The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

Automated Bank Services Ltd.

Quarterly report for the period ended June 30, 2021

We are pleased to present to shareholders the report of the Board of Directors of Automatic Banking Services Ltd. (hereinafter: "the Company" or "Shva") as of June 30, 2021 (hereinafter: "Reported Period") in compliance with the provisions of Regulation 48 of the Israel Securities Regulations (Periodic and Immediate Reports), 1970. This directors' report presents events and changes that occurred in the Company's position during the reported period and which had material impact on the interim financial information and the corporation's business report. This report is limited in scope and therefore should be read in conjunction with periodic report for the year ended December 31, 2020, which was published on March 25, 2021 (ISA reference number 2021-01-047532) ("the Company's 2020 Periodic Report"), which is presented in this report by way of reference.

1. Overview of corporate operation and business position

1.1 General

The Company was incorporated in Israel in 1978 as a private company under the Israel Companies Law. In early June 2019, after completing a public offering of its shares, the Company became listed and a 'reporting corporation', as this term is defined by the Securities Law. Accordingly, as of the date, the Company reports under International Financial Reporting Standards (IFRS) and Israel Security Regulations (Annual Financial Statements), 2010.

The Company is operating a system that enables, among others, transfer of charge card transaction approvals, collection of information about charge card transactions from terminals at points of sale (POS), provide a clearing interface for charge card issuers and transfer approval for cash withdrawals from automated teller machines (ATMs). For more information about the different areas of activity of the Company, see section 3, Chapter A (Description of the Corporation's Business) in the Company's 2020 Periodic Report. The Company currently has a single operating segment (hereinafter: "the Clearing Segment"), which provides a number of services, as follows:

(1) Operation of a bidirectional communication system between Clearing Customers and charge card issuers and retail businesses, for approval and collection of information of transactions performed using charge cards at points of sale (hereinafter, respectively: the "Approval and Collection Interface" and the "Approval and Collection Services").

(2) Management and operation of a clearing interface.

(3) Management and operation of a switching system connecting ATM networks operated by different banks – including Bank Leumi Le-Israel Ltd. (hereinafter: "Bank Leumi"), Bank Hapoalim Ltd. (hereinafter: "Bank Hapoalim"), Israel Discount Bank Ltd. (hereinafter: "Discount Bank"), First International Bank of Israel Ltd. (hereinafter: "FIBI"), Mizrahi Tefahot Bank Ltd. (hereinafter: "Mizrahi Tefahot Bank"), Bank of Jerusalem Ltd. (hereinafter: "Bank of Jerusalem") , Bank Yahav for Government Employees Ltd. (hereinafter: "Bank Yahav") and the First Digital Bank Ltd. (hereinafter: "the Digital Bank") (and through them, connectivity is made to additional banks as well) – in a manner that allows transmitting approvals for cash withdrawal and information request performed using various ATMs (operated local by banks) regardless of the bank at which the customer has an account or the entity that owns the ATM (hereinafter: the "ATM Switch" and the "ATM Switching Services").

(4) Development and distribution of the proprietary Ashrait PC and Ashrait PC EMV software applications – The Company developed a software application which serves as points-of-sale infrastructure to enable charge card transactions at places of businesses. The software enables two work configurations: one installed on the computer of the place of business and the other is installed on servers of the Company.

(5) Terminal certification for use with Ashrait EMV – As a complementary service to promote deployment of EMV-supporting terminals, the Company offers a service for certifying EMV-compliant end-to-end terminals.

For more information about services of the Company, see section 3, chapter A (Description of the Corporation's Business) in the Company's 2020 Periodic Report.

1.2 Description of business environment

a. Economic development in Israel

The Israel Consumer Price Index has increased by 1.4% in the first six months of 2021. The Bank of Israel (BoI) inflation projection for the entire 2021 is 1.7%.

The BoI benchmark interest rate remained unchanged at 0.1%.

From the beginning of the year to June 2021, the New Israeli Shekel (NIS) weakened by 1.68% against the US dollar and strengthen against the Euro by 1.71%.

As stated in section 7.5.7 in Chapter B (description of the corporation's business) in the Company's annual report for 2020, in May 2021, the Apple Pay payment service was launched on iOS devices, which led to an increase in the use of the technology.

There is an increase in online transactions, concurrent with an increase in the applications for approval.

b. Global economic developments

According to the projection of the International Monetary Fund (IMF) global economy would grow 6% this year.

1.3 Additional matters

The impact of COVID-19 on the business activity of the Company:

COVID-19 has rapidly spread worldwide since early 2020. In response, governments, including in Israel, implemented measures to curb the spread of the virus, such as posing tighter border controls and travel bans, quarantines and isolation, limiting gatherings and movement, lockdowns, limits on the activity of small businesses, shopping centers, government and municipal services, etc.

Starting in January 2021, vaccination campaign has commenced in Israel, which led to a decrease in morbidity and a gradual removal of the restrictions imposed until the full opening of the economy.

During June 2021, the "Delta" variant began to spread in Israel, following which morbidity has increased and the need to impose restrictions on economic activity was raised again.

As of the report publication date, there is uncertainty regarding the continued spread of the pandemic, its length and its effect on the expected economic activity after the reporting period. The trend of economic activity which affects the amount of transactions in debit cards depends on the time frame until the spread of the virus is coming to a halt, the intensity of the measures to be taken and the economy recovery rate.

Operational readiness and business continuity

Since Coronavirus started spreading in Israel, the Company was proactive to maintain overall operational continuity in compliance with all restrictions and guidance, and while strictly protecting the health and wellbeing of all employees.

The Company has the infrastructure in place to have all of its employees work remotely, and it continues to have ongoing assessments by the emergency task force it set up, as well as by management and the board.

As of the date of issuing this report, the business activity of the Company is conducted as usual, with some employees working regularly from our offices and others working remotely (from home).

Impact of COVID-19 on business results of the Company in the Reported Period

The measures implemented by the government to prevent the outbreak of the Corona virus were reflected in 2020 by a significant shift in consumer habits in Israel. The lockdowns caused a reduction in the numbers of credit card transactions. Lifting the lockdowns was followed by an increase in the number of transactions. These changes were reflected in the 2020 revenue of the Company. Beginning in January 2021, a vaccination campaign began in Israel, which contributed to the reopening of the entire local economy, with various restrictions determined by the government, including opening of shopping centers, restaurants, event venues which spurred an increase in credit card transaction volumes.

There is a significant decrease in the volume of departures abroad and an increase in the volume of domestic tourism which has led to an increase in the number of transactions and credit card transactions approvals.

Note that as discussed in para. 8.13 in Chapter A (Description of the Corporation's Business) in the Company's 2020 Periodic Report, customers of the Company are characterized as financially stable.

For more information, forecasts and estimates of the Company regarding the impact of COVID-19 on its business activity, see below. The Company believes that it is not expected to be required to provide for impairment of accounts receivable due to the impact of COVID-19.

Impact of COVID-19 on liquidity, financial robustness and financing resources of the Company

In light of its NIS 162 million in liquid financial resources as of June 30, 2021, the Company does not expect its financial stability and financing resources to be impacted at this time or in the short-term.

The Company funds operations using its own resources and is not expecting to be required to receive credit from external entities. The Company believes that it is experiencing no cash flow difficulties driven by COVID-19 that may cause it to default on its obligations.

