

Investor Presentation

Financial Reports for
March 31, 2022



ISRACARD GROUP

LEGAL DISCLAIMER

This presentation regarding Isracard Ltd. (“**the Company**”) and its consolidated companies (jointly: “**the Group**”) is intended for the sake of summary and convenience and does not encompass all the information of the Group and the activity thereof nor the need to review the Company’s annual report for 2021, the Company’s report for the First Quarter of 2022 and the Company’s current immediate reports (“**the Reports**”), and should be reviewed alongside the Reports. The information incorporated in this presentation may include data presented by a different manner or editing or segmentation than such are presented in the Reports.

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This presentation includes planes, targets, estimations, assessments and other information referring to future events, inter alia, information of future actions and liquidity. Such aforesaid information constitutes forward-looking information, as such is defined in the Securities Law, 5728-1968, and may not materialize, in its entirety or in part, or may materialize fundamentally different than forecasted.

This forward-looking information is based on the Company’s subjective assessment, on the basis of facts and data regarding the current position of the Group’s businesses as such are known to the Company as of the date of preparation of this presentation, as well as on macro-economic facts and data, on which the Company relies without being able to verify them, inter alia, reports and publications made by various external entities, such as: the Bank of Israel and agents operating in the payments market (including credit card companies and other acquirers).

Materialization or lack thereof of the forward-looking information shall be affected, inter alia, by developments in the payments and credit market in Israel or outside of Israel, by changes in the Group’s working plan, by changes in market terms and external entities which affect the Group’s activity, by consumers behavior in Israel and the world in general, by the presence or absence of different resources available to the Group, by the actions of entities and agents in the payments and credit markets in Israel or outside of Israel, by decisions made by various international entities and organizations with which the Group engages or by which the Group is influenced, by changes in volumes of activity and the number of holders of cards of the Group, including regulatory changes, accounting changes and taxation law changes, changes in the terms of competition, technological developments, economic changes, changes in terms of financing and the materialization of all or some of the risk factors characterizing the Group’s activity. Moreover, it may be affected by the uncertainty surrounding the duration, the impact and the direct and indirect effects of the Coronavirus pandemic on the market position, the Group’s costumers, and the various fields of activity in which the Group operates.

The Company does not undertake to update or change any such assessment or information such that they reflect events or circumstances to occur subsequent to the date of preparation of this presentation.

ISRACARD GROUP – Q1.2022

As Reported
Q1.2022

Pretax Profit

71
NIS Million

Net Profit

50
NIS Million

Excluded
one-time items⁽¹⁾
Q1.2022

Pretax Profit

88
NIS Million

Net Profit

63
NIS Million

Transaction volumes from credit
cards issued by the group

Q1.2022

47.4

NIS Billion

~14.1%

Increase compared to
Q1.2021

Credit Portfolio 31.3.2022

Consumer Credit

4.2

NIS Billion

~6% growth
since the second half of 2021

Commercial Credit

1.1

NIS Billion

~21% growth
since the second half of 2021

31.3.2022

Capital Adequacy Ratio

14.4%

Tier 1 capital
ratio

15.4%

Total Capital
Ratio

Dividend distribution in Q1.2022

120

NIS Million

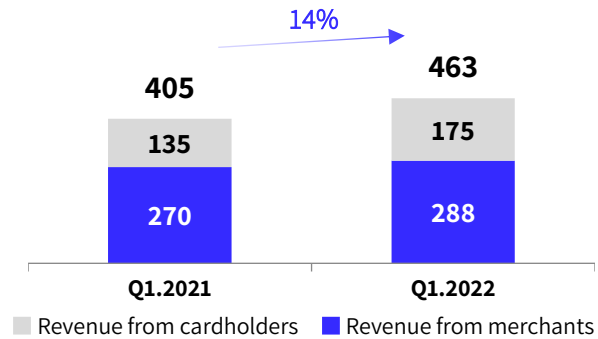
of 2021 profits (~35% of net profit)

* Please note that the symbol ~ means approximately

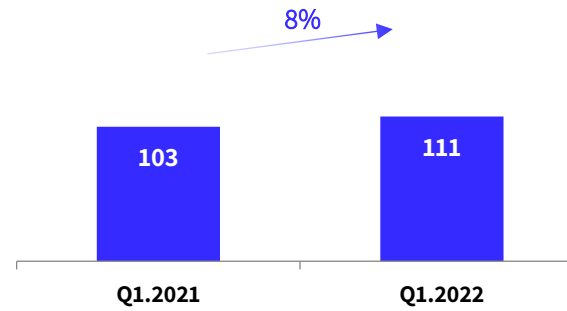
(1) The data is presented according to section 2.2 on "Significant developments in revenues, expenses and other total profits" in the Director's Report for the 1st quarter of 2022 neutralizing one-time operating expenses of NIS 17 M, for details see slide 13 in the appendix section of this presentation.

