facilities (“on call”) obtained by the Company for the purpose of extending loans to customers in its credit operations, as compared to the current and non-current assets of the credit portfolio.

The Group does not anticipate any liquidity risk with respect to meeting any of its obligations.

Future maturities

The table below provides a summary of anticipated maturities of the Company's financial liabilities. As these amounts include future interest payments, they do not match the carrying amount of the financial liabilities in the statement of financial position.

Maturities of financial liabilities were included based on contractual maturities. In contracts where the counterparty may select the timing of any payment, the liability was included based on the earliest date when the Company may be required to settle its liability.

	<u>Up to a year</u>	<u>Over 1 year to 5 years</u>	<u>Over 5 years and up to 10 years</u>	<u>Total</u>
	NIS in thousands			
<u>As of December 31, 2025</u>				
Financial Liabilities	<u>488,987</u>	<u>197,561</u>	<u>43,141</u>	<u>729,689</u>
Lease liabilities	<u>17,144</u>	<u>33,990</u>	<u>2,333</u>	<u>53,467</u>
<u>December 31, 2024</u>				
Financial Liabilities	<u>141,911</u>	<u>197,561</u>	<u>92,530</u>	<u>432,002</u>
Lease liabilities	<u>9,461</u>	<u>59,867</u>	<u>14,526</u>	<u>83,854</u>

Notes to Consolidated Financial Statements

NOTE 11: - Financial Instruments (continuation)

f. Credit risks:

As of December 31, 2023, the Group held monetary mutual funds participation units with an average life that is lower than 0.25 years and also held unquoted and unrated corporate debt assets. As of December 31, 2023, the Group held monetary mutual funds participation units with an average life that is lower than 0.25 years and also held unquoted and unrated corporate debt assets.

The Group's off-balance sheet instruments consist of the Company's guarantee to secure office leases. This guarantee is not rated. See also Note 25e.

Exposure details for investments

	December 31, 2025	
	Balance sheet credit risk	
	Amount NIS in thousands	% Total
Mutual funds	159,628	68.52
Government bonds	22,846	9.81
Other financial asset	50,488	21.67
Total	<u>232,962</u>	<u>100</u>

	December 31, 2024	
	Balance sheet credit risk	
	Amount NIS in thousands	% Total
Mutual funds	130,305	97.65
Unquoted debt asset	24	0.02
Other financial asset	3,114	2.33
Total	<u>133,443</u>	<u>100</u>

Information of financial investments:

1. Composition:

	December 31,	
	2025	2024
	NIS in thousands	
Short-term investments	178,895	130,329
Long-term investments	54,067	3,114
	<u>232,962</u>	<u>133,443</u>

Notes to Consolidated Financial Statements

NOTE 11: - **Financial Instruments** (continuation)

f. **Credit risk** (continued)

Details of financial investments (continued)

2. Classification of financial instruments as per the fair value hierarchy:

The carrying amount of cash and receivables approximates their fair value.

	December 31, 2025		
	Level 1	Level 3	Total
Short-term investments	178,872	23	178,895
Long-term investments	-	54,067 (1)(2)(3)	54,067
Total	178,872	54,091	232,962

	December 31, 2024		
	NIS in thousands		
	Level 1	Level 3	Total
Short-term investments	130,305	24	130,329
Long-term investments	-	3,114(1)	3,114
Total	130,305	3,138	133,443

(1) Composed Of Expected Future Profits Plus Revenue Receivable In The Amount Of Approximately Nis 3,579 Thousand And Nis 3,114 Thousand, As Of December 31, 2025 And December 31, 2024, Respectively.

Major assumptions used to calculate expected future gains as of December 31, 2024

Real discount rate: 7%.

Annual cancellation rate between 17.6%-8.5% and annual redemption rate between 14.8%-9.6%.

Premiums and reinsurer premiums were determined based on tariff tables for different insurance coverages.

Reinsurance rate of 90% and claims at 75% of reinsurance premium.

Commissions and expenses based on various agreements with insurance agents and insurance portfolio operator.

(2) During the reporting period, the Company made a long-term investment as a limited partner in an investment fund managed by altshuler investment funds. as of the report date, the investment approximates nis 1,611 thousand.

(3) During the reporting period, the Company, altshuler real estate and external partners invested in a partnership with asre churchwick lp. the partnership is an investment entity and therefore classified its investment in the asset company as a financial asset (for further details, see note 13f) below.

Following the signing of a financing agreement with a financing body and the provision of credit to finance the assets during the 4th quarter, a valuation of the 8 hotel assets in which the property company invests was carried out by an external and independent valuer. the fair value determined for the assets reflects the characteristics of the hotel group, their operational performance and the relevant economic parameters, in accordance with the information and data available to the valuer at the time of the valuation.

As of the report date, the financial asset approximates nis 48,781 thousand.

In respect of the above, during the reporting period, the Company recorded a profit from the revaluation of long-term financial investments in the amount of approximately nis 49,877 thousand, which was attributed to the financing income item.

The valuation was carried out in accordance with the discounted cash flow method (dcf), based on the following main assumptions:

- discount rate (on net revenues) of 8.78%
- annual rental income (net) - \$8,411,712
- number of rooms - 1,041
- price per door - \$92,026

Notes to Consolidated Financial Statements

NOTE 11: - Financial Instruments (continuation)**f. Credit risk (continued)****In the nonbank credit segment**

Credit risk is the risk that a counterparty will fail to meet its obligations as a borrower and cause the group losses. Altshuler credit is exposed to credit risk as a result of its operating activities (mainly trade receivables) and financing activities, including deposits in banks and other financial institutions.

Altshuler credit systematically acts to minimize credit risks by practicing regular controls, gathering and analyzing information and monitoring warning indicators of increased credit risk of borrowers using the traffic light system (red light=highly risky). Altshuler credit also applies processes that underlie continual and consistent optimization of portfolio quality over time in combination with advanced banking and risk management methodologies.

The control and risk management processes include, among other things: ongoing collection and analysis of various sources of information, identification and discussion of customers for whom red lights have been detected (decrease in turnover, cessation of work with a large customer or significant delay in payment by a customer - beyond that customer's normal credit days, deterioration in the conduct of the checking account, notifications regarding legal proceedings, etc.). The credit analysis assesses the borrower's credit risk and transaction risk using a comprehensive approach for analyzing the exposure and the borrower's obligations. A product of the type which is sold by altshuler credit relies on current and updated information that is provided by the customer before a loan is extended and throughout the loan period. Altshuler credit validates and revises its credit policy once a year or when material events occur.

Altshuler credit also promotes designing a segment-based financing policy with emphasis on segment specific financing channels, collaterals and trends. Altshuler credit consistently invests in building a behavior based database and technology that will support the portfolio's risk assessment model and allow updating it on a regular basis. In addition, to provide loans based on the specific risk level, altshuler credit demands collaterals as a prerequisite for extending credit.

Altshuler credit has a credit risk in respect of loans whose carrying amount in the statement of financial position as of december 31, 2024 approximates nis 65 million. See details of the allowance for expected credit losses in note 10 above.

As of december 31, 2025, the total balance of the provision for doubtful debts at altshuler credit amounted to approximately nis 7,056 thousand.

Credit concentration risk - excess concentration is created when the credit portfolio is not properly dispersed between different borrowers in different business sectors. As of december 31, 2025, Altshuler credit has 194 borrowers, including four clients who each individually account for more than 5% of the credit portfolio, and their combined debt balance is approximately nis 123 million.

Notes to Consolidated Financial Statements

NOTE 12: - CASH AND CASH EQUIVALENTS

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>NIS in thousands</u>	
Cash and deposits for immediate withdrawal	<u>87,469</u>	<u>83,988</u>

Cash in banking corporations bears current interest as of the reporting date based on an interest rate for daily bank deposits of 2.75%-4.13% (december 31, 2024 – 3.73%-4.13%).

As for linkage terms of cash and deposits for immediate withdrawal, see note 11d(4).

Notes to Consolidated Financial Statements

NOTE 13: - INVESTMENTS IN INVESTEE COMPANIES**(1) Investments in subsidiaries****a. Altshuler Provident.**

See information of the business restructuring and merger transaction with Altshuler Provident in Note 1a above.

b. - Altshuler Real Estate.

On June 28, 2022, Altshuler Real Estate was founded as a private company limited by shares which is 80.75% controlled by the Company and owned by Ms. Sharon Gerszbejn (7%), who serves as Deputy CEO and CFO in the Company, and Mr. Earl Zinn (12.25%), who as of the financial statement date serves as CEO of Altshuler Real Estate (in this paragraph - "the shareholders"). On August 1, 2022, the shareholders entered into an agreement which settles their business relationship, including the management of Altshuler Real Estate, share dispositions and Buy Me Buy You mechanisms.

Altshuler Real Estate serves as the general partner and/or manager of the investment entity and may, by itself or through the Company, invest and participate in investments at its sole discretion and as permitted by law. The agreements for incorporating the private investment entities settle Altshuler Real Estate's rights as a GP and/or manager and/or investment developer. The agreements may include mechanisms setting forth management fees, development fees, carried interest and reimbursement of expenses in connection with Altshuler Real Estate's activities.

During the reporting period, Altshuler Real Estate completed fundraising for 4 investments in the US, totaling approximately \$49.3 million.

As of the financial statement date, the balance of assets managed by Altshuler Real Estate approximates \$130 million compared with approximately \$74 million at the end of 2024.

After the reporting date, Altshuler Real Estate closed two more investments in this field in the U.S. in a total of approximately \$ 24.3 million. See details of the Company's investments in these transactions as a limited partner in Note 13(2).

In 2025 and 2024, the Company recognized revenue from initiation fees in the amount of approximately NIS 2,569 thousand and NIS 6,421 thousand, respectively, and revenue from ongoing management fees for project management in the amount of approximately NIS 4,425 thousand and NIS 2,912 thousand, respectively.

NOTE 13: - INVESTMENTS IN INVESTEE COMPANIES**(1) Investments in subsidiaries (continuation)****c. Altshuler Investment Funds.**

On February 15, 2023, Altshuler Investment Funds was incorporated as a private company limited in shares that is wholly owned by the Company. Altshuler Investment Funds serves as GP in limited partnerships and/or special purpose funds for which it raises capital privately and from the public. This operation is performed concurrently with the alternative real estate investment management operation as detailed in paragraph b above.

In the reporting period, Altshuler Investment Funds completed investment fund raising in an aggregate of approximately \$54 million. As of the financial statement date, the balance of assets managed by Altshuler Investment Funds approximates \$90 million compared with managed assets of approximately \$36 million in 2024.

In 2025 and 2024, the Company recognized In income from ongoing management fees for investment management in the amount of approximately 2,591 thousand NIS and approximately 1,397 thousand NIS, respectively. In addition, in 2025, the Company recognized revenue from initiation fees in the amount of approximately NIS 317 thousand.

d. iFunds

On february 12, 2024, the Company, through altshuler alternative, which is wholly owned by the Company, completed the acquisition of shares in A.S. Global, which were held by altshuler ltd., constituting 50% of the issued and paid-up share capital of A.S. Global this is following receipt of approvals from the audit committee, the Company's board of directors and the general meeting ("**purchase agreement**"). A.S. Global owns 80% of the issued and paid-up share capital of ifunds. As per the shareholders' agreement, altshuler alternative is the legal controlling shareholder in A.S. Global and ifunds (indirectly).

At the time of completion of the transaction, A.S. Global has no activity, except for holding iFunds shares.

In addition to the acquisition of the shares, altshuler alternative also purchased the shareholders' loan provided by altshuler ltd. To ifunds whose balance as of february 12, 2024 was approximately nis 6,372 thousand. The shareholders' loan bears annual interest at the minimum rate prescribed in the income tax ordinance. As of the date of the report the owner's loan is approximately 10,346 thousands of nis.

ifunds is a private company founded in 2021 and incorporated in israel which offers easy access to qualified investors using an alternative investment platform targeting private equity funds and hedge funds whose access is normally limited and challenging for the private qualified investor.

As of the closing date, the total funds managed by ifunds was approximately \$ 60 million.

In 2025, the company recognized revenues from ongoing management fees in the amount of nis 5,118 thousand, and from the date of completion of the transaction through the end of 2024, the Company recognized revenues from ongoing management fees of approximately nis 1,786 thousand.

See more information of the acquisition of ifunds in note 3a above.

Notes to Consolidated Financial Statements

NOTE 13: - Investments in investee companies (continuation)(1) Investments in subsidiaries (continuation)e. The Credit Operation

According to the acquisition agreement described in Note 3b, in return for the acquired operation, Altshuler Credit paid CrediTeam approximately NIS 26,421 thousand in cash. The purchase price is subject to certain adjustment mechanisms as determined in the acquisition agreement in respect of which Altshuler Credit recognized in its books an asset, "receivables for contingent consideration", whose carrying amount as of the acquisition date approximated NIS 1,643 thousand. On February 12, 2025, Altshuler Credit received the contingent consideration in the amount of approximately NIS 2,070 thousand. The payment was financed using an interest-bearing capital note issued by the Company.

Upon closing, Altshuler Credit allocated to each of the founders of the acquired operation 1,250 ordinary shares that account for 10% of its issued and outstanding share capital. The Company holds 10,000 preferred shares of Altshuler Credit which account for 80% of the latter's issued and outstanding share capital. In addition, the Company allocated to each founder a PUT option according to which the founders may obligate the Company to purchase from them up to one third of their shares in Altshuler Credit in return for the exercise of the Company's shares and/or in cash for an overall cost that does not exceed NIS 15,000 thousand under the terms agreed between the parties.

The preferred shares confer their holders a right of preference in any dividend distribution by Altshuler Credit and/or distribution of surplus assets in a deemed liquidation event totaling NIS 20,609 thousand. In any event of dividend distribution by Altshuler Credit up to the full preference amount, the dividends will solely be distributed to the holders of preferred shares subject to the adjustment mechanisms in the acquisition agreement.

Altshuler Credit is a private company that holds an extended credit provider license from the Capital Market Authority which extends loans to small and medium-sized businesses.

As of the closing date, Altshuler Credit managed a credit portfolio of approximately NIS 24 million.

As of December 31, 2025 and 2024, the balance of credit assets managed by Altshuler Business Credit stands at approximately NIS 305 million and NIS 65 million, respectively. See more information of the acquisition of the Credit Operation in Note 3b.

On July 27, 2025, Altshuler Credit established another subsidiary – Altshuler Shaham Construction, which engages in financing activities for contractors and real estate developers. It should be noted that Altshuler Construction operates in keeping with the licensing exemption prescribed in Regulation 2(8) to the Financial Services Control Regulations (Regulated Financial Services) (Licensing Exemption), 2022.

As of the report date, the balance of credit assets managed by Altshuler Construction Credit totals approximately NIS 50 million.

During the reporting period, the Company recognized interest and commission income from business credit and construction credit activities in the amount of 19,543 Thousands of NIS and 1,932 thousand NIS, respectively. In 2024, the Company recognized interest and commission income from business credit activities in the amount of NIS 2,399 thousand.

For details regarding the composition of the Company's consolidated credit portfolios, see Note 10 above.

f. ASRE Churchwick LP partnership

During September 2025, the Company, through Altshuler Real Estate, completed the establishment of the partnership ASRE Churchwick LP. The partnership was established for the purpose of investing in real estate assets in the US. 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. During November 2025, the partnership distributed funds to investors, with Altshuler Real Estate receiving approximately \$3.8 million and the Company approximately \$0.9 million.

During 2025, the partnership's profit amounted to approximately NIS 47.4 million, of which approximately NIS 19.15 million before tax will be attributed to the Company's shareholders and approximately NIS 28.25 million to minority rights holders.

For details regarding the valuation used to revalue the existing financial asset in the partnership, see Note 11f.2 above.

Notes to Consolidated Financial Statements

NOTE 13: - Investments in investee companies (continuation)(2) Condensed information of equity-accounted partnershipsa. Investment in an associated partnership with ASR Washington DC Sheriff Rd L.P

The company includes financial information from the financial statements of ASR Washington DC Sheriff Rd LP (hereinafter: "ASr WASHINGTON"). 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.

The included partnership is incorporated and operates in the United States. The financial statements of ASr WASHINGTON are prepared in the dollar operating currency. The balances in the statement of financial position were translated according to the exchange rate as of December 31, 2025 (NIS 3.19 per US dollar). 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 3.45).

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

	<u>December 31,</u> <u>2025</u> NIS in thousands
<u>Financial statement</u>	
Current assets	823
Non-current assets	108,167
Current liabilities	396
Total equity	108,594
Company's share of the associated partnership's equity	12,361
	For the year ended <u>December 31</u> <u>2025</u> NIS in thousands
<u>Income statement</u>	
Operating loss	(2,628)
Gain from revaluation of real estate property	55,144
Net income	40,932
The company's share of the included partnership's profits before tax in the period	10,480

The net profit of ASr WASHINGTON during 2025 constitutes approximately 5.3% of the consolidated profit in the financial statements. The Company does not attach the financial statements of ASR Washington since the underlying criteria have not been met.

NOTE 13: - INVESTMENTS IN INVESTEE COMPANIES**(2) Condensed information of equity-accounted partnerships****a. Investment in an associated partnership with ASR Washington DC Sheriff Rd LP (continuation)**

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 22,985 thousand. Also, in the reporting period, the Company invested in the associated partnerships approximately NIS 7,007 thousand and recognized gains of approximately NIS 14,287 thousand. During the reporting period, refunds were received from the included partnerships in the amount of NIS 1,794 thousand.

Notes to Consolidated Financial Statements

NOTE 14: - EQUITY

a. Composition of share capital:

	December 31,			
	2025		2024	
	<u>Authorized</u>	<u>Issued and outstanding</u>	<u>Authorized</u>	<u>Issued and outstanding</u>
	<u>Number of shares</u>			
Ordinary shares of NIS 0.01 par value 21	<u>400,000,000</u>	<u>198,411,530</u>	<u>400,000,000</u>	<u>197,868,739</u>

b. Movement in share capital:

Issued and outstanding share capital:

	<u>Number of shares</u>	<u>NIS par value</u>
<u>Balance as of December 31, 2023</u>	197,570,075	0.01
Exercise of employee options	<u>298,664</u>	<u>0.01</u>
<u>Balance as of December 31, 2024</u>	197,868,739	0.01
Exercise of employee options	<u>542,791</u>	<u>0.01</u>
<u>Balance as of December 31, 2025</u>	<u>198,411,530</u>	<u>0.01</u>

c. Rights attached to shares:

1. Voting rights at the general meeting, right to dividend, rights upon deemed liquidation of the Company.
2. Quoted on the TASE.

d. Dividends:

1. **On March 19, 2025**, the Company's Board of Directors approved, in accordance with the Company's dividend distribution policy, the distribution of a **dividend in the amount of NIS 22,000 thousand**. The dividend per share is NIS 0.11.
2. On May 19, 2025, the Company's Board of Directors approved, in accordance with the Company's dividend distribution policy, the distribution of a dividend in the amount of NIS 18,000 thousand. The dividend per share is approximately NIS 0.09.
3. On August 21, 2025, the Company's Board of Directors approved, in accordance with the Company's dividend distribution policy, the distribution of a dividend in the amount of NIS 23,000 thousand. The dividend per share is approximately NIS 0.12.
4. On November 26, 2025, the Company's Board of Directors approved, in accordance with the Company's dividend distribution policy, the distribution of a dividend in the amount of NIS 22,000 thousand. The dividend per share is approximately NIS 0.11.
5. On March 18, 2026, after the report date, the Company's board of directors declared a dividend distribution in the amount of 17,000 AAccording to NIS. The dividend per share is approximately NIS 0.09.

Notes to Consolidated Financial Statements

NOTE 14: - Equity (continuation)

e. Capital reserves:

For share-based payment to employees of Altshuler Shaham Ltd. for exercise In the Group, during the years 2025, 2024 and 2023, the Group recognized a share-based payment cost for share options of employees of Altshuler Shaham Ltd. for exercise in the Company in the amount of **approximately 1,657 thousand NIS**, approximately NIS 407 thousand and NIS 596 thousand respectively, which was credited to the capital fund.

NOTE 15: - TAXES ON INCOME

a. Details of the tax environment in which the Group operates:

1. Corporate tax rate:

The Israeli corporate tax rate is 23%. A company is taxable on its real capital gains at the corporate tax rate in the year of sale.

2. Profit tax:

Altshuler Provident is a financial institution as defined in the Value Added Tax Law. Accordingly, an increase was recorded in profit tax in addition to corporate tax (23%). In 2025, the profit tax rate will be 18% and the statutory tax rate applicable to financial institutions will be 34.75%. In 2024, the profit tax rate will be 17% and the statutory tax rate applicable to financial institutions will be 34.19%.

b. The Company, Altshuler Real Estate, Altshuler Alternative, Altshuler Investment Funds, iFunds and Altshuler Business Credit have not been issued final tax assessments since inception date. Altshuler Provident and Altshuler Credit have been issued final tax assessments through the 2020 tax year.

c. Carryforward tax losses:

Altshuler has capital loss carryforwards for tax purposes that are carried forward to future years and amount to approximately NIS 55.3 million as of December 31, 2025. Deferred tax assets of approximately NIS 13.8 million were recorded in the financial statements in respect of capital losses totaling approximately NIS 3.5 million. No deferred taxes were recorded in respect of capital losses totaling approximately NIS 41.5 million.

The group has business losses carried forward to future years in the amount of approximately NIS 269.6 million. These losses arise from Altshuler Provident's business losses carried forward in the amount of approximately NIS 177.3 million, from Altshuler Real Estate's business losses carried forward in the amount of approximately NIS 11.4 million, from Altshuler Investment Funds' business losses carried forward in the amount of approximately NIS 14.5 million, from iFunds' business losses carried forward in the amount of approximately NIS 12.4 million, and from Altshuler Credit's business losses carried forward in the amount of approximately NIS 19.6 million. Deferred tax assets of approximately NIS 202 million were recorded in the financial statements in respect of carryforward business losses totaling approximately NIS 46.4 million. No deferred taxes were recognized in respect of business losses totaling approximately NIS 67.9 million.

Notes to Consolidated Financial Statements

NOTE 15: - Income taxes (continuation)d. Taxes on income included in profit or loss:

	For the year ended on December 31,		
	2025	2024	2023
	NIS in thousands		
Current taxes	42,548	43,663	48,275
Taxes in respect of previous year	(893)	3,759	(1,196)
Deferred taxes:	(4,569)	(14,206)	768
VAT on inter-company management fees	15,111	18,931	21,717
	<u>52,197</u>	<u>52,147</u>	<u>69,564</u>

e. Taxes on income relating to other comprehensive income (loss) items:

	For the year ended on December 31,		
	2025	2024	2023
	NIS in thousands		
Tax expense for actuarial gain or loss on defined benefit plans	152	279	412
Tax benefit for loss due to foreign currency translation differences	(889)	(34)	-
	<u>(737)</u>	<u>245</u>	<u>412</u>

Notes to Consolidated Financial Statements

NOTE 15: - Income taxes (continuation)

f. Deferred taxes:

Composition:

	DAC	Employee benefits	Goodwill and intangible assets	Right-of-use assets	Lease liabilities	Property, plant and equipment	Investment securities	Employee options	Carryforward capital loss	Carryforward business loss	Payables	Provision for expected credit losses	Leasehold property to receive	Investments in associated partnerships	Long-term investments	Total
NIS in thousands																
Balance of deferred tax assets (liabilities) at January 1, 2024	11,217	2,235	(68,114)	(11,127)	29,066	(814)	(528)	1,625	2,874	25,882	1,094	-	(17,065)	-	-	(23,655)
Entry into the Union	-	-	-	-	-	-	-	-	-	1,144	-	1,243	-	-	-	2,387
Changes carried to profit or loss	(2,919)	152	6,218	2,119	(4,134)	(702)	(184)	449	(143)	10,213	846	244	2,047	-	-	14,206
Changes carried to other comprehensive income	-	(279)	-	-	-	-	-	-	-	-	-	-	-	34	-	(245)
Balance of deferred tax assets (liabilities) at December 31, 2024	<u>8,298</u>	<u>2,108</u>	<u>(61,896)</u>	<u>(9,008)</u>	<u>24,932</u>	<u>(1,516)</u>	<u>(712)</u>	<u>2,074</u>	<u>2,731</u>	<u>37,239</u>	<u>1,940</u>	<u>1,487</u>	<u>(15,018)</u>	<u>34</u>	<u>-</u>	<u>(7,307)</u>
Changes carried to profit or loss	(2,695)	6	7,686	1,284	(10,208)	(759)	(318)	(123)	795	9,148	177	676	8,879	(5,502)	(4,477)	4,569
Changes carried to other comprehensive income	-	(152)	-	-	-	-	-	-	-	-	-	-	-	655	234	737
Balance of deferred tax assets (liabilities) at December 31, 2025	<u>5,603</u>	<u>1,962</u>	<u>(54,210)</u>	<u>(7,724)</u>	<u>14,724</u>	<u>(2,275)</u>	<u>(1,030)</u>	<u>1,951</u>	<u>3,526</u>	<u>46,387</u>	<u>2,117</u>	<u>2,163</u>	<u>(6,139)</u>	<u>(4,813)</u>	<u>(4,243)</u>	<u>(2,001)</u>

Notes to Consolidated Financial Statements

NOTE 15: - Income taxes (continuation)g. Theoretical tax:

The reconciliation between the tax amount that would have applied, assuming that all the income and expenses, gains and losses in profit or loss were taxed at the statutory tax rate, and the taxes on income recorded in profit or loss as follows:

	For the year ended on		
	December 31,		
	2025	2024	2023
	NIS in thousands		
Income before taxes on income	205,903	162,468	207,113
Statutory tax rate	23%	23%	23%
Tax computed at the statutory tax rate	47,358	37,368	47,636
Increase in taxes on income arising from the following factors:			
Cost of share-based payment	1,081	(497)	247
Effect of creation of deferred taxes at different rate than statutory rate	-	883	1,124
Current taxes for previous years	(893)	3,759	(1,196)
Nondeductible expenses	733	590	851
Gain for tax purposes for which no deferred tax was recognized	(10,162)	(5,865)	(900)
Recognition of deferred tax assets for losses carried forward from previous years	(6,331)	(5,121)	(3,878)
Differences in respect of different tax rate applicable to Group companies (financial institutions)	20,440	21,187	25,828
Other	(29)	(157)	(148)
TAXES ON INCOME	51,197	52,147	69,564
Effective tax rate	25.35%	32.10%	33.57%

Notes to Consolidated Financial Statements

NOTE 16: EMPLOYEE BENEFIT ASSETS AND LIABILITIES

Employee benefits consist of short-term benefits, post-employment benefits, other long-term benefits and termination benefits.

