



ALTSHULER SHAHAM
Financial LTD



Altshuler Shaham Finance Ltd.

Interim Report for the Period ended March 31, 2026



ALTSHULER SHAHAM FINANCE LTD.

Interim Report as of March 31, 2026

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Board of Directors' Report on the State of Corporate Affairs

**For a period of three months ending
On March 31, 2026**

Board of Directors' Report on the State of Corporate Affairs

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Board of Directors' Report on the State of Corporate Affairs

Report of the Board of Directors on the State of Affairs of the Corporation for the Periods of Three Months ended March 31, 2026

The board of directors of Altshuler Shaham Finance Ltd. ("**the Company**") is pleased to present the Report of the Board of Directors for the period of three months ended March 31, 2026 ("**the Reporting Period**" in accordance with the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 ("**the Reporting Regulations**"). It will bring forward details regarding changes or significant developments that occurred in the Company's operations in the course of 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. This report should be read in conjunction with the Company's periodic report for 2025, including the Company's financial statements and report of the board of directors as of December 31, 2025, as published on March 19, 2026 (reference: 2026-01-024284) ("**the Periodic Report**"), whose information is hereby included by reference.

in this report as follows:

"**Report Date**" – March 31, 2026.

"**Report Approval Date**" – May 27, 2026.

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

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

1. The Board's explanations for the state of the Company's business affairs and the results of its activities**1.1. Condensed description of the Company and its business environment**

The Company was incorporated in Israel as a private limited liability company on December 9, 2001. On April 4, 2022, the Company's shares began trading on the Tel-Aviv Stock Exchange Ltd. ("**the TASE**") and were issued to the shareholders of Altshuler Provident Funds and Pension Ltd. ("**Altshuler Provident**") in return for Altshuler Provident's shares held by them ("**the Business Restructuring**"). See more details of the business restructuring in paragraph 1.3.1 of the periodic report.

As of the Report Approval Date, the Company is held by Yair Lowenstein Holdings Ltd. (14.85%) ("**Yair Holdings**") and Altshuler Shaham Ltd. (55.39%) ("**Altshuler Ltd.**" and collectively with Yair Holdings – "**the Controlling Shareholders**"). The ultimate controlling shareholders in the Company are Messrs. Yair Lowenstein, Gilad Altshuler and Kalman Shaham. 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.

The Company is engaged in providing financial services. As specified in paragraphs 3.1, 3.2 and 3.3 below, the Company has three areas of operation (which are presented as three separate operating segments in the financial statements: Management of provident funds and pension funds; management, initiation, marketing and distribution of alternative investments ("**Alternative Investments Activity**"); and provision of credit to businesses and real estate developers ("**Credit Activity**").

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 synergistic 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.

1.2. Developments in the operating segments

1.2.1. Provident and pension fund management

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").

See details of investment management in the provident and pension fund market in paragraph 2.3.1 below.

Developments and major changes in the Reporting Period

In the Reporting Period, Altshuler Provident continued marketing activities for retention, sale and distribution of products managed by it and continued promoting and positioning the Company's pension fund as a known brand in the Israeli public. During the reporting period, there was a decrease in the balance of members' assets, mainly due to members moving to competitors and negative returns.

See more information of the global capital market trend in paragraph 2.1.1 below.

Provident fund assets

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 1,018.2 billion as of March 31, 2026, compared to approximately NIS 1,009.1 billion at the end of 2025, which represents an increase of approximately 0.9%. In the Reporting Period, the scope of provident fund assets managed by Altshuler Provident decreased from approximately NIS 125.3 billion at the end of 2025 to approximately NIS 114.1 billion as of March 31, 2026, representing a decrease of about 8.96% in total provident fund assets managed by Altshuler Provident.

Pension fund assets

Pension fund assets in Israel (new comprehensive and general funds) amounted to approximately NIS 1,172.1 billion compared with total assets of approximately NIS 1,149.8 billion at the end of 2025, an increase of about 1.94%.

During the reporting period, the pension fund assets managed by Altshuler Provident decreased from approximately NIS 38.5 billion at the end of 2025 to approximately NIS 36.9 billion as of March 31, 2026, representing a decrease of approximately 4.1%.

Investments in provident fund and pension fund assets

During the reporting period, Altshuler Provident maintained exposure to the equity component in the tradable and non-tradable channels, in relation to the assets under its management, at a level of approximately 50% in the general tracks. The main exposure in the stock market remains to the leading indices and the stocks that belong to them.

Board of Directors' Report on the State of Corporate Affairs

1.2.2. The Credit Operation

The company operates in the field of credit activity through Altshuler Shaham Credit Ltd. ("**Altshuler Credit**"). Within its framework, Altshuler Credit provides credit to businesses and real estate developers through Altshuler Shaham Credit for Businesses Ltd. ("**Altshuler Business Credit**") Altshuler Shaham Construction Ltd. ("**Altshuler Construction**"), companies wholly owned by Altshuler Credit.

Altshuler Business Credit.

Altshuler Credit for Business is a private company that holds an extended credit provider license from the Capital Market Authority. It extends loans to small and medium-sized businesses for purposes such as: Real estate financing, capital equipment financing, working capital financing, and more.

The business credit portfolio amounted to approximately NIS 371 million as of March 31, 2026, compared to approximately NIS 305 million at the end of 2025. A change that constitutes an increase of approximately 21.2%.

Additionally, during the reporting period, Altshuler Business Credit began operating in the field of providing guarantees to businesses, in accordance with the license it received from the Capital Markets Authority. After the report date, initial guarantees were provided in the amount of approximately NIS 18 million.

For additional details regarding the customer credit portfolio of Business Credit, see section 2.4.2 below.

Altshuler Construction

Altshuler Construction is engaged in providing credit to real estate developers, including closed-end support, capital replenishment, and surplus recovery. 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.

The business credit portfolio amounted to approximately NIS 82.4 million as of March 31, 2026, compared to approximately NIS 48.7 million at the end of 2025. A change that constitutes an increase of approximately 69.2%.

In addition, on March 31, 2026, Altshuler Construction provided a guarantee for the purchase of a construction support portfolio in the amount of approximately NIS 52 million.

For additional details regarding Altshuler Construction's customer credit portfolio and in connection with the bank guarantee agreement in the amount of approximately NIS 52 million dated March 31, 2026, see Section 2.4.2 below.

For details regarding Altshuler Business Credit's agreement with a banking corporation to take out a credit line in the amount of NIS 200 million for the purpose of providing credit to customers and reducing a credit line provided by the banking corporation to the company in the amount of NIS 100 million, see section 1.6.2 Below.

As of the date of approval of the report, the existing credit facilities for the Company and Altshuler Business Credit from banking corporations for the purpose of providing loans to customers total approximately NIS 750 million.

For additional details regarding developments in the field of credit activity and updates to the corporate business chapter in the field of activity, see Section 2.4 below.

1.2.3. Alternative investment activity**1.2.3.1. Developments and major changes in the Reporting Period**

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

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.

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 \$10 million), compared to assets of approximately \$188 million as of December 31, 2025. The change derives from investments raised in the Reporting Period and the effect of foreign exchange rates.

Board of Directors' Report on the State of Corporate Affairs

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.

As of the Report Date, total amounts raised for investment funds by Altshuler Investment Funds approximated \$99 million compared with approximately \$ 90.7 million as of December 31, 2025.

For additional details regarding the assets managed in the field of activity, see Section 2.5.1 below.

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.

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 \$841 million compared with approximately \$758 million as of December 31, 2025.

For additional details regarding developments in the field of alternative investments and updates to the corporate business chapter in the field of activity, see Section 2.5 below.

1.2.3.2. 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) (and until March 31, 2026).

	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	217	36 – 22	8	28 - 17
Investments raised by Altshuler Investment Funds	99	6 – 4	-	6 - 4

As of the Report Date, the Company and Altshuler Real Estate invested in investee partnerships approximately \$10 million. For these investments, the company and Altshuler Real Estate received distributions totaling approximately \$5 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 1.7 million.

For details regarding the accounting treatment of partnerships (combining entities) in which the Company has invested, see Section 1.4 of Chapter B of the Periodic Report.

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.

Board of Directors' Report on the State of Corporate Affairs1.3. Financial position

Following are data from the Company's interim consolidated financial statements for the periods of three months ended March 31, 2026.

Set forth below are details regarding the principal items from the Company's consolidated balance sheet as of March 31, 2026 (in thousands of NIS):

	To date March 31		To date December 31, 2025	Company's explanations
	2026	2025		
Current assets	542,586	346,990	459,903	The increase in current assets compared to the corresponding period last year results from an increase in customer credit, current tax assets, cash and cash equivalents and short-term investments, offset by a decrease in receivables and debit balances and in net investment in leases.
Non-current assets	1,103,844	900,180	1,092,980	The increase in non-current assets compared to the corresponding period last year results from an increase in customer credit, investments in associated partnerships and long-term investments, offset by a decrease in receivables and debit balances, deferred acquisition costs, net investment in leases, right-of-use assets, property and equipment, intangible assets and deferred tax assets. The movement in deferred acquisition costs (DAC) during the reporting period results from the payment of volume commissions to agents in the amount of approximately NIS 5,222 thousand, net of amortization in the amount of approximately NIS 16,692 thousand.
Total assets	1,646,430	1,247,170	1,552,883	---
Current liabilities	734,908	344,936	638,863	The increase in current liabilities compared to the corresponding period last year results from an increase in short-term credit and current taxes payable, offset by a decrease in current maturities of lease liabilities and in short-term payables and credit balances.
Non-current liabilities	279,998	354,520	294,679	The decrease in non-current liabilities compared to the corresponding period last year results from a decrease in loans from banking corporations, lease liabilities, employee benefit liabilities, net, and deferred tax liabilities, offset by an increase in other payables.
Equity	631,524	547,714	619,341	The increase in equity during the reporting period results from comprehensive income for the period in the amount of approximately NIS 27.5 million, an increase in the capital reserve due to the cost of share-based payment in the amount of approximately NIS 1.7 million, and a transaction with holders of non-controlling interests in the amount of approximately NIS 0.2 million, offset by a decrease resulting from a capital repayment to holders of non-controlling interests in the amount of approximately NIS 0.3 million and the declaration of a dividend in the amount of approximately NIS 17 million.
Total liabilities and capital	1,646,430	1,247,170	1,552,883	---

Board of Directors' Report on the State of Corporate Affairs1.4. Operating results

