ALTSHULER SHAHAM
Financial LTD

Altshuler Shaham Finance Ltd.

Interim Report for the Period ended June 30, 2026

ALTSHULER SHAHAM FINANCE LTD.

Interim Report as of June 30, 2026

Index:

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

Board of Directors' Report on the State of Corporate Affairs

For a period of six and three months ending On June 30, 2026

Table of Contents

Report of the Board of Directors on the State of Affairs of the Corporation for the Periods ended June 30, 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 six and three months ended June 30, 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**" – June 30, 2026.

"Report Approval Date" or "Date of Approval of the Report" – August 19, 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 company limited in shares on December 9, 2021. On April 4, 2022, the Company's shares began trading on the Tel-Aviv Stock Exchange Ltd. ("**the TASE**") and were allocated to the shareholders of Altshuler Provident Funds and Pension Ltd. ("**Altshuler Provident**") in return for Altshuler Provident's shares held by them ("the Business Restructuring"). 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. (14.84%) ("**Yair Holdings**") and Altshuler Shaham Ltd. (55.37%) ("**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 and guarantees 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 synergetic to the Group's operations. The Company's management plans to continue exploring the expansion of its operating segments inter alia by identifying new business opportunities and prospective business partnerships in the credit markets and in the financial and pension product distribution market.

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.

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 investment provident funds for long-term savings for children) amounted to approximately NIS 1,091.8 billion as of June 30, 2026, compared to approximately NIS 1,009.1 billion at the end of 2025, representing an increase of approximately 8.19%. 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 112.2 billion as of June 30, 2026, representing a decrease of approximately 10.45% 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 1,260.6 billion as of June 30, 2026, compared with total assets of approximately NIS 1,149.8 billion at the end of 2025, representing an increase of approximately 9.64%.

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 37.9 billion as of June 30, 2026, representing a decrease of approximately 1.58%.

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.

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 431.4 million as of June 30, 2026, compared to approximately NIS 305 million at the end of 2025. A change that constitutes an increase of approximately 41.3%.

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, and initial guarantees totaling approximately NIS 23 million were provided.

For additional details regarding Altshuler Business Credit's customer credit portfolio and its engagement, after the date of the report, in an agreement to provide a credit facility for guarantees in a total amount not to exceed NIS 120 million, 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 construction credit portfolio amounted to approximately NIS 101.6 million as of June 30, 2026, compared to approximately NIS 48.7 million at the end of 2025. A change that constitutes an increase of approximately 108.6%.

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 52.4 million. As of June 30, 2026, the guarantee amounts to approximately NIS 58 million.

For additional details regarding Altshuler Construction's customer credit portfolio and the bank guarantee agreement, see Section 2.4.2 below.

As of the date of the report, the balance of the credit portfolio, net for businesses and construction together, is approximately NIS 533 million, and the balance of the guarantee portfolio for businesses and construction together is approximately NIS 81 million.

For details regarding Altshuler Business Credit's engagement with a banking corporation, during the reporting period, to obtain a credit facility in the amount of NIS 200 million for the purpose of providing credit to customers, and the reduction of a NIS 100 million credit facility provided by the banking corporation to the Company, see Section 1.6.2 below and the immediate report published by the Company on May 28, 2026 (reference no. 2026-01-049469), which is incorporated into this report by reference.

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 and/or completed by Altshuler Real Estate amounted to approximately $229 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.

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 $105 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, amounted to approximately $900 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 commencement of real estate activity on June 28, 2022, and the commencement of investment funds activity on January 26, 2023) through June 30, 2026.

	Total mount 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	229	23 – 38	8	18 – 30
Investments raised by Altshuler Investment Funds	105	4 -7	-	4 - 7

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 1.4 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.

1.3. Financial position

Following are data from the Company's interim consolidated financial statements for the periods of six and three months ended June 30, 2026.

Set forth below are details regarding the principal items from the Company's consolidated balance sheet as of June 30, 2026 (in thousands of NIS):

	To date June 30, 2026		To date December 31, 2025	Company's explanations
	2026	**2025**		
Current assets	620,632	328,365	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, receivables and debit balances, and net investment in leases.
Non-current assets	1,097,419	929,223	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 10,447 thousand, net of amortization in the amount of approximately NIS 32,286 thousand.
Total assets	**1,718,051**	**1,257,588**	**1,552,883**	---
Current liabilities	823,857	365,131	638,863	The increase in current liabilities compared to the corresponding period last year results from an increase in short-term credit, current maturities of lease liabilities and current taxes payable, offset by a decrease in short-term payables and credit balances.
Non-current liabilities	265,617	332,178	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	628,577	560,279	619,341	The increase in equity during the reporting period results from comprehensive income for the period in the amount of approximately NIS 44.3 million, an increase in the capital reserve due to the cost of share-based payment in the amount of approximately NIS 3.7 million, and a transaction with holders of non-controlling interests in the amount of approximately NIS 0.5 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 and payment of a dividend in the amount of NIS 39 million.
Total liabilities and capital	**1,718,051**	**1,257,588**	**1,552,883**	---

1.4. 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 six months ending on 30 June		For a period of three months ending on 30 June		Year 2025
	2026	2025	2026	2025	
Revenues:					
REVENUES FROM MANAGEMENT FEES, NET	416,981	457,581	203,083	227,369	909,356
Revenues from commissions	4,656	2,439	1,876	210	4,140
Finance income in respect of nonbank credit	22,170	6,510	12,114	3,670	21,475
Total revenues	**443,807**	**466,530**	**217,073**	**231,249**	**934,971**
Expenses:					
Marketing, operating, general and administrative expenses	356,563	394,214	176,099	196,203	788,148
Expenses in respect of credit losses	2,253	1,252	1,568	207	5,714
Finance expenses in respect of nonbank credit	10,855	2,007	5,776	1,465	8,724
Total expenses	**369,671**	**397,473**	**183,443**	**197,875**	**802,586**
Operating income	**74,136**	**69,057**	**33,630**	**33,374**	**132,385**
Finance income	6,169	5,916	3,120	3,212	62,138
Finance expenses	7,005	6,934	3,824	3,536	13,689
Other income	31	299	16	276	302
Company's share of earnings (losses) of associated partnerships accounted for at equity	1,355	10,998	(362)	10,958	24,767
Income before taxes on income	**74,686**	**79,336**	**32,580**	**44,284**	**205,903**
TAXES ON INCOME	25,929	26,441	11,857	13,992	52,197
Net income	**48,757**	**52,895**	**20,723**	**30,292**	**153,706**
other comprehensive loss (net of taxes)	(4,385)	(1,059)	(3,902)	(1,281)	(5,328)
Comprehensive income	**44,372**	**51,836**	**16,821**	**29,011**	**148,378**
Net income (loss) attributable to:					
Equity holders of the Company	50,810	55,075	22,134	31,482	127,781
Noncontrolling interests	(2,053)	(2,180)	(1,411)	(1,190)	25,925
	48,757	**52,895**	**20,723**	**30,292**	**153,706**
Comprehensive income (loss) attributable to:					
Equity holders of the Company	48,615	54,016	20,165	30,201	125,201
Noncontrolling interests	(4,243)	(2,180)	(3,344)	(1,190)	23,177
	44,372	**51,836**	**16,821**	**29,011**	**148,378**

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 409,749 thousand compared with approximately NIS 451,897 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 7,232 thousand, compared to approximately NIS 5,684 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 – total revenues from commissions attributable to the alternative investments operations in the reporting period amounted to approximately NIS 3,418 thousand, compared to approximately NIS 1,836 thousand in the corresponding period of the previous year. 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.

Total income from fees attributable to the credit activity during the reporting period amounted to approximately NIS 676 thousand. The increase is due to the provision of guarantees, which were provided initially during the reporting period.

Total revenues from commissions attributable to the Others segment amounted to approximately NIS 562 thousand in the Reporting Period, compared with approximately NIS 594 thousand in the corresponding period of the previous year.

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 321,709 thousand in the Reporting Period compared with approximately NIS 366,329 thousand in the corresponding period of the previous year. The decrease is mainly due to a decrease in fees of approximately NIS 22,297 thousand, resulting from a decrease in current fees and the amortization of deferred acquisition costs, and a decrease in general and administrative expenses of approximately NIS 22,323 thousand, mainly resulting from a decrease in wages and related expenses, operating expenses, and marketing and advertising expenses.

Total expenses attributable to the credit operation amounted to approximately NIS 10,901 thousand in the Reporting Period compared with approximately NIS 8,853 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 15,384 thousand in the Reporting Period compared with approximately NIS 12,430 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 increase in expenses for credit losses during the reporting period compared to the corresponding period of the previous year is mainly due to an increase in the provision for credit losses 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 increase in financing income in the reporting period compared to the corresponding period is mainly due to an increase in profits from financial investments and exchange rate differences with respect to financial liabilities in foreign currency, compared to a decrease in interest income from bridging loans to partnerships in alternative investment activities.

Financing expenses – The increase in financing expenses during the reporting period compared to the corresponding period of the previous year is mainly due to a loss from the revaluation of a financial asset managed by Altshuler Real Estate during the reporting period in the amount of approximately NIS 615 thousand (for additional details, see Note 5C to the Company's financial statements), offset by a decrease in interest expenses on bridge loans to partnerships in the alternative investments activity.

Company's share of profits (losses) of associates accounted for using the equity method - The decrease in the company's share of profits of associated partnerships accounted for using the equity method in the reporting period compared to the corresponding period last year is mainly due to a decrease in profits from the revaluation of investments in associated partnerships in the real estate industry. See more information in Note 7d in the Company's financial statements.

1.5. Liquidity

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

	For a period of six months ending on 30 June		For a period of three months ending on 30 June		Year 2025
	2026	2025	2026	2025	
Cash flows from operating activities:					
Net income for the period	48,757	52,895	20,723	30,292	153,706
Adjustments to income	1,028	5,613	(3,941)	17,977	22,310
Net cash provided by operating activities	**49,785**	**58,508**	**16,782**	**48,269**	**176,016**
Net cash used in investing activities	**(45,411)**	**(17,359)**	**(29,768)**	**(10,279)**	**(61,526)**
Net cash used in financing activities of the Company	**(17,435)**	**(71,080)**	**(3,257)**	**(65,006)**	**(111,009)**
Increase (decrease) in cash and cash equivalents	**(13,061)**	**(29,931)**	**(16,243)**	**(27,016)**	**3,481**
Cash and cash equivalents at beginning of year	**87,469**	**83,988**	**90,651**	**81,073**	**83,988**
Cash and cash equivalents at end of year	**74,408**	**54,057**	**74,408**	**54,057**	**87,469**

Net cash provided by operating activities - The decrease in cash flows from operating activities compared to the corresponding period last year stems from a decrease in the company's net profit and changes in other balance sheet items compared to an increase in items that do not involve cash flows and a decrease in cash paid and received during the period.