Post-employment benefits:

According to the labor laws and Severance Pay Law in Israel, the Company is required to pay compensation to an employee upon dismissal or retirement or to make current contributions in defined contribution plans pursuant to Section 14 to the Severance Pay Law, as specified below. The Company's liability is accounted for as a post-employment benefit. The computation of the Company's employee benefit liability is made in accordance with a valid employment contract based on the employee's salary and employment term which establish the entitlement to receive the compensation.

The post-employment employee benefits are normally financed by contributions classified as defined benefit plans or as defined contribution plans, as detailed below.

1. Defined contribution plans:

Section 14 to the Severance Pay Law, 1963 applies to part of the compensation payments, pursuant to which the fixed contributions paid by the Group into pension funds and/or policies of insurance companies release the Group from any additional liability to employees for whom said contributions were made. These contributions and contributions for compensation represent defined contribution plans.

	For the year ended on December 31,		
	2025	2024	2023
	NIS in thousands		
Expenses in respect of defined contribution plans	<u>9,539</u>	<u>8,821</u>	<u>8,685</u>

2. Defined benefit plans:

The Group accounts for that part of the payment of compensation that is not covered by contributions in defined contribution plans, as above, as a defined benefit plan for which an employee benefit liability is recognized and for which the Group deposits amounts in central severance pay funds and in qualifying insurance policies.

Notes to Consolidated Financial Statements

NOTE 16: - Assets and liabilities due to employee benefits (continuation)

2. Defined benefit plans (continuation)

a. Changes in the defined benefit obligation and fair value of plan assets:

Year 2025

	<u>Expenses carried to profit or loss</u>				<u>Gain from remeasurement in OCI</u>				<u>Payroll tax of financial institution</u>	<u>Contributions by employer</u>	<u>Daily balance December 31, 2025</u>
	<u>Daily balance January 1, 2025</u>	<u>Service cost current</u>	<u>Net interest expense</u>	<u>Total expenses recognized in profit or loss for the period</u>	<u>Payments from the plan</u>	<u>Actuarial gain arising from changes in financial assumptions</u>	<u>Actuarial gain arising from experience adjustments</u>	<u>Total effect on other comprehensive income for the period</u>			
	NIS in thousands										
Defined benefit obligation	13,984	743	762	1,505	(664)	170	442	612	37	-	15,474
Fair value of plan assets	12,523	-	702	702	(676)	-	1,193	1,193	58	681	14,481
Net defined benefit liability (asset)	1,461	743	60	803	12	170	(751)	(581)	(21)	(681)	993

Year 2024

	<u>Expenses carried to profit or loss</u>				<u>Gain from remeasurement in OCI</u>				<u>Payroll tax of financial institution</u>	<u>Contributions by employer</u>	<u>Daily balance December 31, 2024</u>
	<u>Daily balance January 1, 2024</u>	<u>Service cost current</u>	<u>Net interest expense</u>	<u>Total expenses recognized in profit or loss for the period</u>	<u>Payments from the plan</u>	<u>Actuarial gain arising from changes in financial assumptions</u>	<u>Actuarial gain arising from experience adjustments</u>	<u>Total effect on other comprehensive income for the period</u>			
	NIS in thousands										
Defined benefit obligation	14,336	758	756	1,514	(1,751)	57	(138)	(81)	(34)	-	13,984
Fair value of plan assets	11,846	-	640	640	(1,746)	-	1,022	1,022	(4)	765	12,523
Net defined benefit liability (asset)	2,490	758	116	874	(5)	57	(1,160)	(1,103)	(30)	(765)	1,461

Notes to Consolidated Financial Statements

NOTE 16: - Assets and liabilities due to employee benefits (continuation)

2. Defined benefit plans (continuation)

b) Program assets

The plan assets consist of assets held by a long-term employee benefit fund (provident fund for employees and pension funds) and the appropriate insurance policies.

c) The main assumptions regarding a defined benefit plan

	<u>2025</u>	<u>2024</u>
	%	
Discount rate (1)	5.04	5.73
Expected rate of salary increase	5.15	5.53

(1) The discount rate is based on high-quality CPI-linked corporate debentures.

NOTE 17: - Payables and other credit balances

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
	NIS in thousands	
<u>Short-term entitlements and balances</u>		
Employees and payroll accruals	27,194	25,927
Accrued vacation and recreation pay	7,412	7,131
Payable agent commissions	39,776	51,346
VAT invoice	8,746	3,527
Accrued expenses	10,697	10,381
Related parties by right	10,611	5,152
Suppliers and service providers	9,932	4,079
Legal claims	7,057	7,600
Clearing fees	1,262	1,864
Interest payable	1,071	376
Other Payables	5,400	4,598
Total beneficiaries and credit balances Short time	<u>129,158</u>	<u>121,981</u>
<u>Long-term receivables and balances</u>		
Legal claims	2,879	2,879
Total creditors and credit balances Long time	<u>2,879</u>	<u>2,879</u>
Total beneficiaries and credit balances	<u>132,037</u>	<u>124,860</u>

As for linkage terms of assets and liabilities, see Note 11d(3).

Notes to Consolidated Financial Statements

NOTE 18: - Financial liabilities

This Note provides information concerning the contractual terms of financial liabilities. For additional information about the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 11 with regard to financial instruments.

a. Financial liabilities breakdown

	December 31,			
	Amount in books *)		Fair value **)	
	2025	2024	2025	2024
	NIS in thousands			
Financial liabilities presented at amortized cost:				
Bank loans	730,760	432,379	704,945	390,514
Total financial liabilities	730,760	432,379	704,945	390,514

*) Includes 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.

b1. Financial liabilities presented at amortized cost - interest and linkage:

	Effective interest	
	December 31,	
	2025	2024
	%	
<u>Linkage basis:</u>		
Shekels	1.95- 6.4	1.95- 6.4

B2. Maturity dates:

	December 31,	
	2025	2024
	NIS in thousands	
First year	489,251	141,911
Second year	49,390	49,390
Third year	49,390	49,390
Fourth year	49,390	49,390
Fifth year and thereafter	92,530	141,921
Total	729,951	432,002

Notes to Consolidated Financial Statements

NOTE 18: - Financial liabilities (continuation)

c. More details

1. Bank loans and credit facilities - Altshuler Provident:

Reference	Date of loan receipt	Original loan amount	Interest rate	Balance as of December 31, 2025 *)	Balance as of December 31, 2024 *)	Original maturity date
		NIS in thousands		NIS in thousands		
a	14/09/2021	250,000	2%	146,358	170,750	14/09/2031
In (1)	14/09/2021	250,000	1.95%	143,888	168,912	14/09/2031
In (2)	15/09/2025	30,000	Prime -0.5%	30,345	-	15/09/2026
In (2)	18/09/2024	20,000	Prime -0.5%	-	20,042	18/09/2025
In (2)	06/08/2025	20,000	Prime -0.5%	20,164	-	06/08/2026
In (2)	28/11/2024	30,000	Prime -0.5%	30,147	30,153	28/11/2026
				<u>370,902</u>	<u>389,857</u>	

*) Includes accrued interest.

a. Loan agreements with Bank 1:

Altshuler Provident received a loan of NIS 250 million on September 14, 2021 bearing fixed NIS interest of 2%. The loan principal is repayable in equal quarterly instalments over an amortization schedule of 10 years from the loan grant date and the interest is payable quarterly. In 2025, 2024 and 2022, finance expenses incurred on this loan amounted to NIS 3,229 thousand, NIS 3,720 thousand and NIS 4,207 thousand, respectively.

b. Credit framework agreements with a banking corporation 2:

1. A loan in the amount of NIS 250 million dated September 14, 2021 at a fixed shekel interest rate of 1.95%. The loan principal is repayable in equal quarterly instalments over an amortization schedule of 10 years from the loan grant date and the interest is payable quarterly.

2. A credit facility, in the amount of NIS 150 million, which was extended on July 16, 2025 for a period of another year. The credit bears variable NIS interest of Prime less 0.5%.

As stated above, as of the date of the report, the utilized credit limit stands at NIS 80 million..

In 2025, 2024 and 2023, finance expenses incurred on the above loans and credit facilities amounted to NIS 6,468 thousand, NIS 5,300 thousand and NIS 6,485 thousand, respectively.

Notes to Consolidated Financial Statements

NOTE 18: - Financial liabilities (continuation)

c. More details

1. Bank loans and credit facilities - Altshuler Provident (continuation)

c. Financial covenants:

To secure the entire credit facilities received by Altshuler Provident from banks as above, it undertook to meet the following financial covenants:

- 1) Altshuler Provident's revenues from management fees will not be lower than NIS 200 million a quarter. Altshuler Provident's revenues from management fees in Q4 2025 approximated NIS 229 million.
- b) Altshuler Provident's shareholders' equity less capital reserves will not be lower than NIS 245 million. As of the reporting date, the equity of Altshuler Provident Fund, net of capital reserves, amounts to approximately NIS 446 million
- c) Debt coverage ratio - the balance of Altshuler Provident's debt and obligations towards banks, divided by EBITDA as recognized for the four most recent quarters, shall not exceed 2.8.

As of the report date, the debt coverage ratio is 2.02.

- 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 debt coverage ratio is 3.04.

As of December 31, 2025, Altshuler Provident is in compliance with these financial covenants.

Notes to Consolidated Financial Statements

NOTE 18: - Financial liabilities (continuation)

c. Additional details (continuation)

2. Bank loans and credit facilities - Altshuler Real Estate and Investment Funds

Reference	Date of loan receipt	Original loan amount	Interest rate	Balance as of December 31, 2025 *)	Balance as of December 31, 2024 *)	Original maturity date
		NIS in thousands		NIS in thousands		
2(b)	19/12/2024	500	Prime + 0.4%	-	501	19/03/2025
2(b)	25/12/2024	1,000	Prime + 0.4%	-	1,001	25/03/2025
2(b)	11/11/2024	3,850 euros	5.8%	-	8,937	02/11/2025
2(b)	12/23/2025	\$2,900	5.91%	9,280	-	01/06/2026
2(b)	12/24/2025	173 dollars	5.91%	561	-	03/24/2026
2(b)	12/29/2025	200 dollars	6.08%	651	-	03/29/2026
2(b)	12/11/2025	1,070 euros	4.13%	4,026	-	01/09/2026
2(b)	12/11/2025	300 euros	4.13%	1,127	-	01/09/2026
				<u>15,598</u>	<u>10,439</u>	

*) Includes accrued interest.

Loan agreements with Bank 2:

- a. On November 7, 2022, Altshuler Real Estate received a credit facility of NIS 4.5 million bearing interest of Prime +1% that can be utilized until August 31, 2023. In December 2022, Altshuler Real Estate utilized NIS 2,650 thousand of the credit facility. On August 30, 2023, Altshuler Real Estate repaid the credit facility.

In 2023, finance expenses incurred on the above loans and credit facilities amounted to NIS 85 thousand.

- b. During 2024, Altshuler Real Estate and Altshuler Alternative entered into credit framework agreements for a total amount of up to NIS 100 million from two Israeli banks. The purpose of the credit is to serve as interim financing for the purpose of completing investment fundraising - bridging loans and for ongoing operations. On March 20, 2024, the Company's Board approved placing a guarantee in an unlimited amount to secure the liabilities of Altshuler Real Estate and Altshuler Alternative under the credit facilities. On November 26, 2025, the Company's board of directors approved an increase in credit facilities for the purpose of bridging loans by an additional NIS 50 million, for a total of NIS 150 million.

During the reporting period, Altshuler Real Estate and Altshuler Investment Funds utilized a total of approximately NIS 148 million from the credit facility, while during this period Altshuler Real Estate and Altshuler Investment Funds repaid a total of approximately NIS 152 million by the reporting date.

Additionally, during the reporting period, Altshuler Real Estate and Altshuler Investment Funds provided interim financing to partnerships in the amount of approximately NIS 148 million, while during this period, Altshuler Real Estate and Altshuler Investment Funds received a total of approximately NIS 152 million by the date of the report. For the interim financing as stated, Altshuler Real Estate and Altshuler Investment Funds collect from the partnerships the interest paid to the banking corporation for the credit provided.

Finance expenses recognized in respect of these loans and credit facilities amounted in 2025 to NIS 1,443 thousand (in 2024: NIS 85 thousand).

Notes to Consolidated Financial Statements

NOTE 18: - Financial liabilities (continuation)

c. Additional details (continuation)

Reference	Date of loan receipt	Original loan amount	Interest rate	Balance as of December 31, 2025 *)	Balance as of December 31, 2024 *)	Original maturity date
		NIS in thousands		NIS in thousands		
3(a)	11/07/2024	32,000	Prime - 0.25%	-	32,083	09/30/2025
3(a)	09/29/2025	98,341	Prime - 0.2%-0.25%	98,504	-	09/29/2026
3(b)	04/22/2025	174,158	Prime - 0.2%-0.25%	174,234	-	04/22/2026
3(c)	11/26/2025	71,500	Prime - 0.2%-0.25%	71,522	-	11/26/2026
				<u>344,260</u>	<u>32,083</u>	

3. Bank loans and credit facilities - the Company:

*) Includes accrued interest.

In order to finance credit activity, the Company entered into agreements with a number of banking corporations for the purpose of taking out various credit facilities, as detailed below:

- a. On September 30, 2024, the Company entered into a credit facility agreement with an Israeli bank, Banking Corporation A, for the purpose of providing loans to Altshuler Credit customers, in the amount of NIS 100 million. The increased facility includes on call credit of NIS 50 million for a period of one year and a credit line of NIS 50 million for a period of one year according to which loans can be withdrawn for up to one month. Any amounts withdrawn will bear variable NIS interest of Prime less 0.25%. Unutilized credit bears interest of 0.5%.

To secure the credit facility, the Company provided the lending bank a senior fixed lien limited to NIS 100 million (plus interest and linkage differences and expenses) on its entire (existing and future) rights in Altshuler Provident as per a service agreement signed between the two companies. On December 11, 2024, the Company utilized NIS 32,000 thousand of the credit facility.

On December 22, 2024, an amount of NIS 2 million of the credit facility was assigned by the Company to Altshuler Business Credit.

On April 22, 2025, the Company entered into an agreement with Banking Corporation A for the purpose of taking out an additional credit facility in a total amount of NIS 100 million, under the terms detailed below: 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%.

Further to Section B above, on May 29, 2025, an additional 3 million NIS from the credit facility was transferred from the Company to Altshuler Business Credit.

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.

- b. 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. The Company's general terms of engagement with Banking Corporation B include accepted stipulations for providing a credit line for immediate repayment, including due to a demand for immediate repayment of debts to other creditors. On February 12, 2026, the Company signed an additional framework agreement of NIS 100 million on terms identical to the additional existing Oncol frameworks.
- c. 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. For the purpose of securing the credit facility, the Company undertook that Altshuler Provident would meet the financial criteria described in Section 18C1C.

The financing expenses accrued for these loans and credit facilities in 2025 and 2024 amount to approximately NIS 8,724 thousand and approximately NIS 83 thousand, respectively.

Accordingly, as of the date of approval of these financial statements, the Company has available credit facilities in an aggregate of NIS 650 million for providing loans to customers.

Notes to Consolidated Financial Statements

NOTE 19: - REVENUES FROM MANAGEMENT FEES, NET

	For the year ended on		
	December 31,		
	2025	2024	2023
	NIS in thousands		
Revenues from management fees from provident funds	790,083	814,379	885,674
Revenues from management fees from pension funds	107,957	96,906	93,804
Less - reimbursement of management fees to members	(822)	(5,642)	4,875 *)
Revenues from management fees from the Alternative Investment Operation	12,138	6,095	1,646
	<u>909,356</u>	<u>911,738</u>	<u>985,999</u>

*) Includes receipts of NIS 8.5 million recorded by Altshuler Provident in 2023 from refunds to members in 2020.

NOTE 20: Finance income

	For the year ended on		
	December 31,		
	2025	2024	2023
	NIS in thousands		
Financing income from non-marketable securities *)	50,342	-	-
Financing income from marketable securities	8,303	8,220	5,909
Income tax interest income	270	252	220
Interest income from banks	1,922	1,951	2,176
Financing income for implementation IFRS 16	97	-	-
Other income	1,204	342	615
Total financing income	<u>62,138</u>	<u>10,765</u>	<u>8,920</u>

*) For additional details, see Notes 11 and 2 above.

NOTE 21: Marketing, operating, general and administrative expenses

	For the year ended on		
	December 31,		
	2025	2024	2023
	NIS in thousands		
Wages and related expenses	213,872	189,368	189,339
Expenses to related parties, net	53,398	46,263	45,075
Depreciation and amortization	45,840	50,817	47,303
Operating fees *)	31,639	30,795	29,667
Professional fees	8,912	9,925	10,462
Advertising and marketing including commissions	347,580	343,723	381,562
IT and communications	29,995	25,609	24,122
Office maintenance	16,511	15,900	15,871
Donations	-	-	4,928
Amortization of intangible assets	23,780	22,950	22,405
Other expenses relating to payment settlement fees	47	2,304	3,161
Capital loss on lease	28	1,123	45
Other	16,546	15,914	22,405
GENERAL AND ADMINISTRATIVE EXPENSES	<u>788,148</u>	<u>754,691</u>	<u>794,877</u>

*) Altshuler Provident has entered into agreements with multiple operators, for current operation of provident and pension funds.

Notes to Consolidated Financial Statements

NOTE 22: Finance expenses

	For the year ended on		
	December 31,		
	2025	2024	2023
	NIS in thousands		
Liabilities to banks and others	10,776	9,213	10,513
Commissions and other finance expenses	1,550	3,664	559
Finance expenses on lease, net	1,363	1,351	1,556
Total financing expenses	<u>13,689</u>	<u>14,228</u>	<u>12,628</u>

NOTE 23: BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIESa. Balances with interested parties and related parties

Composition:

As of December 31, 2025

	Regarding conditions See Note	Holder of material influence NIS in thousands	Interested party and other related parties NIS in thousands
Debtors and debit balances *) **)	23e	-	<u>548</u>
Payables and other credit balances	23e	<u>9,344</u>	<u>1,362</u>

December 31, 2024

	Regarding conditions See Note	Holder of material influence NIS in thousands	Interested party and other related parties NIS in thousands
Debtors and debit balances *) **)	23e	-	<u>1,537</u>
Payables and other credit balances	23e	<u>4,105</u>	<u>1,047</u>

*) The highest receivable balances and payable balances of interested parties and other related parties stood at approximately 1,934 thousand NIS and approximately 2,814 thousand NIS, respectively, in 2025 and 2024.

Current balances arising from regular settlement of accounts between the Company and the Group companies.

Notes to Consolidated Financial Statements

NOTE 23: BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont).b. Transactions with interested and related parties:For the year ending on 31 December 2025

	Regarding conditions See Note	Holder of material influence NIS in thousands	Interested party and other related parties
Revenues from commissions	23e	(1,170)	-
GENERAL AND ADMINISTRATIVE EXPENSES	23e	75,731	9,874
Commissions, marketing expenses and acquisition costs	23e	-	3,385
Receipts from Altshuler Shaham Ltd.	23e	(19,641)	-
Capitalization of DAC	23e	-	122
Cost of share-based payment to employees Altshuler Shaham Ltd. for realization in the Company	24g	<u>1,657</u>	<u>-</u>
		<u>56,577</u>	<u>13,381</u>

For the year ending on 31 December 2024

	Regarding conditions See Note	Holder of material influence NIS in thousands	Interested party and other related parties
Revenues from commissions	23e	(1,177)	-
GENERAL AND ADMINISTRATIVE EXPENSES	23e	67,869	6,645
Commissions, marketing expenses and acquisition costs	23e	-	3,380
Receipts from Altshuler Shaham Ltd.	23e	(19,213)	-
Capitalization of DAC	23e	-	172
Cost of share-based payment to employees Altshuler Shaham Ltd. for realization in the Company	24g	<u>407</u>	<u>-</u>
		<u>47,886</u>	<u>10,197</u>

Notes to Consolidated Financial Statements

NOTE 23: BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (CONT).
For the year ending on 31 December 2023

	Regarding conditions See Note	Holder of material influence NIS in thousands	Interested party and other related parties
Revenues from commissions	23e	(1,200)	-
GENERAL AND ADMINISTRATIVE EXPENSES	23e	66,751	4,186
Commissions, marketing expenses and acquisition costs	23e	-	3,463
Receipts from Altshuler Shaham Ltd.	23e	(20,201)	-
Capitalization of DAC	23e	-	119
Cost of share-based payment to employees Altshuler Shaham Ltd. for realization in the Company	24g	596	-
		<u>45,946</u>	<u>7,768</u>

c. Benefits to related and other interested parties:

	Year ended December 31,					
	2025		2024		2023	
	Number of people	Amount NIS in thousands	Number of people	Amount NIS in thousands	Number of people	Amount NIS in thousands
CEO salary *)	1	<u>1,949</u>	1	<u>1,943</u>	1	<u>1,940</u>

*) **The remuneration does not include payroll tax.**

d. Benefits to related and other interested parties not employed by the Company:

	Year ended December 31,					
	2025		2024		2023	
	Number of people	Amount NIS in thousands	Number of people	Amount NIS in thousands	Number of people	Amount NIS in thousands
Directors not employed by the Company	9	<u>1,980</u>	9	<u>1,844</u>	10	<u>2,140</u>

*) **The compensation amounts do not include VAT.**

e. Income and expenses with related parties and interested parties:

1. Terms and conditions of transactions with related parties:

Some of the Company's financial activity is with related parties and interested parties, in the normal course of business and at market terms. Outstanding balances at end of year are not secured, do not bear interest and are to be settled in cash. No guarantees were received nor provided with respect to amounts receivable or payable.

Notes to Consolidated Financial Statements

NOTE 23: BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont).2. Agreements for settling accounts with related parties:

As of the date of this report, the Company has cooperation agreements with related parties, as follows:

A) Agreements with the parent company

- 1) Services Agreement dated February 27, 2022, which was re-approved on February 5, 2024, the General Meeting approved, after receiving the approvals of the Audit Committee and the Company's Board of Directors, the Company's entry into a services agreement between the Company and Altshuler Ltd., replacing a services agreement that was in effect between the parties until that date. The service agreement settles the various services mutually provided by the parties and the allocation of service costs based on the ratio of services actually provided by Altshuler Ltd. to the Company and/or companies controlled by it and vice versa.

The consideration for services provided to the Group by Altshuler Ltd. in 2025, 2024 and 2022 amounted to NIS 19,641 thousand, NIS 19,213 thousand and NIS 20,201 thousand, respectively. The payment for the services received by the Group from Altshuler Ltd. in 2025, 2024 and 2023 amounted to NIS 75,731 thousand, NIS 67,869 thousand and NIS 66,751 thousand, respectively. The services provided to the Group by Altshuler Ltd. include, inter alia, investment managers, human resources, IT, marketing communications and other services.

e. Income and expenses from related parties and interested parties (continuation)2. Settlement agreements with related parties (Continued)

- (2) Agreement between Altshuler Provident and Altshuler Ltd. for marketing the latter's products by Altshuler Provident. This agreement was terminated with regard to future referrals, but Altshuler Provident continues to be entitled to commissions with respect to prior referrals, as agreed by the parties. On July 19, 2021, Altshuler Provident entered into a new agreement regulating a lead referral service to Altshuler Shaham Ltd. In accordance with the terms of the new agreement as stated, the Company is entitled to commissions for each client referred as stated to Altshuler Shaham Ltd. for the purpose of receiving portfolio management services.

The consideration for these services in 2025, 2024 and 2022 amounted to NIS 1,170 thousand, NIS 1,177 thousand and NIS 1,200 thousand, respectively.

- a. Agreement between Altshuler Provident and Altshuler Shaham Insurance Agency Ltd. ("the Insurance Agency"), specifying the services provided by the Insurance Agency to Altshuler Provident. For these services, Altshuler Provident paid in 2025, 2024 and 2023 NIS 6,291 thousand, NIS 5,764 thousand and NIS 6,144 thousand, respectively.
- b. Agreement between the Group and Altshuler Shaham Mutual Fund Management Ltd., specifying the settlement of accounts between the companies with respect to services provided to the Group by Altshuler Shaham Mutual Fund Management Ltd. and vice versa. For these services, the Company paid in 2025, 2024 and 2023 NIS 437 thousand, NIS 843 thousand and NIS 1,347 thousand, respectively. See details of the addition of the Company as a party to the agreements in paragraph (a)(1) above.
- c. Agreements between Altshuler Provident and Altshuler Shaham Retirement Guidance Insurance Agency Ltd., governing retirement planning services for members of Altshuler Provident and marketing of its products to clients of Altshuler Shaham Retirement Guidance Insurance Agency Ltd. In respect of these services, Altshuler Provident Fund paid ongoing commissions in the years 2025, 2024 and 2023 in the amounts of NIS 1,895 thousand, NIS 1,768 thousand and NIS 1,622 thousand, respectively, and target commissions in the amounts of NIS 122 thousand, NIS 172 thousand and NIS 119 thousand, respectively.

Notes to Consolidated Financial Statements

NOTE 23: BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont).

- d. Agreement between Altshuler Provident and Altshuler Shaham Finance Retirement Insurance Agency Ltd., governing their relationships with regard to marketing Altshuler Provident's pension products to clients of Altshuler Shaham Finance Retirement Insurance Agency Ltd. For these services, Altshuler Provident paid in 2025, 2024 and 2023 NIS 1,490 thousand, NIS 1,482 thousand and NIS 1,841 thousand, respectively.

e.

- a. Income and expenses from related parties and interested parties (continuation)

3. Settlement agreements with related parties (Continued)

- f. Service agreement between Altshuler Real Estate and Altshuler Properties dated July 1, 2022 according to which the former will provide the latter some of the services granted to it by the Company back-to-back during a transition period until Altshuler Properties terminates its operation and Altshuler Properties will provide Altshuler Real Estate various services as well as a license to use its IP.

On June 24, 2025, the General Meeting approved, after receiving the approvals of the Audit Committee and the Company's Board of Directors, the Company's engagement in an amendment to the Services Agreement with (indirectly) the controlling shareholders of the Company have a personal interest in approving it, the main points of which are as detailed below: 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.

Consideration for the services as stated above in the years 2025, 2024 and 2023 amounted to approximately NIS 3,122 thousand, NIS 3,309 thousand and NIS 2,826 thousand, respectively.