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

	For a period of three months ending on 31 March		Year 2025
	2026	2025	
Revenues:			
Revenues from management fees, net	213,898	230,212	909,356
Revenues from commissions	2,780	2,229	4,140
Finance income in respect of nonbank credit	10,056	2,840	21,475
Total revenues	226,734	235,281	934,971
Expenses:			
Marketing, operating, general and administrative expenses	180,464	198,011	788,148
Expenses in respect of credit losses	685	1,045	5,714
Finance expenses in respect of nonbank credit	5,079	542	8,724
Total expenses	186,228	199,598	802,586
Operating income	40,506	35,683	132,385
Finance income	3,049	2,704	62,138
Finance expenses	3,181	3,398	13,689
Other income	15	23	302
Company's share of earnings of associated partnerships accounted for at equity	1,717	40	24,767
Income before taxes on income	42,106	35,052	205,903
TAXES ON INCOME	14,072	12,449	52,197
Net income	28,034	22,603	153,706
Other comprehensive income (loss) (net of tax)	(483)	222	(5,328)
Comprehensive income	27,551	22,825	148,378
Net income (loss) attributable to:			
Equity holders of the Company	28,676	23,593	127,781
Noncontrolling interests	(642)	(990)	25,925
	28,034	22,603	153,706
Comprehensive income (loss) attributable to:			
Equity holders of the Company	28,450	23,815	125,201
Noncontrolling interests	(899)	(990)	23,177
	27,551	22,825	148,378

Board of Directors' Report on the State of Corporate Affairs

Revenues:

Revenues from management fees, net – total revenues from net management fees attributable to the provident and pension fund management operation in the Reporting Period amounted to approximately NIS 210,316 thousand compared with approximately NIS 227,686 thousand in the corresponding period of the previous year. The decrease stems from a decrease in the balance of assets managed by Altshuler Provident and a decrease in average management fees.

Total net management fee revenues attributable to the alternative investments operations in the reporting period amounted to approximately NIS 3,582 thousand, compared to approximately NIS 2,526 thousand in the corresponding period of the previous 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 increase in revenues from commissions mainly derives from an increase in origination commissions as a result of an increase in the scope of alternative real estate investment transactions executed during the reporting period compared with the corresponding period last year. The development commissions are recognized after the transactions are actually raised and therefore this item is subject to fluctuations.

Finance income in respect of non-bank credit – the increase in finance income in respect of non-bank credit during the reporting period compared with the corresponding period last year stems from an increase in the balance of the credit portfolio compared with the corresponding period last year.

Expenses:

Marketing, operating, general and administrative expenses – total expenses attributable to the provident and pension fund management operation amounted to approximately NIS 162,716 thousand in the Reporting Period compared with approximately NIS 183,957 thousand in the corresponding period of the previous year. The decrease is mainly due to a decrease in commissions, wages and benefits, operating expenses, and marketing and advertising expenses.

Total expenses attributable to the credit operation amounted to approximately NIS 5,636 thousand in the Reporting Period compared with approximately 4,236 thousand in the corresponding period of the previous year. The increase is mainly due to an increase in wages and benefits in light of growth and development in credit activity.

Total expenses attributable to the alternative investment operation amounted to approximately NIS 8,153 thousand in the Reporting Period compared with approximately NIS 6,282 thousand in the corresponding period of the previous year. The increase is mainly due to an increase in commissions and wages and related expenses in light of the growth and development of alternative investment activities.

Expenses for credit losses - The decrease in expenses for credit losses in the reporting period compared to the corresponding period last year is mainly due to a decrease in the provision for problematic debts compared to an increase in the provision for good debts in light of the increase in the credit portfolio.

Finance expenses on nonbank credit – the increase in finance expenses in respect of nonbank credit during the reporting period compared with the corresponding period of the previous year stems from the increase in financial liabilities attributable to the credit portfolio compared with the corresponding period of the previous year.

Financing income - the main increase in financing income compared to the corresponding period last year stems from an increase in a financial asset managed by Altshuler Real Estate (for additional details, see Note 5C(3) to the Company's financial statements).

Finance expenses - the decrease in finance expenses during the reporting period compared with the corresponding period last year mainly stems from a decrease in bank interest expenses on loans taken for the purpose of providing bridge loans to partnerships in the alternative investments activity.

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 more information in Note 7d in the Company's financial statements.

Board of Directors' Report on the State of Corporate Affairs1.5. Liquidity

Here are details regarding items from the Company's consolidated statements of cash flows (NIS in thousands):

	For a period of three months ending on 31 March		Year 2025
	2026	2025	
<u>Cash flows from operating activities:</u>			
Net income for the period	28,034	22,603	153,706
Adjustments to income	<u>4,969</u>	<u>(12,411)</u>	<u>22,310</u>
Net cash provided by operating activities	33,003	10,192	176,016
Net cash used in investing activities	(15,643)	(6,715)	(61,526)
Net cash used in financing activities of the Company	(14,178)	(6,392)	(111,009)
Increase (decrease) in cash and cash equivalents	3,182	(2,915)	3,481
Cash and cash equivalents at beginning of year	87,469	83,988	83,988
Cash and cash equivalents at end of year	<u>90,651</u>	<u>87,073</u>	<u>87,469</u>

Net cash provided by operating activities – the increase in cash flows provided by operating activities compared with the corresponding period last year results from an increase in the Company's net income, items not involving cash flows, a decrease in cash paid during the period and changes in other balance sheet items.

Net cash used in investing activities – the increase in cash flows used in investing activities compared with the corresponding period last year mainly results from an increase in purchases of financial investments, net, offset by a decrease in loans granted to associated partnerships, net of repayments, and contingent consideration proceeds received during the corresponding period last year.

Net cash used for financing activities - The increase in cash flows used for financing activities compared to the corresponding period last year is mainly due to an increase in loan repayments from banks in alternative investment activities.

Board of Directors' Report on the State of Corporate Affairs1.6. Financing resources

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

As of the Report Date, the average scope of short-term credit, current maturities of loans and long-term loans from banks approximates NIS 488.9 million, NIS 49.4 million and NIS 234.5 million, respectively.

1.6.1. Provident fund and pension fund management

For details regarding the bank loans and credit facilities obtained by Altshuler Provident from banking corporations (the “**Banking Corporations**”), see Note 18C(1) to the Company’s financial statements attached to the periodic report.

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 2026 Q1 revenues from management fees totaled NIS 201.3 million.
2. 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 443.6 million.
3. 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 1.89.

4. 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 2.91.

Further to the provisions of Note 18C(1) to the Company’s financial statements attached to the periodic report, it is noted that after the reporting period, on May 27, 2026, Altshuler Provident entered into documents with the Banking Corporations, as defined above, amending the loan agreements in connection with the credit facilities granted to Altshuler Provident, under which the financial covenant referred to in Section 1 above was updated such that Altshuler Provident’s management fee income shall not be less than NIS 175 million per calendar quarter (instead of NIS 200 million). It should be clarified that, except as detailed above, no additional changes have occurred in the terms of Altshuler Provident's credit frameworks.

1.6.2. The Credit Operation

For the purpose of financing credit activity, the Company entered into agreements with a number of banking corporations for the purpose of taking out various credit facilities. For details regarding the aforementioned credit facilities, see Section 4.5.2 of Chapter A of the Periodic Report. As of March 31, 2026, the carrying amount of the credit facilities (including interest accrued thereon) in the credit operation approximates NIS 437,051 thousand.

- 1.6.2.1. During the report period, 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%. For additional details regarding the Company's engagement with Banking Corporation B, the terms of the engagement and the existing collateral to secure the Company's obligation in connection with the credit facility, see Section 4.5.1.2 of Chapter A of the Periodic Report as well as an immediate report published by the Company on February 12, 2026 (Reference No.: 2026-01-014659) included in this report by reference.

Board of Directors' Report on the State of Corporate Affairs

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.

- 1.6.2.2. After the reporting date, Altshuler Business Credit entered into an agreement with Banking Corporation B for the provision of a non-binding "on-call" credit facility in a total amount of approximately NIS 200 million, bearing interest at prime less 0.2%-0.25%. As part of the agreement, Altshuler Businesses Credit was granted a new credit line of approximately NIS 100 million, and it was also agreed to withdraw a credit line of NIS 100 million from the credit line granted to the company as detailed in Section 1.6.2.1 above, and to make it available to Altshuler Business Credit. For details regarding the terms of the credit framework that Altshuler took out for business credit as mentioned, including details regarding financial criteria and guarantees, see the company's reporting, which was published simultaneously with the publication of this report.

As of the Report Approval Date, the Company and Altshuler Business Credit have available credit facilities of NIS 750 million for extending loans to customers.

1.6.3. Alternative investment activity

For details regarding the non-binding credit facilities that Altshuler Real Estate and Altshuler Alternative took out from banking corporations for the purpose of providing bridge loans for partnerships and ongoing operations, see Section 4.5.3 of Chapter A of the Periodic Report and Note 18c2 to the company's financial statements attached to the periodic report.

As of March 31, 2026, the carrying amount of the credit facilities (including interest accrued thereon) approximates NIS 21,107 thousand.

For additional details regarding the Group's sources of financing, including interest rates and financing agreements entered into by the Group, see Notes 5, 7 and 8 to the Company's financial statements attached to this report and Note 18 to the Company's financial statements attached to the periodic report.

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

Set forth below are details regarding material events that occurred during and after the reporting period, as well as details regarding material developments in the Company's business during the three months ended March 31, 2026 and up to the date of approval of the report, which have not yet been disclosed in the periodic report and regarding which disclosure updates are required pursuant to Regulation 39A of the Reporting Regulations.

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

2.1.1. Capital market trends

During the reporting period, the Tel Aviv Stock Exchange was affected by many events, including the announcement of a joint operation by the State of Israel and the United States against Iran (Operation "Roaring Lion"). Within the framework of operation which began on February 28, 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 operation, Iran began launching suicide drones and ballistic missiles towards the Gulf states and Israel, and also closed the Strait of Hormuz, leading to a surge in oil prices. After 40 days of fighting, on the night of April 7-8, the US and Iran announced that they had accepted a proposal from Pakistan for a bilateral ceasefire for the purpose of negotiations and with the aim of reaching a long-term agreement.