Main Financial Data⁽¹⁾ (NIS Million)

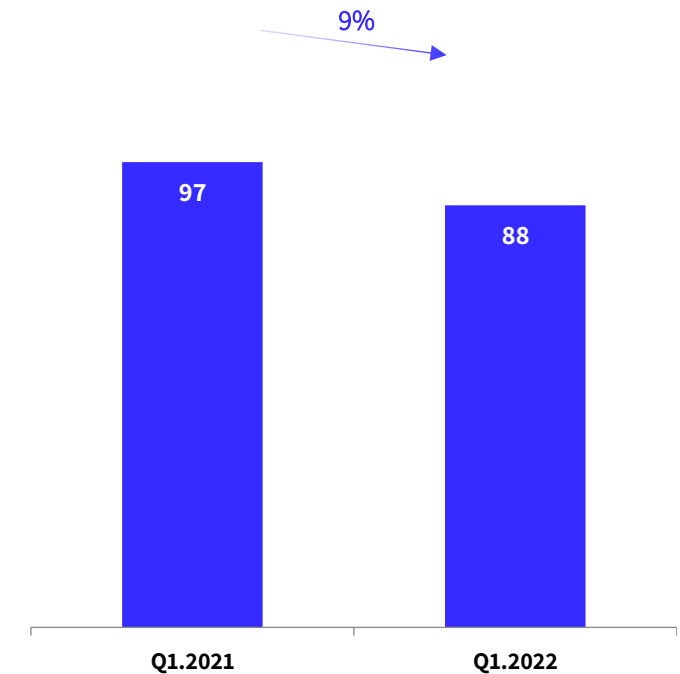
Income from credit card activities (Issuing and Acquiring)



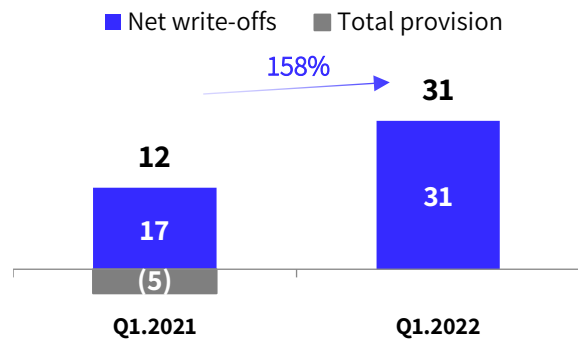
Interest Income, net



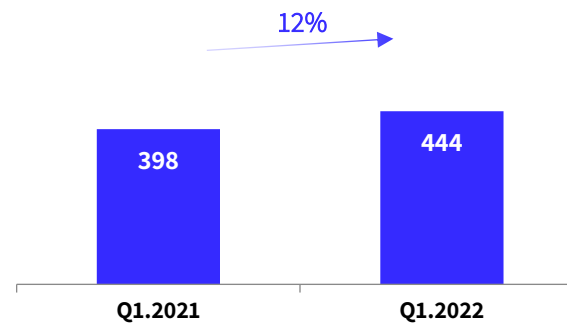
Pretax Income⁽¹⁾



Provisions for Credit Losses



Total Expenses excluding Provisions for Credit Losses⁽¹⁾



(1) The data is presented according to section 2.2 on "Significant developments in revenues, expenses and other total profits" in the Director's Report for the 1st quarter of 2022 neutralizing one time operating expenses of NIS 17 M, for details see slide 13 in the appendix section of this presentation

Consumer Credit^(1,2) (NIS Millions)

