



Investor Presentation | Q2 2024



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# Forward Looking Statements

This presentation about Isracard Ltd. (hereinafter - the “Company”) and its consolidated companies (hereinafter jointly - the “Group”) is made available as a summary for convenience only and does not include all the data regarding the Group and its activity nor does it replace a perusal of the Company’s 2023 reports, its reports for the second quarter of 2024 and its current reports (hereinafter jointly - the “Reports”) and should be read in conjunction with the Reports.

The information contained in this presentation may include data that are categorized, edited or segmented differently than in the Reports.

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It includes plans, objectives, assessments, estimates and other information relating to future events, including information regarding the Group’s assets, future actions and liquidity. Such information constitutes “forward-looking information”, as defined in the Securities Law, 1968, and it may not materialize, in whole or in part, or materialize in a manner which is materially different than expected. Forward-looking information relies on the Company’s subjective assessment, which is based, among other things, on facts and data regarding the current status of the Group’s business, the status of the payments and credit market, and the economy as a whole, as they were known to the Company on the preparation date of this presentation, as well as on macroeconomic facts and data, on which the Company relies without being able to verify them, including reports and publications of various external parties, such as: data of the Bank of Israel and parties operating in the payments market (such as: credit card companies and other acquirers). The materialization or non-materialization of the forward-looking information shall be affected, among other things, by

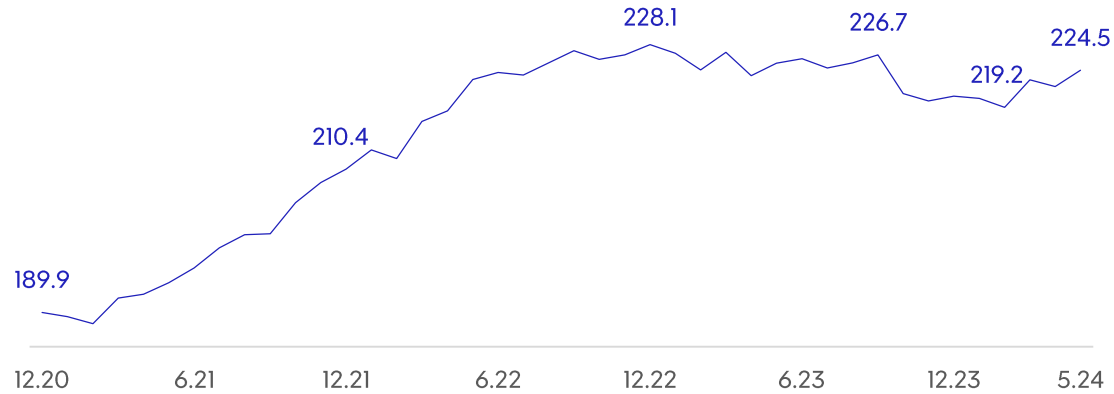
developments in the payments and credit market in Israel or other countries, changes in the Group’s work plan, changes in market conditions, and external factors affecting the Group’s activity, behavior of consumers both globally and in Israel, availability or absence of various resources for the Group, activity of parties and players in the payments and credit markets in Israel or other countries, decisions of various international entities and organizations with which the Group has dealings, or by whose decisions the Group is affected, changes in the scope of activity and number of card holders of the Group, regulatory changes, accounting changes, and changes in taxation rules, changes in the competitive conditions, technological developments, economic changes, macroeconomic changes - including changes in inflation rates and interest rates in Israel and/or other countries and a recession, the development of the Iron Swords War, its nature, duration, expansion and the local and global consequences thereof, the actions taken by the Government and the Knesset leading to legislative changes, among other things, in relation to the judiciary and their effects (if any); changes in the geopolitical conditions, including the effects of domestic and global political and security conflicts, changes in the terms of financing, and the effects and consequences of some or all of the above on the Group, as well as changes in other areas, which may affect the Group’s activity and the business environment in which it operates, which are beyond the Group’s control, and which may lead to non-materialization (in whole or in part) of the assessments and/or to changes in the Company’s business plans and/or to their materialization in a manner which is different - and even materially different - than predicted, and the materialization of all or some of the risk factors which characterize the Group’s activity. The Company does not undertake to update or change any such assessment or information to reflect events or circumstances which shall take place subsequent to the preparation date of this presentation.



# Isracard is a Reflection of the Israeli Economy and is Affected by the Economic, Security, Political and Social Conditions in Israel

Q2 2024 saw a continuation of gradual recovery in some economic sectors, which began early in the year; however, there is still uncertainty as to the rest of the year

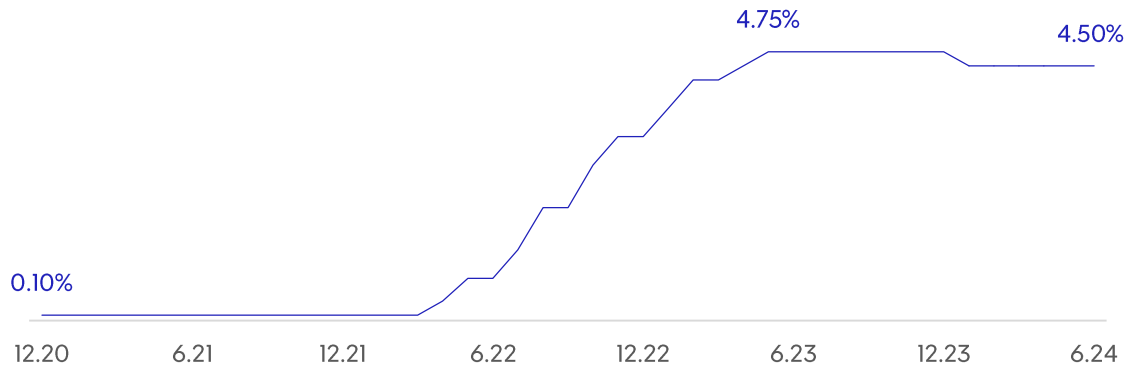
Households' outstanding debt to the financial sector<sup>(1)</sup>  
(NIS billion)



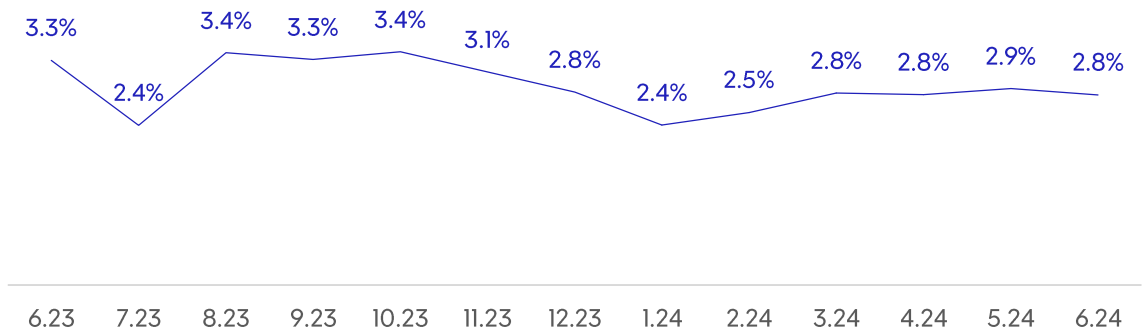
Private consumption spending<sup>(2)</sup>  
(NIS billion)