- g. On February 5, 2024, the General Meeting approved the Company's engagement in a customer lead generation agreement with Altshuler Shaham Financial Services Ltd. ("A.S. Financial") for the provision of financial services for assets managed/owned by A.S. Financial and specifically deposit services and/or financial asset exchange services. In return, the Company is entitled to receive lead commissions.

Consideration for the services as stated above in the years 2025 and 2024 amounted to approximately 24 thousand NIS and 32 thousand NIS respectively.

- h. On December 26, 2023, the Company's Board approved the signing of a term sheet which sets forth the Company's right to make nostro investments in transactions managed by Altshuler Real Estate and/or Altshuler Investment Funds, both subsidiaries of the Company.

On August 21, 2025, the Company's board of directors approved that Altshuler Real Estate would serve as a limited investor in an investment in the partnership it manages, in the amount of approximately \$4 million.

During 2025, the Company and Altshuler Real Estate invested approximately \$6,982 thousand in real estate transactions out of a commitment to invest approximately \$6,982 thousand, with returns received for the investments totaling \$5,257 thousand. In 2024, the Company invested approximately \$ 2,466 thousand in real estate transactions out of an investment commitment of approximately \$ 2,546 thousand and received refunds of some \$ 61 thousand on these investments.

During the reporting period, the Company recognized, in respect of the aforementioned investments, a profit presented under the equity method in the amount of NIS 24,767 thousand, and in 2024 a loss of approximately NIS 192 thousand.

Notes to Consolidated Financial Statements

NOTE 24: SHARE-BASED PAYMENT TRANSACTIONS

a. Expenses recognized in the financial statements:

The expense recognized in the financial statements for employee services received is shown in the following table:

	For the year ended on December 31,		
	2025	2024	2023
	NIS in thousands		
Share-based payment plans for exercise in the Company that are settled in equity instruments which were allocated between the years 2019-2021 - For details, see Section B below.	4	377	1,661
Share-based payment plan for exercise in the Company settled in equity instruments which was approved by the Company's Board of Directors on November 20, 2024 and allocated after the report date - For details, see Section C below.	5,151	643	-
Allocation of options to an officer at iFunds – see Section D below	581	-	-
Total expense arising from share-based payment transactions	<u>5,736</u>	<u>1,020</u>	<u>1,661</u>

b. Equity-settled share-based payment plans in the Company allocated in 2019-2021:

On July 9, 2019, the Company's Board of Directors approved an outline for the allocation of 12,226,334 warrants to officers, employees and service providers in the Company, Altshuler Ltd. and related companies. On April 26, 2021, the Board of Directors approved an outline plan for the allocation of 1,000,000 warrants to officers, employees and service providers in the Company. In the years 2019-2021, the Company allocated a total of 12,740,819 options under the outline. The options vested in lots, over 3 years from the award date, contingent on the continued employment by the Company and on achievement of KPIs, as set forth in the option letters. The contractual term of the options, if vested, is 10 years after the award date. The options were allocated under the capital gains track of Section 102(b)(2) to the Israeli Income Tax Ordinance (Revised), 1961 ("the Ordinance"). The fair value of the options as of the award date was estimated using the binomial model, based on conditions and data used in awards of these instruments.

As of the reporting date, all the options awarded under this outline had vested.

Notes to Consolidated Financial Statements

NOTE 24: **SHARE-BASED PAYMENT TRANSACTIONS (Cont.)**

C. Share-based payment plan for exercise in the Company settled in equity instruments

On November 20, 2024, the Company's Board of Directors approved, subject to the approval of the Company's general meeting in all matters relating to the granting of options to Altschuler Ltd. ("**the controlling shareholder**") Personal interest in approving, granting stock options, to general employees and service providers in the Company, in affiliated companies and in Altshuler Ltd. and companies under its control or in companies affiliated with it, for exercise into company shares. The plan was communicated to the employees on November 21, 2024 and approved by the general meeting on January 9, 2025.

The options shall be granted based on the following terms:

- The exercise price of the options is 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.

Eligibility To my writings The option Ask will be assigned For the winners Ask They are Subject Job, conditional In existence All Conditions The threshold Eligibility For options as defined by the Compensation Committee and the Company's Board of Directors. The eligibility conditions deal with meeting Altshuler Provident's minimum equity requirements and meeting revenue and net profit targets for the relevant year for allocation..

Below are details regarding the grants of options during the reporting period.:

1. Warrants for general employees and service providers in the Company, in affiliated companies and in Altshuler Ltd. and companies under its control or in companies affiliated with it, who provide services to the Company

Board of Directors approval date	Officers/general employees and service providers	Number of options	Exercise price on the date of grant	Fair value of all options as of the grant date
November 20, 2024	General workers and service providers	5,556,963	6.39	11,708,435
November 20, 2024	Officers	727,263	6.39	1,887,035
March 19, 2025	General workers	189,111	5.48	369,609
May 22, 2025	General workers	70,821	5.80	150,105
August 21, 2025	General workers	192,580	6.13	433,535
November 26, 2025	General workers	108,270	8.85	342,235

Notes to Consolidated Financial Statements

NOTE 24: SHARE-BASED PAYMENT TRANSACTIONS (Cont.)

On March 18, 2026, after the report date, the Company's Board of Directors approved a total of 145,924 and 51,223 stock options for general employees and officers, respectively, in affiliated companies and Altshuler Ltd. and companies under its control or affiliated companies, which provide services to the Company on similar terms.

During the reporting period, the Company recognized expenses in the amount of approximately NIS 5,151 thousand in respect of these grants.

a. Share-based payment plan for exercise in the company settled in equity instruments (continuation)

2. Stock options for general employees and service providers in the company, in affiliated companies and in Altshuler Ltd. and companies under its control or in companies affiliated with it, who do not provide services to the company

Board of Directors approval date	Officers/general employees and service providers	Number of options	Exercise price on the date of grant	Fair value of all options as of the grant date
November 20, 2024	General workers and service providers	2,822,204	6.39	5,829,469
November 20, 2024	Officers	134,150	6.39	326,338
March 19, 2025	General workers	36,989	5.48	98,640
May 22, 2025	General workers	40,149	5.80	85,095
August 21, 2025	General workers	31,465	6.13	70,834
November 26, 2025	General workers	12,366	8.85	39,088

On March 18, 2026, after the report date, the Company's Board of Directors approved a total of 53,144 and 8,387 stock options for general employees and officers, respectively, in affiliated companies and Altshuler Ltd. and companies under its control or in companies affiliated with it, which do not provide services to the Company on similar terms.

On January 7, 2025, the company's general meeting approved the increase in the controlling shareholder's existing pool by an additional 1,303,127 warrants.

During the reporting period, a total of 873,329 warrants were allocated from the new pool, for which the controlling shareholder paid the company a total of approx.2,397 thousands of NIS according to the fair value of those warrants on the grant date.

As of the date of approval of the report, the amount of warrants remaining for the controlling shareholder, which were approved as stated and have not yet been granted (or which were granted and returned to the pool due to the expiration of warrants not exercised for shares), stood at 181,731 Warrants from the controlling shareholder's existing pool and 534,064 Warrants from the controlling shareholder's new pool.

3. Below is data used to measure the fair value of the options upon the award date, based on the binomial model for pricing options, for the plan:

Board of Directors approval date	Officers/general employees and service providers	Share dividend yield	Expected share price volatility	Risk-free interest rate	Expected contractual term of the options (years)	Share price (NIS)
November 20, 2024	General workers and service providers	0%	34.05%	4.37%	10	6.39
March 19, 2025	Officers	0%	32.29%	4.29%	10	5.48
May 22, 2025	General workers	0%	34.33%	4.29%	10	5.80
August 21, 2025	General workers	0%	34.75%	4.18%	10	6.13
November 26, 2025	General workers	0%	33.88%	3.88%	10	8.85

Notes to Consolidated Financial Statements

NOTE 24: SHARE-BASED PAYMENT TRANSACTIONS (Cont.)

3. Share-based payment plan for exercise in the company settled in equity instruments (continuation)

4. Movement in the year:

The following table presents the changes in the number of share options and the weighted average exercise prices of share options:

	Year 2025	
	Number of options	Weighted average of the exercise price *) NIS
Share options outstanding at beginning of year	12,746,236	6.37
Share options forfeited during the year	(1,332,477)	6.85
Share options exercised during the year	(927,524)	2.57
Share options granted during the year	<u>3,559,772</u>	<u>6.35</u>
Share options outstanding at end of year	<u><u>14,046,007</u></u>	<u><u>6.16</u></u>
	Year 2024	
	Number of options	Weighted average of the exercise price *) NIS
Share options outstanding at beginning of year	7,436,571	6.08
Share options forfeited during the year	(340,975)	11.49
Share options exercised during the year	(716,774)	2.93
Share options granted during the year	<u>6,367,414</u>	<u>6.39</u>
Share options outstanding at end of year	<u><u>12,746,236</u></u>	<u><u>6.37</u></u>

The weighted average remaining contractual life for the share options outstanding as of December 31, 2025 and 2024 was 7.15 years and 7.49 years, respectively.

The range of exercise prices for share options outstanding as of December 31, 2024 was NIS 2.23- NIS 17.74.

The range of exercise prices for share options outstanding as of December 31, 2024 was NIS 2.66- NIS 18.17.

*) Adjusted for dividend distribution.

7. During the reporting period, options were granted to an officer of iFunds Capital Ltd. which, assuming full exercise, constitute 5% of the issued share capital of iFunds, and Altshuler Shaham Global Opportunities Ltd.'s holdings in iFunds on a fully diluted basis will be 76%. As of the date of approval of the report, the options have not yet been exercised.

NOTE 25: - CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

a. Legal and other proceedings pending against Altshuler Provident as of the reporting date:

The table below shows a summary of amounts claimed in pending class action certification motions 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.

Class action certification motions filed against Altshuler Provident:

Summary table

	Number of claims	Claimed amount NIS in millions
<u>Pending class action certification motions:</u>		
Claim amount unspecified	1	-
<u>Pending class action certification motions:</u>		
Claim amount specified	-	-
Claim amount unspecified	4	-

1. Motion for approval of class action filed on May 12, 2020 with the Tel-Aviv District Court against 14 respondents. The motion concerns the calculation of tax liability with respect to contributions by members to study funds managed by the respondents which, as alleged in the motion, has resulted in unlawful tax liability for members of the class which the plaintiff seeks to represent. The plaintiffs did not quantify their claim but believe it amounts to hundreds of millions of NIS for all of the respondents. The remedies sought in the motion include, inter alia, a request for the respondents to be ordered to cease this unlawful denial of the tax benefit, and to order restitution and/or compensation to be paid to all class members, as will be instructed by the Court. Altshuler Provident and the other respondents in this proceeding filed their responses to the motion, and also filed motions for permission to file third party notice by Altshuler Provident and by the other respondents against the Israel Tax Authority.

On February 4, 2022, the Court ruled that the Israel Tax Authority should be added as respondent in this proceeding, and that at this stage the motion for permission to file third party notice against the ITA will not be heard. The parties filed a notice according to which they reached an understanding to apply to mediation which is currently underway. Based on legal advice received by Altshuler Provident, Taking into account the entirety of the arguments and, among other things, the Tax Authority's position that the ceiling should be calculated on a monthly basis; and that tax deductions, to the extent made, were transferred to the Tax Authority; but on the other hand, the new claim included in the response to the answer, regarding "cumulative monthly", which, if proven, could cloud the chances of the request being rejected, The chances of the request for approval of the claim as a class action being rejected are higher than the chances of it being accepted..

2. Motion for approval of class action filed on April 12, 2021 with the Tel-Aviv District Court. The request was filed against 14 additional respondents (banks, insurance companies, credit companies and investment houses (hereinafter collectively: "the Respondents"). The motion alleges that Altshuler Provident and the other respondents provided personal information of users of the personal zone on their website, without their consent, to Google in conjunction with Altshuler Provident's use of the Google Analytics service; Thus, the plaintiffs allege, Altshuler Provident and the other respondents impacted their privacy, acted in breach of their fiduciary and confidentiality duty, with unlawful enrichment, acted with lack of good faith in fulfilling the agreement and were in breach of agreement, in breach of statutory obligation, impact to their autonomy and so forth. The plaintiffs believe that the total damage caused by all the respondents amounts to millions of NIS, and in any case more than NIS 2.5 million, and the individual amount claimed is NIS 2,000 per each plaintiff. On June 23, 2022, Altshuler Provident submitted a response to the motion.

Notes to Consolidated Financial Statements

NOTE 25: CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS (Cont.)**a. Legal and other proceedings against Altshuler Provident** (continuation)

As a class action lawsuit. The parties agreed to refer to mediation which did not yield any outcome as a result of which the parties continue managing the case in proof hearings. In the proof hearings, witnesses on behalf of the parties were interrogated. Based on legal advice received by Altshuler Provident, the chances of the approval request being rejected outweigh its chances of being approved.

3. Motion for approval of class action filed with the Regional Labor Court in Tel-Aviv on August 4, 2021, against Altshuler Provident, alleging that it is not in compliance with statutory provisions that stipulate the timeframe for actions, upon request from members, in funds accumulated in provident funds, which causes the members to incur significant monetary loss. The plaintiff alleges that Altshuler Provident does not proactively compensate its members for any delay in conducting transactions in their funds accumulated in provident funds, in violation of statutory provisions. The plaintiff also alleges that Altshuler Provident is in breach of its duty to provide proper disclosure to its members, by not informing them of their eligibility to receive compensation for any delay, and how such compensation is calculated. The plaintiff alleges that Altshuler Provident also deliberately misleads by providing a response to member enquiries designed to cause members to believe that they are not entitled to compensation, or that they have not properly completed the fund transfer requests. Thus, the plaintiff alleges, Altshuler Provident is in breach of statutory and regulatory provisions, and of its statutory fiduciary duty. The plaintiff quantifies the individual damage they have incurred at NIS 1,311 and alleges that the class damage cannot be quantified at this stage. On February 27, 2022, Altshuler Provident filed its response to the motion for class action status. A proof hearing was held in which additional documents were requested from the parties, including from the regulator. The Court approved a judicial arrangement reached between the parties regarding the date for submitting their summations. On December 29, 2024, the court issued a decision accepting the request to certify the lawsuit as a class action against Altshuler Providence and determining the definition of the group, the causes of action, the remedies claimed, etc., and Altshuler Gemel filed a defense on its behalf. The parties are holding compromise talks with each other in order to end the proceedings. Based on the opinion of Altshuler Provident's legal counsel, it is more likely than not (more than 50% probable) that Altshuler Provident will be required to compensate members that qualify for such compensation as per the outcome.
4. A request to approve a claim as a class action filed with the Tel Aviv Regional Labor Court on July 18, 2023 against Altshuler Provident. Motion for approval of class action filed with the Regional Labor Court in Tel-Aviv on July 18, 2023 against Altshuler Provident in which the petitioner argues that Altshuler Provident opens a new provident fund for customers who mobilize their provident fund from Altshuler Provident to other companies and continues to use the authorization granted to it by the customers in the past for charging their bank account in respect of management fees without their knowledge or consent. The petitioner did not quantify the overall damage but estimated it in excess of NIS 2.5 million and set the personal claim at NIS 134.91 per plaintiff. Altshuler Provident responded to the class action certification motion and the petitioner submitted a counterresponse. An evidentiary hearing was held in the case, and briefs were submitted on behalf of the parties. After a mediation process that took place between the parties, they submitted a request for approval of a compromise arrangement. As of the date of the reporting period, the settlement agreement has not yet been approved..
5. A request to approve a claim as a class action lawsuit that was filed with the Tel Aviv Regional Labor Court on February 25, 2024. The members of the group that the applicant seeks to represent are, as defined by him, all those who were or are members of all pension funds managed by Altshuler Provident, some of whose pension provisions were directed to the purchase of insurance coverage for the period prior to the date on which it was permissible to collect for this insurance coverage. The motion essentially alleges that the members had been charged insurance fees for an insurance period before the date of actually enrolling in the pension funds managed by Altshuler Provident. The petitioner does not quantify the overall class action amount but estimates it as in excess of NIS 2.5 million. The main remedy sought by the petitioner is to order Altshuler Provident to pay all the plaintiffs compensation for alleged damages. Based on the opinion of Altshuler Provident's legal counsel, due to the preliminary stage of this motion, it is currently not possible to assess the likelihood of its approval as class action.

Notes to Consolidated Financial Statements

NOTE 25: CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS (Cont.)

b. Legal and other proceedings against Psagot Provident and Pension Funds Ltd. (hereinafter: "Psagot Provident") Which as mentioned was merged into Altshuler Provident

Class action certification motions filed against Psagot Provident:
Summary table

	Number of claims	Claimed amount In millions of NIS
<u>Pending class action certification motions:</u>		
Claim amount specified	-	-
Claim amount unspecified	1	-

Motion for approval of class action filed on May 12, 2020 with the Tel-Aviv Yafo District Court against Altshuler Provident, Psagot Provident and other management companies. For more information about this lawsuit, see paragraph a(1) above on pending lawsuits against Altshuler Provident. In addition to filing Psagot Provident's response to the motion for approval of class action and motion to request permission to file a third-party notice against the ITA, as set forth in paragraph a(1) above, Psagot Provident also filed a motion to dismiss the motion for approval in limine due, inter alia, to material information not disclosed in the motion for approval and in the plaintiff's statement. Furthermore, the Court ruling dated January 25, 2022 stipulates that the motion by Psagot Provident to dismiss the motion for approval in limine should be decided, if need be, later on based on the written material. The parties are in a mediation process. Based on the opinion of Altshuler Provident's legal counsel, due to the preliminary stage of the proceeding regarding the motion for approval, as well as matters raised in the Court ruling dated January 25, 2022 and the completion of a first mediation session between the parties, it is not possible at this stage to assess the likelihood and risk associated with the motion for approval of class action and the likelihood of the actual lawsuit to prevail (should class action status be granted).

a. During the reporting period, the following legal proceedings against Psagot Provident and Pension Funds Ltd. (hereinafter: "Psagot Provident") which as mentioned was merged into Altshuler Provident

1. On November 16, 2020, a request was submitted to the Tel Aviv-Yafo Regional Labor Court to approve a class action lawsuit against Psagot Gemel, alleging that Psagot Gemel was responsible for the occurrence of a fraudulent affair in which, among others, a person who previously served as the chief investment manager of the "Gadish" Provident Fund (hereinafter: "Investment Manager") which was later transferred to the management of Psagot Gemel. The plaintiff is a former member of Psagot Gadish provident fund, alleging that when the Investment Manager worked at Psagot Provident, he purchased for Psagot Provident members securities that were artificially inflated and sold securities at artificially reduced prices, and even stole from member accounts. The plaintiff alleges that Psagot Provident is liable and should compensate members thereof with respect to the criminal conduct of the Investment Manager, given both its direct liability and vicarious liability. The class lawsuit amount cannot be estimated but is over NIS 2.5 million. Psagot Provident filed its response to the motion for approval. On July 25, 2024, the parties filed a motion to approve a settlement agreement in the class action, and on November 28, 2025, a judgment was entered for the settlement agreement. It should be clarified that after the reporting period, the settlement agreement was implemented in full, and indemnity was received from the company's insurers for the amount of compensation paid to the group, as well as for additional payments that Altshuler Provident required in connection with the settlement agreement, including the fees of the representing attorney, the compensation to the applicant, and costs in connection with the implementation of the arrangement.

Due to its field of activity, Altshuler Provident receives inquiries from customers during the normal course of business that include various claims. Some of the inquiries may lead to legal claims being filed against Altshuler Provident. As of the report approval date, there are no material claims pending against Altshuler Provident other than as described above.

The total amount of the provision for the claims filed against Altshuler Provident, Psagot and Psagot Provident as detailed above, less amounts receivable from the company's insurers, amounts to approximately NIS 5,036 thousand as of December 31, 2025.

NOTE 25: CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS (Cont.)**a. Guarantees provided:**

1. Guarantee amounting to NIS 1,191 thousand to Bank 1 with respect to Altshuler Provident's management of the long-term fund, Savings for Every Child.
2. Guarantee of NIS 1,783 thousand to Bank 2 to secure the lease of the Company's headquarters on 19 HaBarzel Street in Tel-Aviv.
3. Guarantee of NIS 1,130 thousand to Bank 2 to secure the lease of the Company's offices on Sapir Street in Haifa.
4. Guarantee of NIS 109 thousand to Bank 2 to secure the lease of the Company's offices on 1 HaBarzel Street in Tel-Aviv.
5. Guarantee in the amount of 50 thousand NIS against Banking Corporation 2 For investment marketing activities.
6. Guarantee of NIS 500 thousand to Bank 2 to secure credit.
7. Guarantee in the amount of 400 thousand NIS against a banking corporation 2 To secure a contract with the Ministry of Transportation and Road Safety to register liens on vehicles for the purpose of credit activity.
8. A limited guarantee in the amount given by the Company, in connection with credit facilities, to secure the obligations of Altshuler Real Estate and Altshuler Alternative. See also Note 18c(2)(b).
9. As of the financial statement date, historical guarantees had been provided by Bank 2 and/or Bank 1 in respect of a closed list of qualifying members of the Altshuler Shaham provident fund and Altshuler Shaham study fund to secure payment of all the receipts in their accounts, accounting for the nominal principal only (excluding allowed deductions), subject to the terms of each fund's articles of association. In April 2024, the guarantee by Bank 2 was replaced with a guarantee by Bank 1 following the release of Bank 2 from any guarantee. Bank 1's guarantees are not time limited whereby if the Bank is required to pay any funds by virtue of the guarantees, Altshuler Provident will indemnify the Bank for any amount paid by the latter in connection with the guarantees. Based on the cumulative yields in the provident fund sector accrued from the date of enrolment of the qualifying members through the financial statement date, Altshuler Provident estimates that the exercise of the guarantees would require the materialization of highly extreme circumstances which are very unlikely to occur.

b. Commitments:

1. Altshuler Provident has entered into agreements with multiple operators, for current operation of provident and pension funds.
2. See details of agreements with related parties in Note 23.

Notes to Consolidated Financial Statements

NOTE 26: - EVENTS AFTER THE REPORTING DATE

- a. Further to what is stated in Note 18C3 above, on February 12, 2026, the Company signed an additional framework agreement of NIS 100 million on terms identical to the additional existing Oncol frameworks. Accordingly, as of the date of approval of these financial statements, the Company has available credit facilities in an aggregate of NIS 650 million for providing loans to customers.
- b. For details regarding the approval of the Company's Board of Directors, dated March 18, 2026, on the allocation of 258,678 warrants of the Company to employees and officers of the Company and companies under its control, as well as to employees of Altshuler Ltd. and companies wholly or partially owned by Altshuler Ltd., see Note 24C.
- c. On March 18, 2026, the company's board of directors declared a dividend distribution in a total amount of NIS 17,000 thousand to its shareholders. The dividend per share is approximately NIS 0.09. For further details, see Note 14D'5.
- d. On March 18, 2026, the Company's Board of Directors, following approval by the Company's Compensation Committee, approved the allocation of approximately 3% of Altshuler Alternative's share capital to the CEO of Altshuler Alternative. The allocation was made in accordance with the compensation policy for the company's officers and according to a capital compensation plan adopted by Altshuler Alternative and submitted to the Tax Authority, under the capital gains track through a trustee in accordance with Section 102 of the Income Tax Ordinance. The allocation of shares is subject to a vesting period ending on March 31, 2029, which is contingent on Altshuler Alternative's performance targets, and subject to the provisions set forth in the terms of the grant.

ALTSHULER SHAHAM FINANCE LTD.

Financial data from the consolidated financial statements attributed to the Company

As of December 31, 2025

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with confidence

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To The Shareholders of Altshuler Shaham Finance Ltd.
Ha'Barzel 19a, Tel Aviv

Dear Sir/Madam

Subject: Special report of the independent auditor on separate financial information pursuant to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970

Opinion

We have audited the separate financial information presented pursuant to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970, of Altshuler Shaham Finance Ltd. (hereinafter - the Company) as of December 31, 2025 and for the year then ended. (below: "Separate Financial Information").

In our opinion, the separate financial information has been prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Basis for opinion

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance), 1973. Our responsibilities under these standards are described in the Auditor's Responsibilities for the Audit of the Separate Financial Information paragraph. We are independent of the Company in accordance with the provisions of the law applicable in Israel regarding the independence and prevention of conflicts of interest of the auditor in Israel. We also fulfilled our other ethical obligations in accordance with the Certified Public Accountants Law 1955, and regulations thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Duties of the Board of Directors and Management for Separate Financial Information

The board of directors and management are responsible for the preparation and presentation of the separate financial information in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970, and for such internal control as the board of directors and management determine is necessary to enable the preparation of separate financial information that is free from material misstatement, whether due to fraud or error.

In preparing the separate financial information, the board of directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and applying the going concern basis of accounting in the separate financial information unless the board of directors and management either intend to liquidate or cease operations, or have no realistic alternative but to do so.

The auditor's duties for the audit of the separate financial information

Our objectives are to obtain reasonable assurance that the separate financial information is free from material misstatement, whether due to fraud or error, and to issue a special auditor's report that includes our opinion. Reasonable assurance is a high level of confidence, but it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial information.

In an audit performed in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition we:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. ● The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, intentional misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and related disclosures made by the board of directors and management.
- Conclude on the appropriateness of the board of directors' and management's determination regarding the existence of the going concern assumption, and, based on the audit evidence we have obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our special report to the disclosures related to the separate financial information or, if such disclosures are inadequate, to include a change from the standard form of the special report. Our conclusions are based on audit evidence obtained up to the date of our special report. However, future events or conditions may cause the Company to cease to operate as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial information, including the disclosures, and whether the separate financial information has been prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

We communicate with the board of directors and management, among other things, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that the auditor identifies during the audit.

Tel-Aviv, Israel
March 18, 2026.

Kost Forer Gabbay & Kasierer
Accountants

A Member of Ernst & Young Global

Financial data and financial information from the consolidated financial statements
Attributed to the Company

Below are separate financial data and financial information attributable to the Company from the Company's consolidated financial statements as of December 31, 2025, published as part of the periodic reports ("consolidated financial statements"), presented pursuant to Regulation 9C to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies applied in the presentation of these financial data are detailed in Note 2 to the consolidated financial statements.

Investees are defined in the consolidated financial statements.