Credit Portfolio

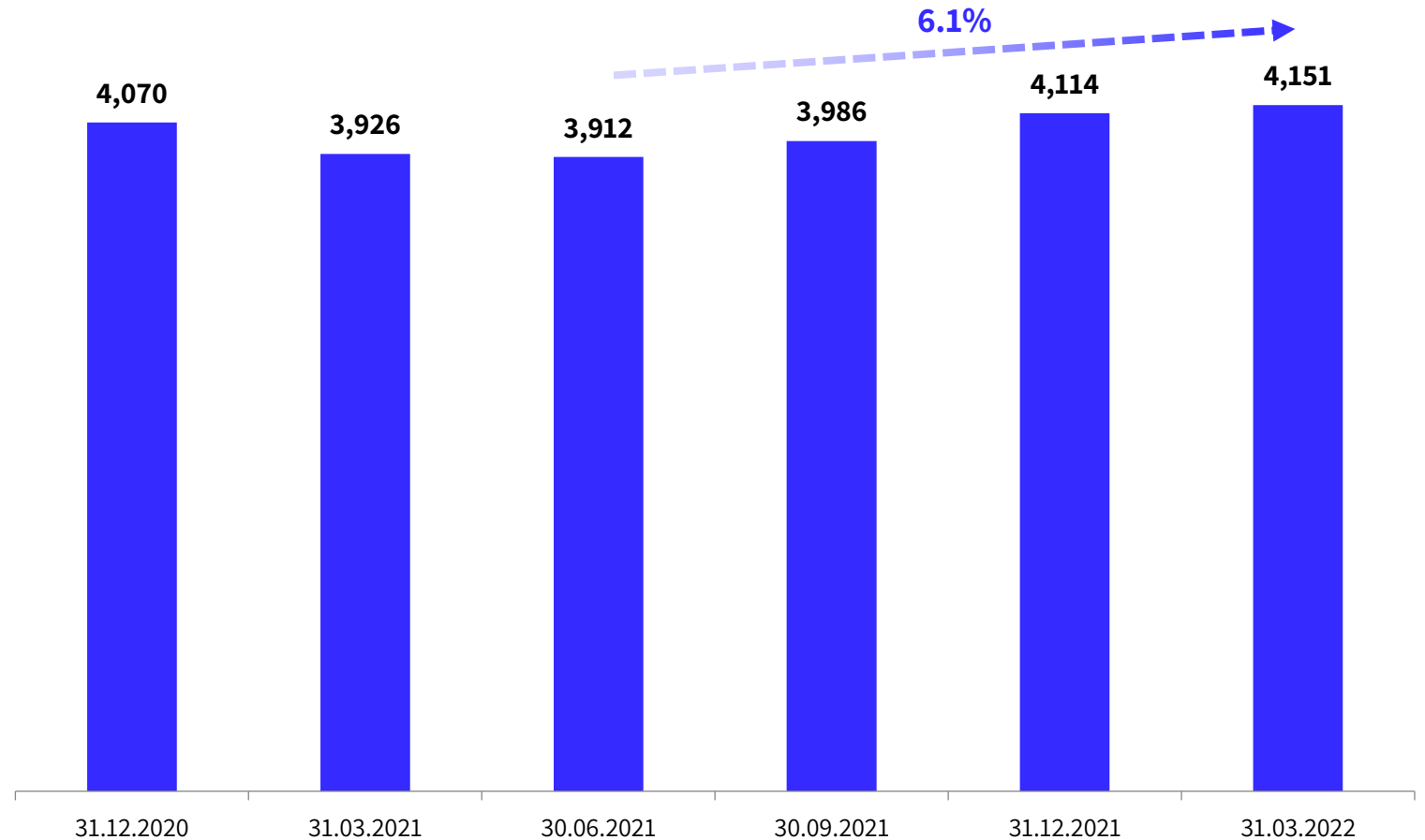
Continued growth in consumer credit portfolio, as of end of Q1/2022 and up to signing group's financial statements.

6.1%

Growth rate since the second half of 2021.

9.0%

Average annual interest rate on consumer credit portfolio as of 31.3.2022.



(1) Credit not under bank guarantee (excluding purchases)

(2) Includes credit to acquire vehicle of approx. NIS 116 million as of 31.3.2022

Commercial Credit (NIS Millions)

Credit Portfolio

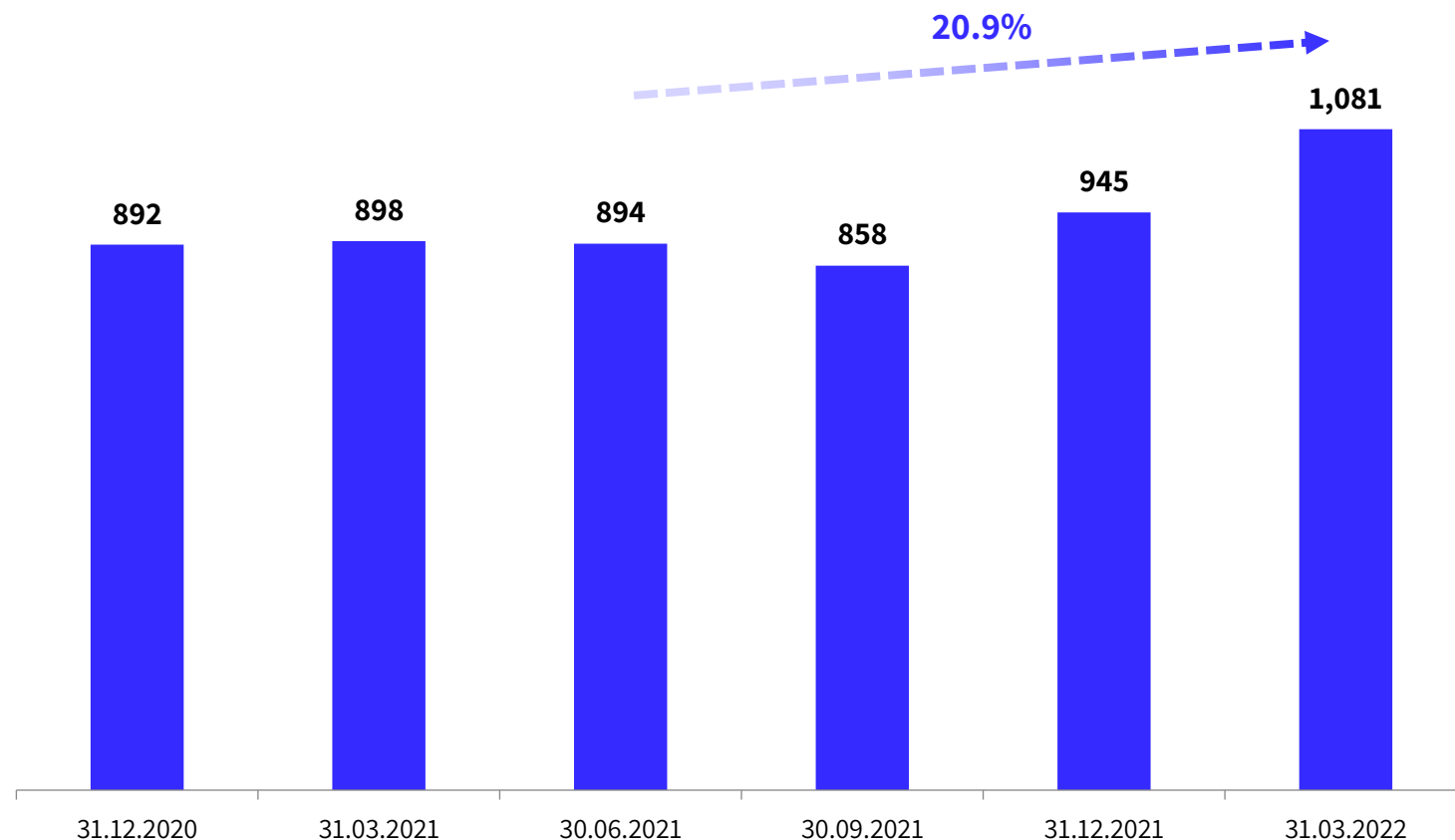
Second consecutive quarter of double-digit increase in commercial credit portfolio balances.