Forecasts and estimates of the Company regarding the impact of COVID-19 on business activity

As of the date of issuing the report, the continued spread of the pandemic, the "Delta" variant and other variants, its duration and impact on economic activity after the reporting period is uncertain. The trajectory of local economic factors that impact the number of transactions is dependent on the length of period until the pandemic is contained, the intensity of policy measures implemented and pace of economic recovery.

The above discussion about the impact of the spread of COVID-19 on the Company is forward-looking information, as this term is defined by the Israel Securities Law, 1968, and is an assessment that relies on the information available to the Company as of the date of publishing the financial statements. This information includes forecasts, assessments, estimates and other information that relate to future events and matters that are uncertain and not exclusively controlled by the Company ("Forward-Looking Information"). Key facts and data underlying this information concern the current position of the Company and its business, the situation in Israel that affects the activity of the Company, various regulatory guidance that apply to the Company and macroeconomic data, all as known to the Company on the date of this report. It is uncertain whether the expectations and assessments of the Company will eventually materialize, and its results of operations may be significantly different than the results that are indicated or implied above, among other factors, due to the intensity, scale, scope, duration of such circumstances, and the ability of the Company to manage them.

1.4 Activity of the Company in the Reported Period

Transactions with charge cards

Debit transactions – The number of debit transactions executed with all credit card companies.
Credit transactions – The number of credit transactions executed with all credit card companies.

Below are the total numbers of debit and credit transactions completed using the Ashrait system (in millions of transactions):

	For the six-month period ended June 30		For the year ended December 31,
	2021	2020	2020
Debit transactions	860	749	1,560
Credit transactions	10	8	16

ATM switching services

Number of balance checks and withdrawals – The number of times that holders of bank-issued charge cards check their account balance on ATMs of banks (hereinafter: the "Clearing Bank"), and the number of cash withdrawal requests that the Clearing Bank submitted, through the Company, to the issuing bank.
Amount – The cumulative total amount of withdrawal requests that Clearing Banks submitted through the Company to the issuing bank.

Below are total numbers of account balance checks and withdrawals (in thousands of transactions) and total amounts of withdrawal requests (in millions of NIS):

	For the six-month period ended June 30		For the year ended December 31,
	2021	2020	2020
Total numbers of account balance checks and withdrawals (in thousands of transactions)	30,782	28,969	60,353
Total amounts of withdrawal requests (in millions of NIS)	23,871	20,563	44,560

1.5 Material events during the Reported Period

- On April 25, 2021, a new rent agreement was signed in relation to a backup site of the Company. According to that agreement, the rent period is for additional five years beginning on January 11, 2020, with two five-year option periods.
- The Company reached understandings with Isracard to resolve the dispute between the parties relating to charges on terminals that do not process transactions and PIN pad terminals.
- For further details regarding changes in senior officers and regarding separation between the Company and Masav in the reported period see Chapter 4 below.

1.6 Financial position and results of activity

The following presents key information from the financial statements of the Company and explanations of main changes in statement of financial position items as of June 30, 2021 compared to December 31, 2020 (NIS in thousands):

	As of June 30 2021 (Unaudited)	As of December 31 2020 (Audited)	Change	Comments and explanations
Assets				
Cash and cash equivalents	**48,826**	49,343	(517)	
Marketable securities portfolio	**113,691**	111,506	2,185	
Trade receivables	**23,460**	17,974	5,486	The increase is due to an increase in activity and the timing of current payments
Other accounts receivable	**4,630**	4,459	171	
Property, plant and equipment, net	**18,314**	18,960	(646)	
Intangible assets, net	**2,193**	2,935	(742)	The change is due to investment in software and intangible assets, less periodic amortization.
Right-of-use assets	**12,010**	9,110	2,900	The increase is due to application of IFRS 16 on the backup site agreement
Long-term prepaid expenses	**2,976**	3,088	(112)	
Deferred taxes	**1,047**	1,252	(205)	
Liabilities and equity				
Current maturities for leases	**1,269**	819	450	
Trade payables	**1,009**	1,357	(348)	
Other payables	**12,639**	17,123	(4,484)	
Income tax payable	**1,868**	1,056	812	
Lease liabilities	**11,012**	8,481	2,531	The increase is due to application of IFRS 16 on the backup site agreement
Employee benefit obligation	**3,123**	2,992	131	
Equity attributed to shareholders of the Company	**196,227**	186,799	9,428	The increase in the reported period derives from an income in this period less dividend distributed.

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1.7 Results of operations

The following are the key changes in profit and loss items for the period ended March 31, 2021 compared to the period ended June 30, 2020 (NIS in thousands):

	For six-month period ended June 30		For the year ended December 31	Change compare to June 30	Comments and explanations compared to corresponding period last year
	2021	2020	2020	2020	
	(Unaudited)		(Audited)		
Revenue from services provided to credit card companies	**49,107**	37,092	77,786	12,015	The six months last year were impacted by the Corona virus. Accordingly, the current six months reflect an increase in the activity and approval requests. In addition, the increase is mainly from terminal and Pinpad revenue – preparedness of the economy and adoption of EMV, revenue from new activities and end of dispute with Isracard. See also the Company's annual financial statements.
Revenue from services provided to others	**4,015**	3,659	7,417	356	
Total revenue	**53,122**	40,751	85,203	12,371	
Operational, administrative and general expenses	**29,455**	24,677	51,651	4,778	The increase is mostly due to additional workforce as part of implementing the strategic plan.
Operating income	**23,667**	16,074	33,552	7,593	
Financial income (expenses), net	**3,507**	(2,330)	1,730	5,837	The six months last year were affected by the corona crisis, its impact on the marketable securities portfolio and the continued volatility trend in the capital market.
Income before tax	**27,174**	13,744	35,282	13,430	
Provision for income tax	**6,046**	3,328	8,162	2,718	
Net income attributed to shareholders	**21,128**	10,416	27,120	10,712	The increase was driven by the trends discussed above.
Net earnings per share	**0.53**	0.26	0.68		

1.8 Liquidity and sources of financing

The following are the key changes in cash flow items in the period ended June 30, 2021 compared to the period ended June 30, 2020 (NIS in thousands):

	For six-month period ended June 30		For the year ended December 31	Comments and explanations compared to the corresponding period last year
	2021	2020	2020	
	(Unaudited)		(Audited)	
Net income for the period	**21,128**	10,416	27,120	
Adjustments to income	**5,818**	9,006	12,106	
Cash flows before changes in asset and liability items and before finance and taxes	**26,946**	19,422	39,226	
Changes in asset and liability items, net	**(10,390)**	(706)	4,033	
Cash flow from taxes and finance	**(4,117)**	(5,456)	(7,518)	
Net cash provided by operating activity	**12,439**	13,260	35,741	
Net cash used in investing activity	**(609)**	(14,527)	(18,181)	
Net cash used in financing activity	**(12,347)**	(450)	(904)	The negative cash flow is due to dividend paid and maturity of lease liabilities.

1.9 Financing sources

The Company finances all activity from using its own resources.

