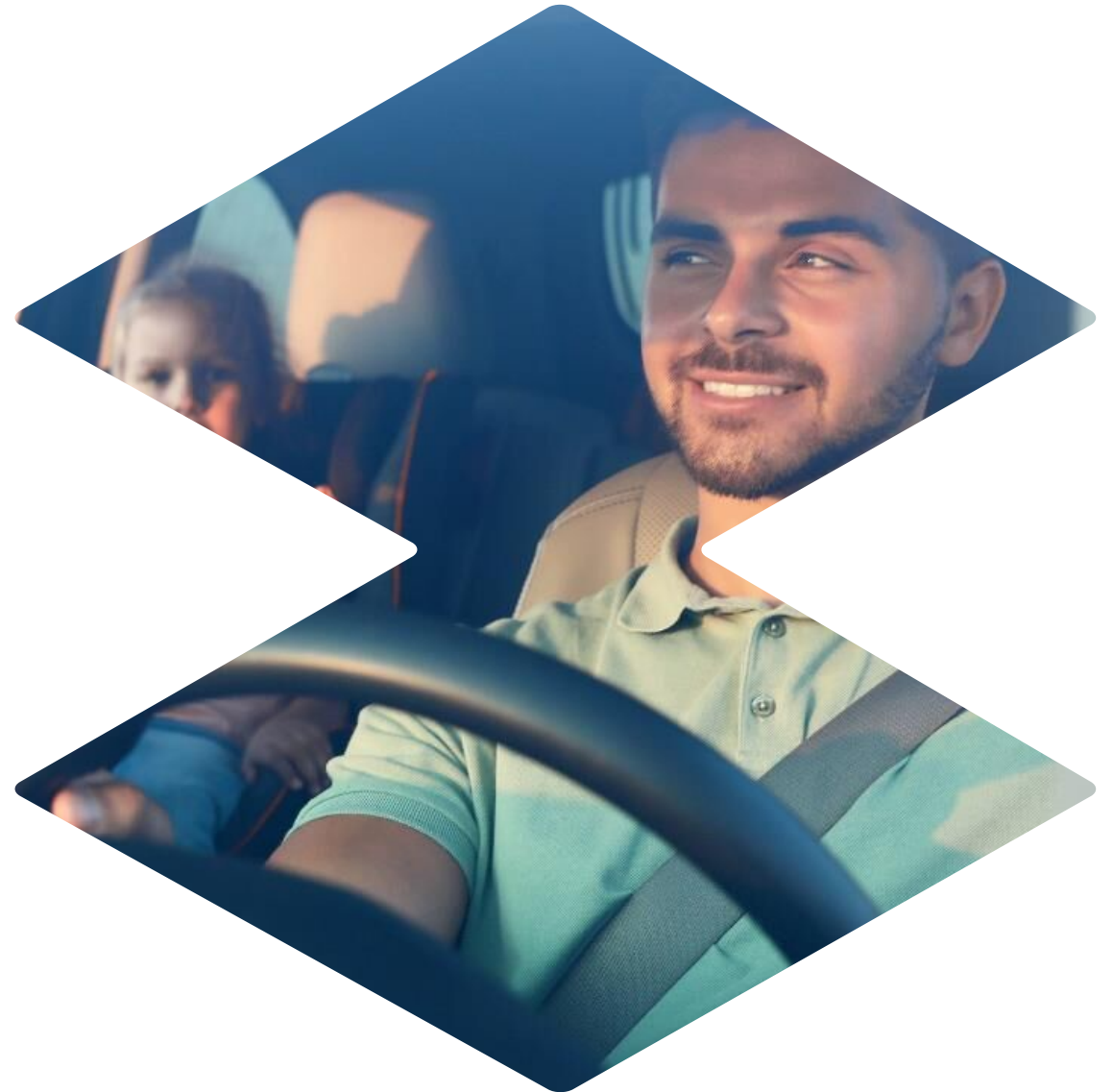




# ISRACARD

## ACCELERATING GROWTH

Investor Deck – Financial Results 2022



This version is an English translation of the official and original version of the presentation published on the Tel Aviv Stock Exchange website on March 13<sup>th</sup> 2023, as drafted in Hebrew. This translation is meant to be used as a reference only. In case of any contradiction or incompatibility between the Hebrew and the English versions, the Hebrew version shall prevail.

# Legal Disclaimer: Forward-Looking information

This presentation about Isracard Ltd. ("the Company") and its consolidated companies (together: "the Group") is intended to be concise and convenient and does not contain all the information about the Group and its activities or replace the need to review the Company's 2022 annual report, the Company's Q4/2022 Report and the Company's current reports (together: "the Reports") and should be read together with the Reports. The information and data contained in this presentation may be presented in a manner, format or segmentation that differs from the Reports.

This presentation does not constitute an offer or solicitation to buy any securities of the Company, and nothing contained herein constitutes a recommendation or an opinion or can replace the investor's discretion. This presentation contains plans, objectives, estimates, assessments and other information related to future events, including information about the Group's assets, future operations and liquidity.

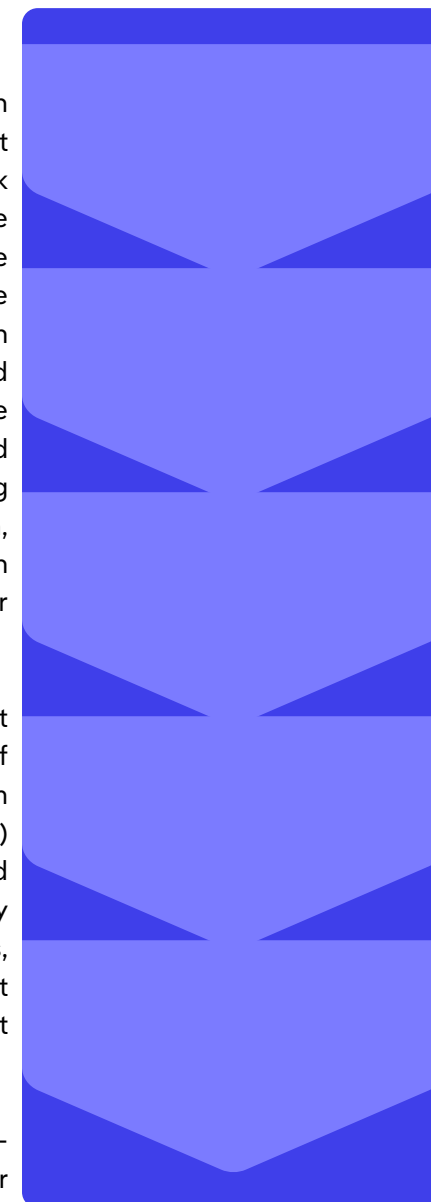
Such information is deemed "forward-looking information" within the meaning of the Israeli Securities Law of 1968 and may not materialize, in whole or in part, or may materialize in a materially different manner than anticipated.

Forward-looking information is based on the Company's subjective judgment. It is based, among other things, on facts and data regarding the current state of the Group's business, the state of the payment and credit markets, and the state of the market as known to the Company at the time this presentation was prepared. It is also based on macro-economic facts and data, on which the Company relies without being able to verify them, including reports and publications by various external parties, such as: data from the Bank of Israel and parties active in the payments market (including credit card companies and other acquirers).

The materialization or lack thereof of the forward-looking information can be affected by, among other things, developments in the payment and credit market in Israel and abroad; changes in the Group's work plan; changes in market conditions and external factors affecting the Group's activities; consumer behavior in the world and in Israel; the presence or absence of various resources available to the Group; the activities of parties and players in the payment and credit market in Israel and abroad; decisions of various international bodies and organizations with which the Group deals or by whose decisions the Group is affected; changes in the scope of the Group's activities and the number of cardholders, including regulatory changes, accounting changes, changes in tax regulations, changes in competition, technological developments, economic developments, and changes in financing conditions and their effects; and by the realization of all or part of the risk factors that characterize the Group's activities.