20.9%

Growth rate since the second half of 2021.

5.8%

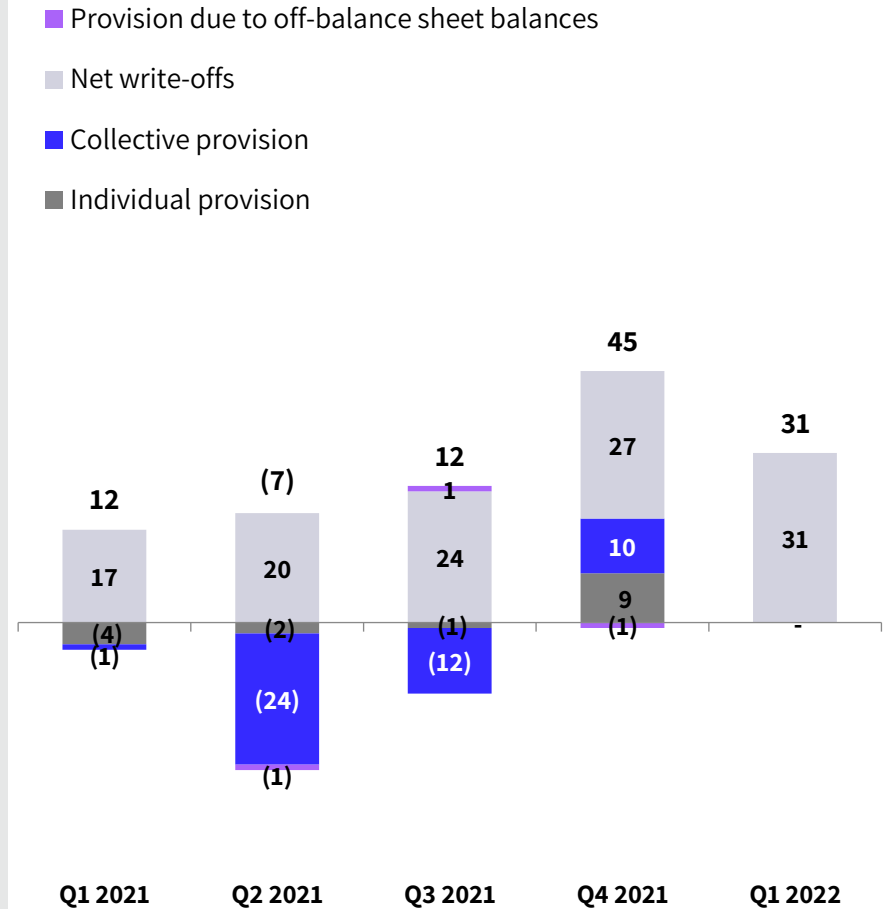
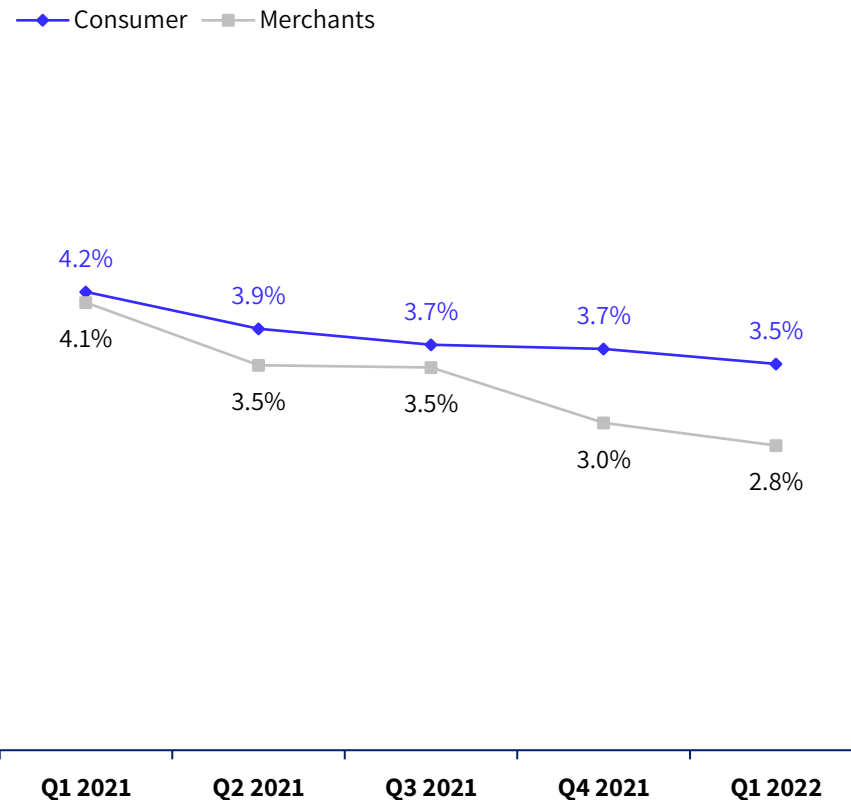
Average annual interest rate on commercial credit portfolio as of 31.3.2022.