Net cash used in investing activities - The increase in cash flows used for investing activities compared to the corresponding period last year is mainly due to a decrease in the repayment of loans from associated partnerships, net, compared to an increase in sales of financial investments, net.

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.

1.6. 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 542.9 million, NIS 49.4 million and NIS 228.4 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.

Further to the provisions of Note 18C1(b)(2) to the Company's financial statements attached to the periodic report, on July 8, 2026, Altshuler Provident entered into an agreement with a banking corporation to extend the validity of an existing binding credit facility in a total amount of NIS 150 million, which is valid until June 30, 2027 (inclusive). With the exception of extending the credit facility period, there were no changes to the other terms of the credit facility. For additional information, see the Company's immediate report of July 8, 2026 (TASE reference: 2026-01-065139).

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 175 million a quarter. It should be noted that this financial benchmark was updated during the reporting period, such that prior to the update, the revenue target was NIS 200 million. For additional details, see the Company's immediate report dated May 28, 2026 (Reference No.: 2026-01-049469).

   Altshuler Provident's 2026 Q2 revenues totaled NIS 199.4 million.

b) Altshuler Provident's shareholders' equity less capital reserves will not be lower than NIS 245 million. As of the Report Date, Altshuler Provident's shareholders' equity less capital reserves approximated NIS 426.5 million.

c) Altshuler Provident's bank debt coverage ratio divided by its EBITDA in the latest four calendar quarters will not exceed 2.8.

   As of the report date, the debt coverage ratio is 1.85.

d) The debt service coverage ratio (DSCR) – the result of dividing the EBITDA less investments in PP&E and in software and less tax in the latest relevant calendar quarters (accumulated interest expenses and linkage differences with the addition of current maturities – principal and interest, excluding principal on credit provided to finance compliance with minimum capital requirements of provident fund manager and repayment of any credit principal for a period not exceeding 12 months but rather only interest on such credit, which Altshuler Provident will have to pay the banks in the four consecutive calendar quarters as of the Report Date, other than borrowings repayable in a lump sum at period end will not be lower than 1.5.

   As of the report date, the debt coverage ratio is 3.

As of June 30, 2026, the carrying amount of the loans (including interest payable) taken by Altshuler Provident amounted to approximately NIS 346 million.

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.

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-Call", 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.

It should be clarified regarding the "On-Call" frameworks that, depending on the nature of "On-Call" 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-Call" 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. On May 27, 2026, Altshuler Business Credit entered into an agreement with Banking Corporation B for the provision of an uncommitted "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 facility obtained by Altshuler Business Credit, as mentioned above, including details regarding financial covenants and guarantees, see the Company's immediate report dated May 28, 2026 (Reference No.: 2026-01-049469).

In accordance with the framework agreement, Altshuler Business Credit must meet the following financial criteria:

1) Altshuler Business Credit's minimum tangible equity will not at any time be less than NIS 25 million. For this purpose, "tangible equity" includes Altshuler Business Credit's equity, plus certain owner loans, and less intangible assets and additional items as specified in the financing documents. As of June 30, 2026, Altshuler Business Credit's tangible equity amounted to approximately NIS 430.9 million.

2) The ratio of tangible equity to tangible balance sheet will not be less than 20%, and in the event of two consecutive quarters of unprofitability, this ratio will be adjusted to at least 25%. For this purpose, "tangible balance sheet" means Altshuler Business Credit's balance sheet, less intangible assets, deferred expenses, capital funds created as a result of asset revaluations, unrealized revaluation profits and additional items as specified in the financing documents. As of June 30, 2026, the tangible equity to tangible balance sheet ratio is approximately 98.6%.

3) Altshuler Business Credit's credit damage rate will not exceed 2.5%, and by June 30, 2026, this rate may exceed 2.5% but will not exceed 3.5%. The credit damage rate is calculated as the ratio between the expenses for doubtful debts and the balance of the loan portfolio, in accordance with the mechanism set forth in the financing documents. As of June 30, 2026, the credit damage rate is approximately 1.34%.

In addition to the above, in accordance with the framework agreement, Altshuler Business Credit undertook additional obligations relating to the manner of managing the credit portfolio, including obligations related to the percentage of collateral in the loan portfolio, the average duration of the loan portfolio secured by real estate collateral, restrictions regarding exposure to a single borrower or a group of related borrowers, and restrictions on changes in credit policy. As of June 30, 2026, Altshuler Business Credit is in compliance with the above-mentioned obligations.

For additional details regarding the terms of the credit facility obtained by Altshuler Business Credit, as mentioned above, including details regarding pledges provided in favor of the credit facility and the Company's undertakings in connection with Altshuler Business Credit's equity, see the Company's immediate report dated May 28, 2026 (Reference No.: 2026-01-049469) included in this report by reference.

As of June 30, 2026, the carrying amount of the credit facilities (including interest accrued thereon) in the credit operation approximates NIS 495 million . In addition, the company utilized a total of approximately NIS 58 million from the credit facilities detailed above for the purpose of providing a bank guarantee in favor of a banking entity for a third party. For additional details regarding the provision of the bank guarantee, see Section 2.4.2 below.

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. <u>Alternative investment activity</u>

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 June 30, 2026, the carrying amount of the loan (including interest payable) in respect of the aforementioned credit facilities amounted to approximately NIS 71 million.

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 June 30, 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 first half of the year, 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. On the night between June 7-8, the Home Front Command changed its instructions following an indication of fire from Iran. After one day, the restrictions were lifted and most of the country returned to full activity. On June 15, it was announced that the US and Iran had reached understandings that included an end to fighting on several fronts and the opening of the Strait of Hormuz.

Most indices around the world posted gains during the first half of 2026, while the Israeli economy showed a mixed trend. US interest rates remained unchanged during the reporting period, while Israeli interest rates fell by about a quarter of a percent during the first half of the year. On the other hand, the Eurozone interest rate rose during the reporting period by about a quarter of a percent, in light of the rise in inflation as a result of the war with Iran. 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 Bank of Israel intervened directly in the foreign exchange market during the first half of the year, purchasing $801 million in May, after the Israeli Shekel strengthened to a level of less than 2.8 shekels per dollar. In June, the Bank of Israel also intervened in foreign exchange trading when it purchased about a billion dollars, in order to maintain the continued regular activity of the markets.

Indices overview

Positive trends were recorded in most markets, risk assets, equities and bonds during the first half of 2026. In the U.S., the S&P 500 index increased by about 9.55% and the NASDAQ added about 19.91%. The STOXX Europe 600 increased by about 8.37% and the German DAX added about 2.06%. The MSCI WORLD Index rose by about 8.92%.

The global bond market experienced a moderate increase in yields during the first half of 2026. In the U.S., the United States 10Y Government Bond yields were 4.4% at the end of first half of 2026.

The Israeli stock market showed a mixed trend with a tendency toward gains during the first half of 2026, with the TA-35 Index rising by 11.99%, the TA-125 adding 9.48%, while the TA-90 rose by approximately 0.28%.

U.S.A.

During the first half of the year, Kevin Warsh took office as Fed Chairman, replacing Jerome Powell, who had served as Fed Chairman since 2018. In the first interest rate decision under his leadership, in June, Warsh left the interest rate unchanged at 3.75%, in line with market forecasts. In effect, the interest rate has remained unchanged since the beginning of 2026. The statement issued following the announcement of the interest rate was shorter than in the past and included only a brief summary of the state of the economy, as well as a commitment to control inflation.

The American economy added 57,000 jobs in June, well below analysts' expectations of an increase of 110,000 jobs. The unemployment rate fell from 4.3% to 4.2%.

Throughout the reporting period, US stock markets traded with rising prices. The Nasdaq rose by about 19.91% and the S&P500 added about 9.55% to its value. The Dow Jone industrial average rose by about 8.85% during the course of the first half of 2026. United States 10Y Government Bond yields rose to a level of 4.4 % during the course of the first half of 2026.

Europe

During the reporting period, the European Central Bank, headed by Christine Lagarde, raised the interest rate in the Eurozone during the month of June to 2.25%. This is the European Central Bank's first increase since September 2023, and it is the first to raise interest rates in response to the rise in inflation due to the war with Iran.

In the summary of the first half of 2026, a positive trend was recorded on European stock markets. The Eurostock 50 index ended up 11.10% and the Eurostock 600 index rose by approximately 8.37%. The DAX index in Germany gained 2.06% to its value during the first half of 2026.

Asia

After Japan's interest rate rose by a quarter of a percentage point in December 2025, on June 16th the central bank (the BOJ) raised interest rates once again to 1%. This is the highest level of interest rates since 1995. The move marks another step towards normalizing monetary policy, after years of zero and even negative interest rates.

Israel

During the first quarter of this year, the Bank of Israel lowered the interest rate once, in the month of June, from 4% to 3.75%. In the interest rate announcement on July 6, 2026, the interest rate was reduced once again by a quarter of a percentage point to a level of 3.5%.

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%.

In the first half of the year, the leading indices in Israel presented a mixed trend. The TA-125 Index rose by 9.48%, the TA-35 added 11.99% to its value, the Real Estate Index fell by 1.42%, and the TA-90 rose by 0.28% in the first half of 2026. Tel Bond 60 added 2.87% 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 the Emirates and Kuwait. During the operation, a considerable portion of the Israeli economy was shut down due to the threat of the Iranian missiles.

The past few months have been characterized by increasing tensions and negotiations between the parties, which have undergone frequent developments and changes, including being suspended and resumed from time to time.

The above developments have the potential of adversely affecting the capital market in which Altshuler Provident operates and therefore may cause changes in the scope and value of the assets managed by it. However, at this stage, the Company does not expect the war to have a material impact on the scope or value of the assets under management in the long term.

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.

2.3. Updates on Provident Fund and Pension Fund Management Activities

2.3.1. Main data of the operation of the provident and pension fund:

As of June 30, 2026 and for the six-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**	391,875	20,603	656,656	475,595	151,368	944,173	4,257	**2,644,527**
Managed assets	36,693,961	1,224,605	45,690,917	41,889,869	10,934,265	12,872,948	860,967	**150,167,532**
Receipts from fees	1,892,778	85,208	246,382	1,217,092	791,491	501,619	2,452	**4,737,022**
Of which, nonrecurring fees	-	-	60,117	23,519	479,140	23,789	-	**586,565**
Annualized fees for newly enrolled members	320,797	14,188	12,371	143,905	57,397	14,812	3	**563,473**
Annualized fees for all members	3,760,034	163,902	380,329	2,406,977	632,359	948,794	4,906	**8,297,301**
Accruals transferred to the fund	1,041,880	45,345	195,225	74,869	22,833	1,755	-	**1,381,907**
Accruals transferred from the fund	(4,903,438)	(217,060)	(7,822,279)	(8,921,864)	(2,036,974)	(158,973)	(45,551)	**(24,106,139)**
Payments	(470,943)	(11,266)	(945,117)	(1,104,100)	(478,945)	(189,358)	(13,596)	**(3,213,325)**
Surplus revenues over expenses in the period	1,870,784	65,401	2,122,910	2,061,507	616,276	731,986	32,139	**7,501,003**
Revenues from accrual management fees	28,733	1,110	150,813	153,095	34,025	14,289	2,535	**384,600**
Revenues from deposit management fees	23,342	1,042	758	-	-	-	-	**25,142**
Average management fee rate from assets in annual terms - active	0.13	0.15	0.64	0.71	0.61	0.23	0.22	
Average annual rate of management fees from inactive assets	0.15	0.18	0.61	0.66	0.57	0.23	0.62	
Average annual rate of management fees from assets – pension recipients	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.20	1.19	0.30	-	-	-	-	

* Central funds – including Altshuler Shaham Compensation – a central fund for compensation, as well as Altshuler Shaham Marpe – a central fund for si pay.
And Altshuler Shaham central provident fund for participation in budgetary pensions, which were transferred to the management of Altshuler Provident 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.