Bank of Israel interest<sup>(3)</sup>



Consumer Price Index - excluding housing<sup>(4)</sup>



(1) Source: Bank of Israel, excluding mortgages

(2) Source: Central Bureau of Statistics

(3) Source: Bank of Israel, end of month

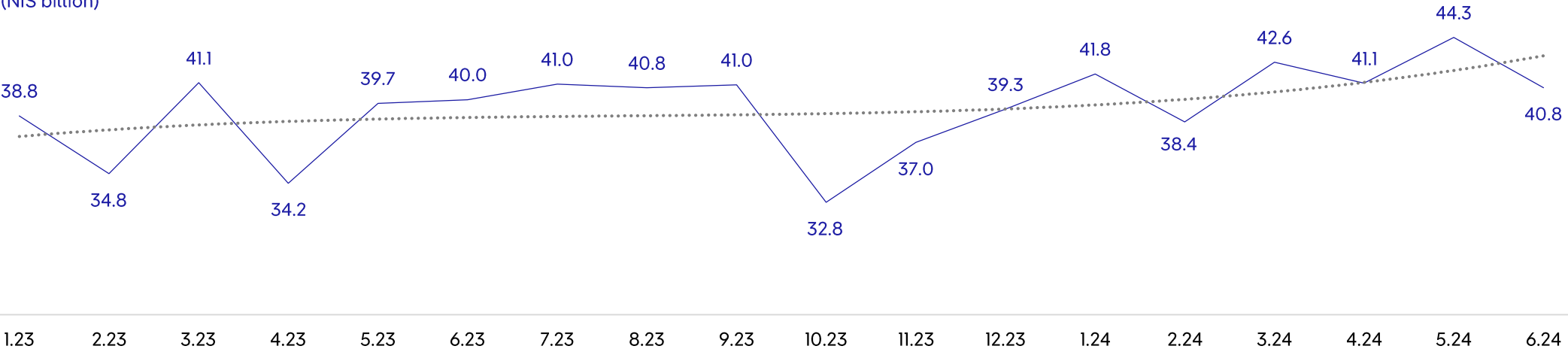
(4) Source: Central Bureau of Statistics, rate of change in the CPI compared to the corresponding month last year



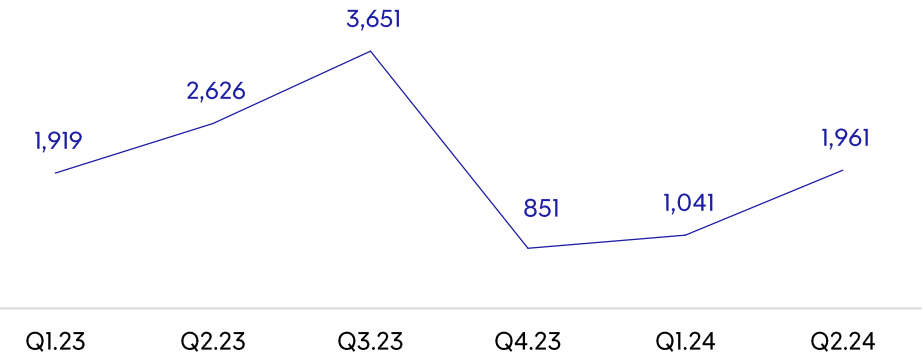
# The Gradual Recovery was Reflected in Credit Card Transactions Volume

In the tourism sector, the number of outbound and inbound tourists continued to grow, albeit at a lower rate compared to the corresponding period last year

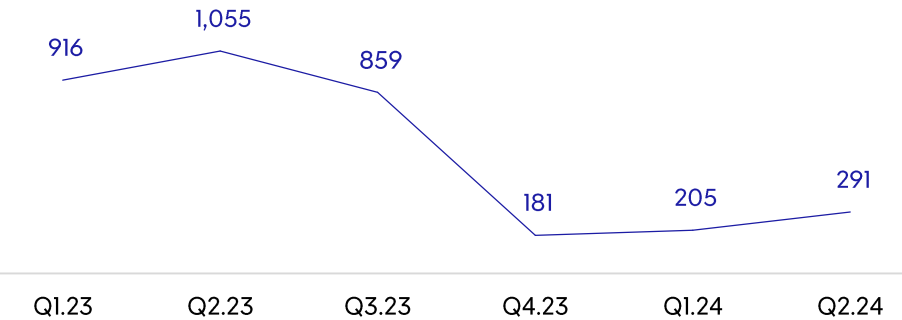
Credit card transactions turnover in Israel<sup>(1)</sup>  
(NIS billion)



Outbound tourism - number of departures by Israeli citizens<sup>(2)</sup>  
(thousands)



Inbound tourism - number of tourist arrivals<sup>(2)</sup>  
(thousands)



(1) Source: Bank of Israel  
(2) Source: Central Bureau of Statistics



# Q2 2024 - An Increase in the Credit Portfolio and Net Income Despite the Challenges of the Period; Updating The Dividend Distribution Rate