Provisions for Credit Losses (Millions NIS)

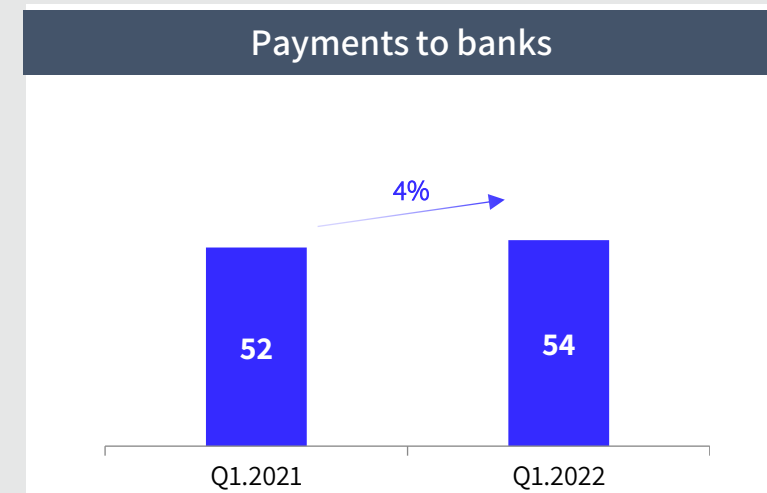
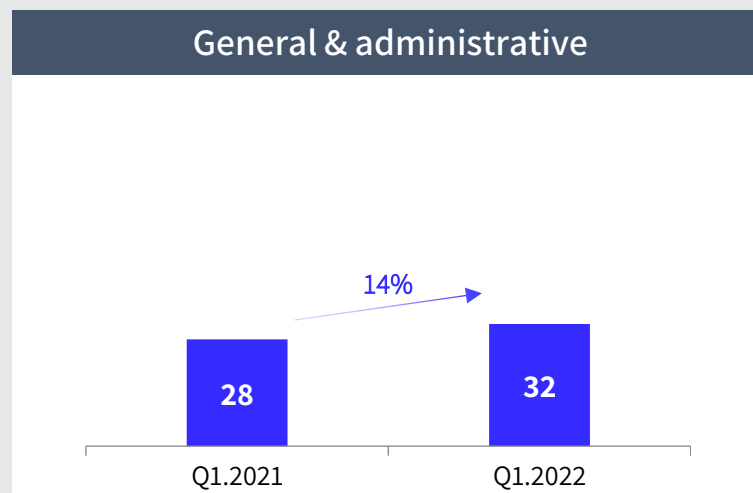
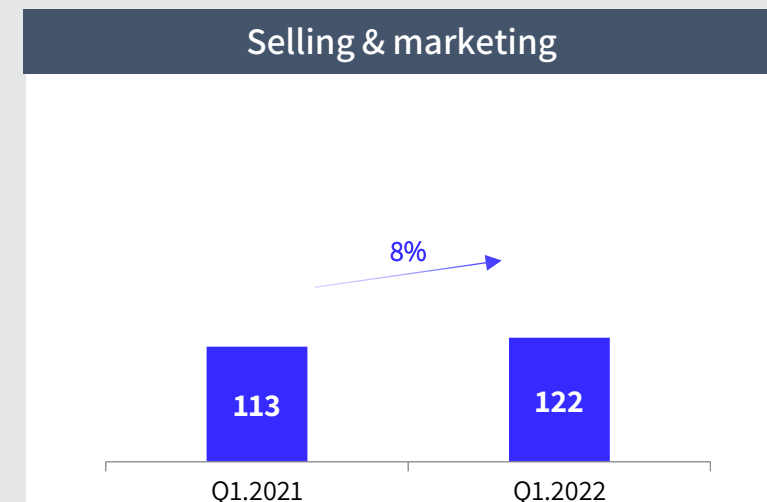
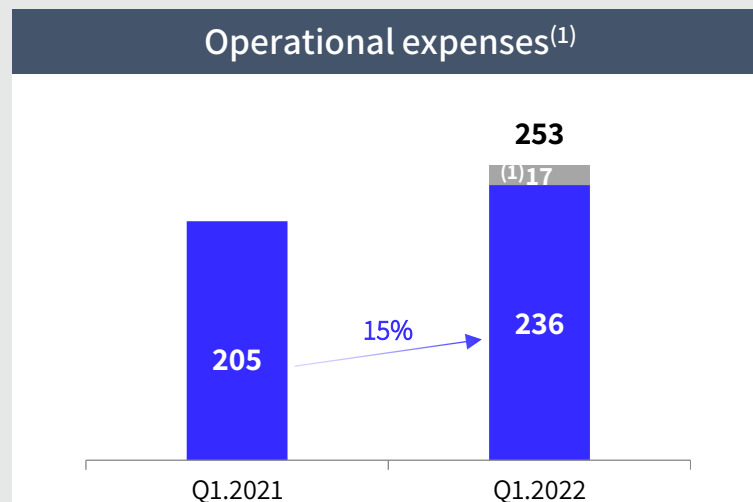
Q1.2022