2. Exposure to and management of market risks

Market risk exposure of the Company

No material changes occurred relative to the disclosure provided in the 2020 Periodic Report of the Company. The marketable securities portfolio as of June 30, 2021 was NIS 113,691 thousand, compared to NIS 111,506 thousand as of December 31, 2020. Cash and bank deposits as of June 30, 2021 was NIS 48,826 thousand, compared to NIS 49,343 thousand as of December 31, 2020. The value of the marketable securities portfolio, cash and bank deposits as of June 30, 2021 was NIS 162,517 thousand compared to NIS 160,849 thousand as of December 31, 2020.

Officer responsible for market risk of the Company

Officer responsible for market risk of the Company is Mr. Eitan Lev Tov, CEO of the Company.

Market risk management policy of the Company

The overall responsibility for market risk management and oversight is of the Company's board of directors. For information about risk management policy, investment policy and oversight of market risk, see the directors and management report in the Company's 2020 annual report.

2.1 Fair value of financial instruments and sensitivity tests

2.1.1 Fair value of financial instruments

	As of June 30, 2021				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
Assets					
Cash and bank deposits	48,426	-	400	-	48,826
Marketable securities	59,813	46,269	7,609	-	113,691
Trade and income receivable	23,460	-	-	-	23,460
Other receivables	2,471	-	-	-	2,471
Total financial assets	134,170	46,269	8,009	-	188,448
Current maturities of lease liabilities	-	1,269	-	-	1,269
Trade payables	1,009	-	-	-	1,009
Other payables	7,413	-	-	-	7,413
Income tax payable	-	1,868	-	-	1,868
Lease liabilities	-	11,012	-	-	11,012
Total financial liabilities	8,422	14,149	-	-	22,571
Net fair value of financial instruments	125,748	32,120	8,009	-	165,877

	As of June 30, 2020				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
Assets					
Cash and bank deposits	30,970	-	-	-	30,970
Marketable securities	57,935	38,574	8,982	341	105,832
Trade receivables	19,031	-	-	-	19,031
Other receivables	5,851	-	-	-	5,851
Current tax assets	-	152	-	-	152
Total financial assets	113,787	38,726	8,982	341	161,836
Current maturities of lease liabilities	-	747	-	-	747
Trade payables	1,058	-	-	-	1,058
Other payables	10,994	-	-	-	10,994
Lease liabilities	-	8,523	-	-	8,523
Total financial liabilities	12,052	9,270	-	-	21,322
Net fair value of financial instruments	101,735	29,456	8,982	341	140,514

	As of December 31, 2020				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
Assets					
Cash and bank deposits	48,473	-	870	-	49,343
Marketable securities	62,100	39,111	10,295	-	111,506
Trade receivables	17,974	-	-	-	17,974
Other receivables	2,410	-	-	-	2,410
Total financial assets	130,957	39,111	11,165	-	181,233
Current maturities of lease liabilities	-	819	-	-	819
Trade payables	1,357	-	-	-	1,357
Other payables	11,777	-	-	-	11,777
Income tax payable	-	1,056	-	-	1,056
Lease liabilities	-	8,481	-	-	8,481
Total financial liabilities	13,134	10,356	-	-	23,490
Net fair value of financial instruments	117,823	28,755	11,165	-	157,743

2.1.2 Impact of hypothetical changes in interest rate on net fair value of financial instruments:

	As of June 30, 2021						
	NIS in thousands						
	Net fair value of financial instruments considering change in interest rate						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	124,011	30,724	8,009	-	162,744	(3,133)	(1.89)
Immediate increase of 0.1%	125,574	31,981	8,009	-	165,564	(313)	(0.19)
Immediate decrease of 1%	127,484	33,517	8,009	-	169,010	3,133	1.89
Immediate decrease of 0.1%	125,921	32,260	8,009	-	166,190	313	0.19

	As of June 30, 2020						
	NIS in thousands						
	Net fair value of financial instruments considering change in interest rate						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	99,564	28,052	8,982	341	136,939	(3,575)	(2.54)
Immediate increase of 0.1%	101,517	29,316	8,982	341	140,156	(358)	(0.25)
Immediate decrease of 1%	103,907	30,859	8,982	341	144,089	3,575	2.54
Immediate decrease of 0.1%	101,953	29,596	8,982	341	140,872	358	0.25

	As of December 31, 2020						
	NIS in thousands						
	Net fair value of financial instruments considering change in interest rate						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	115,580	27,250	11,165	-	153,995	(3,748)	(2.38)
Immediate increase of 0.1%	117,598	28,605	11,165	-	157,368	(375)	(0.24)
Immediate decrease of 1%	120,065	30,261	11,165	-	161,491	3,748	2.38
Immediate decrease of 0.1%	118,047	28,906	11,165	-	158,118	375	0.24

2.1.3 Impact of hypothetical changes in prices of marketable shares on net fair value of financial instruments:

	As of June 30, 2021						
	NIS in thousands						
	Net fair value of financial instruments considering change in prices of marketable shares						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 10%	127,177	32,120	8,768	-	168,065	2,188	1.32
Immediate increase of 5%	126,462	32,120	8,388	-	166,970	1,093	0.66
Immediate decrease of 10%	124,318	32,120	7,246	-	163,684	(2,193)	(1.32)
Immediate decrease of 5%	125,033	32,120	7,626	-	164,779	(1,098)	(0.66)

	As of June 30, 2020						
	NIS in thousands						
	Net fair value of financial instruments considering change in prices of marketable shares						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 10%	102,679	29,456	9,881	375	142,391	1,877	1.34
Immediate increase of 5%	102,207	29,456	9,432	358	141,453	939	0.67
Immediate decrease of 10%	100,790	29,456	8,085	306	138,637	(1,877)	(1.34)
Immediate decrease of 5%	101,262	29,456	8,534	323	139,575	(939)	(0.67)

	As of December 31, 2020						
	NIS in thousands						
	Net fair value of financial instruments considering change in prices of marketable shares						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	118,988	28,755	12,194	-	159,937	2,194	1.39
Immediate increase of 0.1%	118,405	28,755	11,680	-	158,840	1,097	0.70
Immediate decrease of 1%	116,658	28,755	10,136	-	155,549	(2,194)	(1.39)
Immediate decrease of 0.1%	117,240	28,755	10,651	-	156,646	(1,097)	(0.70)

2.1.4 Impact of hypothetical changes in the Israel Consumer Price Index on net fair value of financial instruments:

	As of June 30, 2021						
	NIS in thousands						
	Net fair value of financial instruments considering change in the Israel Consumer Price Index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 2%	125,748	32,763	8,009	-	166,520	643	0.39
Immediate increase of 1%	125,748	32,442	8,009	-	166,199	322	0.19
Immediate decrease of 2%	125,748	31,478	8,009	-	165,235	(642)	(0.39)
Immediate decrease of 1%	125,748	31,799	8,009	-	165,556	(321)	(0.19)

	As of June 30, 2020						
	NIS in thousands						
	Net fair value of financial instruments considering change in the Israel Consumer Price Index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 2%	101,735	30,045	8,982	341	141,103	589	0.42
Immediate increase of 1%	101,735	29,750	8,982	341	140,808	294	0.21
Immediate decrease of 2%	101,735	28,867	8,982	341	139,925	(589)	(0.42)
Immediate decrease of 1%	101,735	29,158	8,982	341	140,216	(298)	(0.21)

	As of December 31, 2020						
	NIS in thousands						
	Net fair value of financial instruments considering change in the Israel Consumer Price Index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 2%	117,823	29,329	11,165	-	158,541	798	0.51
Immediate increase of 1%	117,823	29,041	11,165	-	158,142	399	0.25
Immediate decrease of 2%	117,823	28,179	11,165	-	156,945	(798)	(0.51)
Immediate decrease of 1%	117,823	28,466	11,165	-	157,344	(399)	(0.25)

3. Disclosure regarding financial reporting of the Company

3.1 Limits on dividend distributions

Distribution of dividend to shareholders of the Company is subject to the provisions of the statute and the Company's articles, as well as the rules and conditions for dividend distribution in the Companies Law.