Most indices around the world showed price declines during the first quarter of 2026, while the Israeli economy showed a mixed trend with a tendency for price increases. The US central bank left the interest rate unchanged at 3.75% during the first quarter of the year, while the Bank of Israel lowered the interest rate once during the first quarter to 4%. On May 25, 2026, after the report date, the Bank of Israel lowered the interest rate by another quarter of a percentage point to a level of 3.75%. The European Central Bank (ECB) left the interest rate unchanged at 2% during the reporting period. Trade in Israel and around the world was characterized by high volatility due to the US and Israeli military operation in Iran and changes in the price of oil. The foreign exchange market continued to respond with high sensitivity to the tense security situation in Israel and geopolitical developments. The shekel strengthened sharply against the dollar, reaching a 30-year low when it traded below 3 shekels during April 2026.

Indices overview

Negative trends were recorded in most markets, risk assets, equities and bonds during the first quarter of 2026. In the U.S., the S&P 500 decreased by about -4.63% and the NASDAQ lost about -6.0% of its value. The European STOXX 600 decreased by about -1.01% and the German DAX lost about -7.5%. The MSCI WORLD index dropped by about -3.9%. The global bond market experienced a moderate increase in yields during the first quarter of 2026. In the U.S., the United States 10Y Government Bond yields were 4.3% at the end of Q1 2026. The Israeli stock market presented a mixed trend with a tendency toward price increases during the first quarter of 2026, with the TA-35 Index rising by 12.87%, the TA-125 adding approximately 9.6%, while the TA-90 declined by approximately -1.86%.

U.S.A.

The US central bank left interest rates unchanged during the first quarter of the year, at 3.75%, in line with forecasts.

During the first quarter of the year, the U.S. equity markets traded lower. The Nasdaq dropped by about 6% and the S&P500 lost about 4.6% of its value. The Dow Jone industrial average dropped by about 3.6% during the course of the first quarter of 2026. United States 10Y Government Bond yields rose to a level of 4.3 % during the course of Q1 of 2026.

Europe

During the reporting period, the European Central Bank, headed by Christine Lagarde, left the interest rate in the Eurozone unchanged at 2%.

The Bank of England left the country's interest rate unchanged at 3.75% in March. This is after the interest rate dropped by 0.25% in December 2025. In the latest decision, the interest rate remained unchanged after a vote by committee members, amid the surge in energy prices and fears of a renewed inflationary outbreak due to the war between the US, Israel and Iran.

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At the end of the first quarter of 2026, a negative trend was recorded on the European stock exchanges – the Euro Stoxx 50 Index ended with a decline of approximately 3.8%, and the Euro Stoxx 600 Index declined by approximately 1.01%. The DAX index in Germany lost 7.5% of its value during the first quarter of 2026.

Asia

China's economy recorded a recovery in early 2026, recording growth of 5.0% in the first quarter, compared to the same quarter of the previous year. The figures were higher than economists' forecasts, which had expected growth of 4.8% during this period. These figures are a result of a surge in exports of electric vehicles and lithium batteries, as well as government investments in infrastructure, construction, and railways.

In Japan, the Bank of Japan (BOJ), which brought an end to the era of negative interest rates, raised the country's interest rate by a quarter of a percentage point to 0.75% in December 2025. This is a 30-year high, and estimates are that interest rates will rise again about three times by the beginning of 2027.

Israel

During the first quarter of this year, the Bank of Israel lowered the interest rate from 4.25% to 4%. In additional interest rate announcements in February and March, the interest rate remained unchanged. On May 25, 2026, after the report date, the Bank of Israel lowered the interest rate by another quarter of a percentage point to a level of 3.75%.

The International Monetary Fund lowered its growth forecast for the Israeli economy following the war to 3.5%, compared to 3.9% in the forecast published in October. In contrast to the growth forecast, the fund's economists have made almost no changes to their inflation and unemployment forecasts for Israel. According to the report, inflation in 2026 is expected to remain within the government's target range (1%-3%) and total 2.3%.

During the first quarter of the year, the leading indices in Israel presented a mixed trend with a tendency for price increases. The TA 125 index rose by 9.6%, the TA 35 added 12.8% to its value, the real estate index fell by -1.03% and the TA 90 lost -1.86% of its value in the first quarter of 2026. Tel Bond 60 fell by -0.3% during the reporting period.

2.1.2. Operation "Roaring Lion"

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, which according to reports mainly concerned the issue of Iranian nuclear development. After it was reported that the talks had failed, the US and 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. During the operation, a considerable portion of the Israeli economy was shut down due to the threat of the Iranian missiles. At the time of this publication, cease-fires exist both between Israel and Iran and between Israel and the Hezbollah.

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. During the reporting period, in March 2026, the assets managed by Altshuler Provident Fund decreased as a result of negative returns and the volatility that characterizes the markets due to geopolitical uncertainty. However, at this stage, the company does not expect the war event to have a material impact on the scope or value of the assets under management in the long term, and as evidence of this, the assets managed by Altshuler Provident increased following positive returns in April, 2026.

Moreover, the Company concluded that the risk level of small and medium businesses in the credit market has risen due to the war and Altshuler Credit has adjusted its credit policy accordingly.

In addition, the various investments in the alternative investment operation are only exposed to foreign markets and there is no significant direct exposure 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.

Despite the existence of potentially negative impact on the business environment in which the Group operates, the Company estimates that at present, the war has not had an effect on the Group's operations. It should also be clarified that the war and its prolongation currently do not affect the Group's financial stability or ability to comply with financial covenants as per financing agreements (see details of financial covenants in paragraph 1.6 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 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, and include the Company's estimates or intentions. 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 these estimates and forecasts include, inter alia, changes in the capital markets in Israel and worldwide, regulatory changes and required regulatory approvals, as well as the realization of any of the other risk factors to which the Company is exposed in its provident fund and pension fund management activities, credit activities and alternative investment activities, as detailed in Sections 4.12, 3.3.17, 3.2.16 and 3.1.18 of Chapter A to the periodic report.

2.2. Financial information of the operating segments

For details regarding the results of the Company's operating segments, see Note 3 to the financial statements attached to this report.

Board of Directors' Report on the State of Corporate Affairs2.3. Updates on Provident Fund and Pension Fund Management Activities2.3.1. Main data of the operation of the provident and pension fund:**As of March 31, 2026 and for the three-month period then ended (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						
Number of members**	399,573	21,315	687,554	506,617	159,045	951,714	4,299	2,730,117
Managed assets	35,739,546	1,191,594	47,112,948	43,436,358	10,970,006	11,761,843	832,664	151,044,959
Receipts from fees	967,612	43,944	138,578	643,310	468,469	252,404	1,229	2,515,546
Of which, nonrecurring fees	-	-	40,402	11,640	305,053	12,057	-	369,152
Annualized fees for newly enrolled members	223,781	15,312	10,305	98,114	33,853	7,542	3	388,910
Annualized fees for all members	3,912,339	183,703	434,468	2,778,653	678,798	960,560	5,015	8,953,536
Accruals transferred to the fund	567,595	25,561	116,619	44,237	12,550	917	-	767,479
Accruals transferred from the fund	(2,364,716)	(100,423)	(3,968,080)	(4,564,556)	(1,020,847)	(67,691)	(37,728)	(12,124,041)
Payments	(230,534)	(8,515)	(476,198)	(601,245)	(239,827)	(89,636)	(5,434)	(1,651,389)
Surplus revenues (losses) over expenses in the period	(463,311)	(30,215)	(591,761)	(647,755)	(269,921)	(320,073)	(10,932)	(2,333,968)
Revenues from accrual management fees	14,195	559	77,452	78,904	17,322	6,951	1,282	196,665
Revenues from deposit management fees	12,112	520	399	-	-	-	-	13,031
Average management fee rate from assets in annual terms - active	0.14	0.15	0.64	0.71	0.60	0.23	0.23	
Average annual rate of management fees from inactive assets	0.15	0.19	0.61	0.66	0.58	0.23	0.63	
Average annual rate of management fees from assets – pension recipients	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.21	1.16	0.26	-	-	-	-	

* Central funds – including Altshuler Shaham Compensation – a central fund for compensation, as well as Altshuler Shaham Marpe – a central fund for sick pay.

And Altshuler Shaham central provident fund for participation in budgetary pensions, which were transferred to the management of Altshuler Shaham Provident as part of a voluntary transfer of management effective from day 1

October, 2021

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

Board of Directors' Report on the State of Corporate Affairs**As of March 31, 2025 and for the three-month period then ended (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						
Number of members**	393,719	22,340	794,625	616,795	173,278	969,465	5,694	2,975,916
Managed assets	33,114,548	1,072,655	54,539,819	50,737,652	11,377,804	9,681,764	879,665	161,403,907
Receipts from fees	984,034	56,126	161,040	820,510	611,850	257,859	1,455	2,892,874
Of which, nonrecurring fees	-	-	60,262	12,498	431,417	11,737	-	515,914
Annualized fees for newly enrolled members	257,589	22,890	14,005	143,616	67,776	24,448	2	530,326
Annualized fees for all members	4,052,412	191,298	535,815	3,608,886	788,529	983,996	5,935	10,166,871
Accruals transferred to the fund	1,099,166	71,465	429,231	271,120	55,193	1,635	1,250	1,929,060
Accruals transferred from the fund	(1,147,812)	(53,799)	(1,700,547)	(2,077,349)	(307,956)	(84,954)	(8,448)	(5,380,865)
Payments	(239,107)	(589)	(549,654)	(696,266)	(259,223)	(67,145)	(11,863)	(1,823,847)
Surplus revenues (losses) over expenses in the period	(335,571)	(18,435)	(396,595)	(582,686)	(225,999)	(206,621)	(3,915)	(1,769,822)
Revenues from accrual management fees	12,151	478	87,011	89,420	17,578	5,648	1,298	213,584
Revenues from deposit management fees	12,650	582	516	-	-	-	-	13,748
Average management fee rate from assets in annual terms - active	0.13	0.15	0.65	0.71	0.61	0.23	0.20	
Average annual rate of management fees from inactive assets	0.15	0.21	0.62	0.66	0.60	0.23	0.63	
Average annual rate of management fees from assets – pension recipients	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.26	1.28	0.26	-	-	-	-	

* Central funds – including Altshuler Shaham Compensation – a central fund for compensation, as well as Altshuler Shaham Marpe – a central fund for sick pay.