- ◆ The increase in provisions for credit losses was affected, inter alia, by the increase of credit portfolio balances and the increase in credit card activity, with company's responsibility.
- ◆ Collective allowance rates remained similar to Q4/2021 rates.
- ◆ Maintaining high Coverage Ratios.



Expenses⁽¹⁾ (Excluding provisions for Credit losses) - (Million NIS)

- ◆ An increase of approx. **11.6%** QoQ in expenses (excluding provisions for credit losses) in Q1/2022 **Vs** an increase of approx. **14.1%** QoQ in transaction volumes from credit cards issued by the Group.
- ◆ During Q1/2022 the company completed relocating to a new facility in Bnei Brak. In April 2022 an early lease termination agreement was signed in respect of group's previous office building. As of signing the financial statement date, the company has no financial obligation related to the above lease.



(1) The financial results of the three-month period ended on March 31, 2022 were significantly affected by one-time events and their accounting treatment, which includes: an expense of about NIS 10 million due to early termination of the rental agreement of the previous "Isracard House" on Hamasger 40 St, in Tel Aviv. As of the date of signing the financial statement, the company does not have any financial commitment in respect of the above lease. In addition, an expense of approx. NIS 7 million due to company's decision to terminate the operation of a public transportation payment app, a decision in line with company's multi-year strategic plan.

Capital Adequacy Ratio and Return on Equity (as of March 31th, 2022)



Total Capital Ratio

15.4%

(Regulatory min Requirement 11.5%)

Tier 1 capital ratio

14.4%

(Regulatory min Requirement 8%)

Dividend distribution in Q1.2022

120M NIS

(Approx. 35% of 2021 reported Net Profit)
In addition, an update of dividend policy to a semi annual basis starting 2022