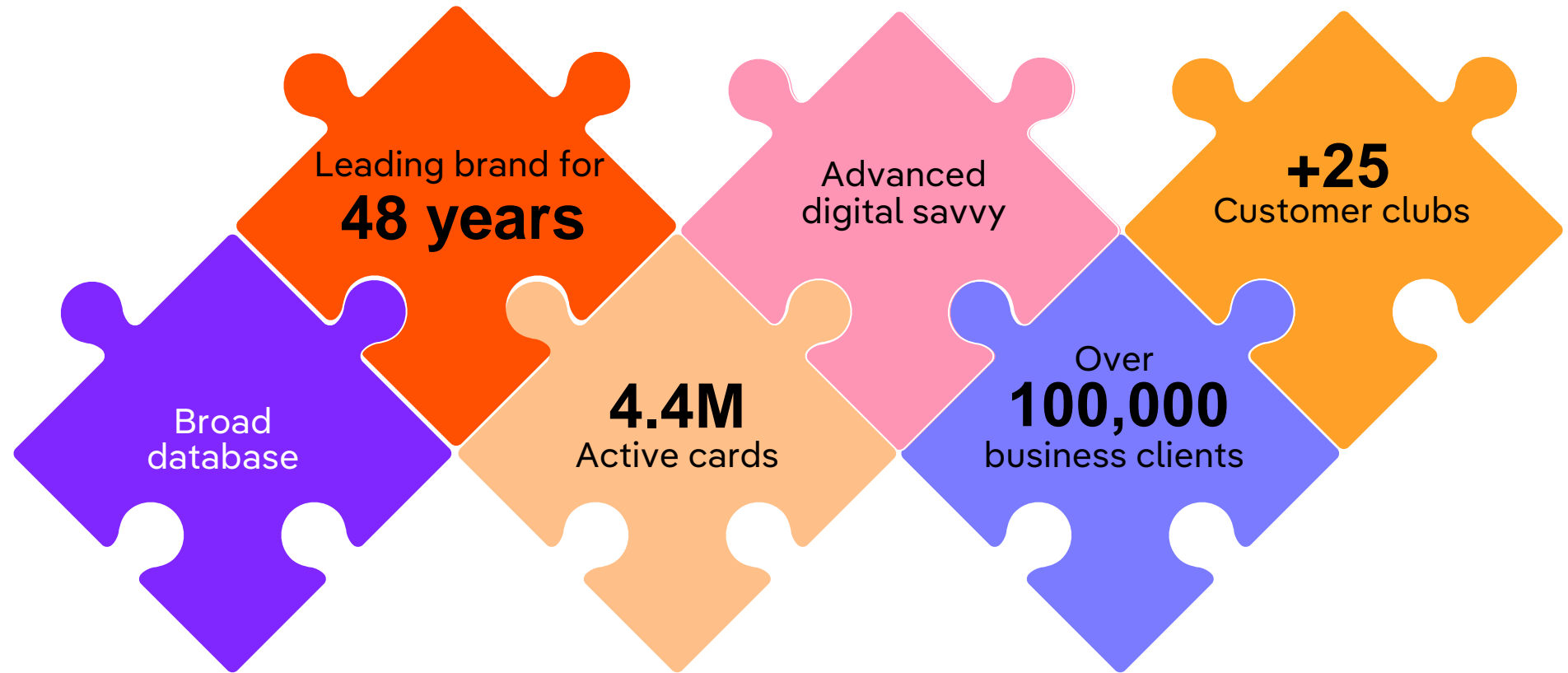
With regard to slide 25 - the profit forecast and the scope of credit activity take into account, among other things, the continuation of ordinary course of business (in accordance with the long-term agreements with the distribution channels (banks and customer clubs) currently in place), macro-economic forecasts, including the estimated increase in interest rates and inflation, and the associated uncertainty in planning for several years. The continued growth of business drivers, including credit cycles, has been assessed on this basis. The forecast does not take into account the impact of potential significant regulatory changes, if any.

The Company does not undertake to update or revise its forward-looking statements to reflect events or circumstances that occur after the date of this presentation.





# 2023 Jumping-off Point





# 2022: Isracard accelerates growth by exercising its strategic plan

Consumer Credit

**ILS 1,703M**

Annual credit balance increase

**+41%**

Annual credit portfolio growth

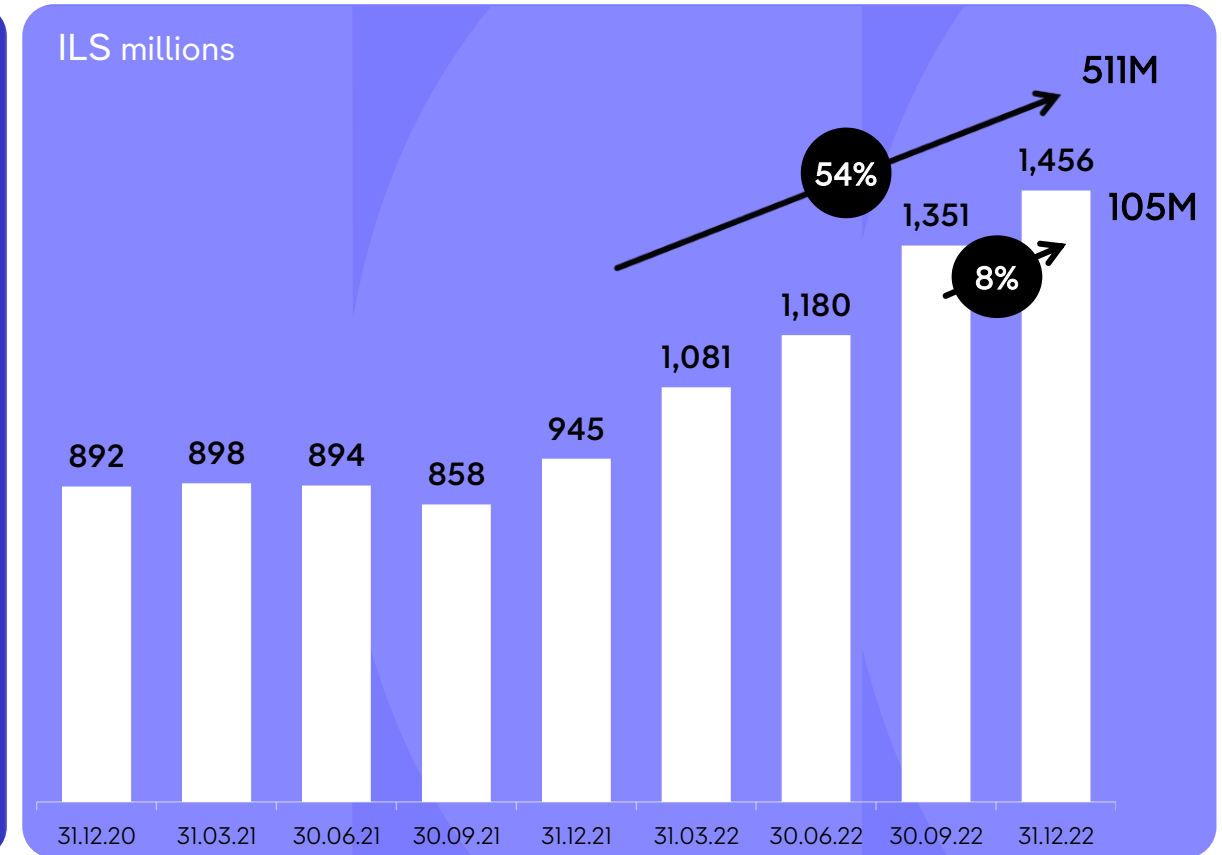
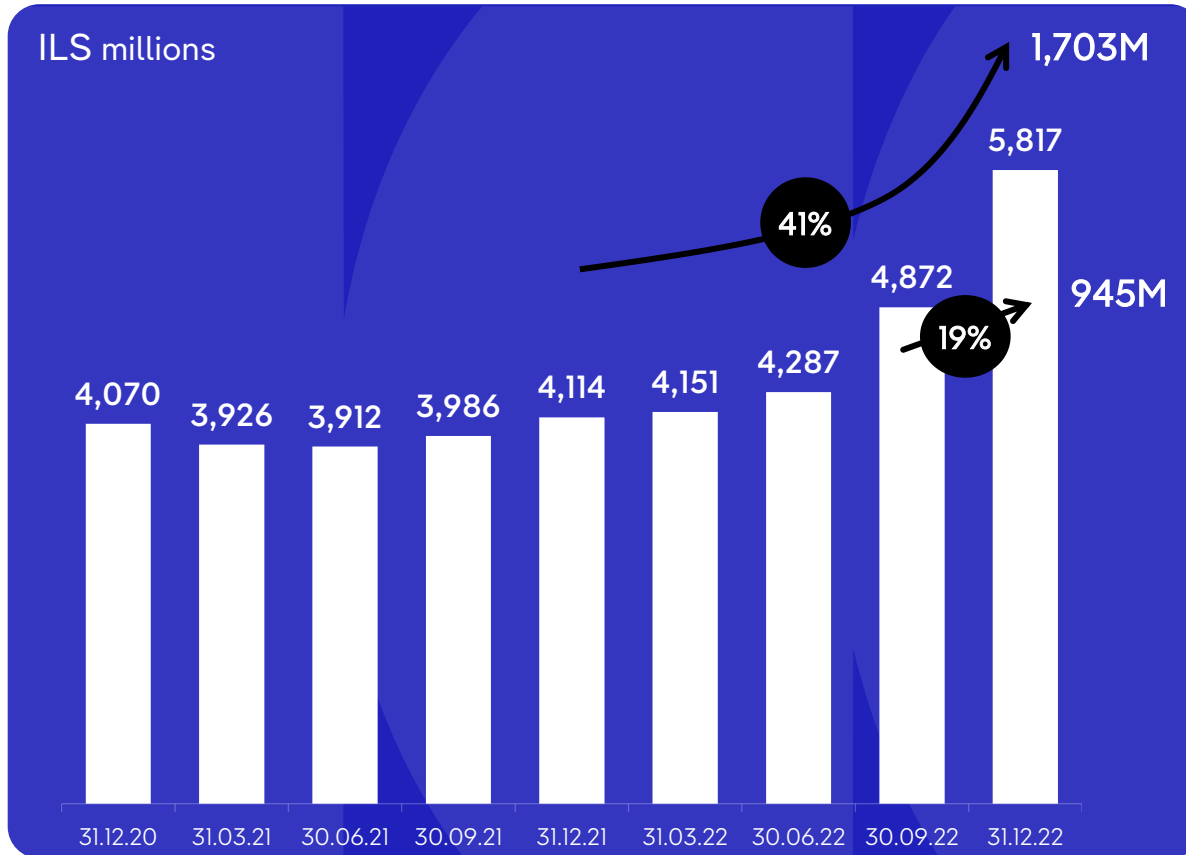
Commercial Credit