And Altshuler Shaham central provident fund for participation in budgetary pensions, which were transferred to the management of Altshuler Provident as part of a voluntary transfer of management effective from day 1 October, 2021

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

Board of Directors' Report on the State of Corporate Affairs**As of December 31, 2025 and for the year then ended (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						
Number of members**	402,732	21,607	718,993	538,962	165,259	956,768	4,319	2,808,640
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 management fee rate from assets in annual terms - active	0.13	0.15	0.64	0.71	0.61	0.23	0.24	
Average annual rate of management fees from inactive assets	0.14	0.18	0.61	0.66	0.58	0.23	0.63	
Average annual rate of management fees from assets – pension recipients	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.24	1.24	0.29	-	-	-	-	

* Central funds – including Altshuler Shaham Compensation – a central fund for compensation, as well as Altshuler Shaham Marpe – a central fund for sick pay.

And Altshuler Shaham central provident fund for participation in budgetary pensions, which were transferred to the management of Altshuler Provident as part of a voluntary transfer of management effective from day 1 October, 2021

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

2.3.2. Products and services

Further to that stated in Section 3.1.2.2 of Chapter A of the Periodic Report, on March 26, 2026, approval was received from the Capital Market Authority for the establishment of four new investment tracks in the pension funds, which opened for enrollment on April 1, 2026. As of the date of approval of the report, the Comprehensive Pension Fund has 11 investment tracks for members and 3 tracks for pension recipients, and the General Pension Fund has 11 investment tracks for members and 3 tracks for pension recipients.

2.4. Updates to the credit operation

2.4.1. Restrictions and supervision in the activities of the corporation

Within the framework of its activities, Altshuler Business Credit's operations are governed by various legislations and regulated by various legal authorities. The grant of credit requires Altshuler Business Credit to comply with a multitude of rules, laws, regulations and orders as well as the regulations and guidelines of the Capital Market Authority and other regulators.

Set forth below are updates to Section 3.3.14 of the periodic report, the provisions of which are incorporated into this report by reference, regarding the principal legal provisions applicable to the credit activities of Altshuler Business Credit:

Economic Plan Law (Legislative Amendments for the Implementation of Economic Policy for the Budget Year 2026), 5780-2026 ("Arrangements Law")

Within the framework of Chapter 6 of the Arrangements Law, the provisions in a number of laws dealing with the deposit of a bank guarantee were amended, so that, starting September 30, 2026, it will also be possible to submit guarantees in those cases from non-banking entities that provide guarantees, including holders of a license to provide credit. This is with the objective of allowing non-banking entities to compete with banks in the field of providing guarantees.

2.4.2. Customers

As of the report date, Altshuler Business Credit's customer portfolio is comprised of Israeli businesses organized as companies, partnerships and licensed sole proprietors. Total transactions made in the Reporting Period approximate NIS 122 million.

As of the report date, the net balance of customer credit provided by Altshuler Business Credit amounted to approximately NIS 371 million, compared with a customer credit balance of approximately NIS 305 million as of December 31, 2025.

As of the report date, Altshuler Business Credit has five customers, each of whom individually accounts for more than 5% of the credit portfolio, with an outstanding debt balance totaling approximately NIS 121 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, inter alia, in light of the diversification of its customer portfolio and the fact that its customers operate across a variety 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.

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Following is the diversification of Altshuler Business Credit's ten largest customers by gross credit volume as of March 31, 2026:

Customer	Percentage of customer portfolio
1	9.9%
2	8.1%
3	6.5%
4	6.4%
5	5.7%
6	5.5%
7	3.4%
8	3.2%
9	3.2%
10	2.9%

Following is the diversification of Altshuler Business Credit's trade receivables by operating segment as of March 31, 2026:

Area of Activity	Percentage of customer portfolio
Construction and real estate	61.82%
Trade	19.89%
Industrial and manufacturing	5.02%
IT and telecommunications	2.89%
Other business services	3.82%
Transportation and storage, courier and delivery	3.19%
Hotels, hospitality and food	1.23%
Electricity	0.39%
Other	1.75%
Total	100%

Below is a breakdown of the Construction and Real Estate Activity industry into sub-sectors as of March 31, 2026:

	Percentage of total construction and real estate industry	Percentage of total portfolio by customer
Contractors	42.04%	25.94%
Income-producing property financing	17.72%	10.94%
Land financing	25.70%	15.86%
For any purpose against real estate	14.54%	9.08%
Total	100%	61.82%

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Set forth below is a breakdown of the customer credit portfolio by maturity profile as of March 31, 2026:

Days to repayment *	Percentage repaid of customer portfolio
0- 30	5.0%
31- 60	4.9%
61- 90	6.4%
91- 120	6.7%
121- 180	6.4%
181- 365	16.0%
>365	51.4%
Past due refinanced debts **	3.2%
Total	100.0%

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

**Of which approximately NIS 6,204 thousand carried to allowance for expected credit losses.

The average maturity profile of Altshuler Business Credit's credit portfolio as of March 31, 2026 is about 1.2 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 March 31, 2026
Mortgage on residential real estate	23.9%
Mortgage on commercial real estate	9.6%
Mortgage on land	26.6%
Equipment bondage	2.0%
Vehicle lien	0.9%
Third-party guarantees	0.2%
Personal guarantees	36.5%
Unsecured loans	0.3%
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%	2.47	-	39.24	-	0.10	41.81
50%-30%	0.51	-	-	-	0.04	0.55
70%-50%	10.52	-	0.18	-	-	10.70
Over 70%	76.62	34.78	59.26	8.30	6.07	185.03
Total	90.12	34.78	98.68	8.30	6.21	238.09

Board of Directors' Report on the State of Corporate AffairsAltshuler Shacham Construction

As of the report date, the net balance of customer credit amounted to approximately NIS 82.4 million, compared with a customer credit balance of approximately NIS 48.7 million as of December 31, 2025. The maturity term of the customer loan exceeds one year. The average term of the portfolio is about 2.8 years.

Customer	Number of projects of the client	Credit facilities	Collateral details	Value of collateral as of March 31, 2026	Utilized credit	LTV
1	6	100,000	Surpluses in projects	147,259	50,000	34%
2	4	30,000	Surpluses in projects	32,000	15,000	47%
3	L.R.	10,000	Second mortgage - land	76,745	10,000	92%
		2,000	Collateral	-	2,000	L.R.
4	L.R.	7,000	Second mortgage - land	78,400	7,000	89%

In addition, on March 31, 2026, Altshuler Construction entered into an agreement with a third party (the "Guarantor"), which is unrelated to the Company, for the provision of a bank guarantee in the amount of approximately NIS 52 million, as part of an agreement signed between the Guarantor and a banking corporation for the financing of the acquisition of a construction financing portfolio acquired by it from another party unrelated to the Company (the "Seller"). The bank guarantee provided by Altshuler Construction amounts to 10% of the total acquisition cost of the construction financing portfolio and was provided to the banking corporation as an addition to the subordinated guarantee provided by the Seller to the banking corporation in the amount of 2.5% of the portfolio. The bank guarantee provided by Altshuler Construction to the banking corporation shall be forfeited, inter alia, in the event of impairment to the cash flow from the acquired construction financing portfolio, and only after the subordinated guarantee provided by the Seller has been exhausted.

For additional details regarding credit to customers, including the financing rate, types of collateral and provision for credit losses, see Note 4 to the Company's financial statements.

2.4.3. Financing

For details regarding the update of the financing agreements in which the Company and Altshuler Business Credit entered into with banking corporations for the purpose of credit activity, see Section 1.6.2 above.

2.5. Updates to the alternative investment operation2.5.1. Products, services and revenue structure

Further to what is stated in section 3.2.2. As of the report date, total assets managed by Altshuler Real Estate and Altshuler Investment Funds and distributed by iFunds in this field of activity, including unrealized investment commitments, amounted to approximately USD 841 million, compared with approximately USD 758 million as of December 31, 2025.

During the reporting period, Altshuler Real Estate completed fundraising for two investments in the United States in the aggregate amount of approximately USD 28.2 million, of which the Company participated together with Altshuler Real Estate in the amount of approximately USD 1.4 million. For additional details, see Note 13(1)f to the periodical statement.

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 \$10 million), compared

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to assets of approximately \$188 million as of December 31, 2025. The change derives from investments raised in the Reporting Period and the effect of foreign exchange rates.

Altshuler Investment Funds – as of the report date, total capital raised for the investment funds by Altshuler Investment Funds amounted to approximately USD 99 million, compared with capital raised of approximately USD 90.7 million as of December 31, 2025.

After the report date, Altshuler Investment Funds began the process of recruiting investors to invest in an open-ended debt fund in the US managed by Eagle Point, which operates on a regular basis.

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 March 31, 2026 (NIS, million)	Overall asset value as of March 31, 2026 (NIS, million)	No. of investors	Status at Report Approval Date
Investments in real estate through Altshuler Real Estate				
Real estate investments	619	734	1,239	Active
Investments in investment funds through Altshuler Investment Funds				
Investments in investment funds	310	336	362	Active

2.5.2. Compensation for Altshuler Alternative CEO

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. Tzafir 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.

2.5.3. Further to what is stated in Section 3.2.14.10 of Chapter A of the Periodic Report, during the reporting period, two agreements were signed to provide access to the system iCapital Additional between iFunds and Discount Bank and Mizrahi Bank. These agreements include, inter alia, granting the aforementioned banks the right to use the iFunds fund platform for the purpose of purchasing alternative investment products for the banks' customers.

2.6. Litigation

For updates in the Reporting Period, see Note 6 to the Financial Statements hereby attached.

2.7. Dividend distributions

2.7.1. On March 18, 2026, the Board of Directors approved the distribution of a dividend based on the Company's financial statements as of December 31, 2025, in a total amount of NIS 17 million, after determining that the Company meets the distribution tests prescribed under the Companies Law. For additional details, see the Company's immediate reports dated March 19, 2026 and March 24, 2026 (Reference No.: 2026-01-024299 and 2026-01-026434, respectively), the provisions of which are incorporated into this report by reference, and Section 1.7.1 of Chapter A to the periodic report.

2.7.2. On March 27, 2026, the Board of Directors approved the distribution of a dividend based on the Company's financial statements as of March 31, 2026, in a total amount of NIS 22 million, after determining that the Company meets the distribution tests prescribed under the Companies Law.

2.8. Issue of options to employees and officers

2.8.1. On March 31, 2026, the Company published a shelf offering report for the allocation of 258,678 non-tradable warrants exercisable into 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

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Altshuler Shaham Ltd. and companies wholly or partially owned by Altshuler Shaham Ltd. The options were allocated without consideration and are exercisable for a period of 10 years from the date of allocation, starting from March 31, 2026 until March 31, 2036. For additional details, see the shelf offering report dated March 31, 2026 (TASE Reference no. (2026-01-030549), the provisions of which are incorporated into this report by reference.