As of June 30, 2025 and for the period of six months 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**	395,311	22,290	770,431	592,603	171,364	964,886	5,604	**2,922,489**
Managed assets	35,706,030	1,177,612	54,862,834	51,480,243	11,951,863	10,846,317	911,879	**166,936,778**
Receipts from fees	2,014,694	96,880	312,027	1,601,451	981,695	513,461	2,971	**5,523,179**
Of which, nonrecurring fees	-	-	96,561	26,683	606,294	23,361	-	**752,899**
Annualized fees for newly enrolled members	405,081	44,996	16,599	213,040	90,056	33,067	3	**802,842**
Annualized fees for all members	4,080,068	205,376	482,887	3,278,759	720,867	997,185	6,235	**9,771,377**
Accruals transferred to the fund	1,777,675	124,042	576,357	329,285	73,792	2,661	923	**2,884,735**
Accruals transferred from the fund	(2,450,167)	(119,815)	(4,422,062)	(4,996,275)	(790,654)	(147,422)	(13,583)	**(12,939,978)**
Payments	(558,771)	(4,342)	(1,047,694)	(1,298,033)	(508,904)	(127,725)	(23,637)	**(3,569,106)**
Surplus revenues over expenses in the period	2,168,761	65,176	2,847,861	2,841,492	691,995	824,352	44,019	**9,483,656**
Revenues from accrual management fees	24,995	982	172,080	176,796	35,243	11,559	2,590	**424,245**
Revenues from deposit management fees	25,450	1,196	978	-	-	-	-	**27,624**
Average management fee rate from assets in annual terms - active	0.13	0.15	0.65	0.71	0.62	0.23	0.20	
Average annual rate of management fees from inactive assets	0.14	0.20	0.62	0.66	0.59	0.23	0.62	
Average annual rate of management fees from assets – pension recipients	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.25	1.26	0.29	-	-	-	-	

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

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 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 – 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 we 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.

Amendment No. 6 to the Credit Data Law, 5776-2016 (hereinafter: "**Credit Data Law**") (hereinafter: "**Amendment No. 6**").

After the reporting period, Amendment No. 6 to the Credit Data Law, 5776-2016, was approved, which regulates, among other things, the infrastructure for establishing a credit data database with respect to corporations, which will operate alongside the existing credit data database with respect to individuals and licensed traders. The new database is expected to allow credit providers, through credit bureaus, to receive credit reports, credit ratings, and credit statements regarding corporations, based on credit data that will be transferred from information sources in accordance with the provisions of the law. In addition, the amendment includes, among other things, provisions governing the inclusion of information regarding persons related to the corporation, including guarantors, joint borrowers and controlling shareholders, including the possibility of including limited identifying information regarding an individual who is a related person and, under the conditions set forth in the law, obtaining credit data regarding a related person, subject to privacy protection provisions and the requirement for the related person's express consent in appropriate cases. The amendment also includes an expansion of the definition of the parties with respect to whom a credit indication may be obtained as individuals in certain cases; credit providers are prohibited from requesting that a customer provide a data concentration report obtained by the customer or a credit report provided to the customer by another credit provider; the period of credit data to be provided from the database for the purpose of providing a credit indication regarding individuals is limited to one year from the date such data was transferred to the database, unless the Minister, with the consent of the Governor and the approval of the Committee, determines a different period; and an amendment was included regarding the use of credit data for the purpose of developing statistical models for assessing customers' repayment capacity, although such use is subject to provisions to be prescribed by the Governor of the Bank of Israel. Most of the provisions of the amendment are expected to enter into force on January 26, 2027, while some of its provisions will enter into force at a later date, and the operation of some of the arrangements set forth therein is subject to the enactment of supplementary provisions and rules by the Governor of the Bank of Israel and the Commissioner for Credit Data Sharing at the Bank of Israel.

2.4.2.Customers

As of the date of the report, the balance of the credit portfolio, net for businesses and construction together, is approximately NIS 533 million, and the balance of the guarantee portfolio for businesses and construction together is approximately NIS 81 million.

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 268 million.

As of the report date, the net balance of customer credit provided by Altshuler Business Credit amounted to approximately NIS 431.4 million, compared with a customer credit balance of approximately NIS 305 million as of December 31, 2025. 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, and initial guarantees totaling approximately NIS 23 million were provided.

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 154 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.

On August 16, 2026, after the date of the report, Altshuler Business Credit entered into an agreement with a company engaged in the construction and infrastructure sectors (the “Borrower”) for the provision of a credit facility for guarantees (the “Agreement”). As part of the agreement, Altshuler Business Credit undertook to provide the borrower with a credit line for guarantees in a total amount not to exceed NIS 120 million ("**Credit Line**"). The final repayment date of the credit facility is set at 12 months from the date of signing the agreement, or any other period approved by Altshuler Business Credit in writing. The guarantee instruments to be issued in favor of the Borrower by Altshuler Business Credit, subject to the Borrower’s compliance with the terms of the application for the issuance of a guarantee, will be valid from their date of issuance (inclusive) for a period of 12 months, or for a longer period if agreed upon in writing by the parties, even if the term of the facility expires before the expiration date of the guarantee, unless the guarantee is repaid or cancelled at an earlier date. In consideration of providing the credit facility and issuing any guarantee therefrom, the Borrower will pay Altshuler Business Credit guarantee fees at an annual rate in accordance with the commercial terms agreed upon in relation to each guarantee issued by Altshuler Business Credit in favor of the Borrower, and in addition, Altshuler Credit will be entitled to additional fees in accordance with the agreement between the parties. It should be noted that the provision of the credit line, as well as the provision of guarantees under it, are not secured by any collateral. To the extent that a guarantee provided by Altshuler Business Credit to a third party is realized, the borrower will pay the relevant amount to Altshuler Business Credit within seven days. In addition, the Agreement includes additional covenants customary in transactions of this type, including with respect to the Borrower’s liability for amounts that Altshuler Business Credit may be required to pay, Altshuler Credit’s rights in the event of a breach of the Agreement by the Borrower, and the like.

Following is the diversification of Altshuler Business Credit's ten largest customers by gross credit volume as of June 30, 2026:

Customer	Percentage of customer portfolio
1	9.24%
2	7.94%
3	6.78%
4	5.37%
5	5.36%
6	4.74%
7	4.59%
8	2.83%
9	2.76%
10	2.67%

Following is the diversification of Altshuler Business Credit's trade receivables by operating segment as of June 30, 2026:

Operating segment	Percentage of customer portfolio
Construction and real estate	62.02%
Trade	18.48%
Industrial and manufacturing	8.64%
Other business services	2.66%
IT and telecommunications	2.55%
Mining and quarrying	1.52%
Transportation and storage, courier and delivery	2.29%
Hotels, hospitality and food	0.99%
Other	0.29%
Agriculture	0.27%
Public and community services	0.15%
Electricity	0.14%
Total	100%

Below is a breakdown of the Construction and Real Estate Activity industry into sub-sectors as of June 30, 2026:

	Percentage of total construction and real estate industry	Percentage of total portfolio by customer
Credit for any purpose against real estate	19.22%	11.8%
Income-producing property financing	14.95%	9.2%
Land financing	23.46%	14.4%
Performing contractor	42.36%	26.6%
Total	100%	62.02%

Below is the average duration and a breakdown by repayment terms of the customer credit portfolio as of June 30, 2026:

Days to repayment *	Percentage repaid of customer portfolio
0- 30	8.6%
31- 60	4.7%
61- 90	5.2%
91- 120	3.6%
121- 180	9.0%
181- 365	20.7%
>365	45.7%
Past due refinanced debts **	2.5%
Total	100.0%

*Number of days from Report Date to contractual maturity date.
**Of which approximately NIS 6,196 thousand was recognized as an allowance for expected credit losses.

The average duration of Altshuler Business Credit's credit portfolio as of June 30, 2026 is approximately 1.6 years.

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

Security type	% of total credit portfolio
First-ranking real estate	52.5%
Second-ranking real estate	6.1%
Vehicle lien	1.3%
Equipment bondage	1.4%
Third-party guarantee	1.2%
Personal guarantee only	35.7%
Credit that is not backed by collateral	1.8%
Total	100.0%

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	First-ranking real estate	Second-ranking real estate	Equipment	Vehicle	Total
30%-0%	0.13	0.67	-	-	0.8
50%-30%	9.44	6.2	-	-	15.64
70%-50%	130.31	5.78	-	-	136.09
Over 70%	93.33	14.6	5.58	5.99	119.50
Total	233.21	27.25	5.58	5.99	272.03

<u>Altshuler Shaham Construction</u>

As of the report date, the net balance of customer credit amounted to approximately NIS 101.6 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 2.3 years.

<table>
<tr><th>Customer</th><th>Number of projects of the client</th><th>Credit facilities</th><th>Collateral details</th><th>Value of collaterals as of June 30, 2026</th><th>Utilized credit</th><th>LTV</th></tr>
<tr><td>1</td><td>6</td><td>100,000</td><td>Surpluses in projects</td><td>138,943</td><td>49,250</td><td>36%</td></tr>
<tr><td>2</td><td>4</td><td>30,000</td><td>Surpluses in projects</td><td>31,604</td><td>20,236</td><td>64%</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">L.R.</td><td>10,000</td><td>Second mortgage - land</td><td>76,745</td><td>9,942</td><td>91%</td></tr>
<tr><td>2,000</td><td>Collateral</td><td>-</td><td>1,993</td><td>Solo, interest-free</td></tr>
<tr><td>4</td><td>L.R.</td><td>7,000</td><td>Second mortgage - land</td><td>75,191</td><td>7,002</td><td>93%</td></tr>
<tr><td>5</td><td>L.R.</td><td>47,000</td><td>First-ranking mortgage</td><td>49,000</td><td>9,523</td><td>19%</td></tr>
<tr><td>6</td><td>L.R.</td><td>5,000</td><td>Second mortgage - land</td><td rowspan="3">145,700</td><td>1,036</td><td rowspan="3">78%</td></tr>
<tr><td>7</td><td>L.R.</td><td>10,000</td><td>Second mortgage - land</td><td>2,074</td></tr>
<tr><td>8</td><td>L.R.</td><td>5,000</td><td>Second mortgage - land</td><td>1,037</td></tr>
</table>

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. As of the date of the report, the amount of the guarantee was approximately NIS 58 million. The increase in the guarantee stems from the increase in the portfolio, in accordance with the terms of the signed agreement.