On August 29, 2021, the Company's board of directors resolved to distribute a dividend in the amount of NIS 13,500 thousand (NIS 0.3375 per share). For further details, see immediate report issued by the Company on August 30, 2021.

For information about past limits on dividend distribution by the Company, see section 5 in Chapter A (Description of the Corporation's Business) in the Company's 2020 Periodic Report.

3.2 Liabilities by maturity

For information about liabilities of the Company, please refer to an immediate report published on the date of this report regarding the liabilities of the corporation as published in the information distribution website of the Israel Securities Authority at http:// www.magna.isa.gov.il.

4. Corporate governance

Changes in officers during the Reported Period:

- On February 28, 2021, the Board of Directors approved the appointment of Mr. Bisteri as active Chairman beginning on March 1, 2021 and through the end of his present terms in officer, i.e. January 2, 2024, subject to approval or absence of objection by the Supervisor of Banks to the extension of term as Chairman. On May 4, 2021, the Supervisor of Banks notified the Company that he did not have objection to the approval of an additional term in office by Mr. Bisteri as Chairman of the Company. See immediate reporting date May 4, 2021 (ref. no. 2021-01-077811).

  On April 6, 2021, the general meeting approved the Company's engagement with the Company's Chairman of the Board, Mr. Bisteri, in an agreement to provide services of the Chairman of the Board, as of March 1, 2021, in accordance with the terms of the service agreement the principles of which were detailed in the meeting summons report dated February 28, 2021 and the supplementary report dated March 25, 2021 (reference 2021-01-048018).

- On April 8, 2021, the Company and Masav submitted to the court an application for a temporary permit on the recommendation of the Commissioner for the existence of a restrictive arrangement (hereinafter: "the Temporary Permit"). The Company and Masav request the court to order a temporary permit with the conditions to be specified in the application after reaching agreements with the Commissioner, in a joint dialogue with the Bank of Israel, and following the approval by the Bank of Israel of a proposal for the framework of a process of separating management between the Company and Masav.

  The conditions stipulate that by June 30, 2021, two separate CEOs will be appointed for each of the companies; by December 31, 2021, the companies will submit to the Commissioner an outline for each of the companies' activities. The outline will distinguish the services, activity or assets for which sharing is required in the short term and those requiring long-term sharing, while explaining what measures will be taken to alleviate the competitive concerns of the continued long-term sharing. As part of the outline, all affiliations settled by the Bank of Israel's outline until February 28, 2022 will be separated as well as the function managing application developments. In addition, affiliations that have not been settled in the Bank of Israel's outline, including infrastructure, computer systems and joint offices, will also be separated from certain agreements with third parties in 90 days of the appointment of new CEOs.
  The application was attached with a recommendation from the Commissioner for the granting of a temporary permit under the conditions specified in the application for the temporary permit. In its recommendation, the Commissioner clarified that in the circumstances of the case she does not see any justification for initiating enforcement proceedings against the companies' past actions as long as the companies operate according to the temporary permit and in accordance with its conditions. The application for a temporary permit was submitted to the court without acknowledging the existence of a restrictive arrangement that currently exists between the companies. The temporary permit will expire on January 31, 2022 thereafter, and pending a decision on the application for approval by the honorable court or another decision of the Commissioner, the companies will continue to regulate their activities under temporary or exempt permits from the Commissioner. On April 11, 2021, the Competition Court approved the application and granted a temporary permit for the existence of a restrictive arrangement between the Company and Masav until January 31, 2022, subject to the conditions specified in the application. See immediate reports of the Company dated April 8, 2021 and April 11, 2021 (reference number 2021-01-060528 and reference number 2021-01-061035, respectively)

On May 3, the Board of Directors resolved to appoint Mr. Eitan Lev Tov as CEO of the Company. Mr. Lev Tov replaced the Company's CEO, Mr. Moshe Wolf, who stepped down at the end of June 2021. See immediate report dated May 3, 2021 (Reference No. 2021-01-076422). On June 15, 2021, the Supervisor of Banks informed the Company that he had no objection to the appointment of Mr. Eitan Lev Tov as CEO of the Company, see immediate report dated June 15, 2021 (Reference No. 2021-01-101499). Mr. Eitan Lev Tov's term began on July 1, 2021.

On June 17, 2021, the general meeting resolved to approve the terms of office and employment of Mr. Eitan Lev Tov as CEO of the Company. See immediate report dated June 17, 2021 (Reference No. 2021-01-102939).

- On June 30, 2021, Ms. Odelia Moshe Ostrovsky stepped down from her position as CTO of the Company. On July 1, 2021 Ms. Odelia Moshe Ostrovsky commenced her position as CEO of Masav, replacing Mr. Wolf as part of the outline to separate the management of the Company and Masav according to understandings with the BoI and the Competition Authority, as indicated in an immediate report of the Company dated March 16, 2021 (ref. no. 2021-01-036255) and April 8, 2021 (ref. no. 2021-01-060528).

- The Company began implementing the terms of the temporary permit with the appointment of two separate CEOs and is preparing to implement the other terms of the permit in accordance with the schedules set forth therein.

Executives (other than directors) who ceased serving during the reported period:

- Mr. Shmuel Gottlieb served until January 31, 2021 as VP Operations.
- Ms. Keren Zitzer Maletzki served until February 28, 2021 as Deputy CEO and VP Products and Customers of the Company.
- Mr. Tamir Refaeli served until March 31, 2021 as Partner Relation Manager and governance.
- Mr. Chen Haryati stepped down from his position as internal auditor of the Company and Masav on June 10, 2021.
- Mr. Moshe Wolf served as CEO of the Company and Masav until June 30, 2021.
- Ms. Odelia Moshe Ostrovsky stepped down from her position as VP of Technology at the Company on June 30, 2021.

5. Legal proceedings

See note 3 to the financial information of the Company.

6. Internal auditor

Until June 10, 2021, Mr. Chen Haryati was serving as the internal auditor of the Company (hereinafter: the "Former Internal Auditor"), Mr. Haryati notified that he wished to step down.
For information about the Former Internal Auditor, including the procedure for appointment, work plan and scale of internal audit, see section 5 of the 2020 directors' and management report, the information of which is presented here by way of reference.

- **Details of the temporary internal auditor**

After the termination of the former internal auditor's term, Mr. Ilan Hamel began serving as the Company's temporary internal auditor (hereinafter: "the temporary internal auditor").

Mr. Ilan Hamel is a partner in the firm of E. Alkalay & Co. Mr. Hamel has 23 years of experience in the field of internal auditing and risk management, especially in the financial and banking sector. In the past, Mr. Hamel served as a director in the internal audit division of Bank Leumi and currently covers in the firm of E. Alkalay & Co., among other things, all aspects related to internal auditing in the financial banking sector.