- 2.8.2. Near the publication of this report, the Company intends to publish a shelf offering report for the allocation of 62,640 non-marketable warrants exercisable for 62,640 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 options shall constitute, assuming full exercise, approximately 3% of the Company's issued and paid-up share capital (following the allocation, on a fully diluted basis).

For more information of significant events during and after the Reporting Period, see Notes 7 and 8 to the Financial Statements hereby attached.

Board of Directors' Report on the State of Corporate Affairs

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, returns, margins and other market parameters. Market risks, including those relating to the proprietary investment portfolio (nostro), are subject to the supervision of the Board of Directors and are reported in the financial statements.

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

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

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

The Value at Risk ("VaR") model

VaR is a standard model used for measuring exposure to market risks in companies in the financial services industry. VaR estimates the maximum loss in a certain investment or investment portfolio within a given timeframe and given probability of occurrence. As a statistical tool, the index VaR 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.

As of the report date, the fair value of the Group's financial investments amounts to NIS 187,937 thousand, whereas the VaR of these assets is NIS 216 thousand, accounting for 0.1% of the fair value of short-term investments.

Chairman of the Board of
Directors

Ran Shaham

CEO

Yair Lowenstein

Report Approval Date: May 27,2026

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

The management, under the supervision of the board of directors of Altshuler Shaham Finance Ltd. (hereinafter: "**the corporation**"), 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. Tzafir 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 LTD;
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.

In the annual report on the effectiveness of internal control over financial reporting and disclosure, which was attached to the periodic report for the period ended December 31, 2025 (hereinafter – the latest annual report on internal control), the board of directors and management assessed the internal control in the corporation.; Based on this assessment, the Board of Directors and the Corporation's management concluded that the internal control as stated, as of March 31, 2026, is effective.

Through the report date, no event or matter likely to change the assessment of the effectiveness of the internal control, as presented in the latest annual internal control report, has been brought to the attention of the Board of Directors or management;

As of the report date, based on the assessment of the effectiveness of the internal control in the latest annual internal control report, and based on information brought to the attention of management and the Board of Directors as stated above, the internal control is effective;

Report on 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 quarterly report of Altshuler Shaham Finance Ltd. (hereinafter: "**The corporation**") for the first quarter of 2026 (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 its subsidiaries, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Company and in the subsidiaries, particularly during the period of the preparation of the reports; and
 - (b) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to reasonably guarantee the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law, including according to generally accepted accounting principles;
 - (c) Have not been informed of any event or matter that occurred in the period from the latest report date (interim or periodic, as applicable) through the date of this report that is likely to change the conclusion reached by the Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

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

May 27, 2026

Yair Lowenstein
CEO and Director

Report on 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 interim financial statements and the other financial information included in the interim reports of Altshuler Shaham Finance Ltd. (hereinafter: "**The corporation**") for the first quarter of 2026 (hereinafter: "**The reports**");
2. To my knowledge, the interim financial statements and other financial information included in the interim reports do not contain any misrepresentation of any material facts and do not omit any representation of any material facts that are needed in order for the representations included therein, in view of the circumstances under which such representations were included, not to be misleading with reference to the period of the reports.
3. To my knowledge, the interim financial statements and other financial information included in the interim reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Company for the dates and periods addressed in the reports.
4. I have disclosed to the Company's auditors and to the Company's Board of Directors, and the Board's Audit Committee, based on my latest evaluation of internal control over financial reporting and disclosure:
 - (a) All the significant deficiencies and the material weaknesses in the establishment or operation of internal control over financial reporting and disclosure as they address the interim financial statements and other financial information included in the interim reports that are liable to reasonably adversely affect the Company's ability to record, process, summarize or report financial information in a manner that is to impair the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law; and
 - (b) Any fraud, whether material or not, that involves the CEO or direct subordinates thereto or that involves other employees with a significant role in internal control over financial reporting and disclosure.
5. I, alone or along with others in the Company:
 - (a) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to guarantee that material information relating to the Company, including to its subsidiaries, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Company and in the subsidiaries, particularly during the period of the preparation of the reports; and
 - (b) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to reasonably guarantee the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law, including according to generally accepted accounting principles;
 - (c) No event or matter has been brought to my attention that occurred during the period between the date of the latest report (interim or periodic, as applicable) and the date of this report, relating to the interim financial statements and any other financial information included in the interim reports, that would, in my opinion, change the conclusion of the Board of Directors and management regarding the effectiveness of the internal control over financial reporting and disclosure of the Company.

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

May 27, 2026

Sharon Gerszbejn
Deputy CEO, CFO

Altshuler Shaham Finance LTD.

Interim Consolidated Financial Statements

To Date March 31, 2026

Unaudited

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Independent Auditor's Review Report
to Shareholders of
Altshuler Shaham Finance LTD.

Introduction

We have reviewed the accompanying financial information of Altshuler Shaham Finance Ltd. and its subsidiaries ("the Company"), which comprises the condensed consolidated statement of financial position as of March 31, 2026 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the periods of three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

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

Tel-Aviv, Israel
May 27, 2026

Kost Forer Gabbay & Kasierer
Accountants

Consolidated Statements of Financial Position

	To date March 31		To date December 31
	2026	2025	2025
	Unaudited		Audited
NIS in thousands			
<u>Current assets:</u>			
Cash And Cash Equivalents	90,651	81,073	87,469
Short-term investments	187,846	124,783	178,895
Loans to customers	194,308	64,793	125,073
Other accounts receivable	53,397	61,067	50,856
Net investment in lease	10,487	15,274	10,428
Current tax assets	5,897	-	7,182
Total current assets	542,586	346,990	459,903
<u>Non-Current Assets:</u>			
Long-term investments	53,227	4,972	54,067
Other accounts receivable	5,285	5,410	7,374
Loans to Customers	259,412	39,635	229,046
DAC	191,733	233,967	203,203
Net investment in lease	3,222	19,376	7,239
Investments in associated partnerships:	39,234	12,500	35,346
Right-of-use assets	32,278	34,928	31,196
Fixed assets	20,108	22,590	21,056
Intangible Assets	486,714	512,239	492,931
Deferred tax assets:	12,631	14,563	11,522
Total non-current assets	1,103,844	900,180	1,092,980
Total assets	1,646,430	1,247,170	1,552,883

Consolidated Statements of Financial Position

	To date March 31		To date December 31
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands		
<u>Current Liabilities:</u>			
Short-term credit	538,158	139,544	439,597
Current maturities of loans from banks	49,390	49,390	49,390
Current maturities of lease liabilities	17,417	20,862	16,889
Accounts payable	123,619	131,408	129,158
Current taxes payable	6,324	3,732	3,829
Total current liabilities	734,908	344,936	638,863
<u>Non-Current Liabilities:</u>			
Loans from banks	228,354	277,744	240,702
Payables	6,079	2,879	2,879
Lease liabilities	32,559	53,350	36,578
Employee benefit liabilities, net	1,009	1,487	994
Deferred tax liabilities	11,997	19,060	13,526
Total non-current liabilities	279,998	354,520	294,679
Total liabilities	1,014,906	699,456	933,542
Equity:			
Share capital	2,031	2,025	2,029
Share premium	245,123	242,705	244,609
Capital reserve from transaction with controlling shareholder	(6,753)	(5,123)	(6,328)
Capital reserve from share-based payment transactions	39,520	34,434	37,923
Capital reserve from financial assets measured at fair value	(41)	(33)	(37)
Foreign currency translation reserve	(3,344)	105	(3,122)
Retained earnings	331,606	278,311	319,930
Total equity attributable to equity holders of the Company	608,142	552,424	595,004
Noncontrolling interests	23,382	(4,710)	24,337
Total equity	631,524	547,714	619,341
Total liabilities and equity	1,646,430	1,247,170	1,552,883

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

May 27, 2026

Date of approval of the financial
statements

Ran Shaham
Chairman of the
Board of Directors

Yair Lowenstein
CEO

Sharon Gerszbejn
Deputy CEO, CFO

ALTSHULER SHAHAM FINANCE LTD.
Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the three months ending		For the year
	March 31		ending
	2026	2025	December 31
	Unaudited		Audited
NIS in thousands			
Revenues from management fees, net	213,898	230,212	909,356
Revenues from commissions	2,780	2,229	4,140
Finance income in respect of nonbank credit	10,056	2,840	21,475
Total revenues	226,734	235,281	934,971
Marketing, operating, general and administrative expenses	180,464	198,011	788,148
Expenses in respect of credit losses	685	1,045	5,714
Finance expenses in respect of nonbank credit	5,079	542	8,724
Total expenses	186,228	199,598	802,586
Operating income	40,506	35,683	132,385
Finance income	3,049	2,704	62,138
Finance expenses	3,181	3,398	13,689
Other income	15	23	302
Company's share of earnings of associated partnerships accounted for at equity	1,717	40	24,767
Income before taxes on income	42,106	35,052	205,903
Taxes on income	14,072	12,449	52,197
Net income	28,034	22,603	153,706
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>			
Gain (loss) from investments in financial instruments measured at fair value through other comprehensive income	(4)	2	(2)
Foreign currency translation reserve for foreign operations	(479)	220	(5,755)
Total components of other comprehensive income (loss), net that will be subsequently reclassified to profit or loss	(483)	222	(5,757)
<u>Amounts that will not be subsequently reclassified to profit or loss:</u>			
Gain from remeasurement of defined benefit plan	-	-	429
Total components of other comprehensive income, net that will not be subsequently reclassified to profit or loss	-	-	429
Total other comprehensive income (loss) (net of tax)	(483)	222	(5,328)
Total comprehensive income	27,551	22,825	148,378
Net income (loss) attributable to:			
Equity holders of the Company	28,676	23,593	127,781
Noncontrolling interests	(642)	(990)	25,925
	28,034	22,603	153,706
Comprehensive income (loss) attributable to:			
Equity holders of the Company	28,450	23,815	125,201
Noncontrolling interests	(899)	(990)	23,177
	27,551	22,825	148,378
Basic net earnings per share attributable to equity holders of the Company (NIS)	0.14	0.12	0.64
Diluted net earnings per share attributable to equity holders of the Company (NIS)	0.14	0.12	0.64

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Attributable to equity holders of the Company								
	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	Retained Earnings	Noncontrolling interests	Total Equity
	Unaudited								
	NIS in thousands								
Balance as of January 1, 2026 (audited)	2,029	244,609	(6,328)	37,923	(37)	(3,122)	319,930	24,337	619,341
Net income (loss)	-	-	-	-	-	-	28,676	(642)	28,034
Other comprehensive income (loss) (net of taxes):									
Loss from investments in financial instruments measured at FVOCI									
Other comprehensive income reserve for foreign operations	-	-	-	-	(4)	-	-	-	(4)
	-	-	-	-	-	(222)	-	(257)	(479)
Total comprehensive income (loss)	-	-	-	-	(4)	(222)	28,676	(899)	27,551
Transactions with owners directly credited									
For capital:									
Return of capital to non- controlling interests	-	-	-	-	-	-	-	(285)	(285)
Cost of share-based payment	-	-	(425)	2,113	-	-	-	-	1,688
Share-based payment in a subsidiary (*)	-	-	-	-	-	-	-	249	249
Exercise of employee options	2	514	-	(516)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(17,000)	-	(17,000)
<u>Balance as of March 31, 2026</u>	<u>2,031</u>	<u>3</u>	<u>(6,753)</u>	<u>39,520</u>	<u>(41)</u>	<u>(3,344)</u>	<u>331,606</u>	<u>23,382</u>	<u>631,524</u>

*) For additional details, see Note 7f below.