## The Credit Portfolio Rose to 9.4 Billion NIS



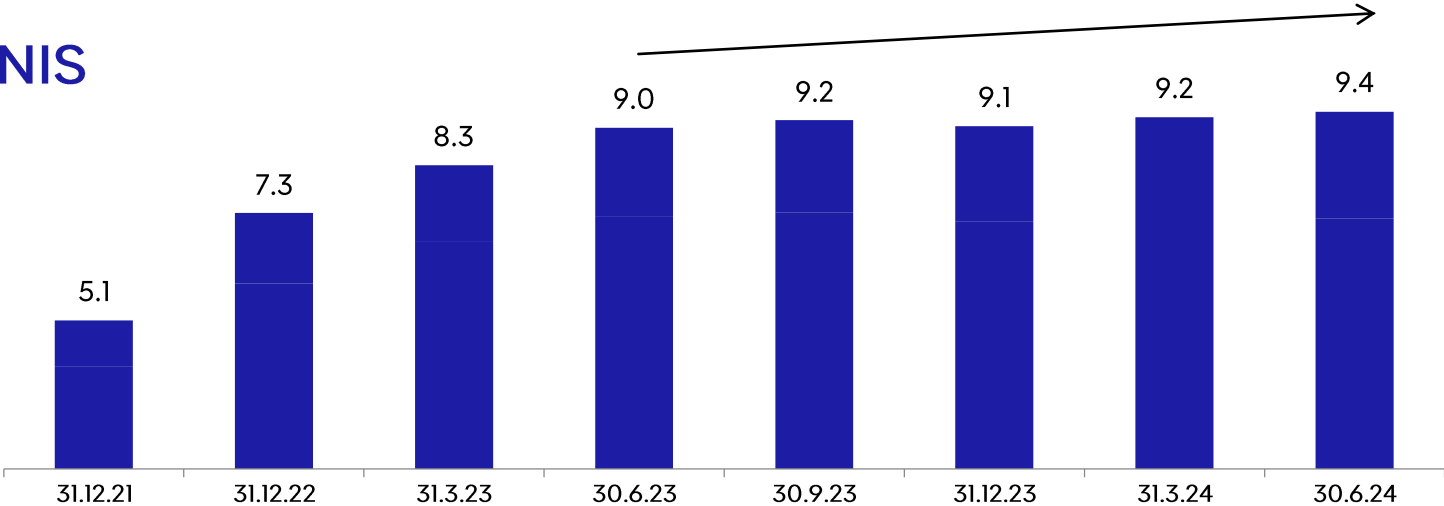
### Commercial Credit

The consistent growth trend continued, leveraging Isracard's relative advantage in activity involving merchants



### Consumer Credit

The economic situation continued to impact demand and so, Isracard implemented a more conservative underwriting policy



## Higher Revenues and Net Income

Revenues	Net income
802 NIS million	68 NIS million
+4.8% from Q1 2024	+6.3% from Q1 2024
+9.7% from Q4 2023	+33.3% from Q4 2023

## Generating Shareholder Value

Dividend for H1 2024 net income		Dividend yield <sup>(1)</sup>
53 NIS million	40% of net income	4.0%
Dividend paid in respect of H2 2023 net income		
NIS 46 million	35% of net income	3.3%

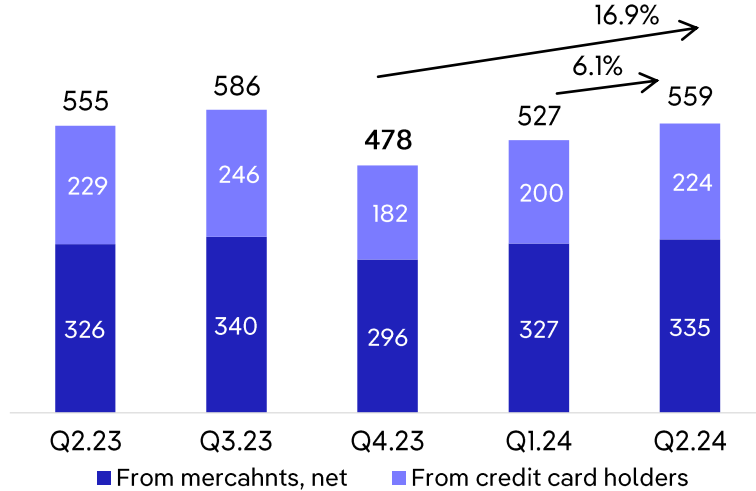
(1) Total per share dividend divided by the closing share price the day prior to the declaration date (annualized)



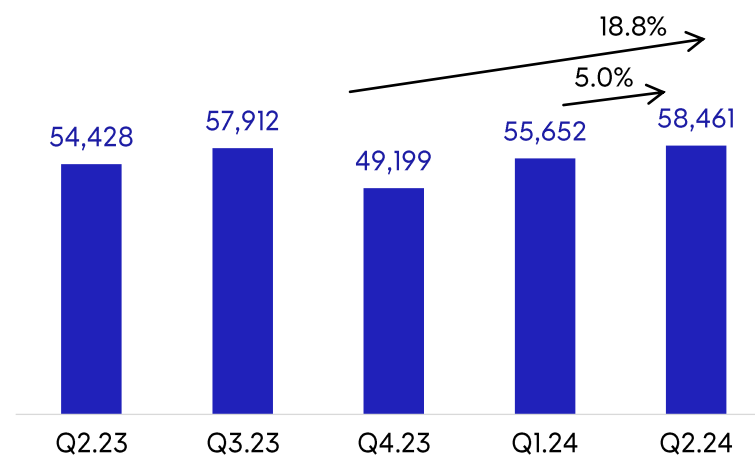
# Q2 2024 - The Gradual Recovery in Credit Card Transactions Turnover Contributed Most of the Increase in Revenues vs. the Previous Two Qs

NIS million

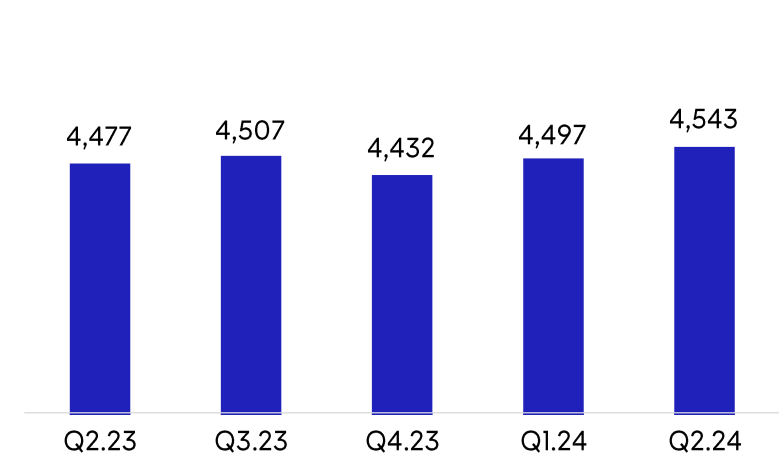
Income from credit cards  
(issuing and acquiring)



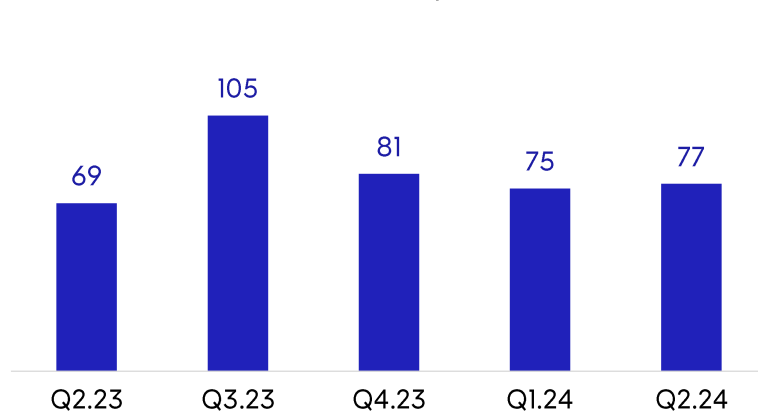
Turnover of transactions related to credit cards  
issued by the Company