Financial data from the consolidated financial statements attributed to the Company

	Note	December 31,	
		2025	2024
NIS in thousands			
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents	3	3,664	10,843
Current taxes to receive		7,152	-
Other accounts receivable	4	32,686	14,419
Total current assets		43,502	25,262
<u>NON-CURRENT ASSETS:</u>			
Long-term investments		1,611	-
Investment in investee companies and partnerships		493,847	470,321
Investments in associates (partnerships):		35,358	8,666
Other accounts receivable	4	387,570	85,613
Right-of-use assets		29,356	34,608
Fixed assets		17,646	20,211
Intangible Assets		22,979	20,691
Deferred tax assets:	6	-	4,662
Total non-current assets		988,367	644,772
Total assets		1,031,869	670,034
<u>CURRENT LIABILITIES:</u>			
Short-term credit		343,999	32,083
Current maturities of lease liabilities		5,602	4,528
Payables	5	57,974	48,281
Current taxes payable		-	1,432
Total current liabilities		407,575	86,324
<u>NON-CURRENT LIABILITIES:</u>			
Deferred tax liabilities		742	-
Lease liabilities		27,888	38,224
Employee benefit liabilities, net		660	984
Total non-current liabilities		29,290	39,208
Total liabilities		436,865	121,004
Equity:			
Share capital		2,029	2,024
Share premium		244,609	242,008
Capital reserve from transaction with controlling shareholder		(6,328)	(4,671)
Capital reserve from share-based payment transactions		37,923	33,099
Capital reserve from financial assets measured at fair value through other comprehensive income		(37)	(35)
Translation Difference Fund		(3,122)	(115)
Retained earnings		319,930	276,720
Total equity		595,004	549,030
Total liabilities and equity		1,031,869	670,034

The accompanying additional information forms an integral part of the financial data and financial information.

			March 18, 2026.
Sharon Gerszbejn Deputy CEO, CFO	Yair Lowenstein CEO	Ran Shaham Chairman of the Board of Directors	Date of approval of the financial statements

Financial data from the consolidated financial statements attributed to the Company

	Note	For the year ended on		
		December 31,		
		2025	2024	2023
		NIS in thousands		
Revenues from management fees from investees	7	378,596	373,357	389,731
Marketing, operating, general and administrative expenses		<u>310,084</u>	<u>272,336</u>	<u>276,516</u>
Operating income		<u>68,512</u>	<u>101,021</u>	<u>113,215</u>
Finance income		14,151	2,918	1,292
Finance expenses		10,646	1,738	3,250
Other income		114	891	45
Company's share of profits (losses) of associated partnerships, net		24,767	(192)	-
Company's share of profits of investee companies and partnerships, net		<u>55,251</u>	<u>35,126</u>	<u>53,309</u>
Income before taxes on income		<u>152,149</u>	<u>136,244</u>	<u>164,521</u>
TAXES ON INCOME	6	<u>24,368</u>	<u>23,179</u>	<u>26,591</u>
Net income attributable to the Company		<u>127,781</u>	<u>113,065</u>	<u>137,930</u>
<u>Other comprehensive income (loss) attributable to the Company (net of taxes):</u>				
Gain from remeasurement of defined benefit plan		429	675	910
Company's share of other comprehensive income (loss), net, of investees		(2)	105	(1,616)
Foreign currency translation differences relating to foreign operations		<u>(3,007)</u>	<u>(115)</u>	<u>-</u>
Total other comprehensive income (loss) attributable to the Company (net of taxes)		<u>(2,580)</u>	<u>665</u>	<u>(706)</u>
Total comprehensive income attributable to the Company		<u>125,201</u>	<u>113,730</u>	<u>137,224</u>
Basic net earnings per share (in NIS)		<u>0.64</u>	<u>0.57</u>	<u>0.70</u>
Diluted net earnings per share (in NIS)		<u>0.64</u>	<u>0.57</u>	<u>0.69</u>

The accompanying additional information forms an integral part of the financial data and financial information.

Financial data from the consolidated financial statements attributed to the Company

	For the year ended on		
	December 31,		
	2025	2024	2023
	NIS in thousands		
<u>Cash flows from operating activities of the Company:</u>			
Net income attributable to the Company	127,781	113,065	137,930
Items not involving cash flows:			
Company's share of profits (losses) of associated partnerships, net	(24,767)	192	-
Company's share of profits of investee companies and partnerships, net	(55,251)	(35,126)	(53,309)
Finance expenses, net	8,542	1,087	2,017
Loss from sale of right-of-use asset	28	970	45
Cost of share-based payment	5,155	940	1,661
Depreciation and amortization:			
Right-of-use assets	7,320	7,466	8,410
Fixed assets	5,575	4,624	3,557
Intangible Assets	11,949	7,522	2,919
Taxes on income	24,368	23,179	26,591
	(17,081)	10,854	(8,109)
Changes in other balance sheet items:			
Change in accounts receivable	(21,815)	(8,183)	69,121
Change in accounts payable	21,406	(8,806)	(135)
Change in employee benefit liabilities, net	98	66	131
	(311)	(16,923)	69,117
Cash paid and received during the year for:			
Interest paid	(4,456)	(1,545)	(1,399)
Interest received	6,623	541	74
Taxes paid	(27,114)	(27,812)	(22,106)
	(24,947)	(28,816)	(23,431)
Net cash provided by operating activities of the Company	86,783	78,180	175,507
Cash flows from investing activities of the Company:			
Purchase of property, plant and equipment	(2,898)	(1,214)	(3,325)
Investment in intangible assets	(14,065)	(12,425)	(15,389)
Grant of loans to investees	(386,290)	(87,172)	(12,083)
Investment in a financial asset	(1,795)	-	-
Repayment of loans to investees	78,921	13,651	-
Acquisition of affiliated and held partnerships	(10,166)	(9,034)	-
Distributions from affiliated and held partnerships	4,951	-	-
Grant of capital notes to subsidiaries	-	(36,923)	-
Dividend received from investees	33,000	100,000	60,606
Net cash provided by (used in) investing activities	(298,342)	(33,117)	29,809
Cash flows from financing activities of the Company:			
Credit from banks for the purpose of providing non-bank credit	297,558	32,000	-
Repayment of lease liability	(6,834)	(9,798)	(9,514)
Repayment of loans to investees	-	-	(59,076)
Dividend paid to equity holders of the Company	(85,003)	(86,000)	(112,000)
Net cash provided by (used in) financing activities	205,721	(63,798)	(180,590)
<u>Increase (decrease) in cash and cash equivalents</u>	<u>(7,179)</u>	<u>(18,735)</u>	<u>24,726</u>
<u>Cash and cash equivalents at the beginning of the year</u>	<u>10,843</u>	<u>29,578</u>	<u>4,852</u>
<u>Cash and cash equivalents at the end of the year</u>	<u>3,664</u>	<u>10,843</u>	<u>29,578</u>
<u>Material non-cash transactions:</u>			
Right-of-use asset recognized against lease liability	2,557	3,246	6,983

The accompanying additional information forms an integral part of the financial data and financial information.

Additional Information

NOTE 1: GENERAL

a. General description of the Company and its operations:

Altshuler Shaham Finance Ltd. ("the Company") was incorporated in Israel as a private company limited in shares on December 9, 2021 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. See more information in Note 1a to the consolidated financial statements.

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 Business Restructuring 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.

Definitions

In these financial statements:

The Company	-	Altshuler Shaham Finance Ltd.
Investees	-	As defined in the consolidated financial statements.
Related parties	-	As defined in IAS 24.
		As defined in the Securities Regulations
Interested parties/controlling shareholder	-	(Annual Financial Statements), 2010.
Altshuler Shaham Provident and Pension Ltd.	-	Altshuler Provident.
Altshuler Shaham Real Estate Ltd.	-	Altshuler Real Estate
Altshuler Shaham Alternative Ltd.	-	Altshuler Alternative
Altshuler Shaham Investment Funds Alternative Investment Funds Ltd.	-	Altshuler Investment Funds
Global Opportunities Ltd.	-	A.S. Global
iFunds Capital Ltd.	-	iFunds
Altshuler Shaham Business Credit Ltd.		Altshuler Business Credit.
Altshuler Construction Loans	-	Altshuler Construction Credit
Altshuler Shaham Credit Ltd.		Altshuler Credit.

Note 2:- **Information regarding the presentation of the financial statements in accordance with Regulation 9C**

Preparation format of the separate financial information:

The financial data from the consolidated financial statements that are attributable to the Company have been prepared in accordance with the provisions of Regulation 9C to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970, including the details set forth in the Tenth Addendum to these Regulations (hereinafter-"the tenth addendum").

The following information also includes disclosures of other material information as mandated by the disclosure requirements of Regulation 9C and the Tenth Addendum discussed above insofar as such information is not already included in the consolidated financial statements in a manner that is expressly attributable to the Company.

Additional Information

Note 3:- Cash and cash equivalents

December 31,	
2025	2024
NIS in thousands	

Cash and deposits for immediate withdrawal *)	3,664	10,843
*) As of the reporting date, cash in banks earns current interest based on the interest rate on daily bank deposits of 3.88% - 4.13% (December 31, 2024 - 4.13%).		

Note 4:- Receivables and other debit balances

December 31,	
2025	2024
NIS in thousands	

Short-term debt

Receivables from investees *)	25,578	3,478
Prepaid expenses	6,912	8,924
Loans to employees	176	111
Other receivables	20	1,906

Long-term receivables

	32,686	14,419
Debit balances with investee companies *)	383,750	85,613
Prepaid expenses	3,820	-
	387,570	85,613
	420,256	100,032

*) See also Note 7e below for further details.

Note 5:- Financial liabilities

a. Payables

December 31,	
2025	2024
NIS in thousands	

Employees and payroll accruals	28,458	27,974
Accrued expenses	7,206	7,451
Government institutions	8,214	5,106
Liabilities to related parties *)	8,478	3,361
Other beneficiaries and balances of rights	5,618	4,389
	57,974	48,281

See information in Note 23e2a1 to the consolidated financial statements.

Note 5:- Financial liabilities (continuation)

b. Credit from banks:

See information in Note 18c(3) to the consolidated financial statements.

Additional Information

Note 6:- Taxes on income

A. TAX ASSESSMENTS ATTRIBUTABLE TO THE COMPANY:

The Company has not been issued final tax assessments since inception.

B. Deferred taxes attributable to the Company:

	Employee benefits	Right-of-use assets	Lease liabilities	Fixed assets	Employee options	Investments in associates (partnerships):	Investment in joint ventures	Total
Balance of deferred tax assets (liabilities) at January 1, 2024	<u>1,658</u>	<u>(10,499)</u>	<u>10,972</u>	<u>473</u>	<u>1,359</u>	<u>-</u>	<u>-</u>	<u>3,963</u>
Changes carried to profit or loss	155	1,926	(1,804)	170	420	-	-	867
Changes carried to other comprehensive income	<u>(202)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>(168)</u>
Balance of deferred tax assets (liabilities) at December 31, 2024	<u>1,611</u>	<u>(8,573)</u>	<u>9,168</u>	<u>643</u>	<u>1,779</u>	<u>34</u>	<u>-</u>	<u>4,662</u>
Changes carried to profit or loss	23	1,281	(1,176)	63	(132)	(5,502)	(569)	(6,012)
Changes carried to other comprehensive income	<u>(97)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>655</u>	<u>50</u>	<u>608</u>
Balance of deferred tax assets (liabilities) at December 31, 2025	<u>1,537</u>	<u>(7,292)</u>	<u>7,992</u>	<u>706</u>	<u>1,647</u>	<u>(4,813)</u>	<u>(519)</u>	<u>(742)</u>

C. TAX EXPENSES ATTRIBUTABLE TO THE COMPANY AND INCLUDED IN THE STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended on December 31,	
	2025	2024
	NIS in thousands	
Current taxes	18,302	24,046
Deferred taxes:	6,012	(867)
Taxes in respect of previous year	<u>54</u>	<u>-</u>
	<u>24,368</u>	<u>23,179</u>

Additional InformationNote 7:- Loans, balances and material agreements with investee companies**A. BALANCES WITH INVESTEES:**

	Note	December 31,	
		2025	2024
		NIS in thousands	
<u>Debit balances:</u>			
Loans to investees	7d	383,750	85,613
Investees	7e1	25,578	3,478
<u>Credit balances:</u>			
Investees	7e	8,478	3,361

B. TRANSACTIONS WITH INVESTEES:

	Note	For the year ended on December 31,	
		2025	2024
		NIS in thousands	
Revenues from management fees from investees	7e	378,596	373,357

C. FINANCE INCOME AND EXPENSES FROM TRANSACTIONS WITH INVESTEES:

	Note	For the year ended on December 31,	
		2025	2024
		NIS in thousands	
Finance income	7d, 7d	13,594	2,377

D. LOANS TO INVESTEES1. Loan agreements with Altshuler Credit

On December 24, 2024, Altshuler Credit's board of directors approved the provision of a credit line to the Company in the amount of NIS 10 million.

As of December 31, 2025 and 2024, the Company has a debt balance with Altshuler Credit in the amount of approximately 18,997 thousands of NIS and approximately 4,786 thousand NIS respectively.

In respect of this balance, the Company recognized financing income in 2025 and 2024 in the amount of approximately NIS 446 thousand and approximately NIS 28 thousand. On March 18, 2026, after the report date, the Company's Board of Directors approved an increase in the credit limit to NIS 15 million under identical terms., whereby the Company will adjust the balance against the Company.

2. Capital note agreement with Altshuler Credit:

On August 19, 2024, Altshuler Credit issued a capital note of approximately NIS 26,421 thousand to the Company. The capital note is unlinked and bears annual interest as prescribed in Section 3(j) to the Ordinance. The issuer may repay the capital note (in whole or in part) at any time at the discretion of the issuer's board.

In 2025 and 2024, the capital note accrued interest in the amount of approximately 1,326 Thousands of NIS and approximately 502 thousand NIS respectively.

Additional Information

NOTE 7:

- a. Loans to investee companies (continuation)
3. Capital note agreement with Altshuler Business Credit:
On February 8, 2024, Altshuler Alternative issued the Company a capital note of NIS 10 million for a period of five years. The capital note is unlinked and interest free.
4. Framework agreement with Altshuler Business Credit and Altshuler Construction Credit
As stated in Note 1 above, on August 19, 2024, in parallel with the completion of a credit transaction, the Company signed an agreement with Altshuler Business regarding the provision of credit lines. As part of the agreement, Altshuler Business Credit was made available to utilize up to a total of NIS 100 million, which will be usable, in full or in part, by Altshuler Business Credit for its ongoing activities in the normal course of its business. The credit facility bears the Prime interest rate and will also be subject to a non-utilization fee of 0.5% as imposed on the Company by the financing banks. The agreement is for one year.
On April 22, 2025, the Company entered into a new agreement with Business Credit under identical terms, within the framework of NIS 400 million. The agreement is valid for one year.
On August 27, 2025, the Company entered into a framework agreement with Altshuler Construction Credit in the amount of NIS 400 million on terms identical to the business credit agreement signed on April 22, 2025.
On March 18, 2026, after the report date, the Company's Board of Directors approved the increase in the credit limit against business credit to the amount of NIS 550 million for a period of one year under identical terms.
As of December 31, 2025, and 2024, the total loans that the Company has provided from the credit facilities are approximately NIS 358,918 thousand and approximately NIS 62,617 thousand, respectively.
The financing income accrued for this credit facility in 2025 and 2024 amounts to approximately NIS 10,421 and NIS 887 thousand, respectively.
5. Loan agreement with Altshuler Real Estate:
On August 23, 2023, a master agreement was signed between the Company and Altshuler Real Estate according to which the former will provide the latter a credit facility of NIS 8,000 thousand that can be fully or partially utilized by Altshuler Real Estate for its operating activities in the ordinary course of business.
Any amount transferred by the Company to Altshuler Real Estate as part of the credit facility will bear variable interest at an annual rate equal to the prime + 0.8% (hereinafter: "**Interest rate**"), which will be paid to the Company by Altshuler Real Estate in quarterly payments starting from the end of the first quarter that will occur after the date of utilization of the credit facility, in whole or in part. An interest installment that is not paid when due will accrue compounded interest.
On December 24, 2025, the framework period was extended for an additional three years, until December 31, 2028. As of December 31, 2025, Altshuler Real Estate has utilized the entire credit facility. In addition, with respect to the credit facility, the Company has, as of the reporting date, an interest balance receivable from Altshuler Real Estate. (As of December 31, 2024, the total utilization of the framework was approximately NIS 8 million). In 2025 and 2024, the Company recognized interest income of approximately NIS 478 thousand and NIS 536 thousand in respect of the credit facility, respectively.

Additional Information

NOTE 7: Material loans, balances and engagements with investee companies (continued)

a. Loans to investee companies (continuation)

6. Loan agreement with Altshuler Investment Funds:

On August 23, 2023, a credit agreement was signed between the Company and Altshuler Investment Funds according to which the former will provide the latter a credit facility of NIS 9,000 thousand that can be fully or partially utilized by Altshuler Investment Funds for its operating activities in the ordinary course of business.

The credit facility was increased on December 24, 2024 to NIS 20,000 thousand.

Any amount transferred by Altshuler Investment Funds to the Company, as part of the credit facility, will bear variable interest at an annual rate equal to the prime + 0.8% (hereinafter: "**Interest rate**"), which will be paid to the Company by Altshuler Investment Funds in a quarterly payment starting from the end of the first quarter that will occur after the date of utilization of the credit facility, in whole or in part. An interest installment that is not paid when due will accrue compounded interest.

The total amounts that will be transferred as part of the credit facility to Altshuler Investment Funds will be returned to the Company by December 31, 2025 (hereinafter: "**Loan repayment date**").

After the report date, the Company's Board of Directors approved the increase in the credit limit to a total of NIS 26,000 thousand for an additional three years, until December 31, 2028. As of December 31, 2025, and 2024, Altshuler Investment Funds utilized approximately NIS 16,701 thousand and NIS 8,997 thousand, respectively, from the credit facility and the Company recognized interest income in the amount of approximately NIS 903 thousand and NIS 513 thousand, respectively.

b. Agreements with investees:

1. Service agreement with Altshuler Provident:

On July 20, 2022, the board of Altshuler Provident approved a service agreement between the Altshuler Provident and the Company according to which from April 1, 2022, the latter provides the former, through employees and/or service providers, various services for Altshuler Provident's operating activities including marketing, legal and compliance counsel, finance, HR, internal audit and risk management, investment control and operation, credit, operations, servicing and other onetime services that are needed for specific projects and contracts as required by Altshuler Provident and agreed with the Company. In return for the services, Altshuler Provident pays the Company annual management fees accounting for 43% of the management fees to which Altshuler Provident is entitled to receive from its members less G&A expenses (excluding depreciation and amortization expenses), as recorded in Altshuler Provident's books with the addition of VAT. At the very minimum, the management fees paid by Altshuler Provident include the cost of the relative portion of services granted to Altshuler Provident out of the remuneration of senior officers in Altshuler Provident that provide the services to Altshuler Provident, all as approved by Altshuler Provident's remuneration committee and board. Moreover, in return for lead generation/retention services which entitle Altshuler Provident employees to commissions (and recorded as DAC), Altshuler Provident reimburses the Company for cost only.

The service agreement was amended on December 27, 2022 whereby from October 1, 2022, Altshuler Provident pays management fees that allow it to retain EBITDA that accounts for 20% of its revenues from management fees in a specific period. In this context, EBITDA refers to earnings before depreciation, amortization, financing, taxes and income/expenses not from operating activities.

The service agreement was amended again on May 23, 2023 to allow Altshuler Provident to provide the Company various services in return for cost only.

The consideration for the services as stated above in the years 2025, 2024 and 2023 amounted to approximately NIS 354,824 thousand, NIS 357,170 thousand and NIS 376,143 thousand, respectively.

Additional Information

NOTE 7: Material loans, balances and engagements with investee companies (continued)

a. Holdings of companies (continuation)

2. Service agreement with the owned company Altshuler Real Estate:

On September 15, 2022, the General Meeting of Shareholders approved the Company's engagement in a service agreement. The real estate service agreement is in effect indefinitely from July 1, 2022, as long as the Company is the sole shareholder in Altshuler Real Estate.

As per the agreement, in return for management fees of cost + 6%, the Company provides Altshuler Real Estate management and CEO services as well as professional services such as IT, finance, legal counsel and marketing.

On February 5, 2024, after obtaining the approval of the Company's Audit Committee and Board, the General Meeting of Shareholders approved an amendment to the agreement based on the conclusions of a transfer pricing study whereby the transfer pricing mechanism between the parties for calculating the cost of the services was adjusted.

The consideration for the services as stated above in the years 2025, 2024 and 2023 amounts to approximately NIS 12,683 thousand, NIS 11,977 thousand and NIS 9,417 thousand, respectively.

3. Service agreement with Altshuler Alternative and Altshuler Investment Funds:

On May 23, 2023, a services agreement was signed between the Company and Altshuler Alternative. In accordance with the agreement, each party will be entitled to provide the other with various services, including through personnel who will provide the aforementioned services or through suppliers on its behalf, in the areas of management, computing and communications, human resources, finance, legal services, internal auditing, compliance, operations and service, sales, marketing, purchasing and logistics, rent and related expenses, insurance, as well as additional services that will be required on a one-time basis for additional types of work and services.

The Company simultaneously signed a service agreement with Altshuler Investment Funds under similar terms. Accordingly, Altshuler Alternative recharges the services it receives from the Company that are directly related to the operations of Altshuler Investment Funds back-to-back to Altshuler Investment Funds.

On February 6, 2024, the service agreements between the Company and Altshuler Alternative and the Company and Altshuler Investment Funds were amended based on the conclusions of a transfer pricing study whereby the transfer pricing mechanism between the parties for calculating the cost of the services was adjusted.

The consideration for the services as stated above in 2025 and 2024 amounted to approximately NIS 5,948 thousand and NIS 2,823 thousand.

From July 1, 2023 to December 31, 2023, the receipts from the services amounted to approximately NIS 4,171 thousand.

4. Service agreement with Altshuler Alternative and iFunds:

On February 12, 2024, The Company entered into an agreement with Altshuler Alternative and iFunds, under which the Company and/or Altshuler Alternative (themselves or through employees or service providers on their behalf) will provide iFunds with various services for the purpose of iFunds' ongoing operations, as detailed below: Accounting and financial management services, bookkeeping, legal services; payroll; rent and office maintenance; business development through company management; and sales/sales management services ("The Services"). In return, iFunds will pay the Company and/or Altshuler Alternative monthly management fees plus VAT (if applicable) based on the cost allocation mechanism in the agreement.

In 2025, the receipts from the services amounted to approximately NIS 629 thousand.

Payment for the services described above, from February 12, 2024 through December 31, 2024, amounted to approximately NIS 482 thousand.

Additional Information

NOTE 7: Material loans, balances and engagements with investee companies (continued)

a. Holdings of companies (continued)

5. Service agreement with Altshuler Credit:

On August 19, 2024, a services agreement was entered into between the Company and Altshuler Credit, and was renewed on March 13, 2025. In accordance with the agreement, each party will be entitled to provide the other with various services, including through personnel who will provide the aforementioned services or through suppliers on its behalf, in the areas of management, computing and communications, human resources, finance, legal services, internal auditing, compliance, operations and service, sales, marketing, purchasing and logistics, rent and related expenses, insurance, as well as additional services that will be required on a one-time basis for additional types of work and services.

In return, Altshuler Credit will pay the Company monthly management fees plus VAT (as applicable) based on the cost allocation mechanism in the agreement.

The revenues for the services as stated above in 2025 and 2024 amounted to approximately NIS 4,512 thousand and approximately NIS 905 thousand, respectively.

6. Transfer of shares in Altshuler Real Estate

On January 1, 2025, an agreement was closed for the transfer of the Company's interests in Altshuler Real Estate and in entities related thereto in the context of which the Company transferred its interests in Altshuler Real Estate to Altshuler Alternative. Accordingly, as of the financial statement date, the Company indirectly holds 80.75% of the issued and outstanding share capital of Altshuler Real Estate through Altshuler Alternative.

NOTE 8: - EVENTS AFTER THE REPORTING DATE

- A. For details regarding additional events after the balance sheet date, see note 26 to the Company's consolidated financial statements.
- B. For details regarding the Company's Board of Directors' approval of the increase in Altshuler credit's credit facilities for transactions with the Company, see note 7d'4 above.
- C. For details regarding the Company's Board of Directors' approval of the increase in Altshuler credit's credit facilities with the Company, see note 7d'1 above.
- D. For details regarding the approval by the Company's Board of Directors of the increase in Altshuler investment funds' credit facilities with the Company, see note 7d'5 above.

Chapter D

More Details About
The Company

December 31, 2025

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1. Regulation 10A: Summary of the Company's Comprehensive Income for each of the Quarters ended March 31, June 30, September 30 and December 31, 2025

For condensed statements of comprehensive income for 2025 on a quarterly basis, see paragraph 1.3 to the Board of Directors' Report in Chapter B to this report.

2. Regulation 11: List of investments in subsidiaries and material associates

	Share class and par value	Number of shares	Value in the separate financial statement as of December 31, 2025 (Millions of NIS)	Holding rate by the Company		Loan balance as of December 31, 2025 (NIS millions)	Loan terms and repayment date
				In capital and voting	Rights to appoint directors		
Altshuler Shaham Provident and Pension Ltd.	Ordinary 0.01 NIS	1	475	100%	100%	370	See Note 18c(1) to the financial statements in Chapter C to this report
Altshuler Shaham Credit Ltd.	Ordinary 1.00 NIS preferred 1.00 NIS	10,000 preferred shares	16	80%	60%	-	For details regarding credit facilities that the Company took out to finance credit activities, see Note 18C3 to Part C (Financial Statement) of this report.
Altshuler Shaham Alternative Ltd.	Ordinary 0.01 NIS	1,001	0.3	100% ^(*)	100%	15.6	See Note 18c(2) to the financial statements in Chapter C to this report

(*) For details regarding the allocation of shares to Mr. Tzafirir Zanzouri in Altshuler Shaham Alternative Ltd., after the balance sheet date, see Section 3.2.1 of the description of the corporation's business, Chapter A of this report.

3. Regulation 12: Changes in investments in subsidiaries and material associated companies in the reporting year

For details regarding investments in transactions managed by Altshuler Real Estate and/or Altshuler Investment Funds, see Note 13(2) to the financial statements attached as part of Chapter C of this report.