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. <u>Financing</u>

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 operation

2.5.1. 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 900 million, compared with approximately USD 758 million as of December 31, 2025.

Altshuler Real Estate – During the reporting period, Altshuler Real Estate completed fundraising for two investments in the United States in the aggregate amount of approximately USD 28 million, of which the Company participated in these investments in the amount of approximately USD 1.4 million. Altshuler Real Estate has also begun fundraising for an additional investment in the US, with an expected fundraising amount of approximately USD 12.5 million.

Additionally, during May 2026, Altshuler Real Estate initiated a real estate transaction in New York, USA, with an estimated capital raise of approximately USD 7 million. As part of this transaction, Altshuler Real Estate received the right to exercise a purchase option of 25% of the rights in the property company subject to the transaction, on a fully diluted basis. The option may be exercised at any time, at the sole discretion of Altshuler Real Estate, in exchange for an exercise price of 1 US dollar. The agreement includes an adjustment mechanism designed to maintain the 25% holding rate in the event of a change in the capital structure of the property company prior to the exercise of the option. In the Company's estimation, as of the balance sheet date, the value of the option is not material.

As of the reporting date, the total investment funds raised and/or completed by Altshuler Real Estate amounted to approximately $229 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.

Altshuler Investment Funds – as of the report date, total capital raised for the investment funds by Altshuler Investment Funds amounted to approximately USD 105 million, compared with capital raised of approximately USD 90.7 million as of December 31, 2025.

During the reporting period, Altshuler Investment Funds raised a total of approximately USD 8 million for investment in a multi-tier debt fund and also began the process of raising capital from investors for investment in an open-ended debt fund in the US managed by Eagle Point. As of the date of approval of the report, the total amount raised for this fund is approximately USD 14.8 million.

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 June 30, 2026 (NIS, million)	Overall asset value as of June 30, 2026 (NIS, million)	No. of investors	Status at Report Approval Date
Investments in real estate through Altshuler Real Estate				
Real estate investments	578	708	1,284	Active
Investments in investment funds through Altshuler Investment Funds				
Investments in investment funds	308	333	377	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. Tzafrir Zanzouri, who serves as CEO of Altshuler Alternative. The allocation was made in accordance with the compensation policy for the Company's officers and pursuant to an equity 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 additional agreements were signed for the provision of access to the ICapital system 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 May 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. For additional details, see the Company's immediate reports dated May 28, 2026 and June 4, 2026 (Reference No.: 2026-01-049465 and 2026-01-053480 respectively), the contents of which are incorporated into this report by reference..

2.7.3. On August 19, 2026, the Board of Directors approved the distribution of a dividend based on the Company's financial statements as of June 30, 2026, in a total amount of NIS 16 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 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. On June 9, 2026, the Company published a shelf offering report for the purpose of allocating 62,640 non-tradable options to employees of the Company and companies under its control, as well as to employees of 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 June 9, 2026 until June 9, 2036. The allocation of the warrants was carried out pursuant to a shelf offering report dated June 9, 2026 (reference number: 2026-01-054785) whose information is hereby included by reference.

2.8.3. Near the publication of this report, the Company intends to publish a shelf offering report for the allocation of 131,310 non-marketable warrants exercisable for 131,310 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 0.06% 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.

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

Identity of valuation subject	Timing of the assessment (Validity date)	Value of the valuation subject shortly prior to the valuation date (had generally accepted accounting principles, including with respect to depreciation and amortization, had not required it to be marked down to valuation)	Value of valuation subject determined in the valuation	Valuator identity and attributes, including experience providing valuations for accounting purposes to reporting entities on a similar scale to those of the reported valuation or higher, and dependence on the entity commissioning the valuation, including reference to any indemnification agreements with the valuator	Valuation model applied by the valuator	Assumptions used by the valuator for the valuation, based on the valuation model
Testing the impairment of deferred acquisition costs (DAC)	06/30/2026	DAC in respect of provident funds and pension funds amounted to NIS 83,646 thousand and NIS 96,009 thousand, respectively	No impairment needs to be recognized for DAC in respect of provident funds and pension funds	The valuation was prepared by a team headed by Mr. Shalom Sofer, CPA, partner at Kesselman & Kesselman PWC Israel and expert in financing and valuations. Mr. Sofer holds an undergraduate degree in Accounting and Economics, Magna cum Laude, and a graduate degree in Economics, Magna cum Laude - both from Tel Aviv University	Discounting cash flows, Discounted Cash Flow	• Altshuler Provident pays its sales agents commissions for new customers enrolling the provident funds and pension savings plans. The costs are capitalized to an asset in Altshuler Provident's books to maintain the income-expense matching principle. The asset is depreciated over a period of 6 years for provident funds and 10 years for pension funds. • The impairment testing was performed for each quarter individually based on two scenarios: o Scenario 1: A portfolio return of 5% in 2026, in accordance with the budget received from the management of Altshuler Provident Fund, and from 2027 onward, the average sector return. For outbound transfers, it was assumed that withdrawals would be made based on the historical average for each year separately. o Scenario 2: A portfolio return of 5% in 2026–2027, in accordance with the budget received from the management of Altshuler Provident Fund, and thereafter

						the average sector return. For outbound transfers, continued withdrawals were assumed based on the average for 2025–2026 through the end of 2027, with a return to the historical average of each portfolio tier (including 2025–2026) only in 2028. • The carrying amount of each tier is the DAC received from Altshuler Provident's management. • The impairment testing of DAC relied on the outstanding amount of each portfolio tier which the entity expects to receive for the services of the underlying asset less the costs directly attributable to the provision of the services. • This amount was determined based on the valuation of the cash flows of each portfolio tier for a period of twenty years, from July 1, 2026 through June 30, 2046 (the "Forecast Period"), using the discounted cash flow method (DCF Method), as of the valuation date. The WACC used to discount the free cash flows, reflecting the Company's level of business risk, was set at 9.0% (after tax).

4. 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 167,565 thousand, whereas the VaR of these assets is NIS 116 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: August 19, 2026

Quarterly 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. Tzafrir Zanzuri, CEO of Altshuler Shaham Alternative Investments Ltd., Deputy CEO, VP Business Development in the Company;
4. Ms. Osnat Antebi, VP, Legal Counsel;
5. Ms. Anat Knafo-Tavor, CEO of Altshuler Shaham Provident and Pension;
6. Ms. Sigalit Raz, VP, HR;
7. Felix Spector, VP of Information Systems;
8. Mr. Erez Yefet, CFO of the Company and of Altshuler Shaham Provident and Pension.
9. Hagar Peretz Dayan, CEO of Altshuler Shaham Credit;
10. Gil Topaz, CEO of Altshuler Shaham Credit.

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

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

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

In the interim report on the effectiveness of internal control over financial reporting and disclosure attached to the interim report for the period ended March 31, 2026 ("the latest interim report of internal control"), the internal control in the Company was found to be effective.

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

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

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 second 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 to its subsidiaries, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Company and in the subsidiaries, particularly during the period of the preparation of the reports; and

   (b) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to reasonably guarantee the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law, including according to generally accepted accounting principles;

   (c) Have not been informed of any event or matter that occurred in the period from the latest report date (interim or periodic, as applicable) through the date of this report that is likely to change the conclusion reached by the Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

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

August 19, 2026

Yair Lowenstein

CEO and Director

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 second 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) Have not been informed of any event or matter that occurred in the period from the latest report date (interim or periodic, as applicable) through the date of this report that relates to the interim financial statements and other financial information included in the interim reports that I consider is likely to change the conclusion reached by the Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

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

August 19, 2026

Sharon Gerszbejn
Deputy CEO, VP Finance

ALTSHULER SHAHAM FINANCE LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To date June 30, 2026

UNAUDITED

INDEX

- -

Kost Forer Gabbay & Kasierer
144A Menachem Begin Road Tel-Aviv 6492102, Israel
Tel: +972-3-6232525
ey.com

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 consolidated statement of financial position as of June 30, 2026 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the periods of six and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

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

Tel-Aviv, Israel
August 19, 2026

Kost Forer Gabbay & Kasierer
Accountants

Consolidated Statements of Financial Position

	To date June 30, 2026		To date December 31,
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands		
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	74,408	54,057	87,469
Short-term investments	167,565	131,728	178,895
Loans to customers	257,628	79,167	125,073
Other accounts receivable	103,840	51,769	50,856
Net investment in lease	10,121	8,759	10,428
Current tax assets	7,070	2,885	7,182
Total current assets	620,632	328,365	459,903
NON-CURRENT ASSETS:			
Long-term investments	47,882	5,021	54,067
Other accounts receivable	6,493	10,381	7,374
LOANS TO CUSTOMERS	275,381	76,173	229,046
DAC	181,365	225,828	203,203
Net investment in lease	3,604	12,259	7,239
Investments in associated partnerships:	37,483	21,678	35,346
Right-of-use assets	31,475	34,123	31,196
Fixed assets	19,061	21,216	21,056
INTANGIBLE ASSETS	480,581	508,284	492,931
Deferred tax assets:	14,094	14,260	11,522
Total non-current assets	1,097,419	929,223	1,092,980
Total assets	1,718,051	1,257,588	1,552,883

Consolidated Statements of Financial Position

	To date June 30, 2026		To date December 31
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands		
CURRENT LIABILITIES:			
Short-term credit	646,178	183,384	439,597
Current maturities of loans from banks	49,390	49,390	49,390
Current maturities of lease liabilities	17,678	15,574	16,889
Accounts payable	106,142	114,678	129,158
Current taxes payable	4,469	2,105	3,829
Total current liabilities	823,857	365,131	638,863
NON-CURRENT LIABILITIES:			
Loans from banks	216,007	265,396	240,702
Payables	6,306	2,879	2,879
Lease liabilities	31,879	44,327	36,578
Employee benefit liabilities, net	1,029	1,519	994
Deferred tax liabilities	10,396	18,057	13,526
Total non-current liabilities	265,617	332,178	294,679
Total liabilities	1,089,474	697,309	933,542
EQUITY:			
Share capital	2,031	2,026	2,029
Share premium	245,531	242,937	244,609
Capital reserve from transaction with controlling shareholder	(7,659)	(5,576)	(6,328)
Capital reserve from share-based payment transactions	42,021	36,208	37,923
Capital reserve from financial assets measured at fair value through	(42)	(34)	(37)
Foreign currency translation reserve	(5,312)	(1,175)	(3,122)
Retained earnings	331,740	291,793	319,930
Total equity attributable to equity holders of the Company	608,310	566,179	595,004
Noncontrolling interests	20,267	(5,900)	24,337
Total equity	628,577	560,279	619,341
Total liabilities and equity	1,718,051	1,257,588	1,552,883