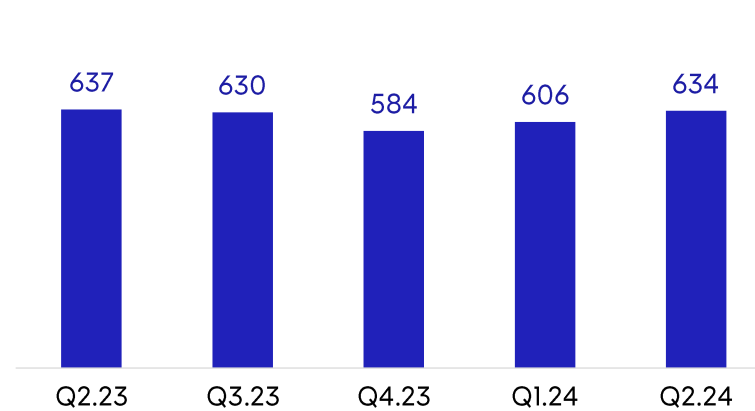
Active credit cards  
(thousands of units)



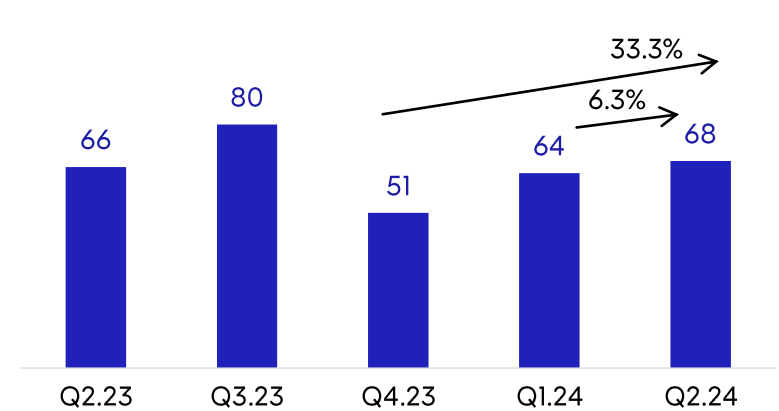
Credit loss expenses



Expenses excluding credit losses



Net income





# Commercial Credit - Leveraging Isracard's Relative Advantage in Activities Involving Merchants

Sustained and consistent growth trend.  
Continued to expand the offering and make advanced products and services more accessible



## Commercial Credit<sup>(1)</sup> Q2 2024

**2.2** NIS billion

Interest income  
from customers

**77** NIS million

73 Q1 2024  
69 Q2 2023

% of interest income<sup>(1,2)</sup>

**8.61%**

8.99% Q1 2024  
9.86% Q2 2023

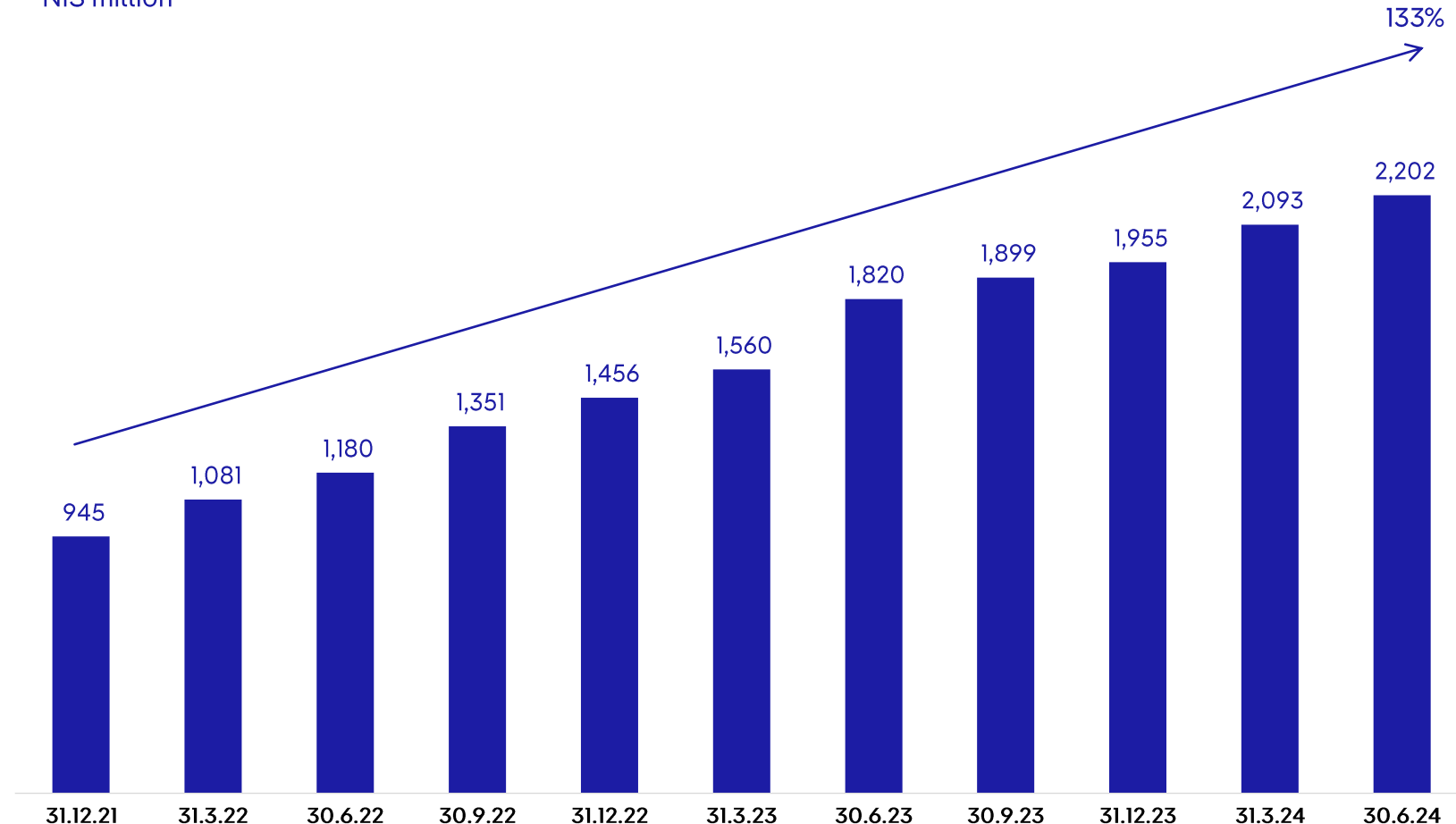
Interest income margin  
above the Prime rate

**2.61%**

2.98% Q1 2024  
3.77% Q2 2023

## Development of the commercial credit portfolio over time<sup>(1)</sup>

NIS million



(1) Excluding balances complying with the terms and conditions for extinguishment of the liability according to FAS 166 in respect of voucher factoring for merchants