For details regarding the establishment of Altshuler Construction Company during the reporting period and the expansion of activities into the field of granting credit to real estate developers, see section 3.3.1.1. For a description of the corporation's business, Chapter A, of this report

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4. Regulation 13: Income from significant subsidiaries and affiliates and income from them from dividends, management fees and interest

	Comprehensive profit (loss) In millions of NIS		Dividends: In millions of NIS		Management fees In millions of NIS		Interest income
	Net profit (loss)	Other comprehensive income (loss)	Received in 2025	Received or receivable after the reporting period for 2025	Received in 2025	Received or receivable after the reporting period for 2025	
Altshuler Shaham Provident and Pension Ltd.	59	-	33	45	352.9	2	-
Altshuler Shaham Credit Ltd.	(8)	-	-	-	1.6	2.9	12.2
Altshuler Shaham Alternative Ltd.	(3)	-	-	-	14	5.3	1.4

5. Regulation 14: List of groups of loan balances granted as of the balance sheet date, within the Company's credit activity area

For details regarding the balance of loans in the Company's credit activity, see Section 3.3.5 of Chapter A of this periodic report.

6. Regulation 20: Trading on the stock exchange

In 2025 and until the date of approval of the financial statements, the Company's ordinary shares of NIS 0.01 par value were listed for trading on the stock exchange as detailed below:

636,126 shares from the exercise of options allocated by the Company to employees, officers and service providers in the Group pursuant to shelf offering reports issued by Altshuler Provident.

7. Regulation 21: Remuneration to stakeholders and senior executives

7.1. The Company's remuneration policy

The remuneration paid to the senior officers in the Company is in keeping with the Company's officer remuneration policy. For details regarding the compensation policy for the Company's officers, see the Company's general meeting notice dated August 21, 2025 (reference number: 2025-01-062610), which is included in this periodic report by reference.

Following are details of the remuneration paid to each of the five highest paid officers in the Company or in its controlled companies which includes the three highest paid officers in the Company whose remuneration was paid in connection with their service in the Company or in a company controlled by it in the period of 12 months ended December 31, 2025, as recognized in the financial statements for 2025 in terms of the Company's cost (NIS in thousands):

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Details of remuneration recipient				Remuneration for services							Other remuneration			Total	Part allocated to the Company out of the control group (%)
Name	Role	Scope of work	Capital holding rate	Salary cost ⁽¹⁾	Grant ⁽²⁾	Share-based payment ⁽³⁾	Management fees	Consulting fees	Commission	Other	Interest	Rent	Other		
Leah Preminger ⁽⁴⁾	VP of Investments, Altshuler Provident	100%	-	1,728	200	155	-	-	-	-	-	-	-	2,083	100%
Anat Knafo-Tavor	CEO Altshuler Provident	100%	-	1,350	455	171	-	-	-	-	-	-	-	1,976	100%
Yair Lowenstein ⁽⁵⁾	CEO and Director	100%	14.85%	1,949	-	-	-	-	-	-	-	-	-	1,949	100%
Sharon Gerszbejn	Deputy CEO, CFO	100%	-	1,448	245	171	-	-	-	-	-	-	-	1,864	100%
Osnat Antebi	VP, Legal Advisor	100%	-	1,441	245	171	-	-	-	-	-	-	-	1,857	100%

The data in the table above do not include VAT and/or payroll tax.

(1) The salary cost of officers may include, in addition to their monthly salary: fixed bonus, contribution towards auto maintenance or a company car (including expenses), cell phone maintenance and use expenses, per diem expenses, healthcare insurance, contributions to pension fund and study fund, in conformity with terms and conditions of their employment contracts. The employment contracts of Company officers also include provisions with regard to their eligibility for annual paid leave, as agreed, vacation allowance days, advance notice period and nondisclosure commitment.

(2) In accordance with the compensation policy, the threshold conditions for the payment of annual bonuses for 2025 to officers in accordance with the personal annual bonus plans for 2025 were met. The annual grant determined for Ms. Leah Preminger, Ms. Gershbein, and Ms. Antebi is in accordance with the performance evaluation process in the Company and/or companies under its control and according to qualitative criteria and up to a ceiling of three monthly salaries. Ms. Knafo Tavor was assigned a personal annual grant plan for 2025 that includes profitability and revenue targets (in connection with the activities of Altshuler Shaham Provident and Pension Ltd.) and a personal evaluation component up to an annual grant ceiling of NIS 1 million.

It should be noted that in accordance with Section 3.1 of the Compensation Policy for Officers, the Company's Board of Directors determined that the principles of the compensation policy will apply to the CEOs of the following subsidiaries only: Altshuler Shaham Provident (subject to the compensation policy in accordance with the applicable regulation), Altshuler Shaham Alternative and Altshuler Shaham Credit.

(3) In accordance with Note 24B to the financial statements attached to this periodic report, on January 9, 2025, options were granted to purchase shares in the Company. The options will vest over four (4) years: 50% vest two years from the Board's approval date (November 20, 2024), another 25% vest in the following year and another 25% in the year thereafter. The exercise price of the options is NIS 5.96, and they are exercisable on a cashless basis only. The fair value of the options as of the award date was estimated using the binomial model, based on conditions and data used in award of these instruments. The weighted average contractual term of the share options as of December 31, 2025 was 9.9 years.

(4) Employed as a VP by Altshuler Ltd. and provides services as Chief Investment Officer for Altshuler Provident Fund, reporting to the Chief Investment Officer of the Altshuler Group, with the Company bearing the full cost of her employment. Accordingly, Ms. Preminger is not considered an officer of the Company under the Companies Law but is classified as having a central role in Altshuler Provident Fund within the meaning of the term in the Commissioner's Circular.

(5) For details regarding the employment agreement of Mr. Yair Lowenstein, the Company's CEO and controlling shareholders, see section 0 Below is also a notice of a general meeting published by the Company on January 1, 2024 (reference number: 2024-01-000744).

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7.2. Allocation of options to officers in the Company

For details regarding the allocation of stock options by the Company to officers and employees of the Company, see Note 24B to the financial statements attached as Chapter C to this report, as well as Section 9.5 below.

7.3. Remuneration of interested parties in the Company

Following are details of remuneration paid to interested parties in the Company who are not included in the officers listed in paragraph 7.1 above, in connection with services rendered by the interested parties as key personnel in the Company or in a company controlled by them, regardless of the existence of employer-employee relations and although the interested parties are not senior officers:

7.3.1. Directors' remuneration

The overall amount paid in 2025 to directors in the Company for their service was approximately NIS 585 thousand, of which NIS 558 thousand was paid to external directors in the Company and NIS 27 thousand was paid to regular directors as follows:

- a. Directors who are not external directors and whose tenure on the Company's Board of Directors is a position ancillary to their tenure as officers or managers in the Group companies or the Altshuler Group, some of whom do not receive any additional compensation for their tenure as directors in the Company, and some of whom are entitled to compensation for participation in meetings only in the amount of the maximum amount according to the Third Schedule to the Companies Regulations (Rules Regarding Remuneration and Expenses for External Directors), 2000 ("**Remuneration Regulations.**")
It should be noted that during January 2025, warrants convertible into ordinary shares of the Company were allocated to Mr. Tomer Cohen. Solely for his tenure at Altshuler Ltd. and in companies under its control (and not for his tenure at the Company).
- b. Directors other than external directors who do not serve as officers or managers in Group companies or in the control group, who are entitled only to remuneration for attending meetings at the maximum amount allowed by Addendum III to the Remuneration Regulations.
- c. External directors - remuneration paid to external directors is in conformity with the Company's remuneration policy at the maximum amount allowed by Addendums II and III to the Remuneration Regulations, based on the Company's classification from time to time, linked to the CPI and in conformity with provisions of the Remuneration Regulations.

Members of the Company's Board are included in letters of exemption and indemnity and D&O liability insurance policies, as customary in the Company. For more information about these arrangements, which also apply to certain controlling shareholders in the Company, see paragraph 9.7 below.

Below is a breakdown of the information presented in the table in section 7.1 above:

Chapter D - Additional Information about the Corporation**7.3.2. The employment agreement with the Company's CEO**

Mr. Yair Lowenstein, a controlling shareholder in the Company, serves as CEO of the Company pursuant to an employment agreement signed on January 1, 2017 (as revised on April 15, 2019 (in this paragraph - "the agreement")) prior to the business restructuring, as defined in paragraph 1.2 to Chapter A to this report). It should be noted that in addition to serving as the Company's CEO, Mr. Lowenstein also serves as director in the Company and as Chairman of Altshuler Provident's board for no additional remuneration other than the terms to which he is entitled for his service as CEO.

On February 5, 2024, the Company's General Meeting (in keeping with the approvals of the Company's Audit Committee and Board) approved the renewal of the service agreement with Mr. Lowenstein, without changing the employment terms as specified below:

1. Monthly salary - Mr. Lowenstein is entitled to a gross monthly salary of NIS 152,000.
2. Pension and study fund accruals - Mr. Lowenstein is entitled to pension and study fund accruals that will be contributed by the employer to a provident or pension fund and severance pay and occupational disability accruals as required by law. The Company makes contributions to a study fund in respect of Mr. Lowenstein as required by law.
3. Annual vacation, convalescence and sick days, mobile phone and daily newspaper upkeep - Mr. Lowenstein is entitled to 20 vacation days a year which can accrue up to 40 days and sick days and convalescence pay as required by law and the Company's procedures. The Company provides Mr. Lowenstein a fully paid mobile phone and daily newspaper and bears the upkeep expenses.
4. Agreement term, termination and early notice - the service agreement is for an indefinite term and can be terminated by either party at any time by providing early notice as required by law.
5. Confidentiality - as per the service agreement, Mr. Lowenstein has committed to maintain confidentiality for an indefinite period including following termination of the service agreement for whatever reason.
6. Exemption, indemnity and insurance – For details regarding eligibility for exemption, indemnity and insurance arrangements as customary in the Company, see section 9.7 below.

For further details, see Sections 4 and 9 of the Company's meeting notice dated January 1, 2024 (Reference No.: 2024-01-000744), the contents of which are incorporated herein by reference.

7.3.3. For details regarding cost allocation and service agreements between the Company and Altshuler Ltd. and its group companies, see sections 9.1 and 9.2 below.

8. Regulation 21A: Control of the corporation

As of the date of publication of the report, the ultimate controlling shareholders of the Company are: Gilad Altshuler, Kalman Shaham¹ and Yair Lowenstein. The shareholders of the Company are Altshuler Ltd., which holds 55.40% of the Company's share capital, and Lowenstein Yair Holdings Ltd. ("Yair Holdings"), which holds 14.85% of the Company's share capital.

Shareholders' agreement

On November 21, 2022, a new shareholders' agreement was signed between the controlling shareholders of the Company, which replaced and canceled any prior agreement, arrangement or obligation between the parties regarding their holdings in the Company. For details regarding the main points of the Shareholders' Agreement, see Section 3.4.2 of Chapter 3 of the Shelf Prospectus published by the Company on October 27, 2025 (issue date October 28, 2025), which is included in this Periodic Report by reference (Reference No.: 2025-01-080630) ("**Shelf Prospectus**").

¹See details of shareholders in Kalman Shaham Holdings Ltd. in paragraph 1.4 to Chapter A to this report.

Chapter D - Additional Information about the Corporation**9. Regulation 22: Transactions with Controlling Shareholders and/or Transactions which the Controlling Shareholders have a Personal Interest in Approving**

Following are details, to the best of the Company's knowledge, of transactions between the controlling shareholders in the Company or transactions of the Company with third parties which the controlling shareholders have a personal interest in approving as entered into by the Company in the reporting year through the date of publication of this report or which are still effective on the report publication date:

Transactions listed in Article 270(4) to the Companies Law, 1999 ("the Companies Law")**9.1. Service and cost allocation agreement between the Company and Altshuler Ltd.**

On May 15, 2019, Altshuler Provident entered into an agreement with Altshuler Ltd., a controlling shareholder in the Company, for mutual provision of various operating and other services needed for the companies' ongoing operations ("the provident service agreement"). The provident service agreement was signed for a period of five years applicable from May 15, 2019 and is renewed automatically for additional 3-year periods each subject to obtaining the legal approvals. On February 27, 2022, the parties and the Company approved an amendment to the provident service agreement for adding the Company as a party to the agreement according to which the Company and/or companies controlled by it, including Altshuler Provident, will receive the services from Altshuler Ltd., as needed from time to time.

On December 30, 2021, Altshuler Provident received a unilateral undertaking from Altshuler Ltd., whereby Altshuler Ltd. undertook to provide the services pursuant to a Provident Services Agreement in accordance with the specific legal and regulatory provisions applicable to Altshuler Provident (including regulatory provisions and guidelines to which Altshuler Provident is subject), including with respect to Altshuler Provident's obligations to its members ("**Provident Members**"), in connection with the Services, throughout the provision of the Services. This is without receiving any additional payment for this unilateral commitment, subject to the liability arrangements stipulated in the commitment. It is clarified that such a commitment was incorporated into the wording of the Services Agreement (as defined below).

On February 5, 2024, after obtaining the approvals of the Company's Audit Committee and Board, the Company's General Meeting approved the Company's engagement in a new service agreement that supersedes the provident service agreement (in this paragraph - "the service agreement"). The service agreement settles the various services mutually provided by the parties and the allocation of service costs based on the ratio of services actually provided by Altshuler Ltd. to the Company and/or companies controlled by it and vice versa.

The services agreement is valid for a period of 3 years from January 1, 2024. After 3 years from the date the agreement enters into force, the services agreement will be automatically extended for additional periods of 3 years each, subject to receiving the corporate approvals required for this under any law. Either party may, at any time, give notice of cancellation of the agreement with one hundred and eighty days' notice.

The service agreement consists of the following changes:

9.1.1. In accordance with the conclusions of the transfer pricing study ("**Transfer Pricing Study**") conducted by external financial consultants (the consulting department of Ernst & Young Israel), whose services were hired by the Company, in the framework of which the most appropriate allocation keys were examined to describe the economic essence of each expense and the manner in which it serves the activity. The following allocation keys are included within the framework of a

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financial services agreement: Total employee ratio²; Tel Aviv employee ratio³; Asset ratio⁴; Combined asset and employee ratio⁵; Area ratio⁶; and Service scope ratio⁷.

The validation and change of the rates set in the agreement for loading personnel costs in the various departments was based on the conclusions of the transfer pricing work and department managers' assessments in relation to the scope of services and inputs actually provided to each of the parties.

9.1.2. The allocation mechanism chosen for evaluating the resources dedicated by the executive officers and VPs in each Group company is the service scope ratio (as defined above).

9.1.3. Specifically, the service agreement sets forth the following service cost and expense allocation mechanisms:

- a. Marketing department - the cost of the department's employees will be allocated to the Company as per the service scope ratio whereby the Company will continue to bear 70% of the employment cost of Altshuler Ltd.'s VP, Marketing.
- b. Investment department - the Company will bear 60% of the employment cost of Altshuler Ltd.'s VP, Investments and fully bear the employment costs of the investment managers and brokers of the provident and pension funds as their occupation is centered in Altshuler Provident.
- c. Investment control and operation department - the Company will bear 80% of the employment cost of VP, Investment Control and Operation and 80% of the employment cost of the Investment Control and Operation HQ coordinator. The Company will bear 50% of the employment cost of the data management team and will no longer bear 50% of the employment cost of the project manager. The Company will fully bear the service costs of the investment operation employees as their occupation is centered in Altshuler Provident. With respect to the cost of services provided by credit and investment controllers, instead of allocating fixed rates for control function services to the Company, the Company shall bear the cost of their employment in accordance with the following scale:

²The ratio of employees in (1) Altshuler Shaham Finance Group, including employees allocated from Altshuler Ltd. Group to Altshuler Shaham Finance Group based on the allocation ratio; or (2) Altshuler Ltd. Group including employees allocated from Altshuler Shaham Finance Group to Altshuler Ltd. Group based on the allocation ratio to the entire employees in the Group.

This ratio is calculated based on the Group's average headcount in the cumulative reporting period from the beginning of the calendar year for which the accounts are settled.

³The ratio of employees in (1) Altshuler Shaham Finance Group, including employees allocated from Altshuler Ltd. Group to Altshuler Shaham Finance Group in the Group's branch in Tel-Aviv; or (2) Altshuler Ltd. Group including employees allocated from Altshuler Shaham Finance Group to Altshuler Ltd. Group in the Group's branch in Tel- Aviv to the entire employees in the Group less the employees of the Haifa branch.

This ratio is calculated based on the Group's average headcount in the cumulative reporting period from the beginning of the calendar year for which the accounts are settled.

⁴The ratio of dividing the entire assets managed by: (1) Altshuler Provident and Pension Ltd. or (2) Altshuler Shaham Mutual Fund Management Ltd. and Altshuler Shaham Investment Portfolio Management Ltd. to total assets managed by Altshuler Provident and Pension Ltd., Altshuler Shaham Mutual Fund Management Ltd. and Altshuler Shaham Investment Portfolio Management Ltd. (collectively) as of the last day of each cutoff period for which the accounts are settled.

⁵Average 50%-50% ratio between (1) overall employee ratio and (2) asset ratio.

⁶The area used by the Altshuler Shaham Finance Group out of the entire areas leased by the Group, excluding the Haifa offices of Altshuler Provident, including public areas, which as of the report date cover 70% and the area used by Altshuler Ltd. Group out of the entire areas leased by the Group, including public areas, which as of the report date cover 30%. The asset ratio will be reexamined and updated as necessary annually or in the event that there is a material change in the areas used by any of the Group companies in the course of the year.

⁷Estimated scope of services (resources) granted to the Altshuler Shaham Finance Group in relation to the scope of services granted to the Altshuler Ltd. Group in the same field. The ratio is determined based on the evaluation of the required resources by the specific service departments. In general, the service scope ratio is regularly examined by the department managers at Altshuler Ltd. and their evaluations are reviewed by the Internal Auditor in keeping with the Internal Auditor's annual audit plan.

The meaning of "Altshuler Finance Group" and "Altshuler Group Ltd." in Sections 2-7 above, are as defined in the Services Agreement, and as specified in Section 7 of the Notice of Meeting published by the Company. On January 1, 2024 (Reference No.: 2024-01-000744) whose information is hereby included by reference.

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1. In the first year of employment of credit control and/or investment control employees in the investment control and operation department, Altshuler Ltd. will bear 100% of the employment cost.
2. For 12-18 months of employment of credit control and/or investment control employees in the investment control and operation department, the Company will bear 50% of the employment cost.
3. After 18 months of employment of credit control and/or investment control employees in the investment control and operation department, the Company will bear 80% of the employment cost.

The Company will also bear 80% of the employment cost of the business intelligence department employees.

- a. Human resources department - the allocation of the employment costs of talent recruiters, knowhow manager, training and administrative staffs and training and welfare manager will be based on the service scope ratio. The Company will bear the employment cost of the organizational development manager based on the total employee ratio. It should be noted that there is no change in the percentage of employment cost borne by the Company for the VP of HR, welfare teams, comptrollers and reception staffs. It was also determined that Altshuler Ltd. will bear 50% of the cost of employing a payroll manager, that the cost of employing a recruitment coordinator and training workers will be determined based on the ratio of the scope of services, and that Altshuler Ltd. will cease to bear the cost of employing a pension marketer for the group's employees..
- b. D&O liability insurance and business insurance - the Company bears a relative portion of the cost, based on the asset ratio (for D&O liability insurance) (unless it is determined that the Company should independently purchase such insurance) and based on the overall employee ratio (for business insurance).
- c. General expenses for work and related services for current operations of any of the Group companies - these expenses are attributed as stipulated in the agreement. The appropriate cost allocation key will be agreed by the CEOs of the Company and of Altshuler Ltd., based on the methodology underlying the cost allocation as set forth in the agreement, not to exceed a gross NIS 2 million per year and as long as a single transaction does not exceed NIS 200,000.

The service agreement includes control provisions whereby, as part of the multiannual work plan of the Company's Internal Auditor, the Internal Auditor shall review implementation of the agreement, and ensure that actual cost attribution is in conformity with provisions of the agreement as aforesaid, and the need to adjust the stipulated ratios reflecting the pro rata share of services provided to either party and the attribution provisions, in view of the time elapsed and changes to the scope of operations, and the conclusions will be presented to the Company's Audit Committee. Should the internal audit reveal discrepancies with respect to implementation of the agreement, calculation of payments based thereupon or the need to adjust the stipulated ratios or attribution provisions as aforesaid - the parties will discuss in good faith making the required adjustments to payments. Furthermore, as part of the Internal Auditor's annual work plan, the Internal Auditor shall review implementation of the agreement with respect to those attribution provisions whose implementation requires judgment to be applied with respect to payment sharing by the Company and by Altshuler Ltd. and shall present the conclusions to the Company's Audit Committee.

In 2025, net payments jointly incurred by the Company and Altshuler Provident as per the service agreement was NIS 56,216 thousand, of which the Company paid NIS 52,582 thousand.

For additional details regarding the Services Agreement as well as regarding the manner of approval of the transaction and the controlling shareholder's personal interest in the transaction, see Sections 5, 10.5 and 10.6 of the Meeting Notice published by the Company on January 1, 2024 (Reference No.: 2024-01-000744), the contents of which are incorporated herein by reference.

Chapter D - Additional Information about the Corporation**9.2. Service Agreements Between the Company and Altshuler Real Estate (directly) and between the Company and Altshuler Shaham Properties Ltd. (indirectly)**

The Company and Altshuler Real Estate (an indirectly controlled subsidiary of the Company) entered into a Services Agreement, which was amended on May 23, 2023 and February 6, 2024, under which the Company and Altshuler Real Estate provide various services to each other ("**Real Estate Services Agreement**"). Under the real estate services agreement, the Company provides Altshuler Real Estate with management and CEO services, as well as professional services such as IT, finance, legal and marketing services, in consideration for management fees based on a cost-plus mechanism with a fixed margin of 6% (Cost+6%). For additional details about the Real Estate Services Agreement, see section 9.2.1 below.

In parallel with the Real Estate Services Agreement, Altshuler Real Estate and Altshuler Shaham Properties Ltd. (a company owned by some of the controlling shareholders of the Company) ("**Altshuler Properties**"), entered into a Services Agreement on July 1, 2022, which was amended on July 1, 2025, pursuant to which, among other things, Altshuler Real Estate provides some of the services provided to it by the Company to Altshuler Properties ("**Properties Services Agreement**", in this section and together with the Real Estate Services Agreement – "**The Services Agreements**"). For more information about the Properties Services Agreement, see section 9.2.2 below.

On September 15, 2022, the Company's engagement in the real estate services agreement (directly) and in the properties services agreement (indirectly) was approved by the general meeting of shareholders, for the sake of caution, as extraordinary transactions in which an officer and the controlling shareholder of the Company have a personal interest.⁸

Each party to the service agreements may terminate them by providing an advance written notice of 180 days. Notwithstanding the above, and without derogating from any right available to the parties under the service agreements and/or any law, each party may notify at any time of the cancellation of the agreement, immediately and without prior notice, upon the occurrence of one of the following events: Insolvency events, material change in the holdings of a party to the agreement, legal impediment or fundamental breach (with a cure period).

9.2.1. Amendment to the Real Estate Services Agreement

On February 5, 2024, after obtaining the approvals of the Company's Audit Committee and Board, the General Meeting of Shareholders approved the following amendment to the real estate service agreement:

9.2.1.1. In accordance with the conclusions of the transfer pricing work, the following allocation keys are included within the framework of the amended real estate services agreement that was approved for the purpose of calculating the cost that will be charged to Altshuler Real Estate in connection with the services provided to it by the Company: Employee ratio⁹; Alternative investment employee ratio¹⁰; Area ratio¹¹; Asset ratio¹²; Combined ratio of asset and employee

⁸ For additional details, see the report convening the general meeting of the Company's shareholders, as published on August 11, 2022, as well as the report of the meeting results dated September 15, 2022 (reference number: 2022-01-102046, and 2022-01-118096, respectively).

⁹ The ratio of employees of Altshuler Real Estate including employees allocated from Altshuler Shaham Finance Group to Altshuler Real Estate based on the cost allocation ratio to total employees of Altshuler Shaham Finance Group.

This ratio is calculated based on the average headcount in Altshuler Shaham Finance Group in the cumulative reporting period from the beginning of the calendar year for which the accounts are settled.

¹⁰ The ratio of employees of Altshuler Real Estate including employees allocated from Altshuler Shaham Finance Group to Altshuler Real Estate based on the cost allocation ratio to total employees of Altshuler Alternative including employees allocated from Altshuler Shaham Finance Group to Altshuler Alternative to employees of Altshuler Investment Funds including employees allocated from Altshuler Shaham Finance Group to Altshuler Investment Funds based on the cost allocation ratio.

¹¹ The area jointly used by Altshuler Real Estate, Altshuler Alternative and Altshuler Investment Funds divided based on the alternative investment employee ratio.

¹² The ratio of total assets managed by Altshuler Real Estate to total assets managed by Altshuler Shaham Finance Group as of the last day of the cutoff period for which the accounts are settled.

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ratio¹³ and service volume ratio¹⁴. For illustration purposes, following are the ratios that will be borne by the Company out of the employment costs of employees of some of the departments:

- a. Procurement, operation and logistics and HR departments - Altshuler Real Estate will bear its share of the employment costs of each of these departments based on the employee ratio.
- b. Marketing department - Altshuler Real Estate will bear the employment cost of the Company's VP, Marketing and all the marketing department employees based on the service scope ratio.
- c. Business development department - Altshuler Real Estate will bear the employment cost of the following officers in the Company based on a 75%/25% ratio: CEO - 10%; Deputy CEO and CFO - 20%; Deputy CEO and VP, Sales and Business Development - 20%; VP and Legal Counsel - 20%; VP, Services - 20%.
- d. Directly allocated personnel - regarding the personnel who provide direct alternative investment services, the cost allocation between the alternative investment companies operating under the Company is based on actual investments raised and the scope of active transactions at a given time. Moreover, the employment costs of personnel who provide direct sales services are allocated between the alternative investment companies operating under the Company as follows: 25% of employment costs less commissions with the addition of 25% of employment costs less commissions multiplied by the expected investment raising rate with the addition of 25% of employment costs less commissions multiplied by actual investment raising rate with the addition of a sale commission (as defined below).
- e. Sales department - Altshuler Real Estate will bear the employment costs of the following employees who provide services to Altshuler Real Estate:
 - Each employment cost incurred in respect of supervisors and marketing agents consists of: (a) a onetime customer referral commission of up to NIS 625 per referral; (b) base hourly salary of an employee which is the employment cost per hour less commissions multiplied by 1.5 and by the number of new customers of Altshuler Real Estate referred by the employee; (c) the sale commission to which the employee is entitled as per the employment agreement with Altshuler Real Estate ("the sale commission").
 - The employment cost incurred in respect of a team manager and sales department employees consists of the sale commission only.
- f. IT systems - Altshuler Real Estate bears the employment cost of IT systems employees based on the employee ratio and actual work hours multiplied by a fixed hourly rate as per the relevant department.
- g. Nonrecurring expenses - as agreed upon between the parties once a quarter, not to exceed NIS 90,000 per quarter per party.
- h. General expenses for work and related services required by Altshuler Real Estate in connection with and for the purpose of its normal current operations - insofar as such expenses are required by Altshuler Real Estate, their cost will be based on the allocation keys agreed upon between the Company's CEO and Altshuler Real Estate's CEO in keeping with the methodology underlying the cost allocation as set forth in paragraph 9.2.1.1 above, not to exceed a gross NIS 1 million per year and as long as a single transaction does not exceed NIS 100,000. The cost allocation keys regarding general expenses are brought before the Company's Audit Committee for its approval at least annually.