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

August 19, 2026			
Date of approval of the financial statements	Ran Shaham Chairman of the Board of Directors	Yair Lowenstein CEO	Sharon Gerszbejn Deputy CEO, CFO

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the 6 months ending On June 30, 2026		For the three months ended June 30		For the year ended on The day of December 31,
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		**Audited**
	NIS in thousands				
REVENUES FROM MANAGEMENT FEES, NET	416,981	457,581	203,083	227,369	909,356
Revenues from commissions	4,656	2,439	1,876	210	4,140
Finance income in respect of nonbank credit	22,170	6,510	12,114	3,670	21,475
Total revenues	443,807	466,530	217,073	231,249	934,971
Marketing, operating, general and administrative expenses	356,563	394,214	176,099	196,203	788,148
Expenses in respect of credit losses	2,253	1,252	1,568	207	5,714
Finance expenses in respect of nonbank credit	10,855	2,007	5,776	1,465	8,724
Total expenses	369,671	397,473	183,443	197,875	802,586
Operating income	74,136	69,057	33,630	33,374	132,385
Finance income	6,169	5,916	3,120	3,212	62,138
Finance expenses	7,005	6,934	3,824	3,536	13,689
Other income	31	299	16	276	302
Company's share of earnings (losses) of associated partnerships accounted for at equity	1,355	10,998	(362)	10,958	24,767
Income before taxes on income	74,686	79,336	32,580	44,284	205,903
TAXES ON INCOME	25,929	26,441	11,857	13,992	52,197
Net income	48,757	52,895	20,723	30,292	153,706
Other comprehensive income (loss) (net of taxes):					
Amounts that will be or have been reclassified to profit or loss when specific conditions are met:					
Gain (loss) from investments in financial instruments measured at fair value through other comprehensive income	(5)	1	(1)	(1)	(2)
Foreign currency translation reserve for foreign operations	(4,380)	(1,060)	(3,901)	(1,280)	(5,755)
Total components of other comprehensive income (loss), net that will be subsequently reclassified to profit or loss	(4,385)	(1,059)	(3,902)	(1,281)	(5,757)
Amounts that will not be subsequently reclassified to profit or loss:					
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 taxes)	(4,385)	(1,059)	(3,902)	(1,281)	(5,328)
Total comprehensive income	44,372	51,836	16,821	29,011	148,378
Net income (loss) attributable to:					
Equity holders of the Company	50,810	55,075	22,134	31,482	127,781
Noncontrolling interests	(2,053)	(2,180)	(1,411)	(1,190)	25,925
	48,757	52,895	20,723	30,292	153,706
Comprehensive income (loss) attributable to:					
Equity holders of the Company	48,615	54,016	20,165	30,201	125,201
Noncontrolling interests	(4,243)	(2,180)	(3,344)	(1,190)	23,177
	44,372	51,836	16,821	29,011	148,378
Basic net earnings per share attributable to equity holders of the Company (NIS)	0.26	0.28	0.12	0.16	0.64
Diluted net earnings per share attributable to equity holders of the Company (NIS)	0.25	0.28	0.11	0.16	0.64

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 at January 1, 2026 (audited)	2,029	244,609	(6,328)	37,923	(37)	(3,122)	319,930	24,337	619,341
Net income (loss)	-	-	-	-	-	-	50,810	(2,053)	48,757
Other comprehensive income (loss) (net of taxes):									
Loss from investments in financial instruments measured at FVOCI other comprehensive income (FVOCI)	-	-	-	-	(5)	-	-	-	(5)
reserve for foreign operations	-	-	-	-	-	(2,190)	-	(2,190)	(4,380)
Total comprehensive income (loss)	-	-	-	-	(5)	(2,190)	50,810	(4,243)	44,372
Transactions with owners directly credited For capital:									
Return of capital to non-controlling interests	-	-	-	-	-	-	-	(285)	(285)
Cost of share-based payment	-	-	(1,331)	5,022	-	-	-	-	3,691
Share-based payment in a subsidiary (*)	-	-	-	-	-	-	-	458	458
Exercise of employee options	2	922	-	(924)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(39,000)	-	(39,000)
Balance to date June 30, 2026	2,031	245,531	(7,659)	42,021	(42)	(5,312)	331,740	20,267	628,577

*) 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)	-	-	-	-	-	-	55,075	(2,180)	52,895
Other comprehensive income (loss) (net of taxes):									
Gain from investments in financial instruments measured at fair value through other comprehensive income (FVOCI)	-	-	-	-	1	-	-	-	1
reserve for foreign operations	-	-	-	-	-	(1,060)	-	-	(1,060)
Total comprehensive income (loss)	-	-	-	-	1	(1,060)	55,075	(2,180)	51,836
Transactions with owners directly credited For capital:									
Cost of share-based payment	-	-	(905)	4,040	-	-	-	-	3,135
Exercise of employee options	2	929	-	(931)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(40,002)	-	(40,002)
Balance at June 30, 2025	2,026	242,937	(5,576)	36,208	(34)	(1,175)	291,793	(5,900)	560,279

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 to date April 1, 2026	2,031	245,123	(6,753)	39,520	(41)	(3,344)	331,606	23,382	631,524
Net income (loss)	-	-	-	-	-	-	22,134	(1,411)	20,723
Other comprehensive income (loss) (net of taxes):									
Loss from investments in financial instruments measured at FVOCI other comprehensive income (FVOCI)	-	-	-	-	(1)	-	-	-	(1)
reserve for foreign operations	-	-	-	-	-	(1,968)	-	(1,933)	(3,901)
Total comprehensive income (loss)	-	-	-	-	(1)	(1,968)	22,134	(3,344)	16,821
Transactions with owners directly credited									
For capital:									
Cost of share-based payment	-	-	(906)	2,909	-	-	-	-	2,003
Share-based payment in a subsidiary (*)	-	-	-	-	-	-	-	229	229
Exercise of employee options	-	408	-	(408)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(22,000)	-	(22,000)
Balance to date June 30, 2026	2,031	245,531	(7,659)	42,021	(42)	(5,312)	331,740	20,267	628,577

*) 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 April 1, 2025	2,025	242,705	(5,123)	34,434	(33)	105	278,311	(4,710)	547,714
Net income (loss)	-	-	-	-	-	-	31,482	(1,190)	30,292
Other comprehensive income (loss) (net of taxes):									
Loss from investments in financial instruments measured at FVOCI other comprehensive income (FVOCI)	-	-	-	-	(1)	-	-	-	(1)
reserve for foreign operations	-	-	-	-	-	(1,280)	-	-	(1,280)
Total comprehensive income (loss)	-	-	-	-	(1)	(1,280)	31,482	(1,190)	29,011
Transactions with owners directly credited									
For capital:									
Cost of share-based payment	-	-	(453)	2,007	-	-	-	-	1,554
Exercise of employee options	1	232	-	(233)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(18,000)	-	(18,000)
Balance at June 30, 2025	2,026	242,937	(5,576)	36,208	(34)	(1,175)	291,793	(5,900)	560,279

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
	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 other comprehensive income (FVOCI)	-	-	-	-	(2)	-	-	-	(2)
reserve for foreign operations	-	-	-	-	-	(3,007)	-	(2,748)	(5,755)
Total comprehensive income (loss)	-	-	-	-	(2)	(3,007)	128,210	23,177	148,378
Transactions with owners directly credited For capital:									
Capital contributions by holders of non-controlling interests	-	-	-	-	-	-	-	47,060	47,060
Return of capital to non-controlling interests	-	-	-	-	-	-	-	(42,761)	(42,761)
Cost of share-based payment	-	-	(1,657)	7,430	-	-	-	-	5,773
Transaction with a holder of non-controlling interests	-	-	-	-	-	-	-	581	581
Exercise of employee options	5	2,601	-	(2,606)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(85,000)	-	(85,000)
Balance as of December 31, 2025	2,029	244,609	(6,328)	37,923	(37)	(3,122)	319,930	24,337	619,341

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	for the 6 months ending on On June 30		for the 3 months ending on On June 30		For the year ended on The day of December 31,
	2026	2025	2026	2025	2025
	Unaudited		Unaudited		**Audited**
	NIS in thousands				
Cash flows from operating activities of the Company:					
Net income for the period	48,757	52,895	20,723	30,292	153,706
Items not involving cash flows:					
Finance income in respect of nonbank credit	(22,170)	(6,510)	(12,114)	(3,670)	(21,475)
Other finance expenses (income), net	3,422	1,501	2,631	(316)	(49,400)
Finance expenses in respect of nonbank credit	10,650	2,021	5,571	1,479	8,724
Gain on disposal of property and equipment and derecognition of a right-of-use asset	-	(351)	-	(295)	(167)
Cost of share-based payment	3,173	3,135	2,104	1,554	5,736
Expenses in respect of credit losses	2,253	1,252	1,568	207	5,714
Company's share of losses (profits) of associated partnerships accounted for using the equity method	(1,355)	(10,998)	362	(10,958)	(24,767)
Depreciation and amortization:					
Right-of-use assets	4,293	4,383	2,201	2,314	8,679
Fixed assets	2,883	4,200	1,449	2,034	8,126
INTANGIBLE ASSETS	21,458	22,211	10,933	11,284	47,927
Taxes on income	25,929	26,441	11,857	13,992	52,197
	50,536	47,285	26,562	17,625	41,294
Changes in other balance sheet items:					
Change in DAC, net	22,062	7,937	10,600	8,137	30,563
Change in loans to customers	(179,736)	(93,348)	(82,799)	(52,080)	(293,617)
Change in bank loans for providing nonbank credit	150,190	77,653	59,712	43,798	297,558
Change in accounts receivable	4,556	3,834	(1,888)	12,383	(3,287)
Change in accounts payable	(31,691)	(16,764)	(6,621)	811	(10,988)
Change in employee benefit liabilities, net	36	60	21	38	98
	(34,583)	(20,628)	(20,975)	13,087	20,327
Cash paid and received during the period for:					
Interest paid	(15,695)	(5,880)	(10,307)	(2,549)	(15,315)
Interest received	22,907	9,678	14,543	4,919	23,044
Taxes paid	(22,137)	(24,842)	(13,764)	(15,105)	(47,040)
	(14,925)	(21,044)	(9,528)	(12,735)	(39,311)
Net cash provided by operating activities of the Company	49,785	58,508	16,782	48,269	176,016
Cash flows from investing activities of the Company:					
Receipts from lease	4,102	4,051	162	240	7,751
Grant of loans to associated partnerships	(99,310)	(106,437)	(61,137)	(62,452)	(148,375)
Repayment of loans to associated partnerships	47,238	97,693	14,936	63,439	151,809
Receipt of contingent consideration for acquisition of subsidiaries	-	2,070	-	-	2,070
Investments in associated partnerships:	(3,115)	(3,415)	(423)	(390)	(7,008)
Proceeds from returns on investment in associated partnerships	176	-	89	-	1,945
Purchase of property, plant and equipment	(778)	(1,110)	(394)	(723)	(3,219)
Investment in intangible assets	(8,746)	(10,419)	(5,256)	(6,035)	(23,200)
Purchases (sales) of financial investments, net	15,022	208	22,255	(4,358)	(43,299)
Net cash used in investing activities	(45,411)	(17,359)	(29,768)	(10,279)	(61,526)
Cash flows from financing activities of the Company:					
Capital contributions by holders of non-controlling interests	-	-	-	-	47,060
Return of capital to non-controlling interests	(285)	-	-	-	(42,761)
Repayment of lease liability	(8,777)	(8,501)	(2,129)	(2,487)	(16,142)
Receipt of bank loans	288,993	106,413	165,205	58,372	263,063
Repayment of loans from banks	(258,366)	(128,990)	(127,333)	(80,889)	(277,229)
Dividend paid to equity holders of the Company	(39,000)	(40,002)	(39,000)	(40,002)	(85,000)
Net cash used in financing activities	(17,435)	(71,080)	(3,257)	(65,006)	(111,009)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the 6 months ending on On June 30		For the 3 months ending on On June 30		For the year ended on The day of December 31,
	2026	2025	2026	2025	**2025**
	Unaudited		Unaudited		**Audited**
	NIS in thousands				
Increase (decrease) in cash and cash equivalents	(13,061)	(29,931)	(16,243)	(27,016)	3,481
Cash and cash equivalents at beginning of year	87,469	83,988	90,651	81,073	83,988
Cash and cash equivalents at end of year	74,408	54,057	74,408	54,057	87,469