Mr. Hamel served for the first nine months of 2020 as the Company's Temporary Internal Auditor.

To the best of the Company's knowledge and as it was informed by the Temporary Internal Auditor, the Internal Auditor meets the conditions set forth in section 3 (a) of the Internal Audit Law, 5752-1992 (hereinafter: "the Internal Audit Law"). In addition, the internal auditor meets the provisions of section 146 (b) of the Companies Law and the provisions of section 8 of the Internal Audit Law.

The temporary internal auditor does not work for the Company and he provides external services to the Company. He does not hold securities of the Company and/or of an entity related to the Company and has no material business relationships or other material relationships with the Company or with its related entity which could create a conflict of interest with his role as internal auditor.

- **Procedures of appointment**

  On May 30, 2021, the Company's Board of Directors, after the approval by the Audit Committee on May 10, 2021, approved the appointment of Mr. Ilan Hamel to the position of Temporary Internal Auditor of the Company, as well as the terms of his tenure and employment. In accordance with the agreement signed between the Company and Mr. Hamel, the current agreement is valid until 31.10.2021. His appointment was based on his qualifications nd professional experience in general, and with the Company in particular.

  The temporary internal auditor operates in accordance with a letter of appointment (charter) approved by the Company's board of directors. The duties, powers and duties imposed on the internal auditor are determined in accordance with the law and in accordance with banking regulation.

- **The person in charge of the internal auditor**

  In accordance with Proper Conduct of Banking Business Directive 301 - the person in charge of the internal auditor is the chairman of the board.

  The temporary internal auditor has the authority to communicate directly and on his own initiative, with the members of the audit committee, with the chairman of the board, with the members of the board or with the auditor when appropriate, all in accordance with the rules set forth in the internal auditor's letter of appointment.

- **Work plan**

- The internal audit work plan was prepared on the basis of the principles set forth in the Companies Law, in the Proper Conduct of Banking Business Directive 307, in accepted professional standards and in the internal audit procedure, while making the necessary adjustments taking into account, among other things, the company size, scope of operations and mix of risks to which the Company is exposed.

- The internal audit operates according to a work plan based on the annual plan approved during the tenure of the former internal auditor. The issues of the audit and their contents are detailed in the appendix to the agreement signed between the Company and Mr. Hamel. The work plans of the internal audit are discussed by the audit committee and approved by the committee and the board of directors at least annually and when necessary to make adjustments.

- Multi-year work plan

  The multi-year work plan approved during the tenure of the former internal auditor is based on an analysis and assessment of risks inherent in the Company's various activities. As part of the internal audit work plan, emphasis is placed on the implementation of regulatory provisions, material technological processes and critical infrastructure.

- The temporary internal auditor has discretion to deviate from the work plan, in response to changing and unforeseen needs, as well as responding to special events and unplanned audits, including: requirements of competent organs such as the CEO, board of directors and regulators. This is subject to update and approval of the audit committee and the chairman of the board of directors.

- Significant transactions

  As a rule, as part of the audit work plan, processes for approving material transactions are examined, if any, with an overall perspective of focusing on risks.

- **The scope of internal audit resources**

  The temporary internal auditor is employed for a position of approximately 30 hours per month to manage the internal audit in addition to auditing hours as required by the work plan set for the engagement period, which includes 5 issues (audit reports) totaling approximately 700 audit hours.

  If necessary, the internal auditor is assisted by external expert consultants to carry out the audit tasks.

- **Preparing internal audit**

- The Company's internal audit operates within a framework of laws, regulations, directives of the Supervisor of Banks and its guidelines, including the Proper Conduct of Banking Business Directive 307 regarding the internal audit function and the directives of the board of directors.

- In addition, the internal audit operates in accordance with the professional standards of the Association of Internal Auditors and the International Institute of Internal Auditors IIA (The Institute of Internal Auditors).

- The internal auditor develops and maintains a quality assurance and improvement program that encompasses all aspects of the internal audit activity. The quality assurance and improvement program is designed to enable the assessment of the internal audit activity suitability for the definition of the internal audit profession and standards. The program also assesses the effectiveness and efficiency of internal audit activity and identifies opportunities for improvement.

- The board of directors, which (a) reviewed the internal audit work plan and its implementation (b) relies on a quality assurance plan maintained by the former internal auditor, including a self-audit report on the internal audit activity, believes that the Company's internal audit complies with the audit rules set forth in the internal audit work.

- **Access to information**

  Documents, files and information were provided for the internal audit, as stated in section 9 of the Internal Audit Law, and constant and direct access was provided to the Company's information systems, including financial data, as required to perform its tasks.

- **Internal audit reports**

  Internal audit reports are made in accordance with the provisions of any law, Proper Conduct of Banking Business Directive 307, generally accepted professional standards, the procedure of the board of directors and the procedure of internal audit, including periodic reports, submitted in writing, to the Chairman of the Board, the Chairman of the Audit Committee and the CEO of the Company.

- **The board's assessment of the internal auditor activities**

  In the opinion of the board of directors, the scope, nature and continuity of the activity of the temporary internal auditor and his work plan are reasonable in the circumstances of the case and may fulfill the internal audit objectives of the Company.

- **Remuneration**

  - The terms of office of the internal auditor were approved by the board of directors.
  - The board of directors believes that the payments to the temporary internal auditor will not have an effect on his judgment.

7. Critical accounting estimates

In the Reported Period, no changes have taken place in critical accounting estimates relative to the discussion in note 2 to the financial statements of the Company as of December 31, 2020.

8. Subsequent events

- On July 20, 2021, the Tel Aviv District Court issued a ruling approving the motion for withdrawal of Had Nes Marketing South 2015 Ltd. from the motion for approval of the class action lawsuit filed against Nayax Retail Ltd., Pele-Card Ltd. and Isracard Ltd. in which Nayax Retail Ltd. filed a motion for leave to submit a notice to a third party against the Company and other third parties. No order for expenses has been issued. See immediate report of the Company dated July 20, 2021 (reference number 2021-01-119805).

- On July 28, 2021, the Director of the Payment Systems Supervision Unit notified the Company of the postponement of the deadline for implementing a default arrangement in the "Debit Card Services" and "ATM Switching" systems no later than April 23, 2023, where by the updated deadline the companies must complete the access model, formulation of a default arrangement, participation in the Zahav system, including direct connection to the Zahav system and, as required, opening and managing accounts at the Bank of Israel.

By September 30, 2021, the Company and the participants must present to the Bank of Israel major milestones and timelines for their implementation.

- Ms. Irit Phillip, VP of Legal Advice and Regulation is expected to conclude her position on September 30, 2021.

For further details regarding events that occurred after the reporting period, see Note 5 to the Company's financial statements.

For more information about subsequent events, see note 5 of the Company's financial statements.

Shalom Bisteri Chairman of the Board	Eitan Lev Tov Chief Executive Officer

Date of approving the financial statements: August 29, 2021.

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

AUTOMATED BANK SERVICES LTD.
INTERIM FINANCIAL INFORMATION
(UNAUDITED)
AS OF JUNE 30, 2021

AUTOMATED BANK SERVICES LTD.
INTERIM FINANCIAL INFORMATION
(UNAUDITED)
AS OF June 30, 2021

CONDENSED INTERIM FINANCIAL INFORMATION AS OF June 30, 2021

TABLE OF CONTENTS

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

Auditors' review report to the shareholders of Automated Bank Services Ltd.