9.2.1.2. Consolidated management services - Altshuler Real Estate will pay the Company a fixed

¹³Average 50%-50% ratio between (1) employee ratio and (2) asset ratio.

¹⁴Resources required by officer of specific department for providing the services. In general, the service scope ratio is regularly examined by the department managers at Altshuler Ltd. and their evaluations are reviewed by the Internal Auditor in keeping with the Internal Auditor's annual audit plan.

annual fee accounting for 6% of total overall cost of personnel services rendered by the Company to Altshuler Real Estate as per the proposed real estate service agreement for the management of the variety of services as per the agreement plus VAT. The fee will be paid in four quarterly instalments on the date of publication of the Company's interim financial statements for each quarter.¹

For prudence sake, since the amount paid to Altshuler Real Estate by Altshuler Properties as per service agreement B is also derived from the amount paid in the real estate service agreement and despite the indirect and immaterial effect of the payment in service agreement B, as per the Company's evaluations, the engagement in the real estate service agreement was presented to the approval of the General Meeting as an extraordinary transaction in which the controlling shareholder in the Company has a personal interest.

For additional details regarding the Real Estate Services Agreement and in connection with the manner of approving the engagement in the transaction and the controlling shareholder's personal interest in the transaction, see sections 6, 11.5 and 11.4 of the meeting notice published by the Company on January 1, 2024 (reference number: 2024-01-000744), the contents of which are incorporated herein by reference.

During 2025, the payment received by the Company under the real estate services agreement amounted to approximately NIS 12,791 thousand, while the net receipts received by the Company, through Altshuler Real Estate, under the properties services agreement amounted to NIS 3,122 thousand.

9.2.2. Amendment to the Properties Services Agreement

Taking into account the passage of time since the Company entered into the Properties Services Agreement, and in light of the experience accumulated in the Company, on June 24, 2025, the Company's General Meeting approved, after receiving the approvals of the Audit Committee and the Company's Board of Directors, an amendment to the Properties Services Agreement that includes the changes detailed below: (1) The services provided by Altshuler Real Estate to Altshuler Profits will be provided against a fixed payment of NIS 130 thousand (plus VAT) per transaction for a full calendar year, or against a proportional payment for each transaction concluded during a calendar year; (2) The parties have determined that Altshuler Real Estate will be entitled to an additional payment of up to NIS 20 thousand (plus VAT) for services actually provided by Altshuler Real Estate and/or the Company relating to the sale of properties in investment transactions.

In addition, above the services provided by Altshuler Real Estate, Altshuler Properties and Altshuler Real Estate will provide each other with mutual services at cost price (COST) and in the distribution of participation between them in accordance with the loading keys established between them in the Properties Services Agreement, as detailed in Section 3.3.2 of the meeting notice dated May 20, 2025 (Reference No.: 2025-01-035264) included in this report by reference.

As part of the Properties Services Agreement and for the purposes of Altshuler Real Estate's operations, Altshuler Properties granted Altshuler Real Estate a worldwide, irrevocable right to use all intellectual property rights owned or controlled by Altshuler Properties, without any additional payment.

For additional details regarding the Properties Services Agreement as well as regarding the manner of approval of the transaction and the controlling shareholder's personal interest in the transaction, see Sections 3 and 5.2 of the meeting notice published by the Company on May 20, 2025 (Reference No.: 2025-01-035249), the contents of which are incorporated herein by reference.

The Properties Services Agreement will be in effect for a period of three years starting on June 24, 2025.

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9.3. Lead generation agreement between the Company and Altshuler Shaham Financial Services Ltd., a company controlled by Altshuler Ltd., a controlling shareholder in the Company

On February 5, 2024, after obtaining the approvals of the Company's Audit Committee and Board, the Company's General Meeting approved the Company's engagement in a lead generation agreement with Altshuler Shaham Financial Services Ltd. ("A.S. Financial"), which is controlled by Altshuler Ltd., a controlling shareholder in the Company, for the provision of services for financial assets managed/owned by A.S. Financial and specifically deposit and/or financial asset swap services (such as foreign currency conversion).

In return for generating leads for the Company and A.S. Financial, the Company is entitled to a commission, as detailed below, on each new financial service customer of A.S. Financial deriving from the Company's direct actions and efforts. In addition, it is clarified that the Company is entitled to receive commissions even if the customer ceases to receive services from Financial and subsequently resumes receiving services in a financial asset managed by Financial, even without any referral and/or activity on the part of the Company. Insofar as a Company lead fails to generate a transaction with A.S. Financial within 60 days from the referral date, A.S. Financial will not use or transfer any information of the prospective customer. Insofar as a referred customer does not receive any financial asset management service from A.S. Financial for a period of five years from the referral date or from the account opening date (whichever is later), the Company will not be entitled to a commission. Moreover, if a deposit is released before the end of the deposit period, the Company will not receive any commission. After a customer enters into a service agreement with A.S. Financial, the latter will be able to retain the customer's information and use it as allowed by law but may not transfer such customer information to others, including members of the Altshuler Shaham Group without the Company's express written consent and will not use and/or allow to use this information even when the customer's consent to the transfer or use is rendered.

In respect of a customer that receives financial asset management (other than deposit) services from A.S. Financial, the Company is entitled to a commission of 50% of the monthly income derived to A.S. Financial from the customer less direct operating expenses paid by A.S. Financial for the transaction, as agreed between the parties, but excluding expenses that are not controlled by A.S. Financial, if any (such as: Bank fees, custodian fees, etc.). In respect of a customer that receives qualified deposit services from A.S. Financial, the Company is entitled to a commission of 50% of the quarterly income actually derived to A.S. Financial from the customer less direct operating expenses paid by A.S. Financial for the transaction, as agreed between the parties, but excluding expenses that are not controlled by A.S. Financial, if any (such as: Bank fees, custodian fees, etc.).

The agreement was signed for an indefinite period, and will be brought up for re-approval after three years from the date of approval by the assembly on February 5, 2024. Each party may terminate the agreement by providing an advance written notice of 60 days.

For additional details regarding the manner of approving the engagement in the transaction and the controlling shareholder's personal interest in the transaction, see sections 13.2 and 13.5 of the meeting notice published by the Company on January 1, 2024 (reference number: 2024-01-000744), the contents of which are incorporated herein by reference.

In 2025, the Company's receipts from the agreement with A.S. Financial amounted to NIS 24 thousand.

9.4. Employment agreement with Mr. Yair Lowenstein, the Company's CEO and a controlling shareholder therein

See details of the service and tenure terms of the employment agreement signed by the Company with Mr. Yair Lowenstein, the Company's CEO and a controlling shareholder therein, as approved by the General Meeting on February 5, 2024 after obtaining the approvals of the Company's Remuneration Committee and Board, in paragraph 0 above.

9.5. The option plan and allocations pursuant to the option plan**9.5.1. Employee option plan**

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On the date of completion of the merger, and shortly prior to the completion of the listing for trading pursuant to the Prospectus, 8,650,552 non-tradable options granted to employees and service providers of Altshuler Provident Fund were exchanged for 8,650,552 non-tradable options of the Company, exercisable into 8,650,552 ordinary shares of the Company (the "Options"), such that each holder of Altshuler Provident Fund options as of the record date for the merger was entitled to one Company option in exchange for each Altshuler Provident Fund option held.

As part of the business restructuring conducted in the context of the merger transaction, Altshuler Provident's nonmarketable option plan was canceled and replaced by a plan for the allocation of nonmarketable options to employees, service providers, directors and officers of the Company and companies controlled by it (the "plan" or "the option plan"). The share options granted under the option plan were superseded by the Company's share options in the context of the business restructuring while retaining their basic terms such as vesting period. As of the date of approval of the report, and to the best of the Company's knowledge, there are 181,731 option warrants in the controlling shareholder's existing database ("**The controlling shareholder's existing database**").

For additional details regarding the option plan and options granted pursuant thereto, see Section 3.5 of the Shelf Prospectus, the information contained therein being included in this periodic report by reference and in Note 24. To the financial statements attached as Chapter C of this report.

9.5.2. Approval of increase of share option pool to Altshuler Ltd.

Following the approvals of the Company's Audit Committee and Board of Directors on November 18 and 20, 2024, and January 1, 2025, the general meeting of the Company's shareholders approved on January 7, 2025 an increase in the number of share options to be made available to Altshuler Ltd., whereby the decision regarding the identity of the offerees and the timing of the grants is at the full discretion of Altshuler Ltd., by an additional 1,303,127 share options, which, assuming full exercise on a cash basis, would be exercisable into 0.61% of the Company's issued and paid-up share capital on a fully diluted basis (the "Controlling Shareholder's New Pool"; the existing pool of the controlling shareholder together with the Controlling Shareholder's New Pool – the "Controlling Shareholder's Pool").

The controlling shareholder's pool will be used for allocations, as they will be from time to time, to the following categories of optionees: (1) employees of the Company and companies that are wholly or partially owned by it, excluding controlling shareholders in the Company, directors or optionees if any of the controlling shareholders or directors in the Company¹⁵ have personal interest in granting share options to such optionees ("Company employees"); (2) Company employees who provide services to Altshuler Ltd. in respect of the portion attributed to the latter; (3) employees of Altshuler Ltd. and companies controlled by it or related thereto ("the controlling shareholder group") who provide services to the Company also in respect of the portion attributed to Altshuler Ltd; and (4) employees of the controlling shareholder group who do not render services to the Company.

The number of share options to be granted will be subtracted from the number of share options in the controlling shareholder's old pool and once no share options are left in this pool, the share options will be subtracted from the controlling shareholder's new pool. Whenever share options are granted from the new pool, Altshuler Ltd. will pay the Company the fair value of the share options based on the recharge arrangement between the companies in the service agreement described in paragraph 8.1 above.¹⁶ Any share options granted from the old or the new pools that expired will be returned to the

¹⁵ Other than Mr. Tomer Cohen who serves as a director in the Company and also serves as officer in Altshuler Ltd. and/or in companies controlled by it. He is included in this category of optionees since the share options are only granted to him for his service in the controlling shareholder and in companies controlled by it (and not for his service in the Company).

¹⁶ The fair value of the warrants that will be granted from the new pool of the controlling shareholder will be determined by an external valuer that the Company will contract with, who is independent of Altshuler Ltd., using the binomial model and in accordance with the main assumptions of the valuation attached as Appendix B to the meeting notice published by the Company on November 21, 2024, as amended on January 2, 2025 (Reference No.: 2024-01-617519 and 2025-01-000917, respectively), the contents of which are incorporated into this report by reference.

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pool from which they had been granted. In respect of options that are returned and added to the Controlling Shareholder's New Pool, Altshuler Ltd. shall be entitled to a 'credit' in respect of their fair value, as paid by it at the time of their grant (the "Credits"). These credits will not be paid by the Company to the controlling shareholder but rather will be subtracted from payments due by Altshuler Ltd. for the fair value of share options allocated to it after the credit entitlement date. Any credits outstanding after no share options have remained in the controlling shareholder's new pool will expire and will not be payable by the Company to the controlling shareholder in any manner whatsoever.

For additional details, including the terms of the warrants, see Sections 8 and 13.4.2 of the meeting notice published by the Company on November 21, 2024, as amended on January 2, 2025 (Reference No.: 2024-01-617519 and 2025-01-000917, respectively), the contents of which are incorporated into this report by reference.

9.5.3. The allocation of stock options, from time to time, to employees of the Company or of companies wholly or partially owned by it that provide services to Altshuler Ltd. and the mechanism for their loading or to employees to whom they were granted may create a personal interest in the controlling shareholders of the Company.

On January 7, 2025, after obtaining the approvals of the Company's Audit Committee and Board on November 18, 2024, November 20, 2024 and January 1, 2025, the Company's General Meeting resolved that if the Company occasionally decides to grant share options to an employee whose cost is attributed to Altshuler Ltd.¹⁷, the entire share options will be granted to that employee by the Company and the number of share options that should be attributed to Altshuler Ltd. (based on the employee's cost allocation arrangement with Altshuler Ltd. in the service agreement described in paragraph 8.1 above) will be subtracted from the controlling shareholder's pool. Moreover, if the Company occasionally decides to grant share options to a Company employee who provides services to the Group,¹⁸ the entire share options will be granted to that employee by the Company and the number of share options will be reduced from the pool for the Company's employees. The Company will also bear the entire costs of allocation.

Sections 8.5 to 8.11 of the meeting notice published by the Company on November 21, 2024 as amended on January 2, 2025 (Reference No.: 2025-01-000917), will also apply to option letters granted to employees employed by Altshuler Ltd. as well as to option letters for employees of the Company who provide services to the group¹⁹ (subject to the above in relation to cost-bearing).

9.5.4. Allocations of share options to employees of the controlling shareholder group who provide services to the Company under service agreements

In accordance with the approval of the general meeting of the Company's shareholders, in the event that the controlling shareholder decides, at its discretion, from time to time, to grant the Company's stock options to employees of the controlling shareholder's group who provide services to the Company and part of their employment costs are borne by the Company ("**Employees burdened by the Company**"), the Company will assign the option letters to the employees who are burdened by the Company, and these will be reduced as follows: (a) a portion of the share options on a pro rata basis to the cost attributed to the Company as per the service agreement in respect of the relevant

¹⁷Employees whose cost is attributed to Altshuler Ltd. - refers to employees of the Company or of companies that are wholly or partially owned by it who provide services to the controlling shareholder group as per the service agreement (as described in paragraph 8.1 above) and whose costs are partially attributed to Altshuler Ltd.

¹⁸ "**Company employees who provide services to the group**" - Employees of the Company or employees assigned to the Company, who provide services to companies fully or partially owned by the Company, and "assigned" to such companies in accordance with service agreements, including: Services Agreement between the Company and Altshuler Real Estate and Properties Services Agreement (as detailed in section 9.2 above); and a services agreement between the Company, Altshuler Alternative and iFunds (as detailed in Section 8.4 above).

¹⁹ See 18.

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employees will be subtracted from the pool for the Company's employees²⁰ and viewed as allocated to the Company as per the service agreement (see paragraph 9.1 above); and (b) the remaining portion allocated will be subtracted from the controlling shareholder's pool.

Sections 8.4 to 8.11 of the meeting notice published by the Company on November 21, 2024 as amended on January 2, 2025 (Reference No.: 2024-01-617519 and 2025-01-000917, respectively), will also apply to option letters granted to employees employed by the Company.

9.5.5. Allocations of share options to employees of the controlling shareholder group who do not provide services to the Company under service agreements

On January 7, 2025, following the approvals of the Company's Audit Committee and Board of Directors on November 18 and 20, 2024, and January 1, 2025, the Company's General Meeting resolved that, if Altshuler Ltd., at its sole discretion, decides from time to time to grant Company share options to employees of the controlling shareholder's group who do not provide services to the Company under the Services Agreement, the Company shall allocate such share options to those employees in the quantity determined by Altshuler Ltd., provided that such quantity shall not exceed the number of share options available in the Controlling Shareholder's Pool.

The share options allocated by the Company to employees of the controlling shareholder who do not provide services to the Company will be fully subtracted from the controlling shareholder's pool, including payment of the fair value of the share options allocated from the controlling shareholder's new pool by Altshuler Ltd. to the Company, as specified in paragraph 8.7 above.

Sections 8.4 to 8.11 of the meeting notice published by the Company on November 21, 2024 as amended on January 2, 2025 (Reference No.: 2024-01-617519 and 2025-01-000917, respectively), will also apply to employees of the controlling shareholder who do not provide services to the Company.

For further details, see Sections 9, 10, 11, 12 and 13 of the Meeting Notice published by the Company on November 21, 2024 as amended on January 2, 2025 (Reference No.: 2024-01-617519 and 2025-01-000917, respectively), the contents of which are incorporated into this report by reference.

9.6. Allocations per shelf offering reports

9.6.1. See below the allocations of share options made during 2025 and up to the date of filing of this report, in accordance with the option plan and the approval of the general meeting dated January 7, 2025, pursuant to shelf offering reports published by the Company:

The allocation date and the shelf offering report under which the options were allocated	Number of warrants exercisable for common shares	The proportion of share options allocated from the Company's issued and paid-up share capital, assuming a theoretical²¹ full exercise, as of the allocation date	The offerees
January 9, 2025, according to a shelf offering report published by the Company that day. ²²	9,245,436	4.33%	Employees, service providers and officers of the Company and companies wholly or partially owned by it, as well as employees,

²⁰ 6,367,414 share options granted to Company employees as per the approvals of the Company's Audit Committee and Board on November 18, 2024, November 20, 2024.

²¹ It should be clarified that this is a theoretical assumption only, since the options may be exercisable for company shares in an amount that reflects the amount of the financial benefit embodied in the option letters only (net exercise mechanism).

²² Shelf Offering Report published by the Company on January 9, 2025 (Reference No.: 2025-01-003207) included in this periodic report by reference.

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The allocation date and the shelf offering report under which the options were allocated	Number of warrants exercisable for common shares	The proportion of share options allocated from the Company's issued and paid-up share capital, assuming a theoretical ²¹ full exercise, as of the allocation date	The offerees
			service providers and officers of Altshuler Ltd. and companies wholly or partially owned by Altshuler Ltd.
March 26, 2025, according to a shelf offering report published by the Company that day. ²³	226,100	0.11%	Employees of the Company and companies under its control, as well as employees of Altshuler Ltd. and companies wholly or partially owned by Altshuler Ltd.
May 28, 2025, according to a shelf offering report published by the Company that day. ²⁴	110,970	0.05%	
September 7, 2025, according to a shelf offering report released by the Company that day. ²⁵	224,045	0.11%	
December 11, 2025 according to a shelf offering report published by the Company on the same day. ²⁶	120,636	0.06%	

9.6.2. Near the publication of this report, the Company intends to publish a shelf offering report for the allocation of 258,678 non-marketable warrants exercisable for 258,678 ordinary shares of NIS 0.01 par value. of the Company to employees and officers of the Company and companies under its control, as well as to employees of Altshuler Ltd. and companies wholly or partially owned by Altshuler Ltd. The aforementioned warrants are expected to constitute, on a theoretical assumption of full exercise by way of exercise on a cash basis, approximately 0.12% of the Company's issued and paid-up share capital (after allocation, fully diluted).

9.7. Exemption, insurance and indemnity for directors and officers

9.7.1. On November 20, 2024, the Company's Remuneration Committee approved the Company's purchase of a collective D&O liability insurance policy for the Altshuler Shaham Group's directors and officers in keeping with Regulation 1B(1) to the Companies Regulations (Reliefs in Interested Party Transactions), 2000 ("the Relief Regulations"). The said insurance policy is in accordance with the

²³ Shelf Offering Report published by the Company on March 26, 2025 (Reference No.: 2025-01-020852) included in this periodic report by reference.

²⁴ Shelf Offering Report published by the Company on May 28, 2025 (Reference No.: 2025-01-038395) included in this periodic report by reference.

²⁵ Shelf Offering Report published by the Company on September 7, 2025 (Reference No.: 2025-01-067492) included in this periodic report by reference.

²⁶ Shelf Offering Report published by the Company on December 11, 2025 (Reference No.: 2025-01-098896) included in this periodic report by reference.

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Company's compensation policy and the Services Agreement (as defined in Section 9.1 above), for a period of 17 months starting on December 1, 2024. The insurance covered all the directors and officers in the Company, including the CEO and the controlling shareholders, in keeping with the Relief Regulations, under the same terms and with no preference to the controlling shareholders or the CEO. According to the policy, the collective liability limit is NIS 40 million per event and cumulatively for the insurance period and covers lawsuits filed against officers arising from the performance of their duties in the Company. The cost of the annual insurance fees and deductible borne by the Company are at arm's length and are immaterial to the Company, all pro rata to the Company's share as determined in the service agreement.

9.7.2. On March 16, 2026, the Company's Compensation Committee approved the Company's entry into a group liability insurance policy for officers and directors of Altshuler Shaham, in accordance with Regulation 1b1 of the Relief Regulations, for a period of 17 months starting on May 1, 2026. The said insurance policy is in accordance with the Company's compensation policy and the Services Agreement (as defined in Section 9.1 above). The insurance covered all the directors and officers in the Company, including the CEO and the controlling shareholders, in keeping with the Relief Regulations, under the same terms and with no preference to the controlling shareholders or the CEO. According to the policy, the collective liability limit is US\$40 million per event and cumulatively for the insurance period and covers lawsuits filed against officers arising from the performance of their duties in the Company. The cost of the annual insurance fees and deductible borne by the Company are at arm's length and are immaterial to the Company, all pro rata to the Company's share as determined in the service agreement.

9.7.3. On September 25, 2025, the general meeting of the Company's shareholders approved (further to the approvals of the Compensation Committee and the Board of Directors of the Company), the extension of the validity of the letters of exemption and indemnity granted to directors and officers of the Company, as they may serve from time to time, including officers by virtue of their employment and/or officers in subsidiaries and/or affiliated companies of the Company, as may be the case from time to time and/or by virtue of their employment and/or officers at the request of the Company, in any other corporation in which the Company holds any securities, directly and/or indirectly - who are directors and officers who are among the controlling shareholders of the Company and/or their relatives, or officers in whom the controlling shareholder has a personal interest, for an additional period of three years from the date of approval by the general meeting.

In the context of the letters of exemption and indemnity, the Company undertakes to indemnify the officers for any liability and/or expense and/or reasonable litigation expenses, as specified in the letters of exemption and indemnity, incurred by them in their capacity and/or for their actions as officers as long as the maximum amount of the indemnification for financial liabilities imposed on the officers in a court judgment (including a court settlement or arbitration award approved by the court) does not exceed (cumulatively for all officers per case and in the aggregate for all cases) an amount equivalent to 25% of the Company's equity as defined in the letters of exemption and indemnity ("the maximum indemnification amount").¹

Moreover, in the letters of exemption and indemnity, the Company releases the officers from any accountability (within the boundaries permitted by applicable laws) for any damage caused to it by them due to their actions as officers as a result of breach of duty of care (other than damage due to breach of duty of care upon distribution, as defined in the Companies Law, and other damages as defined in the letters of exemption and indemnity). This exemption will not apply to a decision or transaction in which any controlling shareholder in the Company of any officer in the Company has a personal interest.

For additional details regarding the aforementioned indemnification and exemption commitment, see Section 1.5 of the General Meeting Notice as published by the Company on September 22, 2022 and amended on October 18, 2022 (Reference No.: 2022-01-121105 and 2022-01-127845, respectively), which is included in this report by reference, as well as a report convening a general meeting dated August 21, 2025 (reference no.: 2025-01-062610) included in this report by reference.

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Within the framework of the prospectus, the controlling shareholders have undertaken that in the event that it occurs to them (directly or indirectly) or to any of the officers in the controlling shareholders' group who concurrently serves as an officer in the Company or a company under its control (in this section - "**the controlling shareholders' group**"), a business opportunity in the fields of financial activity, which is not listed among the excluded activities, detailed in Section 6.4 of Chapter 6 of the Company's Listing and Initial Offering Prospectus and Prospectus dated February 28, 2022, as amended on March 30, 2022 (Reference No. 2022-01-023872 and 2022-01-039427 respectively) ("**The Financial Opportunity**"), the aforementioned parties will be obliged to offer the financial opportunity first to the Company, and will be entitled to enter into it, but subject to the Company's right of refusal ("**Activity Delimitation Arrangement**").

On September 22, 2022 and October 27, 2022, the Company's Audit Committee, Board and General Meeting approved applying the corporate opportunity waiver to financial opportunities in excess of NIS 10 million (in this paragraph - "the minimum amount") given the Company's growth strategy and the objectives of the business restructuring for branching out the Company's services as a leading financial service firm into additional markets.

For additional details regarding the activity delimitation arrangement and the determination of the said minimum threshold, see Section 1.6 of the report convening a general meeting of the Company's shareholders, dated September 22, 2022, as amended on October 19, 2022 (Reference No.: 2022-01-121105 and 2022-01-127945, respectively), whose information is hereby included by reference. See information of the Company's decision to waive a business opportunity in paragraph 18.1 below.

Transactions which are not governed by Article 270(4) to the Companies Law9.9. Lead generation and customer referral agreements and marketing agreements between companies controlled by the Company and the controlling shareholders or companies held by them9.9.1. Customer Referral Agreements ("**Leads**") between Altshuler Provident and Altshuler Ltd.

Altshuler Provident entered into agreements with Altshuler Ltd. in connection with lead referral services from the Company to Altshuler Ltd., as detailed below:

9.9.1.1. On August 21, 2011, Altshuler Provident entered into an agreement with Altshuler Ltd. governing a lead referral service from Altshuler Provident to Altshuler Ltd. (in this section – "**the Agreement**") and "**the parties**", respectively). In accordance with the terms of the agreement, the Company is entitled to commissions for each client referred by Altshuler Provident to Altshuler Ltd. for the purpose of receiving portfolio management services. The lead commission accounts for 50% of the annual management fees in the referred portfolio provided that the lead is generated by a marketing agent or employee of the Company. This agreement has terminated with respect to future referrals; however, the Company continues to be entitled to commissions thereunder in accordance with the mechanism agreed between the parties, as described above.

9.9.1.2. On July 18, 2021, Altshuler Provident entered into a new agreement with Altshuler Ltd. regulating a lead referral service to Altshuler Ltd. (in this regard – "**the Agreement The new**" and "**the parties**", respectively). The new agreement was signed for a period of three (3) years, at the end of which it will be automatically renewed for additional periods of twelve (12) months each, subject to the approvals required by any law, unless one of the parties has notified its cancellation with fourteen (14) days' prior notice. In accordance with the terms of the new agreement, the Company is entitled to commissions for each client referred as aforesaid to Altshuler Ltd. for the purpose of receiving portfolio management services. The lead commission accounts for 50% of the annual management fees in the referred portfolio provided that the lead is generated by a marketing agent or employee of the Company. On July 18, 2021, Altshuler Provident's audit committee classified and approved the agreement as a transaction that is neither exceptional nor insignificant.