Equity Attributed to Company's Shareholders

~ **2.7**

NIS Billion

EPS

EPS basic and diluted attributable to Company's shareholders

0.25

(NIS) Q1.2022

0.37

(NIS) Q1.2021

~**0.31**

Excluded one-time items

Return on Average Equity

7.2%

Q1.2022

12.0%

Q1.2021

~**9.0%**

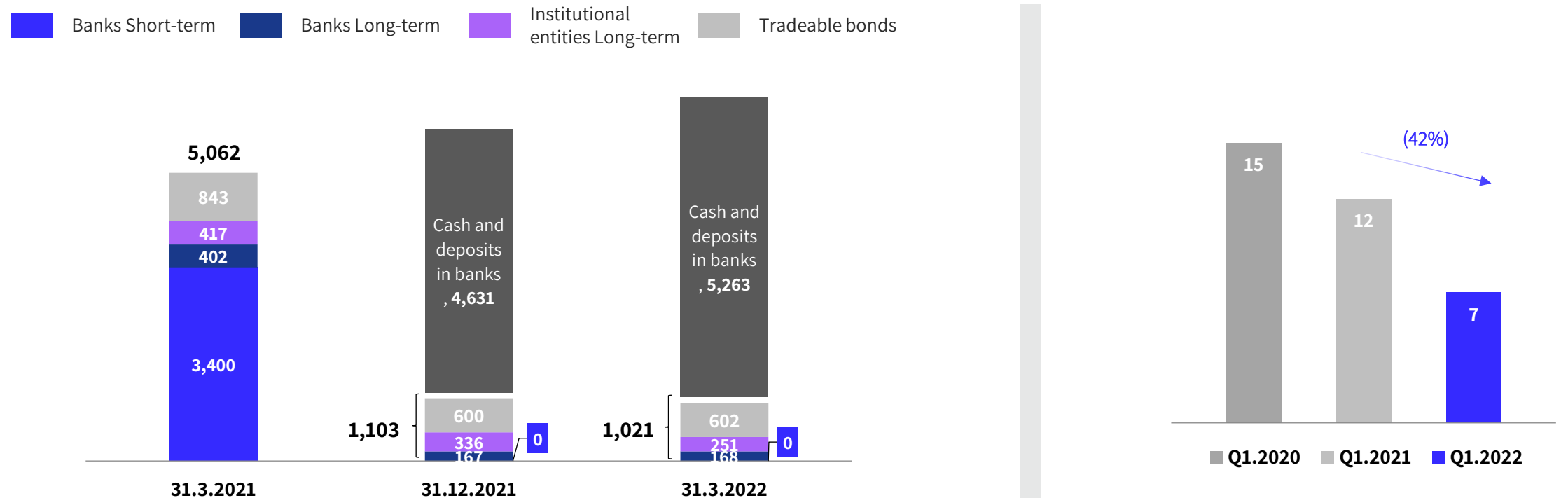
Excluded one-time items

Financing Resources Balances – Banks and Others

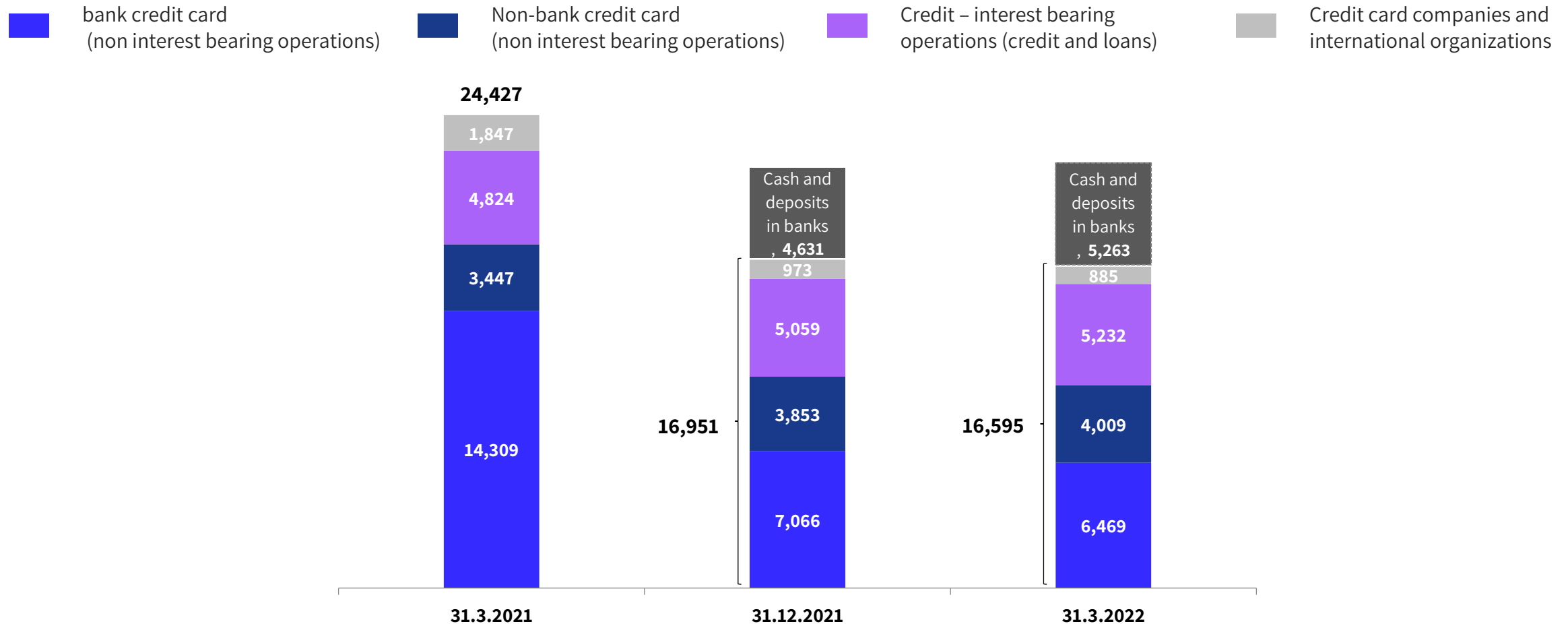
As of March 31, 2022 (Million NIS)