Introduction

We have reviewed the attached financial information of Automated Bank Services Ltd. (hereinafter - "the Company"), which is comprised of the condensed consolidated statement of financial position as of June 30, 2021 and the condensed consolidated statements of income, comprehensive income, changes in shareholder's equity and cash flows for the three-month period ended on that date. The Board of Directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with the provisions of IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion with respect to the financial information for these interim periods, based on our review.

Scope of review

Our review was conducted in accordance with the provisions of Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel concerning 'Review of financial information for interim periods undertaken by the entity's auditor.' A review of financial information for interim periods consists of making enquiries, in particular, of those officials responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is substantially lesser in scope than an audit conducted in accordance with auditing standards generally accepted 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 above financial information is not prepared, in all material respects, in accordance with IAS 34.

Further to the preceding paragraph, based on our review, nothing has come to our attention that causes us to believe that the above financial information is not in compliance, in all material respects, with the disclosure provisions in Chapter D of Israel Security Regulations (Periodic and Immediate Reports), 1970.

Emphasis of matter paragraph

Without qualifying our opinion, we draw attention to note 3 to the financial statements which describes a decision by the Commissioner of Competition to grant a conditioned exemption from recognition as a restrictive arrangement.

Tel Aviv
August 29, 2021

Kesselman & Kesselman
Certified Public Accountants
Member firm of PricewaterhouseCoopers International Limited

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

AUTOMATED BANK SERVICES LTD.
CONDENSED STATEMENT OF FINANCIAL POSITION
Amounts in thousand NIS

	As of June 30		As of December 31,
	2021	2020	2020
	(Unaudited)		(Audited)
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	**48,826**	30,970	49,343
Marketable securities	**113,691**	105,832	111,506
Trade receivables	**23,460**	19,031	17,974
Other receivables	**4,630**	5,985	4,459
Current tax assets	**-**	152	-
Total current assets	**190,607**	161,970	183,282
NON-CURRENT ASSETS:			
Property, plant and equipment, net	**18,314**	19,577	18,960
Intangible assets – software and licenses, net	**2,193**	3,510	2,935
Right-of-use assets	**12,010**	9,152	9,110
Prepaid expenses	**2,976**	3,709	3,088
Deferred taxes	**1,047**	1,806	1,252
Total non-current assets	**36,540**	37,754	35,345
Total assets	**227,147**	199,724	218,627

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

AUTOMATED BANK SERVICES LTD.
CONDENSED STATEMENT OF FINANCIAL POSITION
Amounts in thousand NIS

	As of June 30		As of December 31,
	2021	2020	2020
	(Unaudited)		(Audited)
Liabilities and equity			
CURRENT LIABILITIES:			
Current maturities of lease liabilities	**1,269**	747	819
Trade payables	**1,009**	1,058	1,357
Other payables	**12,639**	15,041	17,123
Current tax liabilities	**1,868**	-	1,056
Total current liabilities	**16,785**	16,846	20,355
NON-CURRENT LIABILITIES:			
Lease liabilities	**11,012**	8,523	8,481
Postretirement benefit obligation, net	**1,266**	1,793	1,176
Liability for employee benefits	**1,857**	2,531	1,816
Total non-current liabilities	**14,135**	12,847	11,473
Total liabilities	**30,920**	29,693	31,828
EQUITY			
Share capital	**4,587**	4,587	4,587
Share premium	**150**	150	150
Other comprehensive loss	**(3,938)**	(4,002)	(3,938)
Retained earnings	**195,428**	169,296	186,000
Total equity attributed to shareholders of the Company	**196,227**	170,031	186,799
Total liabilities and equity	**227,147**	199,724	218,627

Shalom Bisteri Chairman of the Board	Eitan Lev Tov Chief Executive Officer	Ofer Eden CFO and Chief Accountant

Date of approving the financial information: August 29, 2021.

The notes to the condensed financial information are an integral part thereof.

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

AUTOMATED BANK SERVICES LTD.
CONDENSED STATEMENT OF INCOME
Amounts in thousand NIS

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)		(Unaudited)		(Audited)
Revenues					
From the provision of services to credit card companies	**49,107**	37,092	**24,566**	17,849	77,786
From the provision of services to others	**4,015**	3,659	**2,009**	1,714	7,417
Total Revenues	**53,122**	40,751	**26,575**	19,563	85,203
Operating, general and administrative expenses	**29,455**	24,677	**14,527**	12,216	51,651
Operating profit	**23,667**	16,074	**12,048**	7,347	33,552
Finance Income (expenses) from marketable securities, net	**3,636**	(2,171)	**2,209**	3,375	2,100
Finance income	**56**	19	**(18)**	6	20
Finance expenses	**(185)**	(178)	**(94)**	(88)	(390)
Finance income (expenses), net	**3,507**	(2,330)	**2,097**	3,293	1,730
Profit before taxes on income	**27,174**	13,744	**14,145**	10,640	35,282
Income tax	**6,046**	3,328	**3,232**	2,242	8,162
Net profit attributable to Company shareholders	**21,128**	10,416	**10,913**	8,398	27,120
Net earnings per share attributable to shareholders (in NIS)	**0.53**	0.26	**0.27**	0.21	0.68

The notes to the condensed financial information are an integral part thereof.

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

AUTOMATED BANK SERVICES LTD.
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
Amounts in thousand NIS

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)		(Unaudited)		(Audited)
Net income	**21,128**	10,416	**10,913**	8,398	27,120
Components of other comprehensive income					
Amounts not reclassified to profit or loss					
Adjustments required for employee benefits	-	217	-	13	300
Relevant tax impact	-	(50)	-	(3)	(69)
Other comprehensive profit attributed to shareholders, after tax	-	167	-	10	231
Total comprehensive income attributed to shareholders	**21,128**	10,583	**10,913**	8,408	27,351

The notes to the condensed financial information are an integral part thereof.

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

AUTOMATED BANK SERVICES LTD.
CONDENSED STATEMENT OF CHANGES IN EQUITY
Amounts in thousand NIS

For the six-month period ended June 30, 2021 (unaudited)

	Share capital	Share premium	Accumulated other comprehensive loss	Retained earnings (*) (**)	Total equity (*)
Balance at January 1, 2021	4,587	150	(3,938)	186,000	186,799
Change during period:					
Net income for the period	-	-	-	21,128	21,128
Dividend paid	-	-	-	(11,700)	(11,700)
Balance at June 30, 2021	4,587	150	(3,938)	195,428	196,227

For the three-month period ended June 30, 2020 (unaudited)

	Share capital	Share premium	Accumulated other comprehensive loss	Retained earnings (*) (**)	Total equity (*)
Balance at January 1, 2020	4,587	150	(4,169)	158,880	159,448
Change during period:					
Net income for the period	-	-	-	10,416	10,416
Other comprehensive income	-	-	167	-	167
Total comprehensive income	-	-	167	10,416	10,583
Balance at June 30, 2020	4,587	150	(4,002)	169,296	170,031

For the three-month period ended June 30, 2021 (unaudited)