**ILS 511M**

Annual credit balance increase

**+54%**

Annual credit portfolio growth

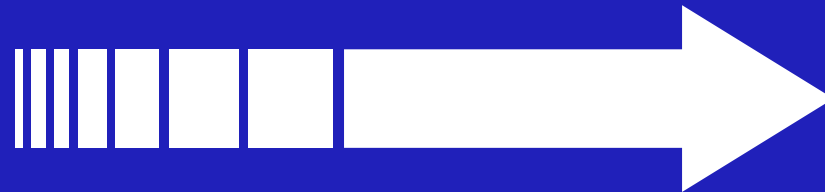


# PIVOTAL YEAR

Undergoing advanced processes of organizational, business and cultural transformation. The results are already apparent.



**A company with a focus on issuance and acquiring**



**Customer-focused company**

Providing businesses and private customers advanced technology and data-based solutions and services



# Dedicated & Professional Management Team



**Tamar Yassur**  
Chairperson of the Board



**Ran Oz**  
CEO



**Moni Avraham**  
Chief Internal Auditor



**Yafit Gheriani**  
Deputy CEO & Head of Business Clients Division



**Gili Hoch**  
VP Strategy & Business Development



**Ronit Zalman Malach**  
VP, Chief Financial Officer (CFO)



**Gil Tamir**  
VP Technology



**Gila Lehr**  
VP, Head of Credit & Collection



**Efrat Leizer**  
VP, Head of Private Clients Division<sup>(1)</sup>



**Noa Naveh**  
VP, Chief Legal Officer



**Yonatan Regev**  
VP, Chief Risk Officer (CRO)



**Limor Shako Manne**  
VP Human Resources



**Amit Sagi**  
VP, Chief Data, Digital & Marketing Officer

(1) Ms. Leizer will begin her work with the company on April 2<sup>nd</sup> 2023



# Our strategy is focused on two main growth engines



## Small & Medium Businesses

Providing businesses with advanced financing and payment solutions that will enable financial growth: payments, sales & marketing, funding and financial management.



## Private Customers

A variety of personalized data-based solutions delivered at the right place and the right time.



# Variety of tailor-made solutions for private customers

FLY CARD  
By ELAL  
PREMIUM

LifeStyle



רמי לוי שיווק השקמה  
סל סקניות חוזר בסדוניה

היט  
מועדון צרכנות

אשמורת

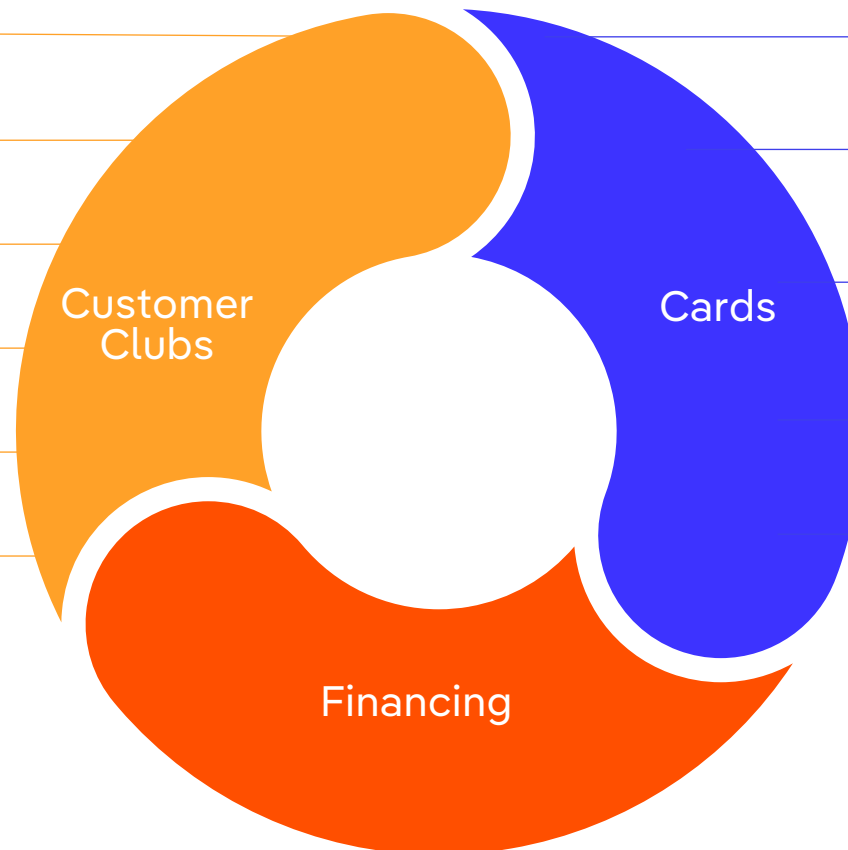
ISIRACARD  
CASH BACK

AMERICAN EXPRESS  
CASH BACK PREMIUM

AMERICAN EXPRESS  
CENTURION

AMERICAN EXPRESS  
PLATINUM CARD

ISIRACARD  
TOP



Digital loans at reduced interest rates

Instant loan for any purpose

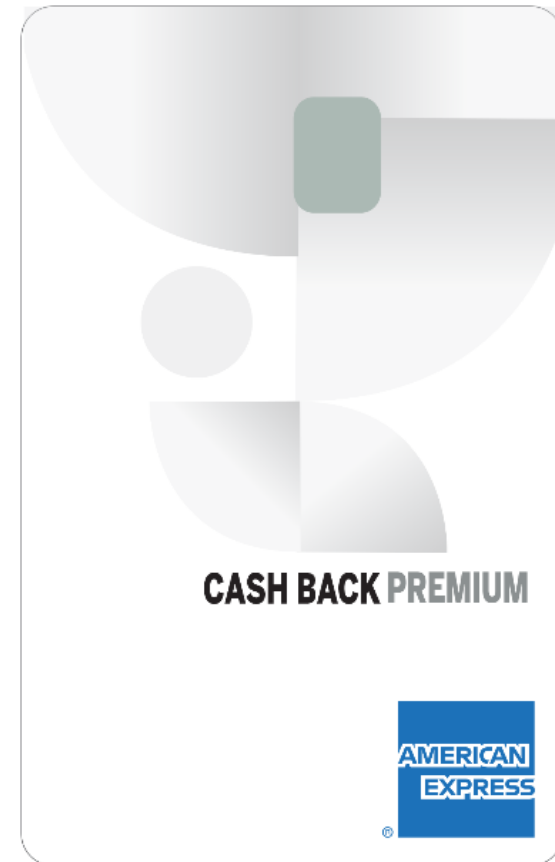
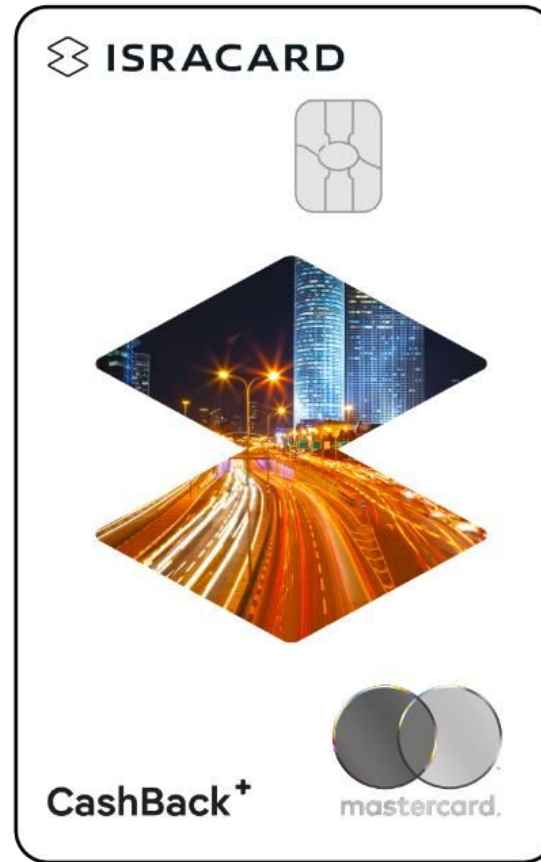
Payment by installments