א. Material non-cash transactions:

Right-of-use asset recognized against lease liability	4,205	2,511	1,031	3,852	3,602

The accompanying notes are an integral part of the 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 allocated to the shareholders of Altshuler Provident in return for the shares the latter had granted to the Company prior to the Business Restructuring. As a result, the Company became a public company, as this term is defined in the Companies Law, 1999, and a reporting entity, as this term is defined in the Securities Law.

Although from a legal standpoint the Company acquired the shares of Altshuler Provident, since on the share purchase transaction closing date, Altshuler Provident's shareholders became holders of voting rights in the Company, the share purchase transaction was accounted for in the financial statements as a reverse acquisition.
Accordingly, these financial statements have been issued in the name of the Company, but the accounting treatment herein serves as a continuation of the financial statements of Altshuler Provident, the buyer in the transaction for accounting purposes.
These 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 and guarantees to businesses and real estate developers (“Credit Activity”).

b. These financial statements have been prepared in a condensed format as of June 30, 2026 and for the periods of six and three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 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.

NOTE 1: - GENERAL (Cont.)

c. 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.

The past few months have been characterized by increasing tensions and negotiations between the parties, which have undergone frequent developments and changes, including being suspended and resumed from time to time.

The above developments have the potential of adversely affecting the capital market in which Altshuler Provident operates and therefore may cause changes in the scope and value of the assets managed by it. However, at this stage, the Company does not expect the war to have a material impact on the scope or value of the assets under management in the long term.

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.

NOTE 2: - MAIN ACCOUNTING POLICIES

a. 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 SEGMENTS**

a. GENERAL

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

1. Provident fund and pension fund management

Management of provident funds, including study funds, and pension funds.
The products included in the segment are: Reward and compensation funds, further education funds, central provident funds for severance pay, a central fund for paying sick pay, a central fund for participating in a budgetary pension, investment provident funds and investment provident funds for long-term savings for a child, a new comprehensive pension fund, a new general pension fund.

2. The Credit Operation

The sector's activities include providing credit to businesses in Israel and providing credit to support construction.
During the reporting period, Altshuler Credit began operating in the areas of providing guarantees to businesses and construction financing.

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.

4. Other

Mainly receipt of commissions for marketing products of Altshuler 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.

NOTE 3: - OPERATING SEGMENTS (continuation)

b. Operating segment reporting:

	For a period of six months ending on 30 June, 2026					
	Provident fund and pension fund management	The Credit Operation	Alternative investment activity	Other	Adjustments	Total
	Unaudited					
	NIS in thousands					
Revenues from external parties	409,749	22,846	10,650	562	-	443,807
Inter-segment revenues	-	-	-	-	-	-
Total revenues	409,749	22,846	10,650	562	-	443,807
Finance expenses	-	-	(615)*)	-	-	(615)
Company's share of earnings of associated partnerships accounted for at equity	-	-	1,355	-		1,355
Segment income (loss)	88,040	(1,163)	(3,994)	562	-	83,445
Expenses not allocated to segments						8,569
Finance income						6,169
Finance expenses						6,390
Other income						31
Income before taxes on income						74,686
Additional information						
(1) Marketing, operating, general and administrative expenses						
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	137,066	457	2,663	-	-	140,186
General and administrative and other expenses	184,643	10,444	12,721	-	-	207,808
Total expenses allocated to segments	321,709	10,901	15,384	-	-	347,994
Expenses not allocated to segments						8,569
Total marketing, operating, general and administrative expenses						356,563

(2) Additional information on provident and pension fund management operation:

	Pension	Provident	Total
REVENUES FROM MANAGEMENT FEES, NET	54,707	355,042	409,749
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	10,615	126,451	137,066
Operating fees	2,655	10,499	13,154
Total joint expenses	13,270	136,950	150,220
Total allocated income	41,437	218,092	259,529
General and administrative and other expenses			171,489
Segment income			88,040

*) For additional details, see Note 5c below.

NOTE 3: - OPERATING SEGMENTS (continuation)

b. Reporting on operating segments (continuation)

	For a period of six months ending on 30 June, 2025					
	Provident fund and pension fund management	The Credit Operation	Alternative investment activity	Other	Adjustments	Total
	Unaudited					
	NIS in thousands					
Revenues from external parties	451,897	6,510	7,529	594	-	466,530
Inter-segment revenues	-	-	-	-	-	-
Total revenues	451,897	6,510	7,529	594	-	466,530
Company's share of earnings of associated partnerships accounted for at equity	-	-	10,998	-	-	10,998
Segment income (loss)	85,568	(5,602)	6,097	594	-	86,657
Expenses not allocated to segments						6,602
Finance income						5,916
Finance expenses						6,934
Other income						299
Income before taxes on income						79,336
Additional information						
(1) Marketing, operating, general and administrative expenses						
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	159,363	331	1,721	-	-	161,415
General and administrative and other expenses	206,966	8,522	10,709	-	-	226,197
Total expenses allocated to segments	366,329	8,853	12,430	-	-	387,612
Expenses not allocated to segments						6,602
Total marketing, operating, general and administrative expenses						394,214

(2) Additional information on provident and pension fund management operation:

	Pension	Provident	Total
REVENUES FROM MANAGEMENT FEES, NET	53,423	398,474	451,897
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	10,083	149,280	159,363
Operating fees	2,704	12,649	15,353
Total joint expenses	12,787	161,929	174,716
Total allocated income	40,636	236,545	277,181
General and administrative and other expenses			191,613
Segment income			85,568

NOTE 3: - OPERATING SEGMENTS (continuation)

c. Reporting on operating segments (continuation)

	For a period of three months ending on 30 June, 2026					
	Provident fund and pension fund management	The Credit Operation	Alternative investment activity	Other	Adjustments	Total
	Unaudited					
	NIS in thousands					
Revenues from external parties	199,433	12,790	4,572	278	-	217,073
Inter-segment revenues	-	-	-	-	-	-
Total revenues	199,433	12,790	4,572	278	-	217,073
Finance expenses	-	-	(1,032)*)	-	-	(1,032)
Company's share of losses of associated partnerships accounted for at equity	-	-	(362)	-	-	(362)
Segment income (loss)	40,395	181	(4,009)	278	-	36,845
Expenses not allocated to segments						4,609
Finance income						3,120
Finance expenses						2,792
Other income						16
Income before taxes on income						32,580
Additional information						
(1) Marketing, operating, general and administrative expenses						
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	66,276	187	1,137	-	-	67,600
General and administrative and other expenses	92,762	5,078	6,050	-	-	103,890
Total expenses allocated to segments	159,038	5,265	7,187	-	-	171,490
Expenses not allocated to segments						4,609
Total marketing, operating, general and administrative expenses						176,099

(2) Additional information on provident and pension fund management operation:

	Pension	Provident	Total
REVENUES FROM MANAGEMENT FEES, NET	27,058	172,375	199,433
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	5,291	60,985	66,276
Operating fees	1,328	5,249	6,577
Total joint expenses	6,619	66,234	72,853
Total allocated income	20,439	106,141	126,580
General and administrative and other expenses			86,185
Segment income			40,395

*) For additional details, see Note 5c below.

NOTE 3: - OPERATING SEGMENTS (continuation)

b. Reporting on operating segments (continuation)

	For a period of three months ending on 30 June, 2025					
	Provident fund and pension fund management	The Credit Operation	Alternative investment activity	Other	Adjustments	Total
	Unaudited					
	NIS in thousands					
Revenues from external parties	224,211	3,670	3,076	292	-	231,249
Inter-segment revenues	-	-	-	-	-	-
Total revenues	224,211	3,670	3,076	292	-	231,249
Company's share of earnings of associated partnerships accounted for at equity	-	-	10,958	-	-	10,958
Segment income (loss)	41,839	(2,619)	7,886	292	-	47,398
Expenses not allocated to segments						3,066
Finance income						3,212
Finance expenses						3,536
Other income						276
Income before taxes on income						44,284
Additional information						
(1) Marketing, operating, general and administrative expenses						
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	79,451	249	579	-	-	80,279
General and administrative and other expenses	102,921	4,368	5,569	-	-	112,858
Total expenses allocated to segments	182,372	4,617	6,148	-	-	193,137
Expenses not allocated to segments						3,066
Total marketing, operating, general and administrative expenses						196,203

(2) Additional information on provident and pension fund management operation:

	Pension	Provident	Total
REVENUES FROM MANAGEMENT FEES, NET	27,206	197,005	224,211
COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS	5,420	74,031	79,451
Operating fees	1,328	6,328	7,656
Total joint expenses	6,748	80,359	87,107
Total allocated income	20,458	116,646	137,104
General and administrative and other expenses			95,265
Segment income			41,839

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 earnings of associated partnerships accounted for at equity	-	-	24,767	-	-	24,767
Segment income (loss)	171,900	(11,517)	60,621	1,215	-	222,219
Expenses not allocated to segments						15,222
Finance income						12,293
Finance expenses						13,689
Other income						302
Income before taxes on income						205,903
Additional information						
(1) 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.