	Share capital	Share premium	Accumulated other comprehensive loss	Retained earnings (*) (**)	Total equity (*)
Balance at April 1, 2021	4,587	150	(3,938)	184,515	185,314
Change during period:					
Net income for the period	-	-	-	10,913	10,913
Balance at June 30, 2021	4,587	150	(3,938)	195,428	196,227

For the three-month period ended June 30, 2020 (unaudited)

	Share capital	Share premium	Accumulated other comprehensive loss	Retained earnings (*) (**)	Total equity (*)
Balance at April 1, 2020	4,587	150	(4,012)	160,898	161,623
Change during period:					
Net income for the period	-	-	-	8,398	8,398
Other comprehensive income	-	-	10	-	10
Total comprehensive income	-	-	10	8,398	8,408
Balance at June 30, 2020	4,587	150	(4,002)	169,296	170,031

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AUTOMATED BANK SERVICES LTD.
CONDENSED STATEMENT OF CHANGES IN EQUITY
Amounts in thousand NIS

For the year ended December 31, 2020 (audited)

	Share capital	Share premium	Accumulated other comprehensive loss	Retained earnings (*) (**)	Total equity (*)
Balance at January 1, 2020	4,587	150	(4,169)	158,880	159,448
Change during the year:					
Net income	-	-	-	27,120	27,120
Other comprehensive income	-	-	231	-	231
Total comprehensive income	-	-	231	27,120	27,351
Balance at December 31, 2020	4,587	150	(3,938)	186,000	186,799

(*) For information about limits on dividend distribution, see note 3.
(**) See note 17 for information about the Company's annual financial statements.

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AUTOMATED BANK SERVICES LTD.
CONDENSED STATEMENT OF CASH FLOWS
Amounts in thousand NIS

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)		(Unaudited)		(Audited)
Cash flows from operating activity:					
Net income for the period	**21,128**	10,416	**10,913**	8,398	27,120
Adjustments required to present cash flows from operating activity					
Adjustments to profit and loss items:					
Depreciation and amortization	**3,146**	3,142	**1,590**	1,551	5,897
Capital loss	**2**	-	**2**	-	-
Postretirement benefit obligation, net	**90**	120	**58**	66	181
Change in employee benefit liabilities, net	**41**	86	**47**	43	(404)
Income tax	**6,046**	3,328	**3,232**	2,242	8,162
Finance expenses (income), net	**(3,507)**	2,330	**(2,097)**	(3,293)	(1,730)
Change in asset and liability items:					
Decrease (increase) in trade receivables	**(5,486)**	130	**(1,056)**	292	1,187
Increase in other receivables	**(72)**	(2,907)	**570**	686	(786)
Decrease in trade payables	**(348)**	(1,104)	**(410)**	(21)	(805)
Increase (decrease) in other payables	**(4,484)**	3,175	**(2,799)**	1,542	4,437
Cash flows from operating activity before finance and taxes	**16,556**	18,716	**10,050**	11,506	43,259
Interest received	**1,153**	1,240	**57**	133	2,568
Interest and fees paid	**(241)**	(248)	**(146)**	(118)	(547)
Taxes paid, net	**(5,029)**	(6,448)	**(2,074)**	(1,853)	(9,539)
Net cash provided by operating activity	**12,439**	13,260	**7,887**	9,668	35,741
Cash flows from investing activity:					
Purchase of marketable securities	**(21,750)**	(39,779)	**(10,680)**	(21,814)	(82,723)
Proceeds from disposal of marketable securities	**22,160**	29,103	**11,412**	16,399	69,404
Acquisition and investment in property, plant and equipment and intangible assets	**(1,020)**	(3,851)	**(50)**	(629)	(4,862)
Proceeds from realization of equipment	**1**	-	**1**	-	-
Net cash provided by (used in) investing activity	**(609)**	(14,527)	**683**	(6,044)	(18,181)
Cash flows from financing activity:					
Maturity of lease liabilities	**(647)**	(450)	**(326)**	(222)	(904)
Dividend paid	**(11,700)**	-	**-**	-	-
Net cash used in financing activity	**(12,347)**	(450)	**(326)**	(222)	(904)
Increase (Decrease) in cash and cash equivalents	**(517)**	(1,717)	**8,244**	3,402	16,656
Balance of cash and cash equivalents at beginning of the period	**49,343**	32,687	**40,582**	27,568	32,687
Balance of cash and cash equivalents at end of the period	**48,826**	30,970	**48,826**	30,970	49,343

The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANK SERVICES LTD.

APPENDIX TO CONDENSED STATEMENT OF CASH FLOWS
Amounts in thousand NIS

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)		(Unaudited)		(Audited)
Appendix A – material non-cash transactions					
Recognition of right-of-use assets against lease liability	**3,628**	112	**471**	(19)	596

The notes to the condensed financial information are an integral part thereof.

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NOTE 1 - GENERAL

a. The reporting entity

1. Automated Bank Services Ltd. (hereinafter: the "Company") was incorporated in Israel on September 13, 1978, and its official corporate address is 26 HaRokmim St., Holon.

2. On May 27, 2019, the Company published a supplementary prospectus and a shelf prospectus dated May 28, 2019 (hereinafter: the "Prospectus"), in which Company shares were offered to the public by Company shareholders. The Company's shares were also listed on the Tel Aviv Stock Exchange which began to be traded on June 12, 2019 and the Company became public (a 'reporting corporation'). On May 24, 2021, the Israel Securities Authority decided to extend until June 3, 2022 the period for making a public offering of securities under a shelf prospectus of the Company.

3. The Company is currently active in a single operating segment, the clearing segment, which includes the operation of a bidirectional communication system connecting Clearing Customers and charge card issuers and businesses, management and operation of a clearing interface for communication between Clearing Customers and charge card issuers, which allows the settling of accounts and the transfer of information between them in connection with such transactions; management and operation of a switching system that connects ATM networks; and development and distribution of the Ashrait PC and Ashrait EMV software. Most of the Company's revenues are due to the provision of clearing services to credit card companies. For details regarding the Competition Commissioner's decision to exempt the Company's activity in the banking transaction collection and approval services and interface services for Clearing Customers and issuers, see note 17 to the 2020 annual financial statements of the Company.

b. Interim financial information is reviewed and not audited.

c. The condensed interim financial information was approved for publication by the Company's Board of Directors on August 29, 2021.

NOTE 1 – GENERAL (CONT.)

d. Disclosure about Coronavirus (COVID-19)

The first quarter of 2021 continued to be dominated by COVID, as was the entire 2020, both from the health prospective and the ensuing economic impact. In February 2021, a third, month-long lockdown ended in Israel, followed by gradual reopening of the economy. In June 2021, the "Delta variant" began to spread in Israel, following which morbidity has increased and the need to impose restrictions on economic activity was raised again. The Company continues to perform its normal activity, subject to all government-imposed restrictions and guidance, with adherence to its commitment to maintain the safety and health of all its people.

Operational preparedness and business continuity

Since Coronavirus started spreading in Israel, the Company was proactive to maintain overall operational continuity in compliance with all restrictions and guidance, while strictly protecting the health and wellbeing of all employees.

The Company has the infrastructure in place to have all of its employees work remotely, and it continues to have ongoing assessments by the emergency task force it set up, as well as by management and the board.

As of the date of issuing this report, the business activity of the Company is conducted as usual, with some employees regularly working from our offices and some regularly working remotely (from home).