(2) Rate of average interest income (annualized) based on balances as of the beginning of the months - of the commercial credit portfolio



# Consumer Credit - The Economic State Continued to Affect Demand

Accordingly, Isracard implemented a more conservative underwriting policy



## Consumer Credit

Q2 2024

**7.2** NIS billion

Interest income  
from customers

**208** NIS million

196 Q1 2024  
206 Q2 2023

% of interest income<sup>(1)</sup>

**11.77%**

11.15% Q1 2024  
11.80% Q2 2023

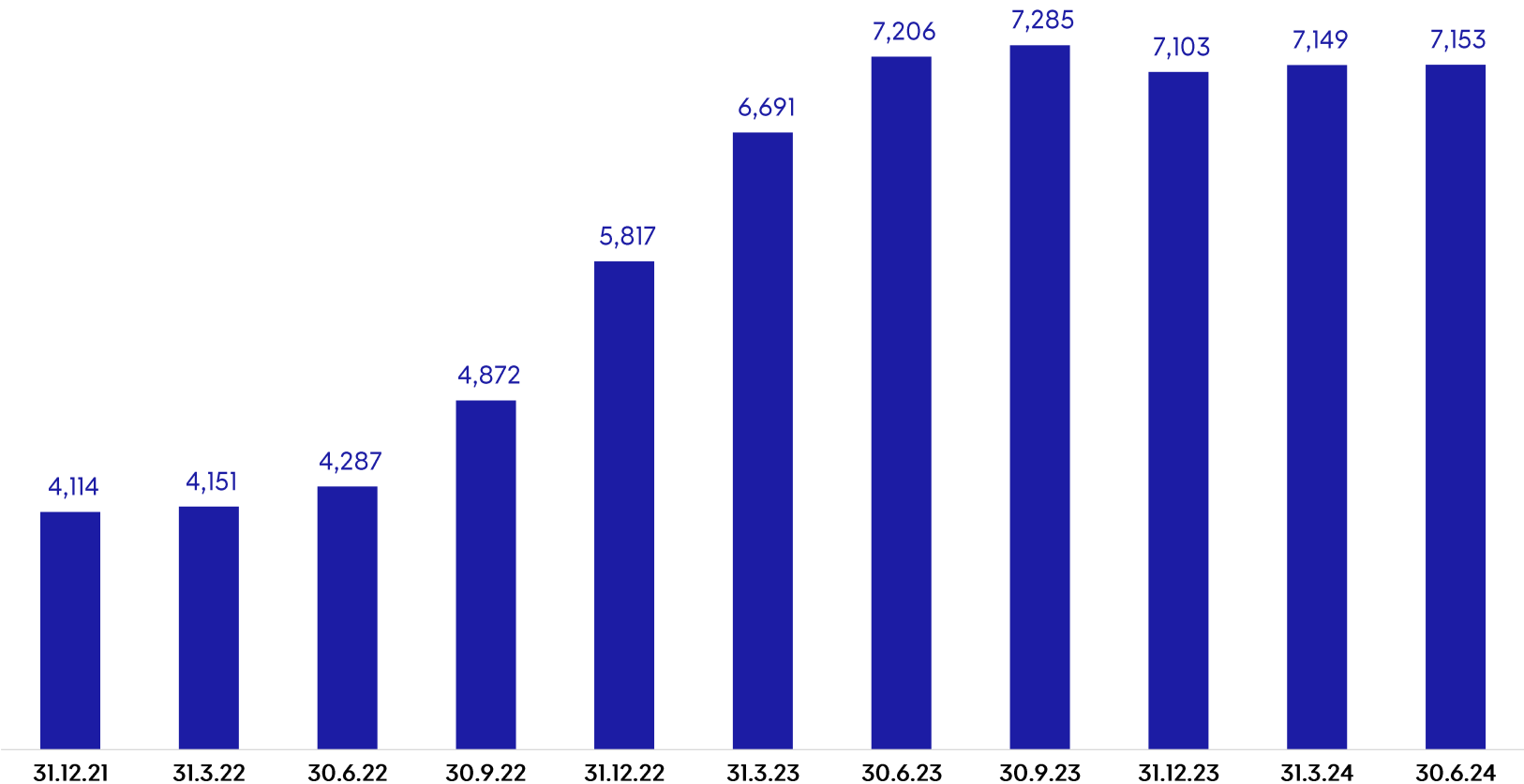
Interest income margin  
above the Prime rate

**5.77%**

5.14% Q1 2024  
5.71% Q2 2023

## Development of the consumer credit portfolio over time

NIS million



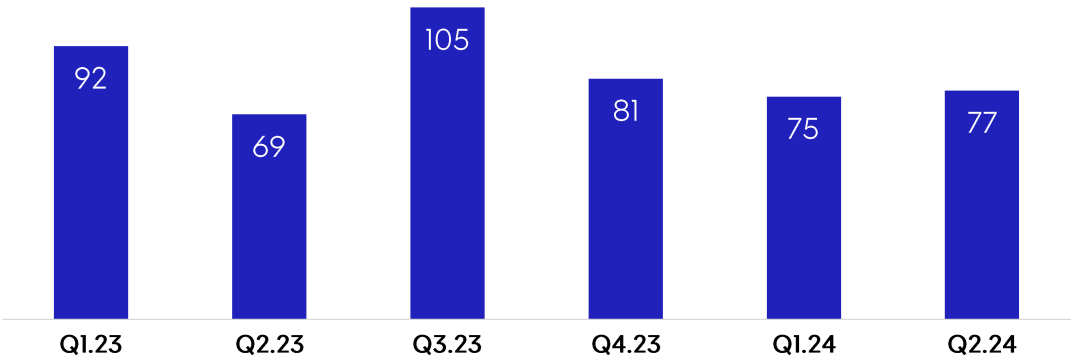
(1) Rate of average interest income (annualized) based on balances as of the beginning of the months in the quarter