NOTE 4: - LOANS TO CUSTOMERS

a. Composition:

	To date June 30, 2026		
	Unaudited		
	NIS in thousands		
	Construction credit	Business credit	Total
Credit to customers	102,825	441,223	544,048
Less – expected credit losses	(528)	(8,781)	(9,309)
Add – interest income receivable	727	2,275	3,002
Less prepaid income (1)	(1,459)	(3,273)	(4,732)
Total customer credit	101,565	431,444	533,009
Total short-term loans to customers	28,489	229,139	257,628
Total long-term loans to customers	73,076	202,305	275,381

	To date June 30, 2025
	Unaudited
	NIS in thousands
	Business credit
Credit to customers	159,626
Less – expected credit losses	(2,594)
Add – interest income receivable	1,112
Less prepaid income (1)	(2,804)
Total customer credit	155,340
Total short-term loans to customers	79,167
Total long-term loans to customers	76,173

	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	1,362	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.

NOTE 4: -CUSTOMER CREDIT (CONTINUATION)

b. Movement in allowance for expected credit losses:

	For a period of six months ending on 30 June, 2026			
	12 month expected credit losses	Lifetime expected credit losses	Credit losses on assets that were credit-impaired at initial recognitio	Total
	Unaudited			
	NIS in thousands			
Opening balance	3,450	3	3,603	7,056
Credit loss expenses recognized during the period	1,678	13	562	2,253
Closing balance	5,128	16	4,165	9,309

	For a period of six months ending on 30 June, 2025			
	12 month expected credit losses	Lifetime expected credit losses	Credit losses on assets that were credit-impaired at initial recognitio	Total
	Unaudited			
	NIS in thousands			
Opening balance	881	12	449	1,342
Credit loss expenses recognized during the period	815	11	426	1,252
Closing balance	1,696	23	875	2,594

	For a period of three months ending on 30 June, 2026			
	12 month expected credit losses	Lifetime expected credit losses	Credit losses on assets that were credit-impaired at initial recognitio	Total
	Unaudited			
	NIS in thousands			
Opening balance	4,242	- *)	3,499	7,741
Credit loss expenses recognized during the period	886	16	666	1,568
Closing balance	5,128	16	4,165	9,309

*) LOWER THAN 1 THOUSAND NIS

NOTE 4: - CUSTOMER CREDIT (CONTINUATION)

b. Movement in allowance for expected credit losses:(continued)

	For a period of three months ending on 30 June, 2025			
	12 month expected credit losses	Lifetime expected credit losses	Credit losses on assets that were credit-impaired at initial recognitio	Total
	Unaudited			
	NIS in thousands			
Opening balance	1,587	7	793	2,387
Credit loss expenses recognized during the period	109	16	82	207
Closing balance	1,696	23	875	2,594

	Year ended December 31, 2025			
	12 month expected credit losses	Lifetime expected credit losses	Credit losses on assets that were credit-impaired at initial recognitio	Total
	Audited			
	NIS in thousands			
Opening balance	881	12	449	1,342
Credit loss expenses (income) recognized during the period	2,569	(9)	3,154	5,714
Closing balance	3,450	3	3,603	7,056

NOTE 4: - CUSTOMER CREDIT (CONTINUATION)

c. Composition of allowance for expected credit losses:

		Stage A - Credit losses - 12 months	Stage B - Credit Losses - Lifetime Balance	Stage C - Credit losses for impaired assets at the date of initial recognition of the asset	Total
		To date June 30, 2026			
		Unaudited			
		NIS in thousands			
Loans collateralized by personal guarantees	Gross carrying amount	163,610	756	3,824	168,190
	Loss allowance	2,862	16	2,608	5,486
	Expected loss rate	1.75%	2.11%	68.20%	3.26%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	264,350	-	7,685	272,035
	Loss allowance	1,738	-	1,557	3,295
	Expected loss rate	0.66%	-	20.26%	1.21%
Construction customer credit	Gross carrying amount*)	102,093	-	-	102,093
	Loss allowance	528	-	-	528
	Expected loss rate	0.52%	-	-	0.52%
Total	Gross carrying amount	530,053	756	11,509	542,318
	Loss allowance	5,128	16	4,165	9,309
	Expected loss rate	0.97%	2.11%	36.19%	1.72%

*) Of which a total of approximately NIS 1,993 thousand is credit backed by personal guarantees and a total of approximately NIS 100,100 thousand is credit backed by real estate.

As of June 30, 2026, Altshuler Business Credit has an estimated collateral value of approximately NIS 414,713 thousand, and Altshuler Construction has a collateral value of approximately NIS 517,183 thousand, of which approximately NIS 297,636 thousand are second-tier asset liens.

NOTE 4: - CUSTOMER CREDIT (CONTINUATION)

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

		Stage A - Credit losses - 12 months	Stage B - Credit Losses - Lifetime Balance	Stage C - Credit losses for impaired assets at the date of initial recognition of the asset	Total
		To date June 30, 2025			
		Unaudited			
		NIS in thousands			
Loans collateralized by personal guarantees	Gross carrying amount	54,690	162	1,035	55,887
	Loss allowance	1,043	7	583	1,633
	Expected loss rate	1.91%	4.32%	56.56%	2.92%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	99,738	555	3,446	103,739
	Loss allowance	653	16	292	961
	Expected loss rate	0.65%	2.88%	8.47%	0.93%
Total	Gross carrying amount	154,428	717	4,481	159,626
	Loss allowance	1,696	23	875	2,594
	Expected loss rate	1.10%	3.21%	19.55%	1.63%

As of June 30, 2025, Altshuler Business Credit held collaterals valued at approximately NIS 138,161 thousand.

NOTE 4: - Customer Credit (continuation)

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

		Stage A - Credit losses - 12 months	Stage 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%	3.77%
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	9,492	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.

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 June 30, 2026				
	Unaudited				
	NIS in thousands				
Credit for business customers	802	15,633	136,094	119,506	272,035
Credit to construction customers *)	9,523	49,250	20,236	21,091	100,100
	10,325	64,883	156,330	140,597	372,135

	LTV of 0%-30%	LTV of 30%-50%	LTV of 50%-70%	LTV above 70%	Total
	To date June 30, 2025				
	Unaudited				
	NIS in thousands				
Credit for business customers	-	8,921	10,765	84,053	103,739

	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
	45,368	49,128	15,138	142,005	251,639

*) The collateral for credit to construction customers as of June 30, 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.

NOTE 4: - Customer Credit (continuation)

e. Customer Aging Report in Arrears – Business Credit Portfolio

Number of days *)	On June 30 2026	On June 30 2025	December 31, 2025
	Unaudited		Audited
	NIS in thousands		NIS in thousands
0- 30	3,093	419	240
31- 60	535	44	1,448
61- 90	117	317	2,475
91- 120	476	107	568
121- 180	180	47	48
181- 365	4,904	3,979	570
Over 365	4,496	2,022	5,037
Layouts	442	1,969	1,668
Total	14,243	8,904	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

	June 30, 2026		June 30, 2025		December 31, 2025	
	Carrying amount *)	Fair value **)	Carrying amount *)	Fair value **)	Carrying amount *)	Fair value **)
	Unaudited				Audited	
	NIS in thousands					
Bank loans	912,885	893,892	498,500	466,060	730,760	704,945
Total financial liabilities	912,885	893,892	498,500	466,060	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 June 30, 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 7C below.

NOTE 5: - Financial Instruments (continued)

c. Classification of financial instruments by fair value hierarchy:

	June 30, 2026			
	Unaudited			
	NIS in thousands			
	Level 1	Level 2	Level 3	Total
Short-term investments	167,565	-	-	167,565
Long-term investments	-	91	47,791 (1)(2)(3)	47,882
Total	167,565	91	47,791	215,447

	June 30, 2025			
	Unaudited			
	NIS in thousands			
	Level 1	Level 2	Level 3	Total
Short-term investments	131,703	-	25	131,728
Long-term investments	-	96	4,925 (1)(2)	5,021
Total	131,703	96	4,950	136,749

	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	54,090	232,962

1) Comprised of expected future gains plus accrued income in the amount of approximately NIS 3,378 thousand, NIS 3,300 thousand and NIS 3,579 thousand as of June 30, 2026, June 30, 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. The investment balance amounted to approximately NIS 1,529 thousand, NIS 1,686 thousand and NIS 1,611 thousand as of June 30, 2026, June 30, 2025 and December 31, 2025, respectively.

(3 Comprised of an investment made by the Company, Altshuler Real Estate and external partners in partnership with ASRE Churchwick LP. As of the reporting date, the financial asset balance amounted to approximately NIS 42,884 thousand and NIS 48,781 thousand as of June 30, 2026 and December 31, 2025, respectively.

In respect of the investment in the partnership, during the reporting period the Company recorded a loss in respect of the revaluation of long-term financial investments in the amount of approximately NIS 615 thousand, which was recognized under financing expenses, and a loss in respect of the translation differences reserve in the amount of approximately NIS 3,238 thousand before tax, which was recognized in other comprehensive income.

NOTE 6: - CONTINGENT LIABILITIES AND COMMITMENTS

a. Legal and other proceedings filed against the Company

The table below shows a summary of amounts claimed in pending class action certification motions filed against the Company, as noted by plaintiffs in their statements of claim. It is clarified that the amount claimed does not necessarily constitute a quantification of the exposure estimated by the Company, since these are estimates made by the plaintiffs that are to be determined in the course of the legal proceedings. Note, also, that the table below does not show concluded proceedings, including proceedings concluded after a settlement agreement has been approved.

Summary table

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

An application for certification of a claim as a class action was filed with the Central District Court and received at the Company’s offices on July 19, 2026, by three applicants (the “Applicants”) against LinkedIn Corporation (“LinkedIn”), the Company and three additional financial institutions (collectively: "**Financial entities**"). The subject of the application, in essence, is the applicants' claims that the financial institutions implemented LinkedIn tracking tools in their digital assets, through which personal and/or financial information was collected and stored about the users of their websites and about their activities, which was transferred to LinkedIn, without obtaining the users' informed consent. The members of the class that the applicants seek to represent are any person with a LinkedIn account who used the services of one or more financial entities and whose financial and/or medical and/or private and/or personal information was transferred by one or more financial entities to LinkedIn, without his/her informed consent, in a manner that allows LinkedIn to identify him/her and/or associate the information with his/her account during the seven years prior to the submission of the application and until a final decision is made thereon; and any person who used the services of one or more financial entities, who does not have a LinkedIn account during the relevant period, whose financial and/or medical and/or private and/or personal information was transferred by one or more financial entities to LinkedIn, without his/her informed consent, during the seven years prior to the submission of the application and until a final decision is made thereon. In the applicants' assessment, the total amount of damage cannot be accurately estimated. The requested remedies are: Compensation and financial remedies, restitution, provision of accounts, granting an injunction to the respondents prohibiting the continuation of the practice alleged in the application as detailed above, and granting an injunction to delete all financial and medical information held by LinkedIn as alleged in the application. 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.