Fixed monthly fee



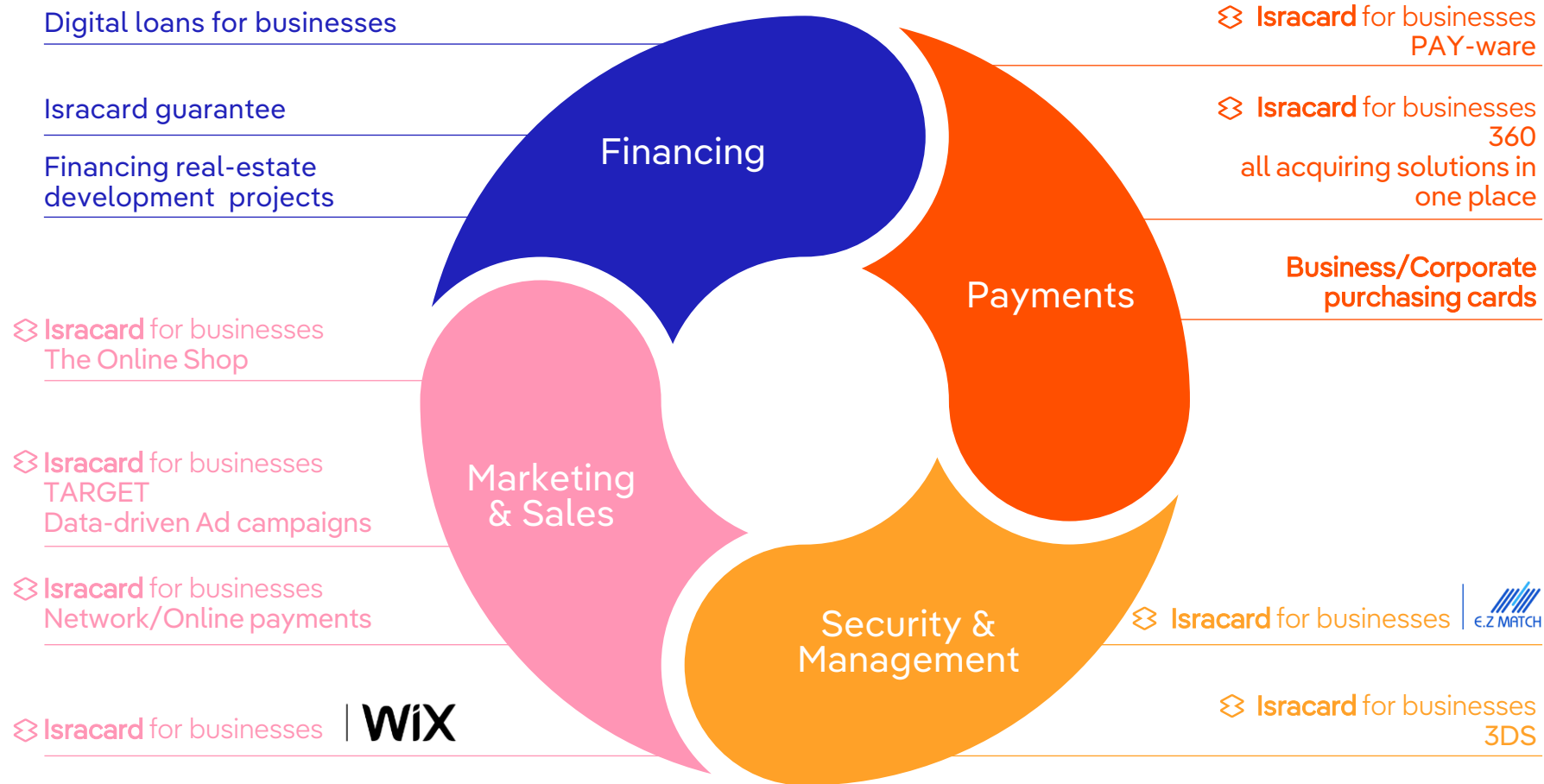


We launched unique cashback cards that offer customers significant value, such as shared accumulation





# Range of solutions that support small and medium businesses





# Range of solutions that support small and medium businesses



## Digital Loan for Businesses

Up to 300,000 ILS  
Up to 60 installments  
(free of opening fee)

Enables licensed merchants to obtain fully digital loans, replacing traditional process of contacting our call center



## Isracard Guarantee

Non-bank, no deposit,  
for rent payment or  
purchase of goods

Enables merchants that acquire with Isracard obtain a guarantee



# Company Rebranding

expressing the new and progressive spirit of Isracard

ישראל

כשהזדמנות  
דופקת על הדלת  
תפתחו לה

isracard.co.il

ישראל לעסקים

מאפשרים לעסק שלך להתקדם  
עם הלוואה דיגיטלית מהירה

בכפוף לאישור החברה ותנאיה. המלווה ישראל כרטיס מימון בע"מ. אי עמידה בפירעון הלוואה או האשראי, עלולה לגרום חיוב ברבית פיגורים והליכי הוצאה לפועל. אין בהודעה זו כדי לחייב את ישראל כרטיס בעמדת האשראי באופן מלא או חלקי. ולישראל כרטיס יהיה שיקול הדעת המוחלט אם להיענות לבקשה או לדחותה. דחיית החזר הלוואה כפופה לתשלום רבית נישור. תקופת ההלוואה היא 84-18 תשלומים. הלוואה תועמד בתוך יום עסקים בנקאי.

ישראל לעסקים

פתרונות מתקדמים  
לעסקים שמכוונים גבוה

בכפוף לתנאי החברה והשיחות, כמפורט בתקנון.

ישראל

נפלה עליכם הוצאה היום?  
הלוואה מהיום למחר  
עד 200,000 ₪

כפוף לאישור החברה ולתנאיה. המלווה ישראל כרטיס מימון בע"מ. אי עמידה בפירעון הלוואה או האשראי עלולה לגרום חיוב ברבית פיגורים והליכי הוצאה לפועל. אין בהודעה זו כדי לחייב את ישראל כרטיס בהעמדת האשראי באופן מלא או חלקי. ולישראל כרטיס יהיה שיקול הדעת המוחלט אם להיענות לבקשה או לדחותה. דחיית החזר הלוואה כפופה לתשלום רבית נישור. תקופת ההלוואה היא 84-18 תשלומים. הלוואה תועמד בתוך יום עסקים בנקאי.

# FINANCIAL DATA





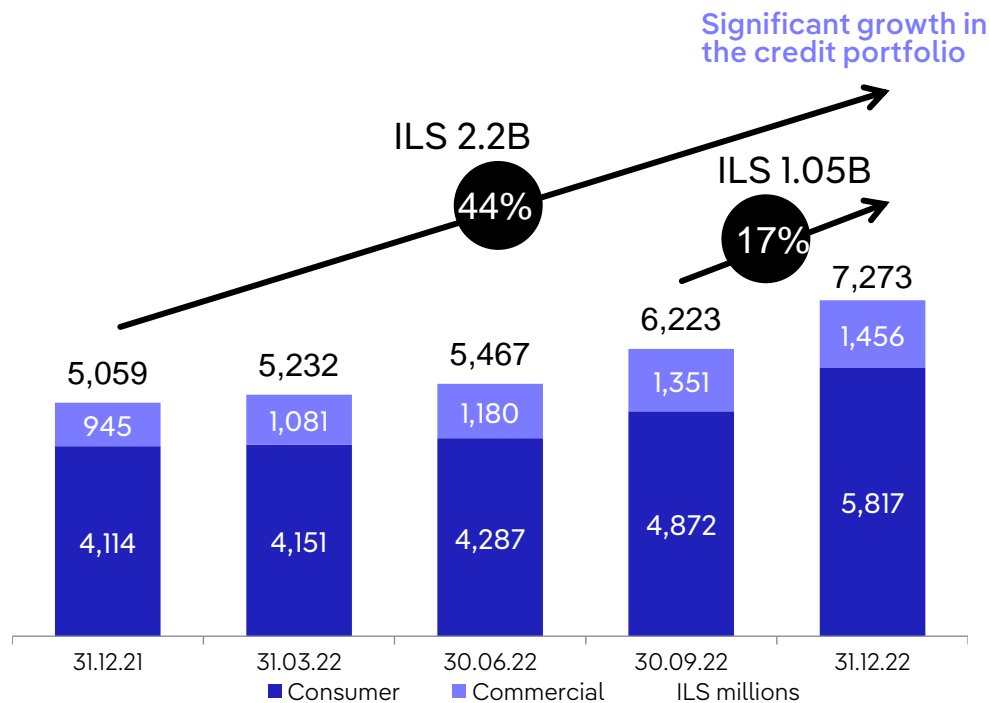
# 2022: Isracard accelerates growth by exercising its strategic plan