In 2025, total receipts earned by Altshuler Provident from the lead generation agreements amounted

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to NIS 1,170 thousand.

9.9.2. Agreements for the receipt of currency services and the safekeeping of financial assets between Altshuler Real Estate and Altshuler Investment Funds and FinancialShield

9.9.2.1. On May 23, 2023, Altshuler Real Estate and Altshuler Investment Funds entered into two separate framework agreements with Financial, as detailed below (in this Section 9.9.2.1, Altshuler Real Estate and Altshuler Investment Funds – the “Subsidiaries”): (a) a term sheet for receiving forex services for their nostro portfolio at an exchange rate that does not exceed 0.2% of the standard exchange rate for a similar transaction carried out with other customers in the same currency (“the exchange services”); (b) a term sheet for receiving custodian services for financial assets of their nostro portfolio consisting of deposits in respect of which each subsidiary is entitled to interest as agreed on the deposit date (“**the deposit services**”). On May 21, 2023, the Audit Committee classified the term sheets as transactions that are not extraordinary.

In 2025, no transactions were conducted in respect of the exchange or deposit services as per there agreements.

9.9.2.2. On December 20, 2024, the above subsidiaries entered into two separate term sheets with A.S. Financial as follows: (a) a term sheet for receiving forex services for funds raised by SPVs managed by each of the subsidiaries at an exchange rate that does not exceed the standard exchange rate for a similar transaction carried out with other customers in the same currency and in any event the margin added to the exchange rate will not exceed 0.2% (“the managed funds”); (b) a term sheet for receiving custodian services of financial assets (whether interest bearing (deposits) or not) for the managed funds of the relevant subsidiary. In return for the deposits, the subsidiaries will be entitled to interest as agreed upon between the parties when the relevant deposits are made. It should be noted that in return for the custodian services for the managed funds (other than deposits), the relevant subsidiary will not bear the cost of holding or any other cost or expense incurred in connection with the custodian services. On December 20, 2024, the Audit Committee classified the term sheets as transactions that are not extraordinary.

During 2025, no payments were made by Altshuler Real Estate and Altshuler Investment Funds to Financial by virtue of the above agreements.

9.9.3. Agreements between Altshuler Real Estate and companies held by the controlling shareholders of the Altshuler Real Estate Products Marketing Company

9.9.3.1. Altschuler Real Estate and Altschuler Investment Funds entered into agreements with Altschuler Shaham Finance Pension Insurance Agency Ltd. (“**Altschuler Pension Insurance**”) and Altshuler Shaham Insurance Agency Ltd. (“**Altshuler Insurance Agency**”), companies held by the controlling shareholders (Altschuler Pension Insurance and Altschuler Insurance Agency together – “**The Agencies**”), for the purpose of regulating the relations between the parties in connection with the non-exclusive marketing of Altshuler Real Estate or Altshuler Investment Funds products, as the case may be, to their customers (in this section – “**The Marketing Agreements**”). The marketing agreements were signed for an indefinite period and can be terminated by each party by providing an advance written notice of 30 days.

The marketing agreements settle the partnership between Altshuler Investment Funds and the Agencies for marketing Altshuler Investment Funds' products in return for two types of commissions: (a) Sales fees - A one-time commission at a rate derived from the amount of the investment made by the client, for marketing activities carried out by employees of each of the agencies and which led the client to purchase rights as part of the investment transactions (“**Sales Commissions**”) and this at a favorable commission rate for dealing with third parties; and (b) referral fees – A one-time fee for referring (only) the agency clients to Altshuler Investment Funds, for the purpose of carrying out real estate investment transactions (“**Referral Fees**”).

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- a. Below are the main points of the marketing agreements that Altshuler Real Estate entered into with the agencies:

In accordance with the provisions of the marketing agreements dated January 9, 2023 between Altshuler Real Estate and the agencies, as amended on May 23, 2023 and February 6, 2024, the agencies are entitled to – (a) sales commissions at rates ranging from 0.52% to 0.9% of the investment amount; and (b) referral commissions Up to 625 NIS per referral.

On November 23, 2022, the Company's Audit Committee classified and approved the marketing agreements as transactions that are not extraordinary and not negligible and on November 28, 2022, the Company's Board approved the marketing agreements. On May 21, 2023 and December 24, 2023, the Company's Audit Committee classified and approved the engagements in the amendments to the marketing agreements as transactions that are neither unusual nor insignificant.

During 2025, no payments were made by Altshuler Real Estate in respect of this agreement.

After the reporting period, Altshuler Real Estate notified Altshuler Pension Insurance of the termination of the contract, in accordance with the terms of termination included in the agreement.

- b. Below are the main points of the marketing agreement that Altshuler Investment Funds entered into with the agencies:

In accordance with the provisions of the marketing agreements dated May 23, 2023 between Altshuler Investment Funds and the Agencies, as amended on February 6, 2024, the Agencies are entitled to (a) sales commissions at rates ranging from 0.52% to 0.9% of the investment amount; and (b) for referral fees of up to NIS 625 For each reference.

On May 21, 2023, the Company's Audit Committee approved and classified the marketing agreements as an ordinary material transaction with the Company's controlling shareholder. On December 24, 2023, the Company's Audit Committee approved and classified the marketing agreements as an ordinary material transaction with the Company's controlling shareholder.

During 2025, no payments were made by Altshuler Real Estate under this agreement.

After the reporting period, Altshuler Investment Funds notified Altshuler Pension Insurance of the termination of the engagement, in accordance with the terms of termination included in the agreement.

9.9.3.2. Agreement between Altshuler Investment Funds and Longevity Pension Insurance Agency Ltd. (formerly known as: Altshuler Shaham Pension Insurance Agency Ltd.), which is controlled by Altshuler Ltd. ("**Altshuler Pension Insurance Agency Ltd.**"), dated January 18, 2024, as amended on May 23, 2024 and November 7, 2024, regulates the referral of clients by Altshuler Shaham to the Pension Plan and the amount to be paid to it for these referrals. In accordance with the provisions of this agreement, Altshuler Pension Planning is entitled to an ongoing commission derived from the client's investment amount (0.5% of the amount in the first to fifth years; 0.16% of the amount in the sixth year; 0.09% of the amount in the seventh year), as well as to a one-time commission payment of NIS 5,000 for every million NIS invested by the agency's client.

On November 24, 2025, the Company's Audit Committee classified and approved the said engagements as a transaction which is not an exception with its controlling shareholder.

During 2025, the amount of payments made by Altshuler Investment Funds to Altshuler Shaham, intended for retirement, amounted to approximately NIS 25,000.

9.9.3.3. The agreement between Altshuler Real Estate and Altshuler Pension Planning dated November 3, 2022 regulates the relationship between the parties in connection with the non-exclusive marketing of Altshuler Real Estate products to its customers. In accordance with the

provisions of this agreement, Altshuler Pension Planning is entitled to a one-time fee of NIS 10,000 for every million NIS invested by a client of the agency, as well as a payment of 20% of the success fee to which the general partner is entitled for the client's investment as stated. The marketing agreement is valid indefinitely and either party may terminate it by 30 days' advance written notice.

On November 24, 2025, the Company's Audit Committee classified and approved the said engagements as a transaction which is not an exception with its controlling shareholder.

During 2025, the amount of payments that Altshuler Real Estate made to Altshuler Shaham for pension purposes amounted to approximately NIS 58,000.

9.9.4. Customer referral agreements for Altshuler Alternative (and companies under its control) with companies held by the controlling shareholders

On November 24, 2025, the Company's Audit Committee classified and approved, as a non-exceptional transaction with the controlling shareholder, Altshuler Alternative's engagement in agreements with Financial and Altshuler Shaham Investment Portfolio Management Ltd. ("**Altshuler Portfolio Management**") Companies held by Altshuler Ltd. (in this section – "**Controlling Owner Companies**"), according to which the controlling company companies will provide customer referral services for Altshuler Real Estate, Altshuler Investment Funds and iFunds, which are held by Altshuler Alternative; and Altshuler Alternative will provide customer referral services to Altshuler Portfolio Management.

The following are the main points of Altshuler Alternative's engagements with the controlling company regarding referring clients to invest in Altshuler Alternative products, as detailed above:

8. In accordance with the terms of the agreement between Altshuler Alternative and the controlling companies, Altshuler Real Estate will pay (through Altshuler Alternative) to each of the controlling companies a commission of 50% of the net ongoing management fees, which Altshuler Real Estate actually received from the client., which include VAT.

On November 24, 2025, the Company's Audit Committee classified and approved The engagements in agreements with the controlling company as transactions that are not exceptional.

2. In accordance with the terms of the agreement between Altshuler Alternative and the controlling companies, Altshuler Investment Funds will pay (through Altshuler Alternative) to each of the controlling companies a commission of 50% of the total net ongoing management fees that Altshuler Investment Funds actually received from the client, which include VAT.

On November 24, 2025, the Company's Audit Committee classified and approved The engagements in agreements with the controlling company as transactions that are not exceptional.

In sections A and B above, "net" means After deducting discounts, commissions paid to external agents and/or other third parties on behalf of the customer or any other expense of the entity to which the customer was referred, and all as relevant.

3. In accordance with the terms of the lead referral agreement between Altshuler Alternative and the controlling companies, iFunds (through Altshuler Alternative) will pay each of the controlling companies a commission that will be between 0.3%-0.55% at an annual rate, of the amount of the client's actual investment in the investment products on the iFunds system, which will be determined by Altshuler Alternative according to the type of fund that will be marketed by iFunds and which will be detailed in a dedicated appendix.
7. Furthermore, the agreement between Altshuler Alternative and Altshuler Portfolio Management will include a mutual lead referral mechanism, so that Altshuler Real Estate or Altshuler Investment Funds or iFunds (through Altshuler Alternative) will be entitled to a commission for each client referred for portfolio management by them, at a rate of 50%

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of the total net management fees that Altshuler Portfolio Management actually received from the client.

9.9.5. Agreement between Altshuler Alternative and Horizon Digital Assets Ltd. ("Horizon") to provide customer referral services by Altshuler Alternative

On March 17, 2026, Altshuler Alternative entered into an agreement with Horizon, a company owned by Altshuler Ltd., under which Altshuler Alternative provides customer referral services to Horizon. In accordance with the provisions of the agreement, Horizon will pay Altshuler Alternative a commission of 25% of the total net revenues actually collected by Horizon from customers referred by Altshuler Alternative to Horizon. The said amount includes VAT.

"Net Revenue" - Total net revenue (after deducting commissions charged by the banks, brokers and service providers with whom the Company works for the purpose of providing the services under this Agreement) which was actually charged by the Company from the customers (as defined in the Agreement) for the provision of services in financial assets by the Company. The said amount includes VAT.

On November 24, 2025, the Company's Audit Committee classified and approved The agreements with Horizon as a non-exceptional transaction.

During the reporting period, no transactions were carried out and no amount was paid pursuant to the agreements detailed in sections 9.9.4 and 9.9.5 above.

9.9.6. Agreements for marketing Altshuler provident products to customers of Altshuler Insurance Agency, Altshuler Pension Guidance and Altshuler Pension Insurance

As detailed below, Altshuler Provident entered into agreements with agencies held by the controlling shareholders of the Company for the marketing of pension products of Altshuler Provident to the agencies' customers (in this section - "**Marketing Agreements**"). The marketing agreement is valid indefinitely and either party may terminate it by 30 days' advance written notice. In accordance with the agreement, the agencies carry out pension marketing to their clients in order to include them as members of Altshuler Provident products.

9.9.6.1. In accordance with the provisions of the marketing agreement dated June 12, 2018, between Altshuler Provident and Altshuler Insurance Agency, Altshuler Insurance Agency conducts pension marketing to its customers in order to include them as members in Altshuler Provident products, in exchange for a commission equal to the net cost of employing Altshuler Insurance Agency employees (i.e., less Altshuler Insurance Agency income resulting from the activities of the agency employees as stated).

In 2025, total payments made by Altshuler Provident pursuant to the marketing agreement amounted to NIS 4,777 thousand. Note that the Company's Customer Service Department provides services to Group insurance agencies, negligible in scope.

9.9.6.2. In accordance with the provisions of the marketing agreement dated September 2, 2014, between Altshuler Provident and Altshuler Pension Guidance (a subsidiary of Altshuler Ltd.), as amended in May 2021 and on June 17, 2025, Altshuler Pension Guidance conducts pension marketing to its customers in order to enroll them as Provident Partners. In consideration, Altshuler Provident will pay Altshuler Retirement Guidance for such clients who actually enroll as members a current commission and a volume commission, based on the product in which these clients enroll and subject to required adjustments. On June 17, 2025, an amendment to the Amended Marketing Agreement was signed, within the framework of which, among other things, a Targets Agreement was amended, which is an appendix to the Amended Marketing Agreement ("**Targets Agreement**"). The targets agreement regulates the rate of target commissions from the provident funds and the pension fund, as well as the agents' entitlement to target commissions from the pension fund, subject to the ratio of accruals to contributions and eligibility for an immediate annuity.

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On May 24, 2021 and May 18, 2025, the Audit Committee classified and approved the relevant amendments to the Marketing Agreement as non-exceptional transactions.

During 2025, the amount of the commission paid by Altshuler Provident Fund to Altshuler Pension Fund in accordance with the above for ongoing commissions and scope commissions amounted to approximately NIS 1,895 thousand and approximately NIS 122 thousand, respectively.

9.9.6.3. In accordance with the provisions of the marketing agreement dated September 10, 2017 between Altshuler Provident and Altshuler Pension Insurance (a subsidiary of Altshuler Ltd.) in the agreement for the pension marketing of Altshuler Provident products to Altshuler Pension Insurance customers, as amended on May 23, 2023, Altshuler Pension Insurance is entitled by virtue of the marketing agreement to the commissions detailed below: (i) a commission in the amount of the commission payable to employees of Altshuler Retirement Insurance by Altshuler Retirement Insurance for marketing products of Altshuler Ltd.; (ii) a commission in the amount of the employment cost of Altshuler Retirement Insurance's employees based on the ratio of total commissions payable to Altshuler Retirement Insurance's employees for marketing products of Altshuler Ltd. to total commissions payable to Altshuler Retirement Insurance's employees, subject to meeting minimum sales targets. The minimum sales target for paying this commission is NIS 300,000. The maximum ratio of the commission as defined above for which Altshuler Retirement Insurance is entitled to payment from Altshuler Ltd. is 25%.

On November 23, 2022, Altshuler Provident's audit committee classified an amendment to the marketing agreement regarding the payment mechanism as an ordinary transaction and approved the amendment as per the Company's policies.

During 2025, the amount paid by Altshuler Provident Fund to Altshuler Pension Insurance under the marketing agreement in respect of the commissions specified in subsections (a) and (b) above amounted to approximately NIS 1,490 thousand.

9.10. Altshuler Provident customer retention and customer retention management agreement

On May 20, 2024, Altshuler Provident entered into an agreement with Altshuler Insurance Agency, In an agreement under which Altshuler Provident will receive customer retention services and management of the customer retention system ("Services") Employees of Altshuler Insurance Agency, subject to the approvals required by law ("**Preservation Agreement**").

The retention agreement settles the business relationship between the parties regarding the services in return for a onetime commission that is derived from the number of retained customers achieved and managed by Altshuler Insurance Agency which as of the Report Approval Date is about 0.3% of the customer's portfolio on an annual basis.

On May 20, 2024, the Company's Audit Committee classified the retention agreement as a transaction with a controlling shareholder that is not extraordinary.

During 2025, the amount paid by Altshuler Provident to Altshuler Insurance Agency in accordance with the retention agreement for the commission detailed above amounted to approximately NIS 1,514 thousand.

9.11. Sports sponsorship agreement

On March 20, 2013, Altshuler Provident Fund entered into an agreement with Altshuler Shaham Mutual Fund Management Ltd. (a subsidiary of Altshuler Ltd.) (in this section – "Altshuler Funds"), which was amended on May 15, 2018 (in this section – the "Parties" and the "Agreement", respectively), pursuant to which Altshuler Provident Fund pays Altshuler Funds an amount equal to 50% of any expense in connection with participation in sports sponsorships in respect of which the Company has given its consent, on behalf of the Altshuler Shaham Group. Any amount paid by Altshuler Provident for sports sponsorships

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provided on behalf of Altshuler Shaham Group is deducted from such cost.²⁷ The term of the agreement is five years from the revision date, after which it is automatically renewed for additional terms of 12 months each, unless terminated by either party by 14 days' advance notice prior to such renewal date and subject to obtaining all approvals required by law.

On February 27, 2022, the parties and the Company approved an amendment to the agreement whereby the Company will be added as a party to the agreement and the payment will be made to Altshuler Funds by either the Company or Altshuler Provident, at the Company's sole discretion.

In 2025, total payments jointly made by the Company and Altshuler Provident pursuant to the agreement amounted to NIS 437 thousand.

9.12. Retirement planning agreement

On November 26, 2013, Altshuler Provident entered into an agreement with Altshuler Pension Guidance which governs retirement planning services, including mapping of current pension plans and financial portfolio, formulating a retirement plan, manner and order of realizing retirement savings, to be provided by Altshuler Retirement Guidance to Altshuler Provident's members (in this paragraph - "the agreement"). The agreement is valid indefinitely and may be terminated by either party for any reason whatsoever by giving 14 days' advance notice. In payment for such services, Altshuler Provident pays Altshuler Retirement Guidance NIS 1,500 plus VAT for providing services to a member with a standard retirement savings portfolio, and NIS 2,000 plus VAT for providing services to a member with a complex retirement savings portfolio.

In 2025, the amount paid by Altshuler Provident to Altshuler Retirement Guidance with respect to the agreement was negligible.

9.13. Investment transactions in the alternative products of Altshuler Real Estate, Altshuler Investment Funds and iFunds

9.13.1. During the years 2022–2024, the Company's Audit Committee classified and approved investments by the controlling shareholders and their relatives in an aggregate amount of \$3.1 million and €375 thousand in five special purpose partnerships founded by Altshuler Real Estate or Altshuler Investment Funds (which serves as the general partner therein), to which funds were raised for real estate investment transactions, as transactions that are not extraordinary and not negligible. This classification was made in view of the fact that the controlling shareholders and/or their relatives invested in the special purpose partnerships as limited partners, alongside other investors who are unrelated third parties, and on terms identical to those of the other investors (including with respect to management fees, carried interest and any other fees to which the designated general partner is entitled, as well as any other payments payable by the other investors).

9.13.2. During the reporting period, two investments made by two relatives of a controlling party were classified in accordance with the criteria procedure approved by the Company's Audit Committee, in a cumulative amount of \$260 thousand in one designated partnership founded by Altshuler Real Estate (which will be the general partner in it) for which funds will be raised for the purpose of real estate investment transactions, as transactions that are neither unusual nor insignificant, in accordance with the criteria established by the Audit Committee in this regard. This is in light of the fact that relatives of one of the controlling shareholders invested in the designated partnerships as limited partners, alongside other investors who are third parties not related to the Company, and under the same terms as the investment terms of the other investors (including with regard to the rate of management fees, success fees and any other commission to which the designated general partner would be entitled and any other payment to which any of the other investors would be liable).

9.13.3. On May 18, 2025, the Company's Audit Committee classified and approved the engagement of a controlling shareholder in the Company in three investments by him in an aggregate

²⁷In this context, "Altshuler Shaham Group" means: Altshuler Shaham Ltd., partnerships in which it is partner and all subsidiaries, affiliates and associates, as defined in the Securities Law, 1968.

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amount of one million dollars in alternative shelf products distributed by iFunds (but not managed by it), which were made on the same terms as other investors similar to him in the relevant alternative shelf product, as transactions that are not unusual and not insignificant.

9.13.4. After the reporting period, two investments made by two relatives of a controlling party were classified in accordance with the criteria procedure approved by the Company's Audit Committee, in a cumulative amount of \$256 thousand in one designated partnership founded by Altshuler Real Estate (which will be the general partner in it) for which funds will be raised for the purpose of real estate investment transactions, as transactions that are neither unusual nor insignificant, in accordance with the criteria established by the Audit Committee in this regard. This is in light of the fact that relatives of one of the controlling shareholders invested in the designated partnerships as limited partners, alongside other investors who are third parties not related to the Company, and under the same terms as the investment terms of the other investors (including with regard to the rate of management fees, success fees and any other commission to which the designated general partner would be entitled and any other payment to which any of the other investors would be liable).

9.14. Provident fund investments along with the controlling shareholders

9.14.1. Prior to the business restructuring, from December 2019 to July 2021, Altshuler Provident's audit committee classified investments by provident funds managed by it in joint ventures along with Altshuler Properties and others, designed as investment in real estate properties, as transactions that are not extraordinary (in this paragraph - "the joint ventures"). The investment amounts in the joint ventures were negligible compared to total provident fund assets.

9.14.2. On July 18, 2021, the Audit Committee classified an investment by the provident funds in a private company in which Altshuler Ltd. held a negligible holding at the time, as a transaction that was neither unusual nor negligible. The investment amount as stated is negligible in relation to all provident fund assets.

9.15. Provident fund investments in Altshuler Group products

Note that in general, provident funds managed by the Company invest in diverse asset classes, such as: shares in Israel and overseas, corporate debentures, loans in Israel and overseas, real estate and various equity funds with geographic and sector diversification of the investment portfolio. Furthermore, the funds may, from time to time, invest in Altshuler Group products as well, subject to statutory provisions. This includes investment by the provident funds in Altshuler Group hedge funds, in amounts which are not material compared to total provident fund assets.

9.16. Negligible transactions

On March 21, 2023, the Company's Board decided to adopt certain guidelines and rules for classifying transactions of the Company or its subsidiaries with interested parties as negligible, as per Regulation 41 to the Securities Regulations (Annual Financial Statements), 2010 ("the Financial Statement Regulations"). The Company's Board of Directors determined that these rules and guidelines shall also serve for examining the scope of disclosure in the periodic report and in the prospectus (including shelf offering reports) regarding a transaction of the Company or its subsidiaries with the controlling shareholder or a transaction in which the controlling shareholder has a personal interest in its approval, as provided in Regulation 22 of the Securities Regulations (Periodic and Immediate Reports), 1970 (the "Reporting Regulations") and Regulation 54 of the Securities Regulations (Details of Prospectus and Draft Prospectus – Structure and Form), 1969 (the "Prospectus Regulations"). The types of transactions stipulated in the Financial Statements Regulations, the Reporting Regulations and the Prospectus Details Regulations mentioned above will be referred to together in this section below: "Interested party transactions". On March 19, 2023, the Audit Committee adopted the guidelines and rules as a negligible transaction policy. In accordance with the annual test of the benchmarks established for classification of transactions by the Company or its subsidiaries with interested parties as negligible transactions, conducted as per Article 117(2a) to the Companies Law, on March 17, 2025, the Audit Committee decided to reaffirm the guidelines as specified below.

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During Their usual business, the Company and companies Girls Hers, Operations or made to execute Transactions My husband Interest, Mainly type Receiving or giving Services, Transactions Marketing and distribution of products, transactions for the provision and receipt of various management and consulting services, etc. These are transactions that are not Materiality For The company, They are in terms of Quantitative And they in terms of Quality And they are done Usually Under market conditions and similar conditions to their conditions of Transactions Others that are made in front of sides Thirds. Therefore, the Company's board of directors determined that an interested party transaction that is not an exceptional transaction (as defined in the Companies Law) will be considered a negligible transaction if it meets a two-step test: Qualitative test: If, in terms of its nature, essence and impact on the Company, it is not material to the Company and there are no special considerations arising from the totality of the circumstances of the matter that indicate the materiality of the transaction; and a quantitative test: The company's board of directors determined that, in the absence of special qualitative considerations arising from the totality of the circumstances of the matter, an interested party transaction will be considered a negligible transaction if the annual scope of the transaction does not exceed NIS 250,000. It should be noted that meeting the quantitative test in itself is not sufficient for classifying a certain transaction as negligible if there are qualitative considerations that indicate that the transaction is material with respect to its effect on the Company or due to the importance of its disclosure to the public of investors. Individual transactions that are co-dependent and essentially form part of the same engagement (such as holding consolidated negotiations for a series of transactions) will be evaluated as a single transaction.

The Company's Board decided that each year, the Audit Committee will review the Company's compliance with this policy and conduct a sample test of transactions classified as negligible as per this policy. The sample testing of these transactions will consist of the Audit Committee's examination of the pricing and other terms of the transaction, as applicable, and evaluation of the effect of the transaction on the Company's business position and operating results.

During the reporting period, the Company and its subsidiaries carried out transactions that were classified as negligible transactions, as stated, for a total amount of approximately NIS 14.5 thousand.

10. Regulation 24: Holdings of interested parties and senior officers

For a breakdown of the holdings of interested parties and senior officers in the Company as of December 31, 2025, see the Company's immediate report dated January 7, 2026 (Reference No.: 2026-01-002823), the contents of which are hereby incorporated by reference.

11. Regulation 24A: Registered capital, issued capital and convertible securities

For details of the Company's securities position, see the Company's immediate report dated March 5, 2026 (reference number: 2026-01-020032) whose information is hereby included by reference.

12. Regulation 24B: Shareholders' Register

For details of the Company's shareholder register, see the Company's immediate report dated March 5, 2026 (reference number: 2026-01-020032) whose information is hereby included by reference.