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

b. 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

	Number of claims	Claimed amount NIS in millions
Claims approved as class actions:		
Claim amount specified	-	-
Claim amount unspecified	1	-
Pending class action certification motions:		
Claim amount specified	-	-
Claim amount unspecified	6	-

1. Further to Section 25A(2) of the Company's annual financial statements for 2025, on July 2, 2026, the applicants submitted their reply summations.
2. Further to Section 25A(4) of the Company's annual financial statements for 2025, and further to the Attorney General's reservations regarding the settlement agreement submitted on June 1, 2026, on August 6, 2026, the Court issued a decision requiring amendments to the settlement agreement in order for it to be approved, and requiring the parties to notify the Court of their decision on this matter.

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

b. Legal and other proceedings against Altshuler Provident (continuation)

3. 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 principal remedies sought are a declaratory judgment determining that the increase of management fees without prior notice being sent in a separate document and before at least two months have elapsed from the date of the notice, or during the minimum benefit period, is contrary to the provisions of law; an order requiring Altshuler Provident to cease increasing management fees in the manner alleged by the applicant; and an order for restitution to the class members of the full amount of management fees collected from them in excess, plus interest and linkage differentials and yield differentials. On June 9, 2026, the parties filed an agreed motion to withdraw the application for certification of the class action and to dismiss the applicant's individual claim. On June 25, 2026, the court issued a ruling approving the request to withdraw and dismissing the applicant's personal claim.

4. A request to approve a claim as a class action lawsuit that was filed with the Tel Aviv Regional Labor Court on June 16, 2026. The essence of the application is the applicant's claim that Altshuler Provident and other respondents are misleading their members by presenting the insurance premium cost rate as a percentage of the total contributions made on their behalf (including the severance component), rather than as a percentage of the contributions to the benefits component only. It was also claimed that, due to the calculation method, there is a likelihood that Altshuler Provident and the other respondents collected excessive insurance premiums from some of their members, exceeding the maximum rate permitted by law, which is 35% of the contributions to the benefits component. The members of the class that the applicant seeks to represent are all members of Altshuler Provident and the other respondents in provident funds or insurance funds, as defined in the Financial Services Supervision Law (Provident Funds), 2005 (the “Supervision Law”), who were misled by Altshuler Provident and the other respondents by being presented with the insurance premium rate as a percentage of the total contributions to the policy, rather than as a percentage of the contributions to the benefits component only, as well as all members from whom Altshuler Provident and the other respondents collected insurance premiums at a rate exceeding 35% of the contributions to the benefits component. According to the applicant, the total amount of damage cannot be accurately estimated, but was estimated by the applicant at NIS 2,500,001. The principle requested remedies are: To order the respondent to refund insurance premiums collected in excess from the respondent's members; to issue an order requiring the respondent to correct its reports to its members with respect to the insurance premium rates presented therein; and to require the respondent to pay compensation to each member for misleading them and for infringement of autonomy. On August 16, 2026, the court ordered the consolidation of the hearing of the certification application with two class action certification applications filed in separate proceedings in the same matter. 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.

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

c. Legal and other proceedings against Altshuler Provident (continuation)

5. A request to approve a claim as a class action lawsuit that was filed with the Tel Aviv Regional Labor Court on June 25, 2026. The subject of the application, in essence, is the applicants' claims that Altshuler Provident failed to locate and take all actions required to identify beneficiaries and/or heirs at law of deceased members and members with whom contact had been lost; unilaterally increased management fees contrary to the provisions of law; charged management fees at a rate exceeding the maximum rate prescribed by law with respect to the accounts of members with whom contact had been lost or deceased members; withheld information; and infringed the members' right of access to information and reports. The members of the class that the applicants seek to represent are all members, and in particular holders of dormant accounts (all beneficiaries and/or heirs at law of deceased members and all members with whom contact has been lost), who were not duly informed regarding the account and/or asset held by Altshuler Provident and its status, as well as regarding changes and increases in management fees made to the account. And in the process, the owners of dormant accounts, who were charged excessive management fees in violation of the law and the maximum management fee ceiling. In the applicants' assessment, the total amount of damage cannot be accurately estimated. The requested remedies are: Declaratory relief that Altshuler Provident breached its obligations under applicable law; reduction of management fees and/or refund of management fees collected in excess of the 0.3% rate and of management fees in general; an order directing Altshuler Provident to locate all account holders with whom contact has been lost and the beneficiaries and/or heirs of deceased members, and to establish appropriate control and verification mechanisms to ensure lawful payment; requiring Altshuler Provident to establish proportional tiers providing relative “discounts” to accounts of beneficiaries holding significant amounts; and awarding overall compensation to members with whom contact has been lost and to the beneficiaries, in accordance with the damage caused to them as a result of the alleged violations. 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.

D. 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
Pending class action certification motions:		
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 25 to the Company's annual consolidated financial statements.

The overall provision in respect of claims filed against the Company, Altshuler Provident and Psagot Provident, as detailed above, less amounts receivable from Altshuler Provident's insurers, amounts to approximately NIS 6,529 thousand as of June 30, 2026.

Note 7: SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. Dividends:

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.

On May 27, 2026, the company's board of directors announced the distribution of a dividend in the amount of approximately NIS 22 million to its shareholders, which was paid on June 15, 2026. The dividend per share is approximately NIS 0.11.

See Note 8c below for details of a dividend of NIS 16 million declared by the Company's Board after the reporting date.

b. Issue of options to employees and officers

Further to the provisions of Note 24C to the annual financial statements, on March 18, 2026 and May 27, 2026, the Company's Board of Directors approved the allocation of additional tranches of 258,678 and 62,640, respectively, of the Company's options 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., 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 131,310 options after the reporting date.

c. FINANCIAL LIABILITIES

The Credit Operation

Further to the provisions of Note 18C(3) to the annual financial statements, on February 12, 2026, the Company entered into an agreement with Banking Corporation B to increase the uncommitted "On-Call" credit facility by an additional NIS 100 million, bringing the total facility to NIS 300 million, under the same terms as the other existing On-Call facilities.

On May 27, 2026, Altshuler Business Credit entered into an agreement with Banking Corporation B for the provision of an uncommitted "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 Credit for Businesses.

In accordance with the framework agreement, Altshuler Business Credit undertook to comply with financial covenants and additional obligations relating to the manner of managing the credit portfolio, including obligations related to the percentage of collateral in the loan portfolio, the average duration of the loan portfolio secured by real estate collateral, restrictions regarding exposure to a single borrower or a group of related borrowers, and restrictions on changes in credit policy. As of June 30, 2026, Altshuler Business Credit is in compliance with the above-mentioned obligations.

As of June 30, 2026, the carrying amount of the credit facilities (including interest accrued thereon) in the credit operation approximates NIS 495 million . In addition, the company utilized a total of approximately NIS 58 million from the credit facilities detailed above for the purpose of providing a bank guarantee in favor of a banking entity for a third party. For additional details regarding the provision of the bank guarantee, see Note 7ז' below.

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.

Provident activity

Further to that stated in Note 18c'1' 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).

For details regarding Altshuler Provident's signing of an additional framework agreement after the report date, see Note 8b below.

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 also gave loans to affiliated partnerships in the amount of approximately $145,000 (approximately NIS 423,000). 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 1,355 thousand.

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

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 289 million for the purpose of bridging loans for partnerships and ongoing operations, of which approximately NIS 233 million were repaid by the reporting date.
Additionally, during the reporting period, Altshuler Real Estate and Altshuler Investment Funds provided loans to partnerships in the amount of approximately NIS 99.3 million (including approximately NIS 31 million to an associated partnership), of which approximately NIS 47.2 million were repaid (including approximately NIS 31 million by an associated partnership).
As part of the loans to partnerships described above, during May 2026, in connection with Altshuler Real Estate's initiation of a real estate transaction in New York, USA, with an estimated capital raise of approximately USD 7 million, Altshuler Real Estate entered into an agreement granting it an option to purchase 25% of the rights in the property company that is the subject of the transaction, on a fully diluted basis. The option may be exercised at any time, at the sole discretion of Altshuler Real Estate, in exchange for an exercise price of 1 US dollar. The agreement includes an adjustment mechanism designed to maintain the 25% holding rate in the event of a change in the capital structure of the property company prior to the exercise of the option. In the Company's estimation, as of the balance sheet date, the value of the option is not material.

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 458 thousand in respect of this allocation.

g. During the reporting period, Altshuler Credit began operating in the areas of providing guarantees to businesses and construction financing. On March 31, 2026, Altshuler Construction entered into a 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. As of the date of the report, the amount of the guarantee was approximately NIS 58 million. The increase in the guarantee stems from the increase in the portfolio, in accordance with the terms of the signed agreement.

Note 8: - SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. Further to the provisions of Note 18C(1)(b) to the annual financial statements, on July 8, 2026, Altshuler Provident renewed a credit facility of NIS 150 million for a period of one year from the expiration of the existing facility, under similar terms. On August 6, 2026, Altshuler Provident repaid a loan from the credit facility in the amount of NIS 20 million and took out a loan in the amount of NIS 10 million in its place.
As of the date of approval of the report, the utilized credit facility amounted to approximately NIS 70 million.

b. On August 16, 2026, Altshuler Business Credit entered into an agreement with a company engaged in the construction and infrastructure sectors (the “Borrower”) for the provision of a credit facility for guarantees (the “Agreement”). As part of the agreement, Altshuler Business Credit undertook to provide the borrower with a credit line for guarantees in a total amount not to exceed NIS 120 million ("**Credit Line**"). The final repayment date of the credit facility is set at 12 months from the date of signing the agreement, or any other period approved by Altshuler Business Credit in writing. The guarantee instruments to be issued in favor of the Borrower by Altshuler Business Credit, subject to the Borrower’s compliance with the terms of the application for the issuance of a guarantee, will be valid from their date of issuance (inclusive) for a period of 12 months, or for a longer period if agreed upon in writing by the parties, even if the term of the facility expires before the expiration date of the guarantee, unless the guarantee is repaid or cancelled at an earlier date. In consideration of providing the credit facility and issuing any guarantee therefrom, the Borrower will pay Altshuler Business Credit guarantee fees at an annual rate in accordance with the commercial terms agreed upon in relation to each guarantee issued by Altshuler Business Credit in favor of the Borrower, and in addition, Altshuler Credit will be entitled to additional fees in accordance with the agreement between the parties. It should be noted that the provision of the credit line, as well as the provision of guarantees under it, are not secured by any collateral. To the extent that a guarantee provided by Altshuler Business Credit to a third party is realized, the borrower will pay the relevant amount to Altshuler Business Credit within seven days. In addition, the Agreement includes additional covenants customary in transactions of this type, including with respect to the Borrower’s liability for amounts that Altshuler Business Credit may be required to pay, Altshuler Credit’s rights in the event of a breach of the Agreement by the Borrower, and the like.

c. On August 19, 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 16,000 thousand to its shareholders. The dividend per share is approximately NIS 0.08.

d. In keeping with the matters discussed in Note 7c above, on August 19, 2026, the Company's Board approved the grant of another 131,310 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.

e. For details regarding updates that occurred in legal and other proceedings against the Company after the reporting period, see Note 6A above.