2022	(Reported) <b>ILS 235M</b> Pretax profit	(Adjusted <sup>(1)</sup> ) <b>ILS 320M</b> Pretax profit	(Reported) <b>ILS 155M</b> Net profit	(Adjusted <sup>(1)</sup> ) <b>ILS 220M</b> Net profit	Annual net profit return on capital <b>5.6%</b> (Reported)	<b>7.9%</b> (Adjusted <sup>(1)</sup> )	Dividends for 2022 <b>ILS 54.2M</b> ILS 25.6M announced in H2/2022 ILS 28.6M paid out in H1/2022. (approx. 35% of the net (consolidated) reported profit)
Q4/ 2022	<b>ILS 20M</b> Pretax profit	<b>ILS 63M</b> Pretax profit	<b>ILS 13M</b> Net profit	<b>ILS 46M</b> Net profit			

Total transactions in credit cards issued by the Group

## ILS 206.2 B

**+10.8%**  
YoY growth



Significant increase in credit portfolio's contribution to results (net interest income)

2022  
**Consumer credit**  
**ILS 413M**  
+24%  
YoY growth

**Commercial credit**  
**ILS 137M**  
+46%  
YoY growth

Q4/ 2022  
**Consumer credit**  
**ILS 131M**  
+64%  
QoQ growth

**Commercial credit**  
**ILS 46M**  
+84%  
QoQ growth

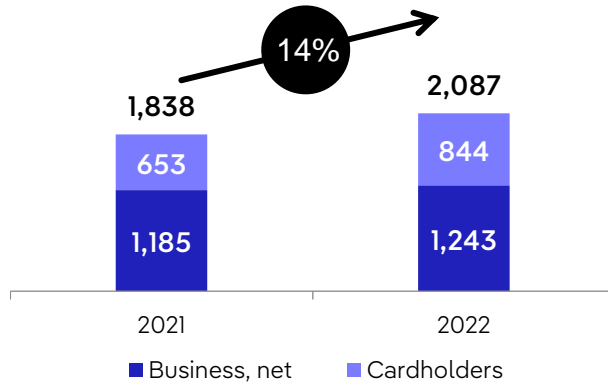
(1) Net of non-recurring operating expenses in the amount of ILS 85M (approx. ILS 65M after tax). See slides 28-29 in the appendix for further details.



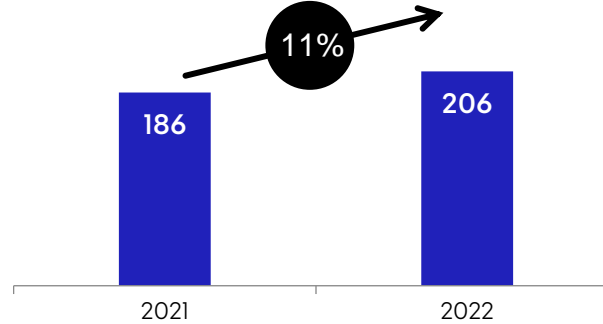
# Key Financial Data

(ILS millions)

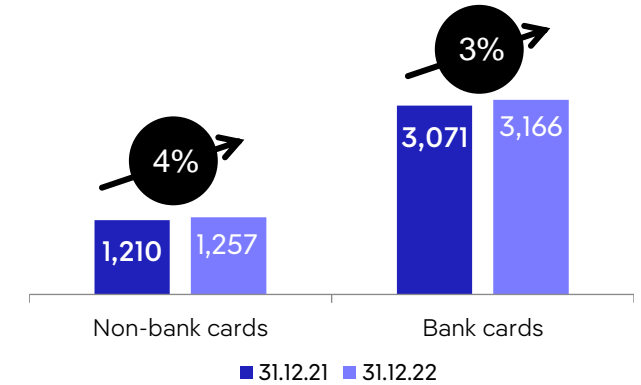
### Income from credit card operations (issuing and acquiring)



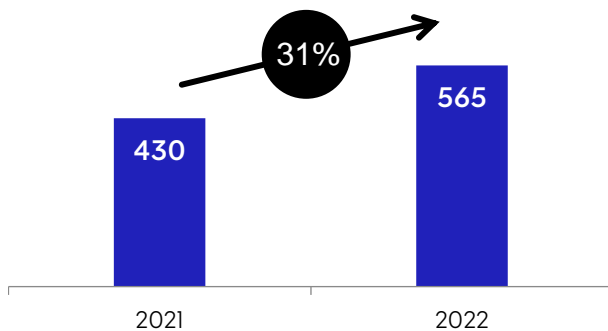
### Total transactions in credit cards, issued by the group (ILS billions)



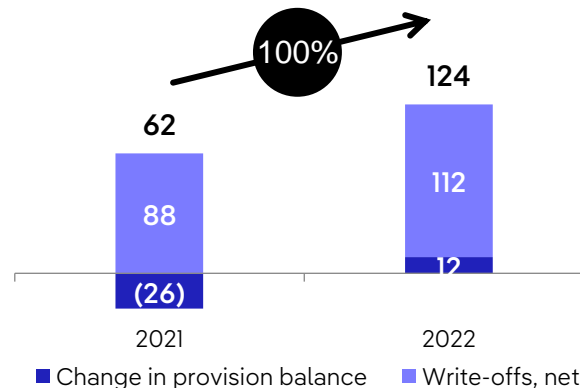
### Number of active cards (thousands)



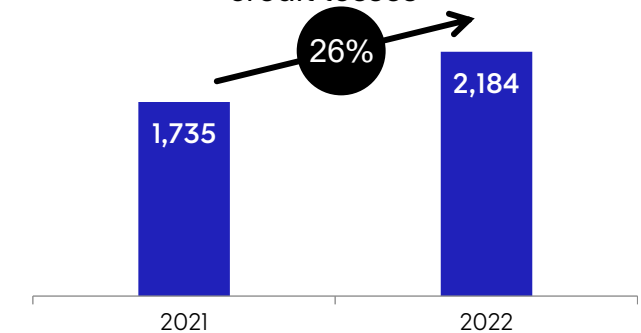
### Interest income, net



### Provision for credit losses



### Total expenses without provision for credit losses<sup>(1,2)</sup>



(1) Net of non-recurring operating expenses in the amount of ILS 85M (approx. ILS 65M after tax) and non-recurring net income of ILS 29M (approx. ILS 24M after tax) in 2022 and 2021 respectively. For details, see slide 28 in the appendix section.

(2) The data for 2022 includes an increase in the payments to Bank Hapoalim (following an agreement and understandings that came into effect April 1<sup>st</sup> 2022) in the total sum of approx. ILS 153M, net of the issuing proceeds received from Bank Hapoalim.

# Consumer Credit

## A key growth driver that is proving its worth

**ILS 413M**

2022 net interest income  
(ILS 334M last year)