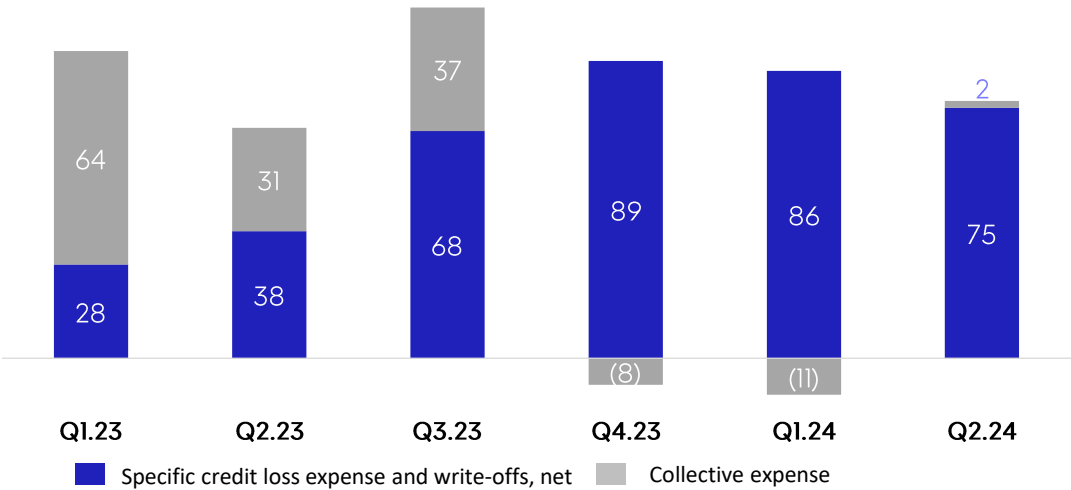
# Credit Loss Expenses

An adjusted underwriting policy resulted in a decrease in the specific credit loss expense and net write-offs, since Q4 2023

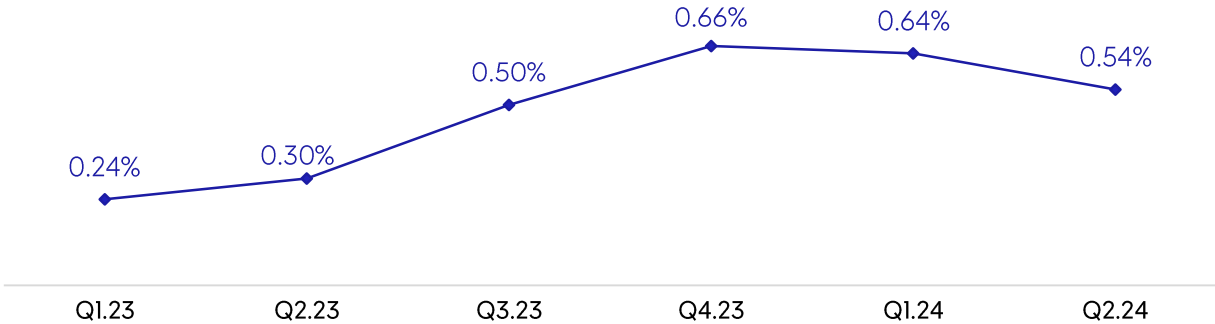
Total credit loss expenses  
(NIS million)



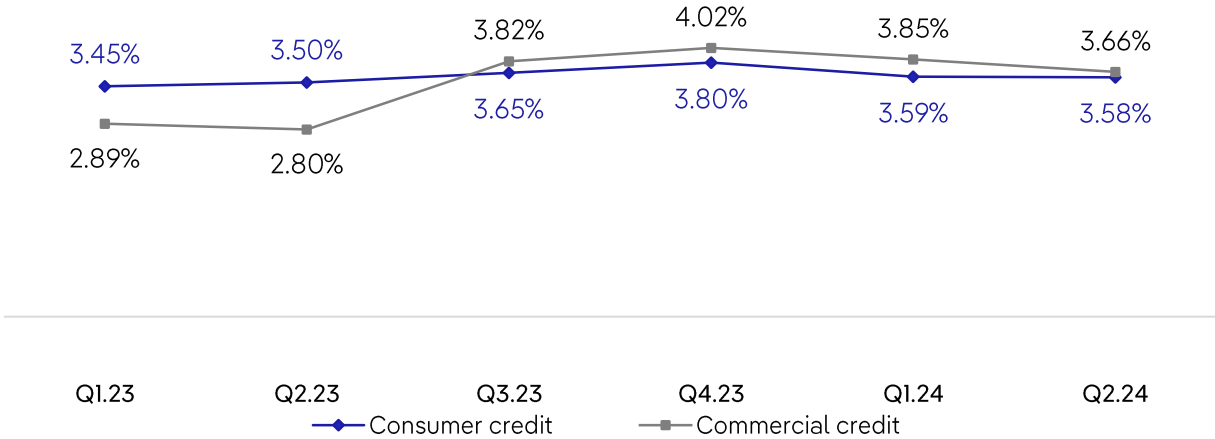
Credit loss expenses by specific credit loss expenses and write-offs, net, and collective expense (NIS million)



Rate of specific credit loss expense and write-offs, net, of the average of credit card receivables<sup>(1,2)</sup>



Coverage ratio - credit loss provision of the balance of credit card receivables<sup>(2)</sup>



(1) Quarterly calculation  
(2) Company's responsibility

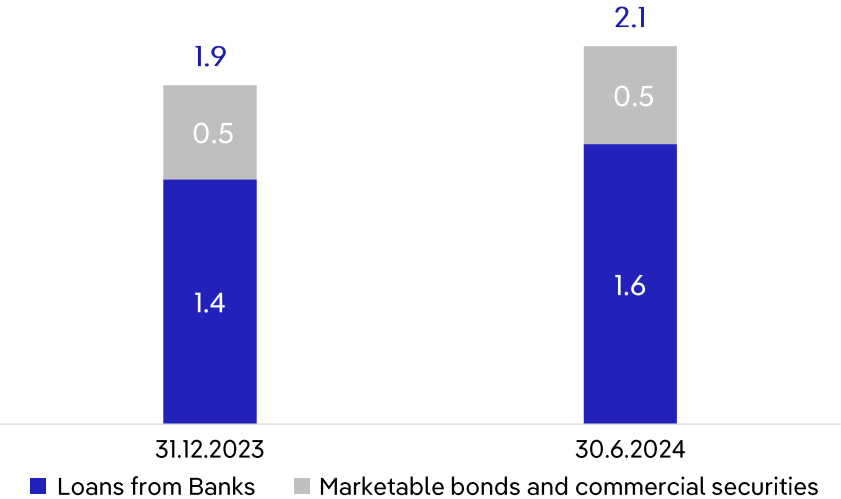


# Availability and Diversity of Funding Sources Support Operating Activities and the Credit Portfolio's Growth Potential Even in this Complex Period