Decrease of ~42% in financial expenses in Q1.2022 compared to the same period last year, mainly as result of:

- Due to applying Proper Conduct of Banking Business Directive 470 and the entry into effect of Payment and Settlement Directive combined with the competition commissioner directive regarding Immediate Payments between issuer and acquirer, at this stage, company's cash reserves grew significantly to a total of approx. NIS 5.3 billion as of 31.3.2022.
- Diversification of funding sources and credit lines decrease – In February 2022, the company informed couple of banks of a credit line decrease from a total of approx. NIS 7.42 billion as of September 30, 2021 to a total of approx. NIS 3.52 billion. The process was completed during March 2022.



Receivables due to credit card activity – main asset in the Balance Sheet (Million NIS)



The decrease in receivables is mainly due to applying Proper Conduct of Banking Business Directive 470 and the entry into effect of Payment and Settlement Directive combined with the competition commissioner directive regarding Immediate Payments between issuer and acquirer.

Appendices



ISRACARD GROUP

Profit and Loss Statement

Million NIS	1-3.2022 ⁽¹⁾			1-3.2021 As Reported
	As Reported	one-time items impact	Excluded one-time items	
Income				
Income from merchants, net	288	-	288	270
Income from credit card holders	175	-	175	135
Interest income, net	111	-	111	103
other incomes (expenses)	(11)	-	(11)	(1)
Total income	563	-	563	507
Expenses				
Provision for credit losses	31	-	31	12
Operational expenses	253	(17)	236	205
Sales and marketing expenses	122	-	122	113
General and Administrative expenses	32	-	32	28
Payments to banks	54	-	54	52
Total Expenses	492	(17)	475	410
Pretax Profit	71	17	88	97
Provision for taxes on profit	(22)	(4)	(26)	(24)
Company share in profit of associates	1	-	1	1
Net Profit	50	13	63	74

(1) The financial results of the three-month period ended on March 31, 2022 were significantly affected by one-time events and their accounting treatment, which includes: an expense of about NIS 10 million due to early termination of the rental agreement of the previous "Isracard House" on Hamasger 40 St, in Tel Aviv. As of the date of signing the financial statement, the company does not have any financial commitment in respect of the above lease. In addition, an expense of approx. NIS 7 million due to company's decision to terminate the operation of a public transportation payment app, a decision in line with company's multi-year strategic plan.

Balance Sheet

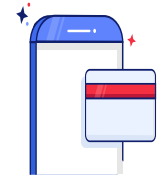
Million NIS	31.3.2022	31.12.2021	31.3.2021
Assets			
Cash and deposits in banks	5,263	4,631	172
Receivables due to credit card activity	16,595	16,951	24,427
Allowance to credit losses	(357)	(357)	(377)
Receivables due to credit card activity, net	16,238	16,594	24,050
Securities	65	64	79
Investments in associated companies	44	42	18
Buildings and equipment	411	408	364
Other assets	706	697	529
Total assets	22,727	22,436	25,212
Liabilities			
Credit from banks and others	419	503	4,219
Creditors due to credit card activity	18,032	17,615	16,888
Tradeable bonds	602	600	843
Other liabilities	956	941	731
Total liabilities	20,009	19,659	22,681
Equity attributable to Company shareholders	2,718	2,777	2,531
Total Liabilities and Equity	22,727	22,436	25,212

Transforming to a New Isracard

Financial & operational organization



Data driven organization focused on customer and partners' needs



Cultural transformation

A cultural change starting with top management and assimilated throughout the organization while constantly measuring and improving the transformation process

Organizational Transformation

Transforming to an agile operating model that addresses market conditions and business goals

Business Transformation

Focusing on activities that leverage the group's strategic assets for value creating and business growth

The transformation process will enable to **support company's growth** and **leverage its position and assets** with a focus on **generating value for customers and partners**

Business Transformation and Focus

The group has defined 3 Growth Pillars :

1

Private Customers

The group will act to **make a significant leap in consumer credit segment** by offering customer-driven value propositions and by leveraging digital channels for growth

2

Merchants, SME,SMB

The group will leverage its expertise in the acquiring segment along with its relationship and direct contact with merchants in order to offer **advanced financing solutions** and growth accelerators

3

Data-Enabled Offerings

The group will act to deepen customer relationship and engagement by offering **comprehensive digital-first, data-led solutions and value propositions**, both independently and through business collaborations

Isracard group is based on its strong foundations, and will continue to maintain leadership in the issuing and acquiring landscape as a platform for its growth pillars

- In an effort to make a significant leap, the group will carry out **M&As and collaborations in adjacent areas**
- Collaborations with fintechs will create **synergy between the group's strategic assets and partners' capabilities and enable to offer innovative solutions**

Thank you
Financial Reports for
March 31, 2021



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