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

Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company								
	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	Noncontrolling interests	Total Equity
	Unaudited								
	NIS in thousands								
Balance as of January 1, 2025 (audited)	2,024	242,008	(4,671)	33,099	(35)	(115)	276,720	(3,720)	545,310
Net income (loss)	-	-	-	-	-	-	23,593	(990)	22,603
Other comprehensive income (loss) (net of taxes):									
Gain from investments in financial instruments measured at fair value through other comprehensive income (FVOCI)	-	-	-	-	2	-	-	-	2
Reserve for foreign operations	-	-	-	-	-	220	-	-	220
Total comprehensive income (loss)	-	-	-	-	2	220	23,593	(990)	22,825
Transactions with owners directly credited For capital:									
Cost of share-based payment	-	-	(452)	2,033	-	-	-	-	1,581
Non-controlling interests arising from newly consolidated company	-	-	-	-	-	-	-	(333)	(333)
Exercise of employee options	1	697	-	(698)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(22,002)	-	(22,002)
		242,70							
Balance as of March 31, 2025	2,025	5	(5,123)	34,434	(33)	105	278,311	(4,710)	547,714

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

Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company							Balance Profit	Non controlling interests	Total 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				
	Audited									
	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 Transaction with a holder of non-controlling interests	-	-	(1,657)	7,430	-	-	-	-	5,773	
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	

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

Consolidated Statements of Cash Flows

	for the 3 months ending on March 31		For the year ending on December 31
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from operating activities of the Company:</u>			
Net income for the period	28,034	22,603	153,706
Items not involving cash flows:			
Finance income in respect of nonbank credit	(10,056)	(2,840)	(21,475)
Other finance expenses (income), net	791	1,865	(49,400)
Finance expenses in respect of nonbank credit	5,079	542	8,724
Loss on disposal of property and equipment and derecognition of a right-of-use asset	-	(56)	(167)
Cost of share-based payment	1,069	1,581	5,736
Expenses in respect of credit losses	685	1,045	5,714
Company's share of earnings of associated partnerships accounted for at equity	(1,717)	(40)	(24,767)
Depreciation and amortization:			
Right-of-use assets	2,092	2,069	8,679
Fixed assets	1,434	2,166	8,126
Intangible assets	10,525	10,927	47,927
Taxes on income	14,072	12,449	52,197
	<u>23,974</u>	<u>29,708</u>	<u>41,294</u>
Changes in other balance sheet items:			
Change in DAC, net	11,462	(201)	30,563
Change in loans to customers	(96,937)	(41,068)	(293,617)
Change in bank loans for providing nonbank credit	90,478	33,855	297,558
Change in accounts receivable	6,444	(7,827)	(3,287)
Change in accounts payable	(25,070)	(17,574)	(10,988)
Change in employee benefit liabilities, net	15	22	98
	<u>(13,608)</u>	<u>(32,793)</u>	<u>20,327</u>
Cash paid and received during the period for:			
Interest paid	(5,388)	(2,695)	(15,315)
Interest received	8,364	3,106	23,044
Taxes paid	(8,373)	(9,737)	(47,040)
	<u>(5,397)</u>	<u>(9,326)</u>	<u>(39,311)</u>
Net cash provided by operating activities of the Company	<u>33,003</u>	<u>10,192</u>	<u>176,016</u>
<u>Cash flows from investing activities of the Company:</u>			
Receipts from lease	3,940	4,176	7,751
Receipt of contingent consideration for acquisition of subsidiaries	-	2,070	2,070
Grant of loans to associated partnerships	(38,173)	(43,985)	(148,375)
Repayment of loans to associated partnerships	32,302	34,254	151,809
Investments in associated partnerships:	(2,692)	(3,025)	(7,008)
Proceeds from returns on investment in associated partnerships	87	-	1,945
Purchase of property, plant and equipment	(384)	(387)	(3,219)
Investment in intangible assets	(3,490)	(4,384)	(23,200)
Purchase (sale) of financial investments net	(7,233)	4,566	(43,299)
	<u>(15,643)</u>	<u>(6,715)</u>	<u>(61,526)</u>
Net cash used in investing activities	<u>(15,643)</u>	<u>(6,715)</u>	<u>(61,526)</u>
<u>Cash flows from financing activities of the Company:</u>			
Capital contributions by holders of non-controlling interests	-	-	47,060
Return of capital to non-controlling interests	(285)	-	(42,761)
Repayment of lease liability	(6,648)	(6,332)	(16,142)
Receipt of bank loans	123,788	48,041	263,063
Repayment of loans from banks	(131,033)	(48,101)	(277,229)
Dividend paid to equity holders of the Company	-	-	(85,000)
	<u>(14,178)</u>	<u>(6,392)</u>	<u>(111,009)</u>
Net cash used in financing activities of the Company	<u>(14,178)</u>	<u>(6,392)</u>	<u>(111,009)</u>

Consolidated Statements of Cash Flows

	For the 3 months		For the year
	ending March 31		ending
	2026	2025	December 31
	Unaudited		Audited
NIS in thousands			
<u>Increase (decrease) in cash and cash equivalents</u>	3,182	(2,915)	3,481
<u>Cash and cash equivalents at beginning of year</u>	<u>87,469</u>	<u>83,988</u>	<u>83,988</u>
<u>Cash and cash equivalents at end of year</u>	<u><u>90,651</u></u>	<u><u>81,073</u></u>	<u><u>87,469</u></u>
<u>Material non-cash transactions:</u>			
Dividend Announced	<u>17,000</u>	<u>22,002</u>	<u>-</u>

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

Notes to Interim Consolidated Financial Statements

NOTE 1: GENERAL

- a. 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 merger transaction according to which Altshuler Provident became a wholly owned subsidiary of the Company and ceased being a reporting entity as this term is defined in the Securities Law, 1968 ("**the Securities Law**").

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

Although from a legal standpoint the Company acquired the shares of Altshuler Provident, since on the share purchase transaction closing date, Altshuler Provident's shareholders became holders of voting rights in the Company, the share purchase transaction was accounted for in the financial statements as a reverse acquisition.

Accordingly, these financial statements have been issued in the name of the Company, but the accounting treatment herein serves as a continuation of the financial statements of Altshuler Provident, the buyer in the transaction for accounting purposes.

These 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: Management of provident funds and pension funds; management, initiation, marketing and distribution of alternative investments ("**Alternative Investments Activity**"); and provision of credit to businesses and real estate developers ("**Credit Activity**").

- b. These financial statements have been prepared in condensed format as of March 31, 2026 and for the three-month period then ended (the "Interim Consolidated Financial Statements"). These financial statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2025 and for the year then ended and accompanying notes ("annual consolidated financial statements"). The Company did not publish separate financial information as permitted by an amendment to the Securities Regulations (Periodic and Immediate Reports), 1970.

Notes to Interim Consolidated Financial Statements

NOTE 1: - **GENERAL (Cont.)**c. Operation "Roaring Lion"

As previously mentioned, 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, which according to reports mainly concerned the issue of Iranian nuclear development. After it was reported that the talks had failed, the US and 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. During the operation, a considerable portion of the Israeli economy was shut down due to the threat of the Iranian missiles. At the time of this publication, cease-fires exist both between Israel and Iran and Israel and the Hezbollah.

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. During the reporting period, in March 2026, the assets managed by Altshuler Provident Fund decreased as a result of negative returns and the volatility that characterizes the markets due to geopolitical uncertainty. However, at this stage, the Company does not expect the war event to have a material impact on the scope or value of the assets under management in the long term, and as evidence of this, the assets managed by Altshuler Provident Fund increased following positive returns in April, 2026.

Moreover, the company concluded that the risk level of small and medium businesses in the credit market has risen due to the war and Altshuler Credit has adjusted its credit policy accordingly.

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

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

Notes to Interim Consolidated Financial Statements

NOTE 2: - MAIN ACCOUNTING POLICIESa. Basis of preparation of the interim consolidated financial statements:

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

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

b. Reclassification:

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

NOTE 3: - OPERATING SEGMENTSa. 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

The sector's activities include providing credit to businesses in Israel and providing credit to support construction.

3. Alternative investment activity

The segment's activity includes management, initiation, marketing and distribution of alternative investments in the real estate sector and other sectors. Starting in the second quarter of 2025, the activity was added as a reportable segment. Accordingly, comparative figures have been restated.