NIS billion

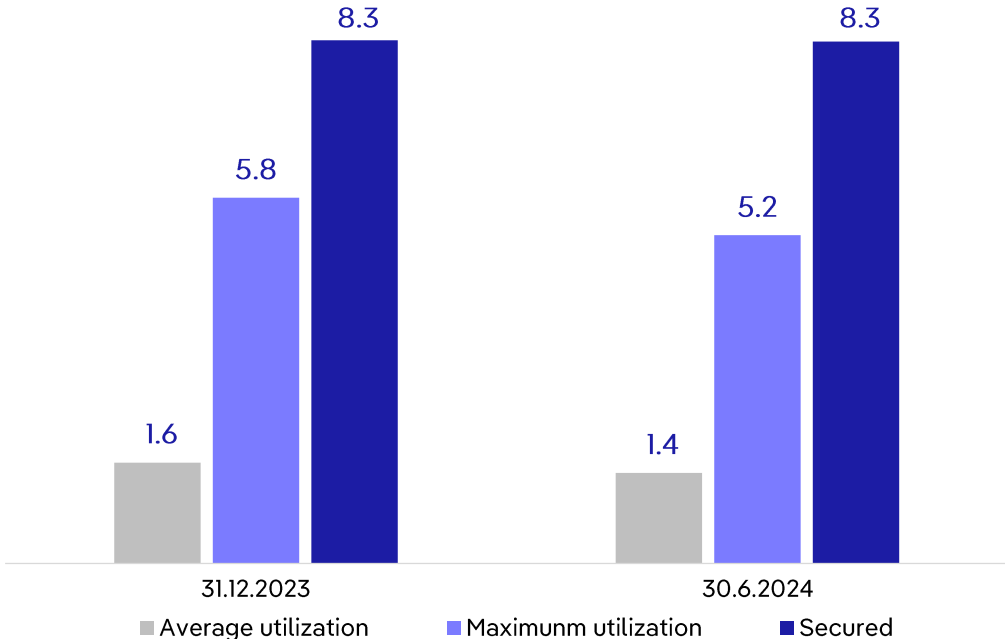
## Financing Sources

Bank and other loans and commercial funding as of the balance sheet date



## The Group's Credit Facilities<sup>(1)</sup>

Maximum and average utilization since the beginning of the year



(1) Including autonomous credit facilities

# Increased the Semi-annual Dividend Rate to 40%



## Robust Capital and Capital Ratios

Capital attributable to shareholders

**3.1** NIS billion

Tier 1 capital ratio

**12.9%**

Board of Directors' minimum 10.0%  
Regulatory minimum 8.0%

Total capital ratio

**14.0%**

Board of Directors' minimum 11.75%  
Regulatory minimum 11.5%

## Generating Shareholder Value



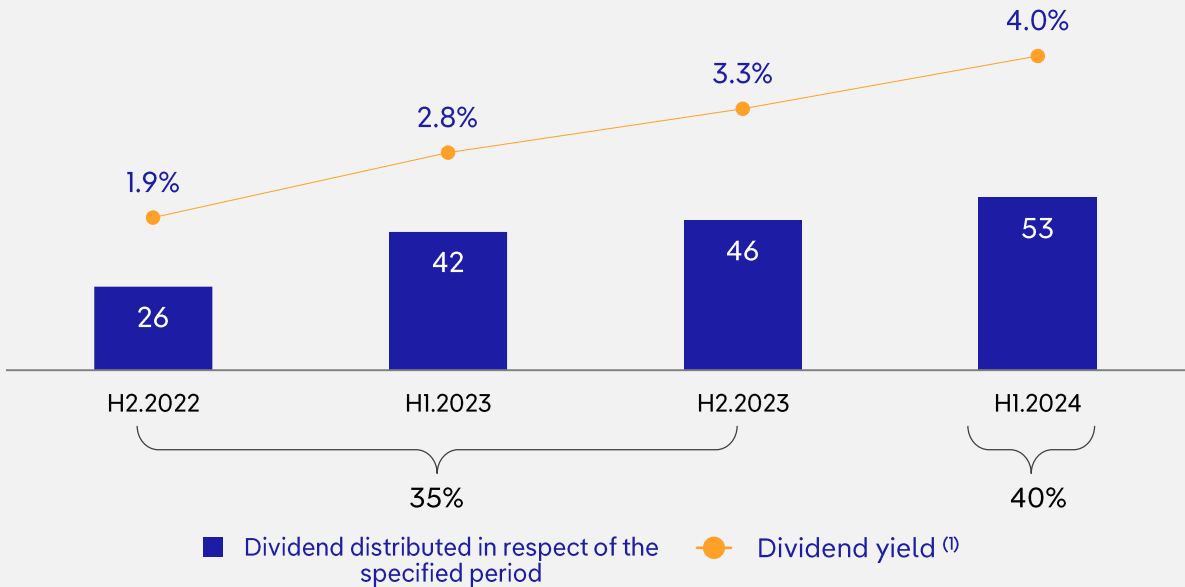
## Dividend Distribution

**53** NIS million

Dividend declared in respect of H1 2024 net income

**4.0%**

Dividend yield<sup>(1)</sup>



(1) Total per share dividend divided by the closing share price a day prior to the declaration date (annualized)

# Isracard Ranked First Among Credit Card Companies

 Isracard rated Platinum+ A in the 2024 Maala Index



Isracard was upgraded to Platinum+ A in the 2024 index  
 The only credit card company to be assigned this rating

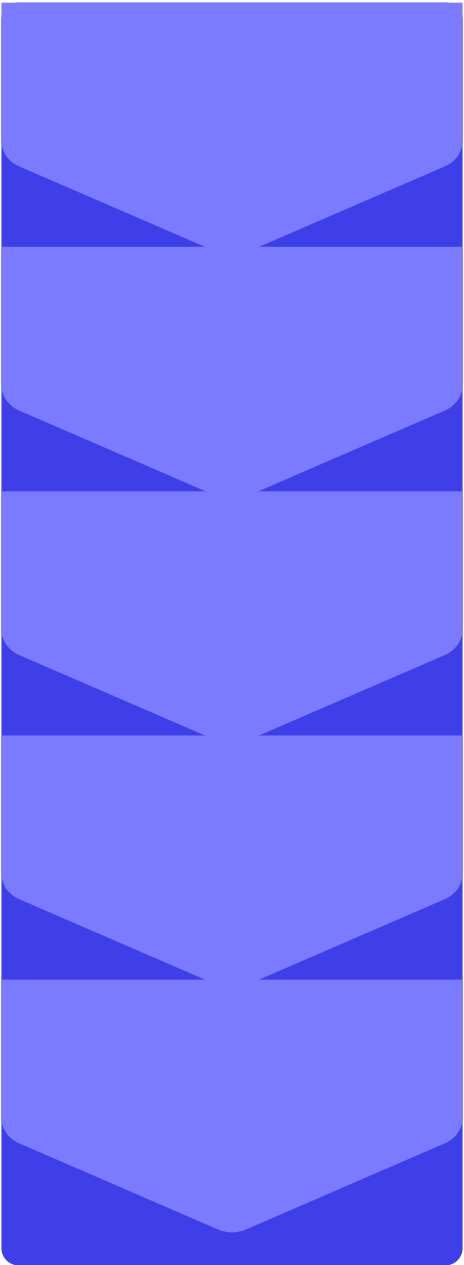
Maala's index rates more than 150 of the largest companies in Israel, and assesses approximately 120 different criteria focusing on environmental, work relations, diversity and inclusion, corporate governance and community outreach

 Isracard leads the credit cards sector in the 2024 Brands Index



Isracard was ranked first among the credit cards companies in the 2024 Brands Index