**+24%**

YoY growth

**10.8%**

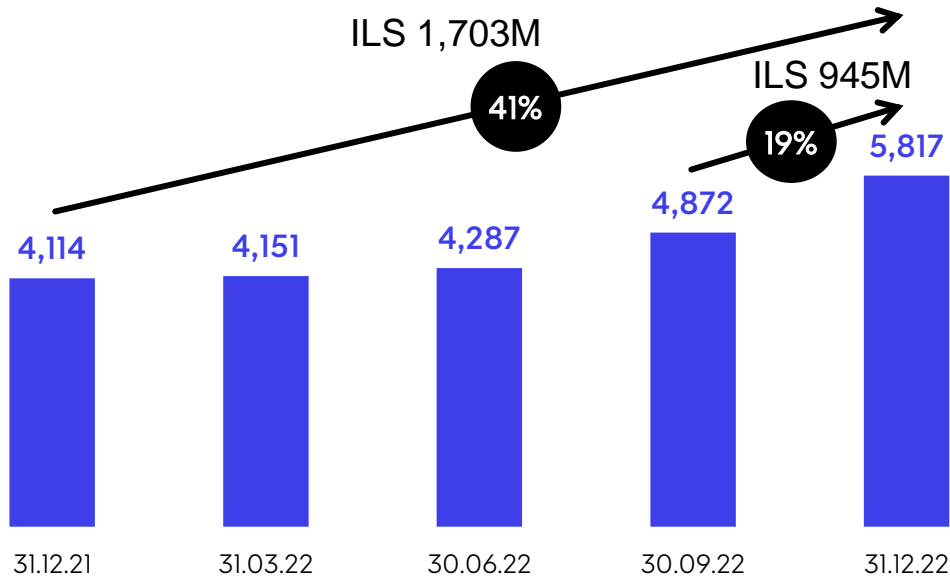
Interest rate<sup>(1)</sup>

**6.05%**

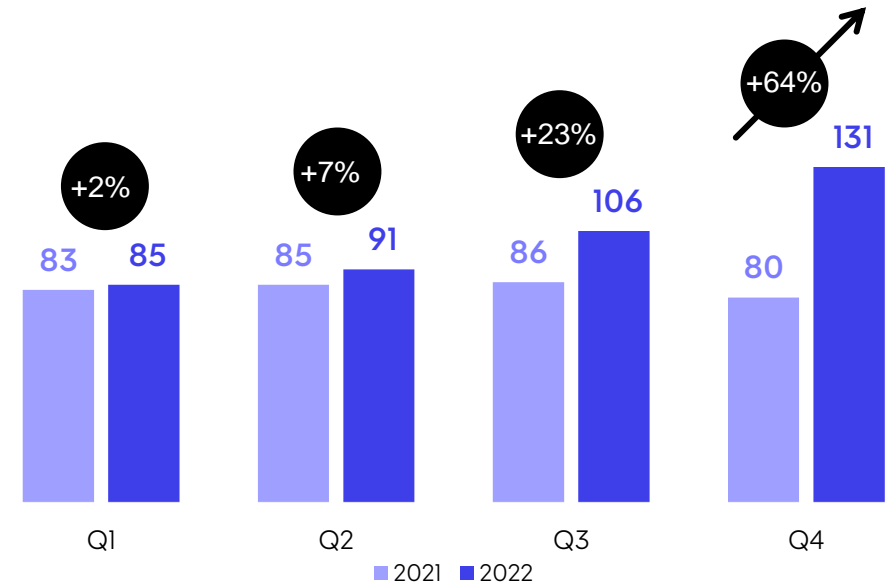
Margin<sup>(1)</sup> above the  
prime rate  
(7.5% last year)

- ✓ Adjusting interest rates according to risk using internal data and credit database
- ✓ Updated underwriting models
- ✓ Advanced monitoring, control and collection processes
- ✓ Improving portfolio and customer blend

Credit portfolio (ILS millions)



Net interest income (ILS millions)







# Commercial Credit

## A key growth driver that is proving its worth

**ILS 137M**

2022 net interest income  
(ILS 94M last year)

**+46%**

Annual growth

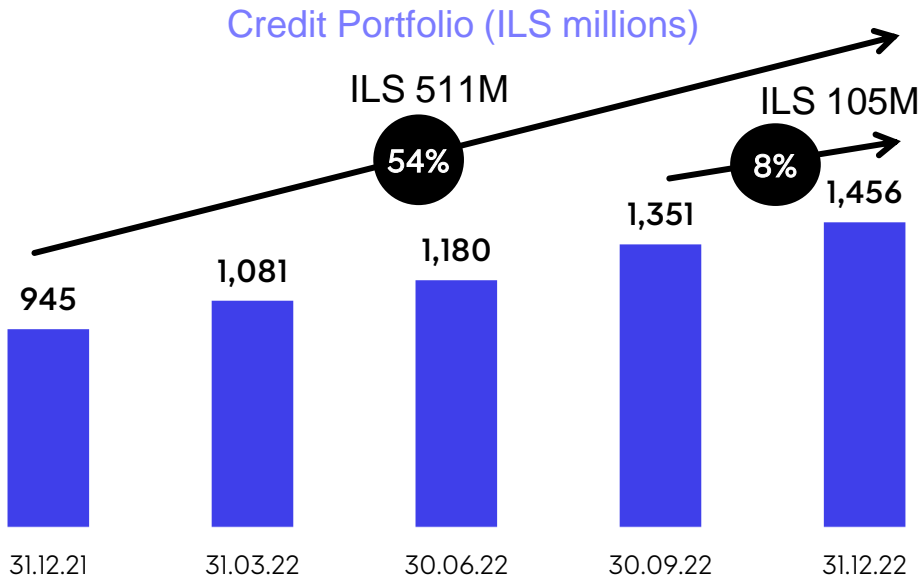
**8.2%**

Interest rate<sup>(1)</sup>

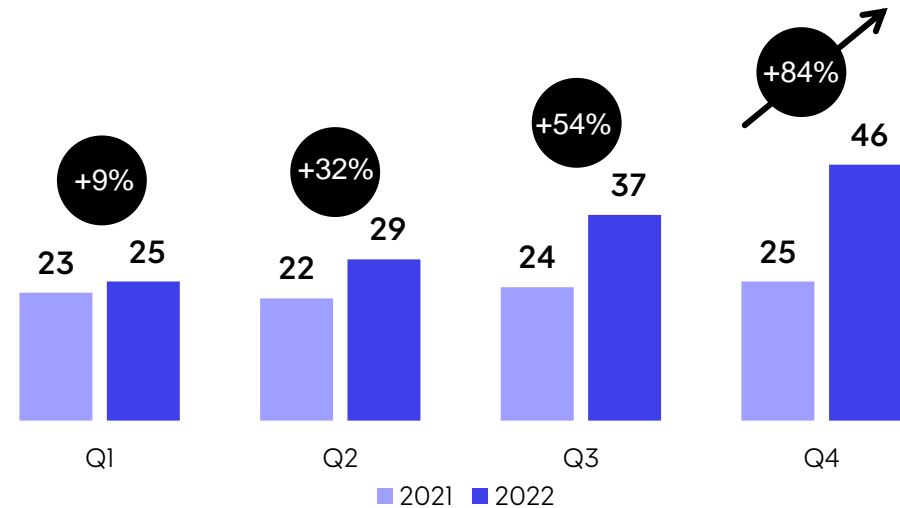
**3.45%**

Margin<sup>(1)</sup> above the  
prime rate  
(4.5% last year)

- ✓ Organic growth that takes both the macro-environment and the competition into account
- ✓ Leveraging accumulated financial data for optimal underwriting
- ✓ Combining digital underwriting with manual underwriting according to scope and risk



**Net interest income (ILS millions)<sup>(2)</sup>**



(1) Average annual interest rate and margin as of 31.12.2022.

(2) Includes off-balance sheet interest income, net interest income from discounting of sales slips for merchants.



# Provision for credit losses

## 2022 (ILS millions)



Maintaining a stable average net<sup>(1)</sup> write-off rate on receivables due to credit cards in 2022.



An increase in provision for credit losses in this quarter compared to the previous quarter and the corresponding quarter last year derives primarily from the two-digit growth in the company's credit portfolio.

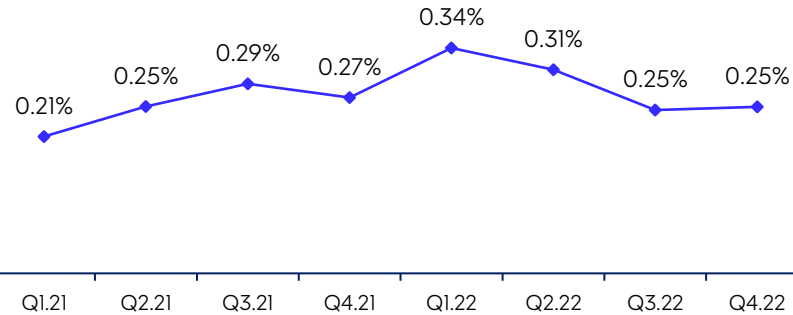


Maintaining high a coverage ratio.

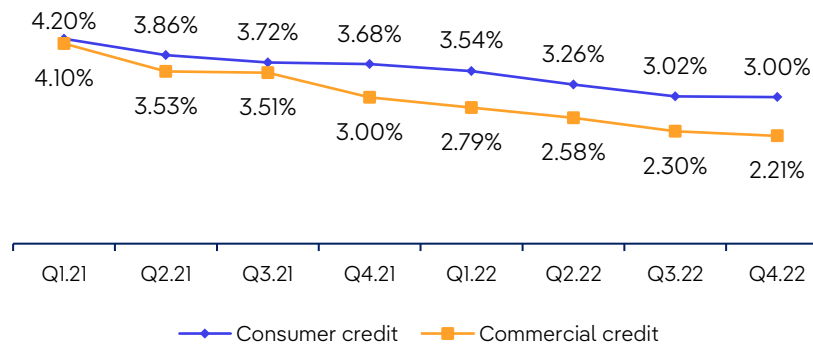


The effect of the implementation of the new regulation (CECL) as of January 1, 2023 will be reflected in the reduction of equity by approx. ILS 29 million before tax.