4. Other

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

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 Interim Consolidated Financial Statements

NOTE 3: - **OPERATING SEGMENTS** (continuation)

b. Operating segment reporting:

	For a period of three months ending on 31 March, 2026					Total
	Provident fund and pension fund management	The Credit Operation	Alternative investment activity	Other	Adjustments	
	Unaudited NIS in thousands					
Revenues from external parties	210,316	10,056	6,078	284	-	226,734
Inter-segment revenues	-	-	-	-	-	-
Total revenues	210,316	10,056	6,078	284	-	226,734
Finance income	-	-	417	-	-	417
Company's share of losses of associated partnerships accounted for at equity	-	-	1,717	-	-	1,717
Segment income (loss)	47,645	(1,344)	15	284	-	46,600
Expenses not allocated to segments						3,960
Finance income						2,632
Finance expenses						3,181
Other income, net						15
Income before taxes on income						42,106
Additional information						
(1) <u>Marketing, operating, general and administrative expenses</u>						
Commissions, marketing expenses and other acquisition costs	70,790	270	1,526	-	-	72,586
General and administrative and other expenses	91,881	5,366	6,671	-	-	103,918
Total expenses allocated to segments	162,671	5,636	8,197	-	-	176,504
Expenses not allocated to segments						3,960
Total marketing, operating, general and administrative expenses						180,464
(2) <u>Additional information on provident and pension fund management operation:</u>						
	Pension	Provident	Total			
Revenues from management fees, net	27,649	182,667	210,316			
Commissions, marketing expenses and other acquisition costs	5,324	65,466	70,790			
Operating fees	1,327	5,250	6,577			
Total joint expenses	6,651	70,716	77,367			
Total allocated income	20,998	111,951	132,949			
General and administrative and other expenses			85,304			
Segment income			47,645			

Notes to Interim Consolidated Financial Statements

NOTE 3: - **OPERATING SEGMENTS** (continuation)

b. Reporting on operating segments (continuation)

	For a period of three months ending on 31 March, 2025					Total
	Provident fund and pension fund management	The Credit Operation	Alternative investment operation (*)	Other	Adjustments	
	Unaudited					
	NIS in thousands					
Revenues from external parties	227,686	2,840	4,453	302	-	235,281
Inter-segment revenues	-	-	-	-	-	-
Total revenues	227,686	2,840	4,453	302	-	235,281
Company's share of losses of associated partnerships accounted for at equity	-	-	40	-	-	40
Segment income (loss)	43,729	(2,983)	(1,789)	302	-	39,259
Expenses not allocated to segments						3,536
Finance income						2,704
Finance expenses						3,398
Other income, net						23
Income before taxes on income						35,052
Additional information						
(1) <u>Marketing, operating, general and administrative expenses</u>						
Commissions, marketing expenses and other acquisition costs	79,912	82	1,142	-	-	81,136
General and administrative and other expenses	104,045	4,154	5,140	-	-	113,339
Total expenses allocated to segments	183,957	4,236	6,282	-	-	194,475
Expenses not allocated to segments						3,536
Total marketing, operating, general and administrative expenses						198,011
(2) <u>Additional information on provident and pension fund management operation:</u>						
	Pension	Provident	Total			
Revenues from management fees, net	26,217	201,469	227,686			
Commissions, marketing expenses and other acquisition costs	4,663	75,249	79,912			
Operating fees	1,376	6,321	7,697			
Total joint expenses	6,039	81,570	87,609			
Total allocated income	20,178	119,899	140,077			
General and administrative and other expenses			96,348			
Segment income			43,729			

(*) Restated, see note 3A'3.

Notes to Interim Consolidated Financial Statements

NOTE 3: - **OPERATING SEGMENTS** (continuation)

b. **Reporting on operating segments** (continuation)

For a period of one year ended
On December 31, 2025

	Provident fund and pension fund management	The Credit Operation	Alternative investment activity	Other	Adjustments	Total
Audited						
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, net						302
Income before taxes on income						205,903

Additional information

(1) Marketing, operating, administrative and general expenses

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) Additional information for the activity
Management of provident funds and pension
funds

	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 additional details, see Note 13(1)f to the financial statements.

Notes to Interim Consolidated Financial Statements

NOTE 4: - LOANS TO CUSTOMERS

a. Composition:

	As of March 31, 2026		
	Unaudited		
	NIS in thousands		
	Construction credit	Business credit	Total
Credit to customers	84,025	379,784	463,809
Less – expected credit losses	(473)	(7,268)	(7,741)
Add – interest income receivable	305	1,861	2,166
Less prepaid income (1)	(1,408)	(3,106)	(4,514)
Total customer credit	82,449	371,271	453,720
Total short-term loans to customers	18,003	176,305	194,308
Total long-term loans to customers	64,446	194,966	259,412

	To date March 31, 2025
	Unaudited
	NIS in thousands
	Business credit
Credit to customers	67,903
Less – expected credit losses	(2,387)
Add – interest income receivable	950
Less prepaid income (1)	(1,673)
Total customer credit	104,428
Total short-term loans to customers	64,793
Total long-term loans to customers	39,635

	As of December 31, 2025		
	Audited		
	NIS in thousands		
	Construction credit	Business credit	Total
Credit to customers	50,000	313,844	363,844
Less – expected credit losses	(394)	(6,662)	(7,056)
Add – interest income receivable	225	1,363	1,587
Less prepaid income (1)	(1,097)	(3,159)	(4,256)
Total customer credit	48,734	305,385	354,119
Total short-term loans to customers	1,281	123,792	125,073
Total long-term loans to customers	47,453	181,593	229,046

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

Notes to Interim Consolidated Financial Statements

NOTE 4: - CUSTOMER CREDIT (CONTINUATION)

a. Movement in allowance for expected credit losses:

*)

	for a period of three months ending 31 March, 2026			Total
	12 month expected credit losses	Lifetime expected credit losses	Credit losses on assets that were credit-impaired at initial recognition	
	unaudited			
	NIS in thousands			
Opening balance	3,450	3	3,603	7,056
Expenses (income) recognized in the period	792	(3)	(104)	685
Closing balance	4,242	- *)	3,499	7,741

Lower Than 1 Thousand NIS

	For a period of three months ending 31 March, 2025			Total
	12 month expected credit losses	Lifetime expected credit losses	Credit losses on assets that were credit- impaired at initial recognition	
	Unaudited			
	NIS in thousands			
Opening balance	881	12	449	1,342
Expenses (income) recognized in the period	706	(5)	344	1,045
Closing balance	1,587	7	793	2,387

	Year ended December 31, 2025			Total
	12 month expected credit losses	Lifetime expected credit losses	Credit losses on assets that were credit- impaired at initial recognition	
	Audited			
	NIS in thousands			
Opening balance	881	12	449	1,342
Expenses (income) recognized in the period	2,569	(9)	3,153	5,714
Closing balance	3,450	3	3,603	7,056

Notes to Interim Consolidated Financial Statements

NOTE 4: - CUSTOMER CREDIT (CONTINUATION)c. Composition of allowance for expected credit losses:

		Stage A - Credit losses - 12 months	Step B - Credit Losses - Lifetime Balance	Stage C - Credit losses for impaired assets at the date of initial recognition of the asset	Total
To date March 31, 2026					
Unaudited					
NIS in thousands					
Loans collateralized by personal guarantees	Gross carrying amount	136,870	14	3,580	140,464
	Loss allowance	2,393	*)	2,095	4,488
	Expected loss rate	1.75%	4.21%	58.51%	3.19%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	232,476	-	5,609	238,085
	Loss allowance	1,376	-	1,404	2,780
	Expected loss rate	0.59%	-	25.03%	1.17%
Construction customer credit	Gross carrying amount (**)	82,922	-	-	82,922
	Loss allowance	473	-	-	473
	Expected loss rate	0.57%	-	-	0.57%
Total	Gross carrying amount	452,268	14	9,189	461,471
	Loss allowance	4,242	*)	3,499	7,741
	Expected loss rate	0.94%	4.21%	38.07%	1.68%

*) Lower than 1 thousand NIS

**) of which a total of approximately NIS 2,010 thousand is credit backed by personal guarantees and a total of approximately NIS 80,912 thousand is credit backed by real estate.

As of March 31, 2026, Altshuler Business Credit has an estimated collateral value of approximately NIS 551,080 thousand, and Altshuler Construction has a collateral value of approximately NIS 334,404 thousand, of which approximately NIS 155,145 thousand are second-tier asset liens.

Notes to Interim Consolidated Financial Statements

NOTE 4: - CUSTOMER CREDIT (CONTINUATION)

c. Composition of the provision for expected credit losses (continuation)

		Stage A - Credit losses - 12 months	Step B - Credit Losses - Lifetime Balance	Stage C - Credit losses for impaired assets at the date of initial recognition of the asset	Total
		To date March 31, 2025			
		Unaudited			
		NIS in thousands			
Loans collateralized by personal guarantees	Gross carrying amount	50,936	137	809	51,882
	Loss allowance	1,121	7	228	1,356
	Expected loss rate	2.2%	5.1%	28.2%	3.1%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	51,740	-	3,916	55,656
	Loss allowance	466	-	565	1,031
	Expected loss rate	0.9%	-	14.43%	1.85%
Total	Gross carrying amount	102,676	137	4,725	107,538
	Loss allowance	1,587	7	793	2,387
	Expected loss rate	1.4%	5.1%	11.3%	2.22%

As of March 31, 2025, Altshuler Business Credit held collaterals valued at approximately NIS 73,836 thousand.

Notes to Interim Consolidated Financial Statements

NOTE 4: - CUSTOMER CREDIT (CONTINUATION)

c. Composition of the provision for expected credit losses (continuation)

		Stage A - Credit losses - 12 months	Step B - Credit Losses - Lifetime Balance	Stage C - Credit losses for impaired assets at the date of initial recognition of the asset	Total
As of December 31, 2025					
Audited					
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%

As of December 31, 2025, Altshuler Business Credit and Altshuler Construction Loans held collaterals valued at approximately NIS 320,425 thousand and NIS 147,202 thousand, respectively.

Notes to Interim Consolidated Financial Statements

NOTE 4: - CUSTOMER CREDIT (CONTINUATION)

- d. Breakdown of credit backed by real estate and/or equipment according to the financing rate (LTV):

	LTV of 0%- 30%	LTV of 30%- 50%	LTV of 50%-70%	LTV above 70%	Total
To date March 31, 2026					
Unaudited					
NIS in thousands					
Credit for business customers	42,537	819	10,813	183,915	238,085
Credit to construction customers *)	-	64,041	-	16,871	80,912
	<u>42,537</u>	<u>64,860</u>	<u>10,813</u>	<u>200,786</u>	<u>318,997</u>

	LTV of 0%- 30%	LTV of 30%- 50%	LTV of 50%-70%	LTV above 70%	Total
To date March 31, 2025					
Unaudited					
NIS in thousands					
Credit for business customers	<u>777</u>	<u>4,932</u>	<u>12,666</u>	<u>37,281</u>	<u>55,656</u>

	LTV of 0%- 30%	LTV of 30%- 50%	LTV of 50%-70%	LTV above 70%	Total
As of December 31, 2025					
Audited					
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 collateral for credit to construction customers as of march 31, 2026, is partly second-tier liens on assets, and the remainder is surplus project assets, the value of which is considered forward-looking information that is not fully under the company's control and whose actual existence is uncertain. The collateral for credit to construction customers as of December 31, 2025, is project surpluses only.