Globes' Brand Index has been published for 21 years; it is based on a broad survey of 3,500 respondents, aged 18 and over, who constitute a representative sample of the Israeli population




# Unique Value Propositions for Private Customers

Cooperation  
with Wolt

ישראל כרטיס

3 סיבות להזמין  
CashBack<sup>+</sup>  
של ישראל כרטיס



50 ₪ קרדיט  
ב-Wolt

אני רוצה CashBack<sup>+</sup>

בכפוף לתקנון תכנית הקאשבק. המספיקה ישראל כרטיס בע"מ. אי עמידה בפירעון האשראי עלולה לנזק חוב ברביע פירעון וולחיו הוא לפועל הפקדת הכרטיס ונבנה המסגרת חנונים לשיקור דעתה הכללית של המספיקה. תחולת המסגרת בטרם של 75 ימי חנונית 10,000 ₪ המספרים הראשונים שמחזור החיובים המספר בטרם בטרם 3 החודשים מסועד הפקדת הכרטיס יעלה על 15,000 ₪. מתנת המספר בטרם 50 ₪ בטרם הקוד למספרים חדשים עד ליום 31.8.24 התכנית וולט בחוקף עד לתאריך 31.12-2023 חודשים מרגע הטענת הקוד.


Loans to finance  
summer  
expenses



הוצאות הקיץ  
מתחילות להכביד?

10% cashback  
for those  
traveling abroad

ישראל כרטיס



ישראל כרטיס  
צ'ק

בחופשה הקרובה לא שוכחים  
לארוז את הכרטיס הכי משתלם

משלמים בנייד עם כרטיס  
ישראל כרטיס בחו"ל ומקבלים

10% קאשבק  
על הקניות שלך

להשתתפות במבצע

Nit'anchik  
top-up  
payment card

כרטיס נטענצ'יק  
של ישראל כרטיס



מטענים בדיגיטל  
עד 1,000 ₪ בכל פעם

הכרטיס נטענצ'יק נטען באופן אוטומטי מכל כרטיס אשראי ישראל כרטיס עד לסך  
עד 1,000 ₪ בכל טעינה עד לסך 10,000 ₪. הכרטיס נטען באופן אוטומטי מכל כרטיס אשראי ישראל כרטיס  
מספר הכרטיס נטען באופן אוטומטי מכל כרטיס אשראי ישראל כרטיס. הכרטיס נטען באופן אוטומטי מכל כרטיס אשראי ישראל כרטיס.  
המספר הראשון של הכרטיס נטען באופן אוטומטי מכל כרטיס אשראי ישראל כרטיס. הכרטיס נטען באופן אוטומטי מכל כרטיס אשראי ישראל כרטיס.  
3 חודשים חום הנטען הכרטיס



## Q2 2024 in Summary



The gradual recovery in some of the economic sectors was reflected in an increase in the volume of credit card transactions, in revenue and net income



Economic market uncertainty as to the rest of the year



Isracard's credit portfolio has grown despite the challenging period, and in parallel to the implementation of a more conservative underwriting policy



Generating shareholder value  
Increased the dividend rate



# Appendices





# Quarterly Statement of Profit and Loss

NIS million	Q2/2024	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
<b>Income</b>						
Income from merchants, net	335	327	296	340	326	326
Income from credit card holders	224	200	182	246	229	214
Interest income, net	237	231	236	244	233	219
Other income	6	7	17	12	12	18
<b>Total income</b>	<b>802</b>	<b>765</b>	<b>731</b>	<b>842</b>	<b>800</b>	<b>777</b>
<b>Expenses</b>						
Credit loss expenses	77	75	81	105	69	92
Operating expenses	284	278	272	292	296	281
Selling and marketing expenses	185	174	162	170	176	173
General and administrative expenses	31	31	36	32	36	37
Payments to banks	134	123	114	136	129	124
<b>Total expenses</b>	<b>711</b>	<b>681</b>	<b>665</b>	<b>735</b>	<b>706</b>	<b>707</b>
<b>Profit before taxes</b>	<b>91</b>	<b>84</b>	<b>66</b>	<b>107</b>	<b>94</b>	<b>70</b>
Provision for taxes	(23)	(20)	(13)	(26)	(28)	(17)
The Company's share in associates' profits, post-tax	1	-*	(2)	(1)	1	2
<b>Net income:</b>						
Before attribution to non-controlling interests	69	64	51	80	67	55
Attributable to non-controlling interests	(1)	-*	-*	-*	(1)	-*
<b>Attributable to the Company's shareholders</b>	<b>68</b>	<b>64</b>	<b>51</b>	<b>80</b>	<b>66</b>	<b>55</b>

\* An amount lower than NIS 0.5 million

# Semi-annual Statement of Profit and Loss

NIS million	H1/2024	H1/2023
<b>Income</b>		
Income from merchants, net	662	652
Income from credit card holders	424	443
Interest income, net	468	452
Other income	13	30
<b>Total income</b>	<b>1,567</b>	<b>1,577</b>
<b>Expenses</b>		
Credit loss expenses	152	161
Operating expenses	562	577
Selling and marketing expenses	359	349
General and administrative expenses	62	73
Payments to banks	257	253
<b>Total expenses</b>	<b>1,392</b>	<b>1,413</b>
<b>Profit before taxes</b>	<b>175</b>	<b>164</b>
Provision for taxes	(43)	(45)
The Company's share in associates' profits, post-tax	1	3
<b>Net income:</b>		
Before attribution to non-controlling interests	133	122
Attributable to non-controlling interests	(1)	(1)
<b>Attributable to the Company's shareholders</b>	<b>132</b>	<b>121</b>

\* An amount lower than NIS 0.5 million

# Balance Sheet

NIS million	June 30, 2024	December 31, 2023
<b>Assets</b>		
Cash and deposits with banks	872	902
Amounts receivable from banks for credit card transactions, net	6,694	6,271
Receivables for credit card transactions	15,369	14,468
Credit loss provision	(509)	(514)
<b>Receivables for credit card transactions, net</b>	<b>14,860</b>	<b>13,954</b>
Securities	47	42*
Investments in associates	45	44*
Buildings and equipment	462	462
Goodwill	21	21
Other assets	835	817
<b>Total assets</b>	<b>23,836</b>	<b>22,513</b>
<b>Liabilities</b>		
Credit from banking corporations and others	1,565	1,367
Payables for credit card transactions	17,567	16,556
Marketable bonds and commercial securities	546	526
Other liabilities	1,046	1,054
<b>Total liabilities</b>	<b>20,724</b>	<b>19,503</b>
Equity attributable to the Company's shareholders	3,098	2,997
Non-controlling interests	14	13
<b>Total equity</b>	<b>3,112</b>	<b>3,010</b>
<b>Total liabilities and equity</b>	<b>23,836</b>	<b>22,513</b>

\* Reclassified