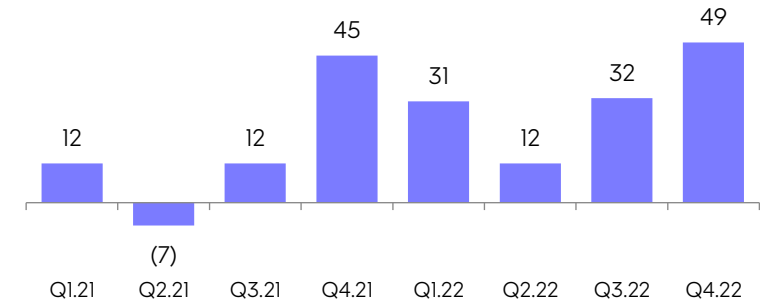
Net write-off rate<sup>(1)</sup> on average credit card receivables balance (Company's responsibility)



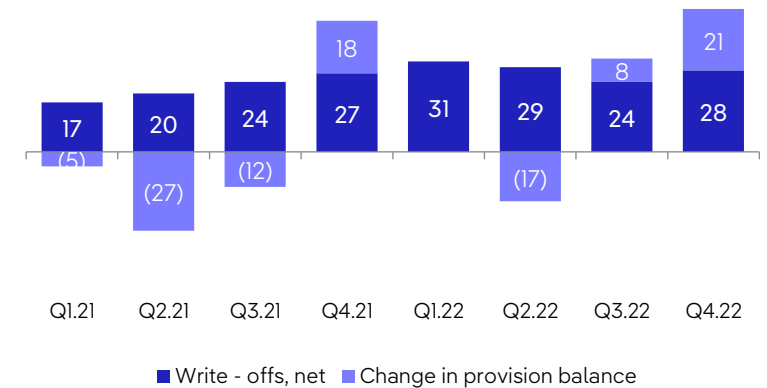
Coverage Ratio - allowance for credit losses out of receivables due to credit cards (company's responsibility)



Provision (income) for credit losses



Credit losses' provision divided into net write-offs and changes in the allowance balance



(1) in a quarterly calculation.



# Expenses (excluding credit losses): Composition & Trend

2022 (ILS millions)



## Operating Expenses

Most of the increase in 2022 is due to an increase in transaction volumes in Israel and abroad and credit portfolio's growth.



## Sales & Marketing Expenses

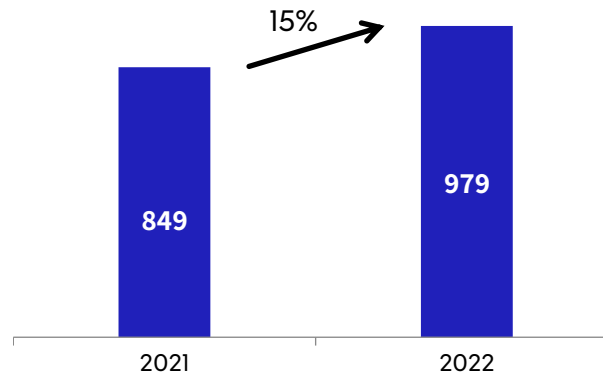
Most of the increase in 2022 is due to an increase in transaction volumes, increase in expenses on clubs and an increase in expenditure on advertising.



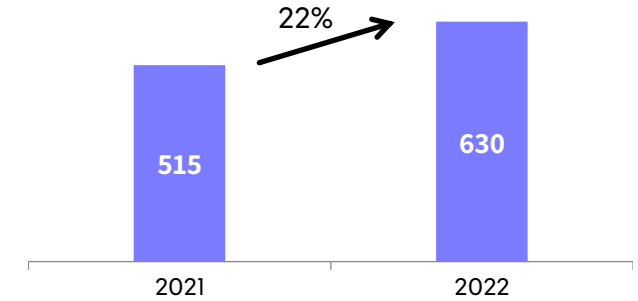
## Payments to banks

Most of the increase in 2022 in comparison to 2021 is due to an increase in the net payments to Bank Hapoalim following an agreement and understandings that came into effect Apr 1st 2022 (total sum of approx. ILS 153M), and an increase in bank cards transactions volume.

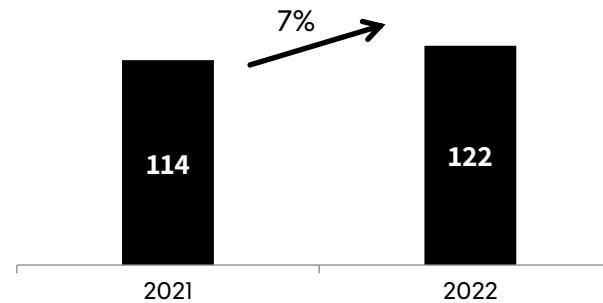
Operating expenses <sup>(1)</sup>



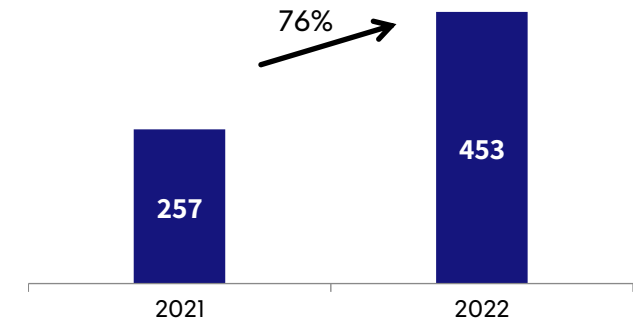
Sales & Marketing expenses <sup>(1)</sup>



Management and general expenses



Payments to banks<sup>(2)</sup>



(1) The figures are presented net of non-recurring operating expenses of ILS 85M (approx. ILS 65M after tax) and non-recurring net income of ILS 29M (approx. ILS 24M after tax) in 2022 and 2021 respectively. For details, see slide 28 in the appendix section of this presentation.

(2) The data for 2022 includes an increase in the payments to Bank Hapoalim (following an agreement and understandings that came into effect April 1st 2022) in the total sum of approx. ILS 153M, net of the issuing proceeds received from Bank Hapoalim.



# Equity, Capital Adequacy and Return on Equity (31.12.2022)

Shareholders' equity

ILS ~**2.8B**

After dividend payment of approx. ILS 149M in 2022

Total capital ratio

**14.2%**

(11.5% minimum regulatory requirement)

Tier 1 capital ratio

**13.1%**

(8% minimum regulatory requirement)

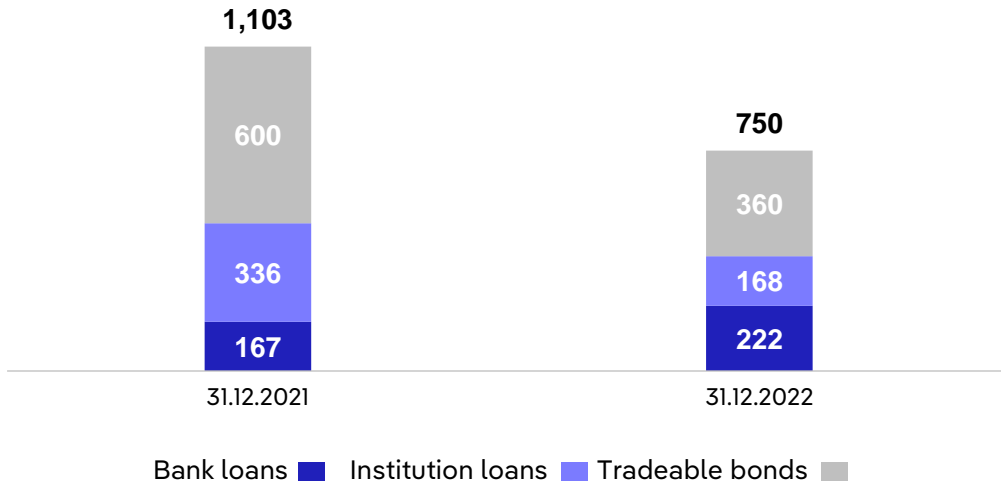
Dividends paid to shareholders in 2022

ILS ~**149M**

Approx. 35% of the net profit in 2021  
Approx. 35% of the net profit in the first half of 2022

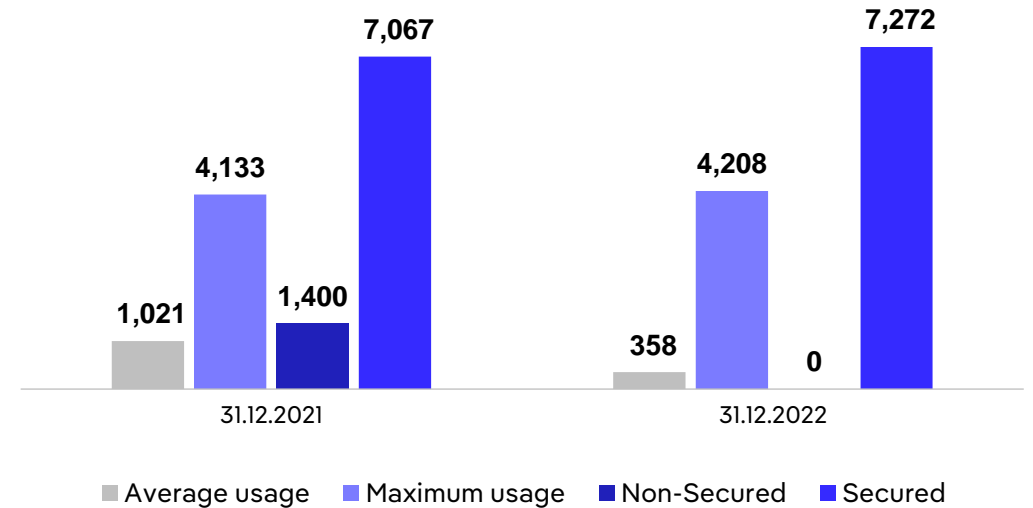
## Financing Sources

Bank and non-bank at balance sheet date (ILS millions)