Notes to Interim Consolidated Financial Statements

NOTE 4: - CUSTOMER CREDIT (Continuation)

e. Customer aging report in arrears – business credit portfolio

Number of days *	March 31		December 31
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands		NIS in thousands
0- 30	487	905	240
31- 60	257	854	1,448
61- 90	270	576	2,475
91- 120	219	1,412	568
121- 180	1,437	46	48
181- 365	3,178	5,334	570
Over 365	4,809	546	5,037
Layouts	1,028	-	1,668
Total	11,685	9,674	12,054

* 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 of the annual financial reports).

NOTE 5: - FINANCIAL INSTRUMENTS

a. FAIR VALUE

1. FINANCIAL LIABILITIES

	March 31, 2026		March 31, 2025		December 31, 2025	
	Carrying amount *)	Fair value **)	Carrying amount *)	Fair value **)	Carrying amount *)	Fair value **)
	Unaudited				Audited	
	NIS in thousands					
Bank loans	817,257	791,601	466,678	427,527	730,760	704,945
Total financial liabilities	817,257	791,601	466,678	427,527	730,760	704,945

*) includes interest payable.

**) 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.

2. except as stated in section 1 above, the balance of other current assets and liabilities approximates fair value due to the short maturities of these instruments.

b. Bank loans:

As of March 31, 2026, Altshuler Provident is in compliance with all the financial covenants determined with banks. for details regarding the update of Altshuler Provident's financial covenants with the banking corporations after the reporting date, see note 8b below.

Notes to Interim Consolidated Financial Statements

NOTE 5: - FINANCIAL INSTRUMENTS (Continued)c. Classification of financial instruments by fair value hierarchy:

	March 31, 2026			
	Unaudited			
	NIS in thousands			
	Level 1	Level 2	Level 3	Total
Short-term investments	187,846	-	-	187,846
Long-term investments	-	91	53,136 (1)(2)(3)	53,227
Total	187,846	91	53,136	241,073

	March 31, 2025		
	Unaudited		
	NIS in thousands		
	Level 1	Level 3	Total
Short-term investments	124,758	25	124,783
Long-term investments	-	4,972 (1)(2)	4,972
Total	124,758	4,997	129,755

	December 31, 2025		
	Audited		
	NIS in thousands		
	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

1) Comprised of expected future gains plus accrued income in the amount of approximately NIS 3,324 thousand, NIS 3,113 thousand and NIS 3,579 thousand as of march 31, 2026, march 31, 2025 and December 31, 2025, respectively.

(2 Comprised of 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 1,738 thousand.

(3 Comprised of an investment made by the company, Altshuler Real Estate and external partners in partnership with ASRE CHURCHWICK L.P. as of the report date, the financial asset approximates NIS 48,073 thousand.

In respect of the investment in the partnership, the company recorded during the reporting period a profit in respect of the revaluation of long-term financial investments in the amount of approximately NIS 417 thousand, which was attributed to the financing income item, compared to a loss in respect of the translation difference fund in the amount of approximately NIS 372 thousand.

Notes to Interim Consolidated Financial Statements

NOTE 6: - CONTINGENT LIABILITIES AND COMMITMENTS

a. Legal and other proceedings filed against Altshuler Provident:

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

	<u>Number of claims</u>	<u>Claimed amount NIS in millions</u>
<u>Claims approved as class actions:</u>		
Claim amount specified	-	-
Claim amount unspecified	1	-
<u>Pending class action certification motions:</u>		
Claim amount specified	-	-
Claim amount unspecified	5	-

- Further to section 25a3 of the company's annual financial statements for 2025, on April 20, 2026, the company submitted an update notice to the court regarding the failure of settlement negotiations. On May 3, 2026, the company filed an application for leave to appeal the court's decision to approve the claim as a class action.
- A request to approve a claim as a class action lawsuit that was filed with the Tel Aviv regional labor court on March 29, 2026. The subject of the application, in essence, is the applicant's claim that the company unilaterally and broadly increased the rate of management fees it charges its members, while violating the obligation to provide prior notice and the obligation to maintain a minimum period of benefit in management fees. The members of the group that the applicant seeks to represent are all the members, beneficiaries and heirs in the pension and financial products managed by the company, who meet one of the following two conditions, or both: (a) members whose account management fees were increased during the seven years prior to submitting the application to the maximum rate permitted by law or to any rate higher than the agreed rate, without being given prior written notice and/or without their express consent being received. (b) members whose account management fees were raised before the minimum benefit period required by the directives of the commissioner of the capital market, insurance and savings (hereinafter: "**group members**"). According to the applicant, the amount of the claim cannot be accurately estimated. The main remedies sought are a declaratory judgment determining that raising management fees without sending prior notice in

Notes to Interim Consolidated Financial Statements

NOTE 6: - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

a. Legal and other proceedings filed against Altshuler Provident: (Cont.)

a separate document and before at least two months have passed from the date of notice or within the minimum benefit period, are contrary to the provisions of the law; to order the company to cease raising management fees, in the manner alleged by the applicant, and to order the refund to the group members of the full amount of management fees collected from them in excess, plus interest and linkage differences and yield differences. Based on the estimation of the company, due to the preliminary stage of this motion, it is currently not possible to assess the likelihood of its approval as class action.

b. Legal and other proceedings against Psagot provident and pension funds ltd. (hereinafter: "Psagot provident") which as mentioned was merged into Altshuler Provident

Motions for approval of class actions filed against Psagot Provident:

Summary table

	Amount Claims	Claimed amount In millions of NIS
	<u> </u>	<u> </u>
<u>Pending class action certification motions:</u>		
Claim amount specified	-	-
Claim amount unspecified	1	-

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

The overall provision recorded as of March 31, 2026 in respect of claims filed against the Company, Psagot and Psagot Provident as detailed above, less amounts receivable from Altshuler Provident's insurers amounts to approximately NIS 6,529 thousand.

Note 7: SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- a. Further to the provisions of Note 18c3 to the annual financial statements, on February 12, 2026, the Company signed an agreement to increase the "On-Call" uncommitted credit facility by an additional NIS 100 million, so that its total scope will amount to NIS 300 million, under the same terms as the additional existing On-Call facilities. For details regarding the Company's signing of an additional framework agreement after the report date, see Note 8b below.
- b. On March 18, 2026, the company's board of directors announced the distribution of a dividend in the amount of approximately NIS 17 million to its shareholders, which was paid on April 13, 2026. The dividend per share is approximately NIS 0.09.
See Note 8c below for details of a dividend of NIS 22 million declared by the Company's Board after the reporting date.
- c. Further to the provisions of Note 24C to the annual financial statements, on March 18, 2026, the Company's Board of Directors approved the allocation of 258,678 options of the Company to employees and officers of the Company and companies under its control, as well as to employees of Altshuler Shacham Ltd. and companies wholly or partially owned by Altshuler Shacham Ltd., which were allocated pursuant to a shelf offering report published by the Company.
See Note 8d below for details of the Board's approval for the grant of 62,640 options after the reporting date.
- d. In continuation of the matter discussed in Note 13 to the annual consolidated financial statements, the Company exercised its right to make nostro investments in transactions managed by Altshuler Real Estate and Altshuler Investment Funds, both subsidiaries of the Company.
In the reporting period, the company invested a total of approximately \$863 thousand (approximately NIS 2,692 thousand), out of a commitment to invest in the amount of approximately \$863 thousand, as a limited partner in a real estate transaction. The company has a significant influence in this partnership. The investment in the partnership was accounted for using the equity method.
During the reporting period, the company recognized, in respect of an investment in associated partnerships as mentioned, profit from associated partnerships accounted for using the equity method in the amount of approximately NIS 1,717 thousand.
- e. In keeping with the matters discussed in Note 18c(2)(b) to the annual financial statements during the reporting period, Altshuler Real Estate and Altshuler Investment Funds utilized credit facilities in the amount of approximately NIS 124 million for the purpose of bridging loans for partnerships and ongoing operations, of which approximately NIS 119 million were repaid by the reporting date.
- f. 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. During the reporting period, Altshuler Alternative recognized expenses in the amount of NIS 229 thousand in respect of this allocation.

Notes to Interim Consolidated Financial Statements

Note 7: SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

f.

On March 31, 2026, Altshuler entered into a construction contract with a third party ("**The Guaranteed Party**") who is not related to the Company, in an agreement to provide a bank guarantee in the amount of approximately NIS 52 million, as part of an agreement signed between the guarantor and a banking entity to finance the purchase of a construction support portfolio purchased by him from another party who is not related to the Company ("**the seller**"). The bank guarantee that Altshuler provided for construction is in the amount of 10% of the total purchase of the support portfolio and was provided to the banking entity as an addition to the inferior guarantee that the seller of the construction support portfolio provided to the banking entity in the amount of 2.5% of the portfolio. The bank guarantee provided by Altshuler Construction to the banking entity will be forfeited, among other things, in the event that there is a loss of revenue from the acquired construction support portfolio, in an amount that exceeds the amount of the guarantee provided as aforesaid by the guarantor and only after the lower guarantee provided by the seller of the construction support portfolio has been exhausted.

NOTE 8: - SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. After the reporting date, Altshuler Business Credit entered into an agreement with Banking Corporation B for the provision of a non-binding on-call credit facility in a total amount of approximately NIS 200 million, bearing interest at prime less 0.2%-0.25%. As part of the agreement, Altshuler Businesses Credit was granted a new credit line of approximately NIS 100 million, and it was also agreed to withdraw a credit line of NIS 100 million from the credit line granted to the company, which was used to finance Altshuler Credit's activities, and to allocate it to Altshuler Business Credit.

As of the Report Approval Date, the Company and Altshuler Business Credit have available credit facilities of NIS 750 million for extending loans to customers.

- b. Further to that stated in Note 18c1 to the annual financial statements, on May 27, 2026, Altshuler Provident entered into documents with the banking corporations to amend the loan agreements in connection with the credit facilities, within the framework of which the financial benchmark was updated so that Altshuler Provident's income from management fees would not be less than NIS 175 million each calendar quarter (instead of a total of NIS 200 million).
- c. On May 27, 2026, 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 to its shareholders. The dividend per share is approximately NIS 0.11.
- d. In keeping with the matters discussed in Note 7c above, on May 27, 2026, the Company's Board approved the grant of another 62,640 Company options to employees of the Company and of related companies by virtue of a shelf offering report that will be issued by the Company, under the same terms as the previous grants.