13. Regulation 25A: Registered address

The Company's registered domicile:	19A HaBarzel St. Tel-Aviv, 6781026
Email:	osnat@altshul.co.il
Tel:	073- 2331500
Fax:	073- 2462700

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14. Regulation 26: The directors of the Company

Below are details about the members of the Company's board of directors:

14.1. External directors in the Company

	Adi Blumenfeld Pinchas	Yael Naftaly	Meirav Segal
ID	037688314	036253441	028770285
date of birth	December 26, 1975	June 11, 1978	September 12, 1971
Formal address	16 HaChashmal St., Kiryat Ono	89/10 Ben Yehuda St., Tel-Aviv	P.O.B. 10486, Tel-Aviv 6883213
Citizenship	Israeli	Israeli	Israeli
Membership of Board Committee(s)	Audit Committee, Balance Sheet Committee, Remuneration Committee	Audit Committee, Balance Sheet Committee, Remuneration Committee	Audit Committee, Balance Sheet Committee, Remuneration Committee
Independent or external director	External Director	External Director	Independent Director
Has accounting and financial expertise or professional qualification	Yes	Yes	Yes
Employed by the Company, subsidiary, affiliate or interested party	No	No	No
Start date of office as director	July 4, 2022	September 15, 2022	July 4, 2022
Education, including the professions or fields of education, institution and the academic title or professional diploma held	Bachelor's degree in Business Management with specialty in Accounting, The College of Management Academic Studies, master's degree in Business Management with specialty in Financing, The College of Management Academic Studies	Bachelor's degree in Economics and Accounting, Hebrew University of Jerusalem	Bachelor's degree in Agricultural Economics, Hebrew University; Master's degree in Business Management, The College of Management Academic Studies
Occupation during past five years / other primary occupation	Business development and financing consultant for companies and local authorities; CEO of Or Yehuda Development Company Ltd.; External director of Mashbir 365 Holdings Ltd.; External director of Mega Or Holdings Ltd.; External director of Michlol Finance Ltd.	CFO at Supergas (formerly Electra Power); CFO at Novolog Logistics (part of the Novolog Group); Independent Director at Cannotech Ltd.; External Director at Elbit Imaging Ltd.	VP Business Development of Valkyrie Investments Financial Consulting and Investment Banking Company Ltd.; VP Business Development of Obligo A.A.P. Advance Finance (2016) Ltd.; Chairman of the Board of Directors of Libra Insurance Company Ltd.; External Director of Spencer Equity Group Limited; External Director of Strawberry Fields REIT Limited; External Director at Finnergy Ltd.;

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	Adi Blumenfeld Pinchas	Yael Naftaly	Meirav Segal
			External Director at The Zarasai Group Ltd.
Corporations in which the director also serves as director	Altshuler Shaham Finance Ltd., external director at Mega Or Holdings Ltd., external director at Braisdor Entrepreneurship Ltd., external director at Mashbir 365 Ltd.	Altshuler Shaham Finance Ltd.; Elbit Imaging Ltd.	Altshuler Shaham Finance Ltd.; Libra Insurance Company Ltd.; Prashkovsky Investments and Construction Ltd.; Outside Director at AmTrust R.I.
Relative of another interested party in the corporation	No	No	No
Regarded by the Company as having accounting and financial expertise for compliance with minimum quota set by the Board pursuant to Article 92(a)(12) of the Companies Law	Yes	Yes	Yes

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14.2. Company Directors

	Ran Shaham, Chairman of the Board	Reuven Elkes	Tomer Cohen	Roni Benin Bar	Yair Lowenstein
ID	27700244	024433625	017716655	336288202	023016678
Date of birth	March 26, 1970	July 29, 1968	July 11, 1978	September 16, 1941	June 8, 1967
Formal address	19A HaBarzel Street, Ramat	42 Nachal Kane Street, Hod HaSharon	51 Mevo HaKfar, Har Adar	10 Huberman St., Tel-Aviv	HaHadarim Road, Sde Warburg
Citizenship	Israeli	Israeli	Israeli	Israeli	Israeli
Membership of Board Committee(s)	No	No	No	No	No
Independent or external director	No	No	No	No	No
Has accounting and financial expertise or professional qualification	Yes	Yes	Yes	Yes	Yes
Employed by the Company, subsidiary, affiliate or interested party	Yes - Co-CEO of Altshuler Ltd. and Altshuler Shaham Investment Portfolio Management Ltd. Director of Altshuler Provident	No	Yes - CFO at Altshuler Ltd.	No	Chairman of the Board of Altshuler Provident ²⁸
Start date of office as director	December 30, 2021	February 27, 2022	March 28, 2022	November 28, 2022	December 19, 2021
Education, including the professions or fields of education, institution and the academic title or professional diploma held	MA in Economics and Management from City University New York; bachelor's degree in Economics and Management from Tel Aviv Yafo Academic College. Holds a (suspended) portfolio management license from the Israel Securities Authority.	Bachelor's degree in Accounting, Business Administration and Education from the College of Management	Bachelor's degree in Accounting and Economics from the Hebrew University. Certified Public Accountant.	Bachelor's and Master's degrees in Chemistry and a degree in Business Administration, Bar Ilan University	CPA and bachelor's degree in Economics and Accounting, Haifa University

²⁸ In parallel with his tenure as CEO of the Company, Mr. Lowenstein also serves as Chairman of the Board of Directors of Altshuler Provident Fund, without additional compensation beyond the compensation terms to which he is entitled under the terms of his tenure as CEO of the Company by virtue of his employment agreement as CEO of the Company. For details about the aforementioned agreement, see section 0 above.

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	Ran Shaham, Chairman of the Board	Reuven Elkes	Tomer Cohen	Roni Benin Bar	Yair Lowenstein
His involvement in the five years	Co-CEO of Altshuler Shaham Ltd. and Altshuler Shaham Investment Portfolio Management Ltd.	CEO and Partner at Israel Canada Hotels Ltd.	CFO at Altshuler Ltd.	Director of Deli-Tech Ltd.; Director of Galita Ltd.;	CEO of the Company; CEO (until April 2022) and Chairman of the Board of Directors of Altshuler Shaham Provident and Pension Ltd.; CEO of Altshuler Shaham Management Services Ltd.
Corporations in which the director also serves as director	Altshuler Shaham Finance Ltd., Altshuler Shaham Finance Pension Insurance Agency Ltd., Altshuler Shaham Financial Services Ltd., Longevity Pension Insurance Agency, Altshuler Shaham Provident Holdings Ltd., Altshuler Shaham Provident and Pension Ltd., Altshuler Shaham Management Services Ltd., E&A Financial Software Systems Ltd., Ecocycle Ltd., L.N. Yazamut Technoloyot Ltd.; GTO–Gateway Trade One Ltd.; Altshuler Shaham Properties Founder Ltd.; Altshuler Shaham Nihul Shutafuyot Ltd.; Portfolio A Hedge Ltd.; Blue Orca Capital Ltd.; Blue Orca Long G.P.; Horizon Nechasim Digitaliyim Ltd.; Exponential Capital Ltd.; Solo Gelato Ltd.; 2i Ventures G.P. G.P. Ltd.; 2i Nihul Ltd.; 2i Ditech SPV Ltd.; Altshuler Shaham Technologies Ltd.; Altshuler Shaham Trade Ltd.; Altshuler Shaham Global	ALTSHULER SHAHAM FINANCE LTD.	Altshuler Shaham Finance Ltd., Altshuler Shaham Partnership Management Ltd., Altshuler Shaham Financial Services Ltd., Altshuler Shaham Properties Founder Ltd., iFunds Capital Ltd., Laia Global Ltd.	Altshuler Shaham Finance Ltd.; Deli-Tech Ltd.; Galita Ltd.	Altshuler Shaham Finances Ltd.; Altshuler Shaham Provident and Pension Ltd.; Lowenstein Yair Holdings Ltd.; Onyx B.H.N.Y. Real Estate Ltd.; G.L.Z. Investments Real Estate Abroad Ltd.; Altshuler Shaham Properties Founder Ltd.; Altshuler Shaham Insurance Agency Ltd.; Perfect (Y.N.A.) Capital Markets Ltd.; Maniv Insurance Agency Ltd.; Generics Software Ltd.; Psagot Market Making Ltd. (in voluntary liquidation); Psagot Business Opportunities Fund Ltd.; Altshuler Shaham Alternative Ltd.; Altshuler Shaham Alternative Investment Funds Ltd.; Altshuler Shaham Alternative Investment Marketing Ltd.; iFunds Capital Ltd.; Altshuler Shaham Global Opportunities Ltd.;

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	Ran Shaham, Chairman of the Board	Reuven Elkes	Tomer Cohen	Roni Benin Bar	Yair Lowenstein
	Opportunities Ltd.; Laia Global Ltd.; Corelight Capital Ltd.				Altshuler Shaham Credit Ltd.; Altshuler Shaham Business Credit Ltd.; Altshuler Shaham Construction Ltd.; Altshuler Shaham Alternative Investment Marketing Ltd.; BeHazara Habayta N.K.R. Ltd. (CC)
Is he a relative of another interested party in the corporation	Son of Kalman Shaham, one of the controlling shareholders of the Company	No	No	To the best of the Company's knowledge, Altshuler Shaham Ltd., one of the controlling shareholders of the Company, is held, among others, by Ms. Galia Bar Wilf at a rate of 4.875% (of which 27.02% is held in trust by Altshuler Shaham Trusts Ltd.) and Daniel Benin-Bar at a rate of 4.875% (of which 27.02% is held in trust by Altshuler Trusts Ltd.), who are the children of Ms. Roni Benin-Bar.	No
Is he a director that the Company sees as having accounting and financial expertise for compliance with minimum quota set by the Board pursuant to Article 82(a)(12) of the Companies Law	Yes	Yes	Yes	No	Yes

Chapter D - Additional Information about the Corporation

15. **Regulation 26A: Senior executives in the Company**

For details regarding Mr. Yair Lowenstein, who serves as CEO and director of the Company, see Regulation 26 above.

Below are details about the Company's senior officers:

Senior officers	Sharon Gerszbejn ¹	Osnat Antebi	Shai Aharoni	Anat Knafo-Tavor	Felix Spector	Sigalit Raz	Erez Yefet	Tzafrir Zanzuri Amiad	Ishay Mandil
ID card number	037827888	013234406	038308466	037568177	305990137	022843908	037966694	037408878	028843231
Date of birth	July 26, 1983	March 22, 1976	January 18, 1976	February 15, 1976	November 10, 1986	January 22, 1967	October 5, 1985	July 23, 1980	August 29, 1971
Position	Deputy CEO, CFO	VP, Legal Advisor	Internal auditor	CEO of Altshuler Shaham Provident and Pension Ltd.	VP of Information Systems	VP of Human Resources	Finance Manager	Deputy CEO, Business Development at the Company, CEO of Altshuler Shaham Alternative Investments	VP of Marketing
The date on which his term began²⁹	November 25, 2010	October 1, 2007	June 16, 2009	February 16, 2018	February 23, 2026	January 1, 2016	December 18, 2016	January 1, 2015	May 8, 2023
The position he plays in the corporation, a subsidiary of the corporation, an affiliated	Deputy CEO, CFO	VP, Legal Advisor of the Company and Group Companies	Internal auditor of the Company and group companies	CEO of Altshuler Shaham Provident and Pension Ltd.	VP of Information Systems for the Company and group companies	VP of Human Resources of the Altshuler Group ³⁰	Company Finance Manager and CFO at Altshuler Shaham Provident and Pension Ltd.	Deputy CEO, Business Development at the Company, CEO of Altshuler Shaham Alternative	VP of Marketing of the Altshuler Group ³¹

²⁹ To the extent that the date of commencement of the term is prior to the date of the structural change, the date on which the senior officer's term of office at Altshuler Provident began prior to the completion of the structural change is presented.

³⁰ is employed by Altshuler Ltd. but part of her salary is paid by the Company.

³¹ is employed by Altshuler Ltd. but part of his salary is charged to the Company.

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Chapter D - Additional Information about the Corporation

Senior officers	Sharon Gerszbejn ¹	Osnat Antebi	Shai Aharoni	Anat Knafo-Tavor	Felix Spector	Sigalit Raz	Erez Yefet	Tzafrir Zanzuri Amiad	Ishay Mandil
company of it, or an interested party in it								Investments, Chairman of the Board of Directors of Altshuler Shaham Mutual Fund Management Ltd.	
Is he a family member of another senior official or an interested party?	No	No	No	No	No	No	No	No	No
Education, including the professions or fields of education, institution and the academic title or professional diploma held	Accountant, BA in Accounting, Economics and Management from Tel Aviv University; Master of Business Administration - Financial Management from Tel Aviv University	Lawyer, Bachelor of Laws from the Hebrew University; Master of Laws - Commercial specialization at Tel Aviv University	BA in Economics and Accounting; MBA – Finance from Bar-Ilan University, Certified Public Accountant	Bachelor's degree in Business Administration from Jezreel College; Master's degree in public policy from Tel Aviv University, pension marketing license - Pension advisory license – suspended	Bachelor's degree in Economics and Management. The Open University	BA in Education and Sociology from the Hebrew University; Master's degree in Organizational Behavior from Tel Aviv University	Accountant, Bachelor's degree in Economics and Accounting from Ben-Gurion University; Master of Business Administration - Financial Management from Tel Aviv University	Bachelor's degree in Economics and Management, specialization in Finance from the Ruppin Academic Center; License for Pension Marketing	Bachelor's degree in Business Administration and Communications from the College of Management

ALTSHULER SHAHAM FINANCE LTD.

Chapter D - Additional Information about the Corporation

Senior officers	Sharon Gerszbejn ¹	Osnat Antebi	Shai Aharoni	Anat Knafo-Tavor	Felix Spector	Sigalit Raz	Erez Yefet	Tzafrir Zanzuri Amiad	Ishay Mandil
Business experience in the last five years	Deputy CEO and CFO; Director at Altshuler Shaham Properties Ltd.; Director at Altshuler Shaham Properties Founder Ltd.; Director at Baby Center Harish Ltd.; Director at Bold Analytics Ltd.	Legal Advisor at Altschuler Gamel	Internal auditor at the Company and affiliated companies	CEO of Altshuler Shaham Provident and Pension Ltd.; VP of Pension Fund and Operations at Altshuler Shaham Provident and Pension Ltd.	Manager of the Core Systems Department. Altshuler Shaham; Applications Manager. Altshuler Shaham; Deputy VP of Information Systems. Altshuler Shaham	VP of Human Resources at Altschuler Gamel	Finance Manager and Chief Accountant at the Company and CFO at Altshuler Shaham Provident and Pension Ltd.	Sales and Business Development Manager at the Company; VP of Marketing and Sales at Altshuler Provident; Chairman of the Board of Directors at Altshuler Shaham Mutual Funds Ltd.	VP of Marketing at Unilever Israel

Chapter 4 - Additional details about the corporation**16. Regulation 26B: Independent authorized signatories in the Company**

As of the date of this report, the Company does not have any independent authorized signatories, as this term is defined in Article 37(d) to the Securities Law.

17. Regulation 27: Auditor

The Company's independent auditors are Kost Forer Gabbay & Kasierer, CPAs (EY) of 144A Menachem Begin Road, Tel-Aviv. See more information in paragraph 7 to the Board of Directors' Report hereby attached to this report as Chapter B.

18. Regulation 29: Recommendations and resolutions of directors**18.1. Recommendations and resolutions of directors**

Below is information about recommendations made by Board members to the General Meeting and Board resolutions not requiring approval by the General Meeting:

Dividend payment or distribution (as defined in the Companies Law)

18.1.1. 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. For further details, see the Company's immediate reports dated March 20, 2025 and April 6, 2025, as amended on April 7, 2025 (Reference No.: 2025-01-018616, 2025-01-025220 and 2025-01-025574, respectively), whose information is hereby included by reference.

18.1.2. 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. For further details, see the Company's immediate reports dated May 20, 2025 and May 27, 2025 (Reference No.: 2025-01-035269 and 2025-01-037743 respectively), the contents of which are incorporated into this report by reference..

18.1.3. 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. For further details, see the Company's immediate reports from August 24, 2025 and August 31, 2025 (Reference No.: 2025-01-062818 and 2025-01-065575 respectively), the contents of which are incorporated into this report by reference..

18.1.4. On November 26, 2025, the Company's Board of Directors approved the distribution of a dividend based on the Company's financial statements as of September 30, 2025, in a total amount of approximately NIS 22 million. For further details, see the Company's immediate report dated November 26, 2025 as amended on November 27, 2025 (Reference No.: 2025-01-092998 and 2025-01-093641, respectively), the contents of which are incorporated into this report by reference.

18.1.5. On March 18, 2026, after the Report Date, the Company's Board approved the distribution of a dividend based on the Company's financial statements hereby attached to this report as Chapter C in a total of NIS 17 million. For additional details regarding the decision of the Company's Board of Directors, see Section 1.7.1 of the Description of the Corporation's Business, Chapter A of this report.

18.2. Resolutions of the Special General Meeting

18.2.1. On January 7, 2025, a Special Annual General Meeting of the Company's shareholders approved the following resolutions: (1) Approval of increasing the pool of options for the controlling shareholder; (2) Approval of the allocation of stock options, from time to time, to employees of the Company

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or of companies wholly or partially owned by it that provide services to the controlling shareholder and their loading mechanism or to employees whose granting may create a personal interest in the controlling shareholders of the Company; (3) Approval of the allocation of stock options, from time to time, to employees of the controlling group, who provide services to the Company within the framework of service agreements and their loading mechanism; (4) Approval of the allocation of stock options, from time to time, to employees of the controlling group, who do not provide services to the Company within the framework of a services agreement.

For additional details regarding the aforementioned decisions, see section 9.5 above and the meeting notice published by the Company on November 21, 2024 as amended on January 2, 2025 (Reference No.: 2024-01-617519 and 2025-01-000917, respectively), the contents of which are incorporated by reference into this report..

18.2.2. On June 24, 2025, the special annual general meeting of the Company's shareholders approved the following resolutions: (1) Approval of the reappointment of Ms. Yael Naftali and Ms. Adi Blumenfeld Pinchas as external directors of the Company for a second term of three years starting from the date of approval of their appointment by the General Meeting; (2) Approval of the Company's engagement in an amendment to the services agreement with Altshuler Shaham Properties (indirectly), in the approval of which the Company's controlling shareholders have a personal interest. For more details, see section 9.2.2 above as well as the meeting notice published by the Company on May 20, 2025 (Reference No.: 2025-01-035249) whose information is hereby included by reference.¹

18.2.3. On September 25, 2025, the special annual general meeting of the Company's shareholders approved the following resolutions: (1) Approval of an updated remuneration policy for officers in the Company in the form attached as Appendix B to the meeting notice, in accordance with Section 267A of the Companies Law, which will remain in effect for a period of three years from the date of approval by the general meeting. The General Assembly also approved that in accordance with the Compensation for Officers in Financial Corporations Law (Special Approval and Disallowance of Expense for Tax Purposes Due to Exceptional Compensation), 5776-2016 ("**The Compensation Law**"), compensation for officers subordinate to the CEO may be increased, in accordance with the provisions of the compensation policy and the approvals set forth therein, to that stipulated in Section 2(a) of the Compensation Law; (2) Extension of the validity of the letters of exemption and indemnity granted by the Company to officers and directors of the Company who are among the controlling shareholders of the Company, to officers who are relatives of the controlling shareholders of the Company, or to officers in whom the controlling shareholders have a personal interest. For further details, see the General Meeting Notice published by the Company on August 21, 2025 (Reference No.: 2025-01-062610) included in this report by reference.

19. **Regulation 29A: Company decisions**

19.1. Extraordinary Transactions that require Approval as per Article 270(1) to the Companies Law

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Following are details of Company decisions regarding extraordinary transactions that require approval as per Article 270(1) to the Companies Law made in the Reporting Period:

- 19.1.1. In November 2024, Altshuler Real Estate provided a loan to a designated entity under the management of Altshuler Real Estate in an aggregate amount of approximately EUR 1.7 million, plus interest of approximately EUR 0.1 thousand ("**Interim Financing**"). The interim financing was provided on back-to-back terms against the financing provided to Altshuler Real Estate by a financial institution. Since the provision of interim financing was made in deviation from the Company's policy and therefore not in the normal course of the Company's business, and considering that the Company's deputy CEO is a relative of one of the fund managers, on August 21, 2025, the audit committee classified and approved the engagement as an exceptional transaction with another person in whom an officer of the Company has a personal interest, and on August 21, 2025, the Company's board of directors approved the engagement as an exceptional transaction as stated.
- 19.1.2. In August 2025, the Company's Board of Directors approved the making of an investment, directly and indirectly through Altshuler Real Estate, in a certain real estate transaction that was not in accordance with the Company's internal procedures regarding the manner in which investments in real estate transactions were made. In light of the potential personal interest of Ms. Sharon Gershbein (who holds 7% of Altshuler Real Estate shares) in the aforementioned investment transaction, On August 20, 2025, the Audit Committee classified and approved the investment as an exceptional transaction in which an office holder has a personal interest, and on August 21, 2025, the Company's Board of Directors approved the engagement as an exceptional transaction as stated.
- 19.1.3. On March 20, 2024, Altshuler Real Estate and Altshuler Investment Funds entered into agreements to provide Credit facilities totaling up to NIS 100 million from two Israeli banks. Purpose The credit is to be used as interim financing for the purpose of completing transactions. To receive the credit, the Company provided a limited guarantee. In view of the potential personal interest of Ms. Sharon Gerszbejn who holds 7% in Altshuler Real Estate in the transaction, on March 18, 2024, the Audit Committee classified the provision of the guarantee as an extraordinary transaction. Further to the above, on November 24, 2025, the Audit Committee classified and approved the provision of the guarantee for the purpose of increasing the credit frameworks to a total of NIS 150 million, which could be used by either Altshuler Real Estate or Altshuler Investment Funds, as an exceptional transaction in which an officer of the Company had a personal interest in approving it, for the reasons detailed above. On November 26, 2025, the Company's Board of Directors approved the provision of the guarantee as an exceptional transaction as stated.

19.2. Rejection of business opportunity

On February 16, 2025, in keeping with the corporate opportunity waiver described in paragraph 8.13 above, and in keeping with the decision of the provident and pension fund investment committee managed by Altshuler Provident, the Company's Audit Committee approved waiving a business opportunity to purchase 19.99% of the shares of a financial corporation that also operates in the banking and distribution markets, valued at a few dozens of millions of NIS, which had been presented to the

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Company by an officer therein who is a member of the controlling shareholder group. It should be noted that the business opportunity solely consisted of obtaining non-controlling interests (protective provisions for veto rights) that do not confer power of influence over such corporation.

19.3. Insurance Warranty Officers, Exemption and Indemnity

See details of letters of exemption and indemnity and D&O liability insurance policies which include certain controlling shareholders in the Company in paragraph 9.7 below.

Report of Effectiveness of Internal Control over Financial Reporting and Disclosure

Report of Internal Control over Financial Reporting and Disclosure

Annual Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure Pursuant to Regulation 9B(a) to the Israeli Securities Regulations (Immediate and Periodic Reports), 1970 ("the Report Regulations")

The management, under the supervision of the board of directors of Altshuler Shaham Finance Ltd. (hereinafter: "**the Company**"), is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the corporation.

In this regard, the members of the board are:

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. Felix Spector, VP of Information Systems;
8. Mr. Erez Yefet, CFO of the Company and of Altshuler Shaham Provident and Pension.
9. Hagar Peretz Dayan, CEO of Altshuler Shaham Credit;
10. Gil Topaz, CEO of Altshuler Shaham Credit.

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.

Management, under the supervision of the Board of Directors, conducted a review and evaluation of the internal control over financial reporting and disclosure in the corporation and its effectiveness;

The assessment of the effectiveness of internal control over financial reporting and disclosure carried out by management under the supervision of the Board of Directors included:

- Mapping and identifying the processes which are very material to financial reporting and disclosure.

The processes which the Company has identified as very material to financial reporting and disclosure at the level of the consolidated reports are:

1. Entity-level controls (ECLs).
2. IT general controls (ITGCs).

Report of Effectiveness of Internal Control over Financial Reporting and Disclosure

3. Financial statement closing and reporting processes at Altshuler Shaham Finance and significant subsidiaries.
 4. Procurement and vendors.
 5. Managing bank accounts and cash flows.
 6. Payroll and human resources.
 7. Interested party transactions.
 8. Agents and distribution commissions (Altshuler Shaham Provident and Pension Ltd.).
 9. Revenues from management fees (Altshuler Shaham Provident and Pension Ltd.).
 10. Transactions with related parties (Altshuler Shaham Provident and Pension Ltd.).
 11. Establishment and underwriting (Altshuler Shaham Credit Ltd.).
 12. Collection from customers and monitoring of the credit portfolio (Altshuler Shaham Credit Ltd.).
- During the second quarter of the reporting year, alternative investment activities became an operating segment in the corporation's reports. Accordingly, management, under the supervision of the Board of Directors, conducted a quantitative and qualitative review of this activity, in order to determine whether an examination is required. ISOX dedicated to the sector's activities. Within the framework of the aforementioned examination, it was found that, despite the quantitative materiality of the sector, there is no qualitative materiality that justifies performing an audit. ISOX separates for alternative investment activities. However, the corporation has identified relevant controls regarding the success fee recording process, due to which this activity has become a material segment. Success fee controls are embedded and reviewed as part of the financial statement closing and reporting process at Altshuler Shaham Finance Ltd. and were examined as part of the assessment of the effectiveness of internal control over financial reporting and disclosure at the corporate level.
 - In respect of new processes-mapping the risks and documenting the internal controls over very material processes in financial reporting.
 - For existing processes - revalidation of the risks and controls identified in the processes that are highly material to financial reporting.
 - Defining key controls in very material processes in financial reporting.
 - Analyzing gaps in the design of internal control over financial reporting and disclosure.
 - Testing the effectiveness of key controls while analyzing gaps and providing recommendations and deadlines for closing detected gaps.
 - Issuing quarterly reports to the Company's Management and Audit Committee regarding gaps detected in the process of designing internal control over financial reporting and disclosure and in testing the effectiveness of key controls.
 - Issuing an overall evaluation of the effectiveness of internal control over financial reporting by the Company's Management with the supervision of the Board of Directors.

Based on the evaluation of said effectiveness performed by Management, with the supervision of the Board of Directors as detailed above, the Company's Board of Directors and Management concluded that the internal control over financial reporting and disclosure in the Company as of December 31, 2025 is effective.

Report of Effectiveness of Internal Control over Financial Reporting and Disclosure

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

I, Yair Lowenstein, hereby certify that:

1. I have examined the periodic report of Altshuler Shaham Finance Ltd. (hereinafter: "**The Company**") for the year 2025 (hereinafter: "**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 verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information relating to the corporation, including its subsidiaries as defined in the Securities (Annual Financial Statements) Regulations, 2010, is brought to my attention by others in the corporation and its subsidiaries., in particular during the period of 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 evaluated the effectiveness of internal control over financial reporting and disclosure in the Company as it relates to the financial statements and the other financial information included in the reports as of the date of the reports.

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

Yair Lowenstein
CEO and Director

March 18, 2026.

Report of Effectiveness 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 examined the financial statements and other financial information included in the reports of Altshuler Shaham Finance Ltd. (hereinafter: "**The Company**") for the year 2025 (hereinafter: "**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 evaluated the effectiveness of internal control over financial reporting and disclosure in the Company as it relates to the financial statements and the other financial information included in the reports as of the date of the reports. The conclusions of my evaluation as above have been presented to the Board of Directors and Management and integrated in this report.

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

March 18, 2026.