## The Group's credit limits (1)

Maximum usage and yearly average (ILS millions)



1. Including autonomous credit limits

# LOOKING AHEAD



# Status of the efficiency plan

## ILS 55-65M

Annual savings

The plan will be implemented by the end of 2023 with savings fully realized in 2024<sup>(1)</sup>



Digitization  
and  
automation



Streamlining  
operations and  
cost saving



Workforce



Simplifying  
organizational  
structures

The efficiency plan has been launched and is progressing according to plan

(1) Considered forward-looking information. See slide 2 for more details.

# 2023 Jumping-Off Point



Leading and stable brand  
44% issuance  
market share<sup>(1)</sup>



M4.4  
Active cards



25+  
Customer  
clubs



47%-50%  
Market share  
of acquiring<sup>(1)</sup>



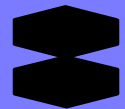
More than  
100,000  
business  
clients



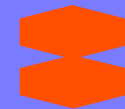
Professional &  
dedicated  
management



Financial  
resilience



Significant  
increase in  
commercial  
credit



Significant  
increase in  
consumer credit



Advanced data-  
based digital  
solutions

(1) As of Sep 30 2022

# Isracard accelerates growth

 Private customers

Encouraging accelerated growth of consumer credit

Expanding the range of solutions, products and services available to customers

Improving direct contact with customers across multiple channels

 Businesses

Addressing various needs of businesses with an overall perspective

Data-led payment solutions

Addressing businesses' advanced financing needs

 Extra focuses

Optimization and streamlining work processes

Utilizing collaborations, mergers and acquisitions to make a significant leap





# Looking Ahead

	2022	<sup>(1)</sup> 2025
Credit portfolio balance	ILS 7.3B	ILS 16.5B - 18.5B
Net profit	ILS 220M <sup>(2)</sup>	ILS 450M- 510M

(1) This should be considered forward-looking information. See slide 2 for more details.

(2) Omitting non-recurring events. See slide 28 of this presentation for more details.



# ACCELERATING GROWTH

Investor Deck | March 2023



# Appendices





# Financial Data for 2022

ILS millions	2022			2021		
	Reported	Non-recurring effects	Net of non-recurring effects	Reported	Non-recurring effects	Net of non-recurring effects
<b>Income</b>						
Income from merchants, net	1,243	-	1,243	1,185	-	1,185
Income from cardholders	844	-	844	653	-	653
Interest income, net	565	-	565	430	-	430
Other incomes (expenses)	(24)	-	(24)	35	<sup>(3)</sup> (52)	(17)
<b>Total Income</b>	<b>2,628</b>	<b>-</b>	<b>2,628</b>	<b>2,303</b>	<b>(52)</b>	<b>2,251</b>
<b>Expenses</b>						
Provision for credit losses	124	-	124	62	-	62
Operating costs	1,057	<sup>(1)</sup> 78	979	872	<sup>(4)</sup> 23	849
Sales & marketing	637	<sup>(2)</sup> 7	630	515	-	515
General & administrative	122	-	122	114	-	114
Bank payments	453	-	453	257	-	257
<b>Total Expenses</b>	<b>2,393</b>	<b>85</b>	<b>2,308</b>	<b>1,820</b>	<b>23</b>	<b>1,797</b>
<b>Pretax profit</b>	<b>235</b>	<b>85</b>	<b>320</b>	<b>483</b>	<b>(29)</b>	<b>454</b>
Provision for taxes on profit	(83)	(20)	(103)	(147)	5	(142)
Company share in profit of associates	3	-	3	7	-	7
<b>Net Profit</b>	<b>155</b>	<b>65</b>	<b>220</b>	<b>343</b>	<b>(24)</b>	<b>319</b>

(1) Net of salary expenses in the sum of ILS ~22M (~17M after tax), resulting from an efficiency plan to reduce company's workforce; depreciation and amortization expenses in the sum of ILS ~21M (~16M after tax), resulting from the termination of technological initiatives in accordance with strategic focus; an expense of ILS ~25M (~19M after tax) that incurred following increased provision for VAT assessments, according to the principles set forth in the settlement, which was unsuccessful; and finally an expense of ILS ~10M (~8M after tax), resulting from a shortening of the contractual lease period for the old Isracard House on 40 Hamasger Street, Tel Aviv.

(2) Net of salary expenses of ILS ~7M (~5M after tax) due to an efficiency plan aimed to reduce company's workforce.

(3) Net of the capital gain on the sale of the old Isracard House on 40 Hamasger Street, Tel Aviv in the sum of ILS ~52M (~42M after tax).

(4) Net of depreciation and amortization expenses of ILS ~23M (~18M after tax), directly linked to the sale of the old Isracard House on 40 Hamasger Street, Tel Aviv.



# Financial Data for Q4/2022

ILS millions	2022			2021		
	Reported	Non-recurring effects	Net of non-recurring effects	Reported	Non-recurring effects	Net of non-recurring effects
<b>Income</b>						
Income from merchants, net	309	-	309	308	-	308
Income from cardholders	223	-	223	182	-	182
Interest income, net	183	-	183	111	-	111
Other incomes (expenses)	10	-	10	45	<sup>(3)</sup> (52)	(7)
<b>Total Income</b>	<b>725</b>	<b>-</b>	<b>725</b>	<b>646</b>	<b>(52)</b>	<b>594</b>
<b>Expenses</b>						
Provision for credit losses	49	-	49	45	-	45
Operating costs	286	<sup>(1)</sup> 36	250	242	<sup>(4)</sup> 11	231
Sales & marketing	198	<sup>(2)</sup> 7	191	155	-	155
General & administrative	32	-	32	37	-	37
Bank payments	140	-	140	73	-	73
<b>Total Expenses</b>	<b>705</b>	<b>43</b>	<b>662</b>	<b>552</b>	<b>11</b>	<b>541</b>
<b>Pretax profit</b>	<b>20</b>	<b>43</b>	<b>63</b>	<b>94</b>	<b>(41)</b>	<b>53</b>
Provision for taxes on profit	(9)	(10)	(19)	(39)	7	(32)
Company share in profit of associates	2	-	2	2	-	2
<b>Net Profit</b>	<b>13</b>	<b>33</b>	<b>46</b>	<b>57</b>	<b>(34)</b>	<b>23</b>

(1) Net of salary expenses of ILS ~22M (~17M after tax) resulting from an efficiency plan aimed to reduce to reduce company's workforce; depreciation and amortization expenses of ILS ~14M (~11M after tax) resulting from the termination of technological initiatives in accordance with the strategic focus.

(2) Net of salary expenses of ILS ~7M (~5M after tax) due to an efficiency plan aimed to reduce to reduce company's workforce.

(3) Net of the capital gain on the sale of the old Isracard House on 40 Hamasger Street, Tel Aviv in the sum of ILS ~52M (~42M after tax).

(4) Net of depreciation and amortization expenses of ILS ~11M (~9M after tax), directly linked to the sale of the old Isracard House on 40 Hamasger Street, Tel Aviv.



# Balance Sheet

ILS millions	31.12.2022	31.12.2021
Assets		
Cash & deposits in bank	1,854	4,631
Receivables due to credit card activity	19,760	16,951
Allowance for credit losses	(366)	(357)
Receivables due to credit card activity, net	<b>19,394</b>	<b>16,594</b>
Securities	66	64
Investments in associated companies	49	42
Buildings & equipment	455	408
Reputation	22	-
Other assets	843	697
<b>Total Assets</b>	<b>22,683</b>	<b>22,436</b>
Liabilities		
Credit from banks and others	390	503
Creditors due to credit card activity	18,079	17,615
Tradeable bonds	360	600
Other liabilities	1,048	941
<b>Total Liabilities</b>	<b>19,877</b>	<b>19,659</b>
Equity attributable to shareholders	2,794	2,777
Non-controlling interest	12	-
<b>Total Equity</b>	<b>2,806</b>	<b>2,777</b>
<b>Total Liability &amp; Equity</b>	<b>22,683</b>	<b>22,436</b>