As of the date of issuing this report, the "Delta" variant and other variants, its duration and impact on economic activity after the reporting period is uncertain. The trajectory of local economic factors that impact the number of transactions is dependent on the length of period until the pandemic is contained, the intensity of policy measures implemented and pace of economic recovery.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation of the present financial information

The interim condensed consolidated financial information of the Group as of June 30, 2021 (hereinafter – the "Interim Financial Information") was prepared in accordance with IAS 34 "Interim Financial Reporting", including the additional disclosure required by Chapter D of Securities Regulation (Periodic and Immediate Reports), 1970.

The interim financial information does not include all the information and disclosures required in the annual financial statements. The interim financial information should be read in conjunction with the annual financial statements for 2020 and the accompanying notes, which comply with the International Financial Reporting Standards, which are standards and interpretations published by the International Accounting Standards Board (hereinafter - IFRS) and include the additional disclosure required in accordance with the Securities Regulations (Annual Financial Statements), 2010.

b. Use of estimates and opinions

The preparation of interim financial information in accordance with IFRS requires management to make judgment in estimates and assumptions that affect application of policy and the carrying amounts of assets and liabilities, income and expenses items. Note that actual results may differ from those estimates.

When formulating the accounting estimates used in the preparation of the Company's financial statements, management is required to make assumptions regarding circumstances and events that involve significant uncertainty. When using its discretion in determining these estimates, the Company's management relies on past experience, various facts, external factors, and reasonable assumptions according to the relevant circumstances for every estimate.

The estimates and assumptions underlying them, including those arising from the Company's economic operating environment, are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are amended and in all affected periods in the future.

Critical estimates

The following is information about critical estimates made in applying the accounting policy and have a material impact on the financial information:

Revenue recognition
The Company recognizes revenue based on the accounting policy elaborated in note 2m to the Company's annual financial statements.
In light of discussions with Isracard, the disputes were resolved by agreement of both parties.
The Company reached agreements with Isracard to resolve the disputes between the parties regarding charges for connected terminals that do not transfer transactions and PIN pad terminals.

Provision for claims
The Company provides for claims in accordance with the accounting policy specified in note 2l to the financial statements, based on estimates by management and its legal counsel.

Employee benefits
The present value of the Company's liability for severance pay in respect of the termination of employer-employee relationships is based on multiple factors, which are determined based on an actuarial valuation, using a large number of assumptions, including discount rate. Changes in actuarial assumptions may affect the carrying value of the Company's retirement benefit obligation. The Company estimates the discount rate annually, based on the yield on high-quality corporate bonds. Other key assumptions are determined based on market conditions and the Company's accumulated experience.

c. Significant accounting policies and calculation methods applied in preparing the interim financial information are consistent with those used in preparing the 2020 annual financial statements of the Company:

Income tax

Taxes on income for interim periods are recognized based on the best management estimate of the average tax rate that will apply to the projected annual profits.

NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS

a. Decisions of the Commissioner of Competition

Exemption from restrictive arrangement

Since 2002, the Company has operated in compliance with decisions of the Competition Authority regarding an exemption from approval of a restrictive arrangement between Bank Hapoalim Ltd, Bank Leumi Ltd, Bank Discount Ltd, the First International Bank of Israel Ltd, Mizrahi Tefahot Bank Ltd and the Company.

The latest such decision was issued on September 24, 2017 for a five-year period, until September 24, 2022 (hereinafter: the "Exemption Decision"). The Exemption Decision has several main provisions:

(a) The Company may only be engaged in the following areas of activity:

(1) Operation of an ATM switch;
(2) Operation of a charge cards switch and systems for collecting and processing transactions;
(3) Engagement in activity related to the protocol for a limited period, as specified in (b) below;
(4) Engagement in activities involving the Ashrait 96 protocol;
(5) Development, operation and distribution of the Ashrait PC software;
(6) End-to-end certification services for the EMV standard;
(7) Activities associated with the aforementioned fields of activity;
(8) Any additional field of activity that may be approved by the Commissioner.

(b) Transfer of rights to the Ashrait EMV protocol – Transfer of all rights of the Company to the Ashrait EMV protocol to a non-profit that was set up for that purpose, at no consideration, as the Company discontinues engagement and activity involving the Ashrait EMV protocol, according to the milestones and timing specified in the Exemption Decision and as amended by the Commissioner from time to time.

(c) The conditions that allow the Company to pay out dividends.

(d) Various provisions regarding the terms and conditions governing the connection of new users to the Company's systems, as well as provisions guiding activity with vendors and provision of end-to-end certifications for the EMV standard.

(e) Additionally, the Exemption Decision rules that the Company is required to publish on its website a rate for each of the services it provides.

(f) On April 25, 2021, the Commissioner of Competition approved in accordance with sub-section (a) (8) above, the Company's request to engage in the provision of aggregate information based on the data stored in the Company's databases, provided that Shva allows access to these services to any party requesting such services, on equal terms, and subject to the other provisions of the exemption.

Transfer of rights to the Ashrait EMV Protocol to the association

On March 24, 2020, the association was registered with the Registrar of Associations.

On July 23, 2020, the Company transferred all of its rights to the Ashrait EMV protocol to the association at no consideration. The association confirmed that it accepted the provisions of a tax pre-ruling it received, a consent that was a precondition for obtaining an exemption from income tax and capital gains tax regarding the transfer of all rights to the protocol to the association. It is noted that the costs incurred by the Company while preparing the protocol were in amounts that are immaterial to it and were recognized in the statement of profit or loss as incurred. It is further noted that even before the Commissioner's decision, the Company shared the protocol free of charge with other participants that requested it (subject to signing a non-disclosure agreement). However, the transfer thereof to the association could assist potential competitors to enter the market in which the Company is operating.

Upon the transfer of rights to the protocol, an agreement was signed between the Company and the association for the provision of services relating to the operation of the protocol and set in place further terms and conditions, including the consideration payable to the Company for said services (at an immaterial amount to the Company), confidentiality, data security and warranty.

According to the Exemption Decision and the latest milestones set by the Commissioner, the Company provided to the association services that include specification, development and operation in relation to the protocol through December 31, 2020 and, to the extent the association would wish to continue receiving those services, the Company would continue to provide it with operating services through April 30, 2021, or a later date that the Supervisor of Payment Systems in the Bank of Israel may require it, and subject to agreement of the Commissioner of Competition.

The Company does not provide any services to the association as of the report date.

On May 9, 2021, the Head of Payment Systems and Clearing at the Bank of Israel notified the association that after reviewing the protocol, it was decided as appropriate to declare the protocol a regulated payment system, as this term is defined in the Payment System Law, 2008. The association was given an opportunity to present its arguments regarding this declaration before it becomes official.

Application for approval of a restrictive arrangement – Competition Court

On October 28, 2019, a notice was received from the Competition Authority regarding the mutual interests of the Company and Masav. The Competition Authority's notice included the assertion that despite the recent change in the Company's ownership structure, and as part of the implementation of the provisions of the Law for the Promotion of Competition and Reduction of Concentration in the Israel Banking Market (Legislative Amendments), 2017, following which the large banks hold less than 50% of the Company's shares, while the entire share capital of Masav is still held by the five largest Israeli banks – the Company and Masav continue maintaining significant mutual interests (including shared management headquarters and offices; shared technological infrastructure and backup facilities; and other shared services). The Competition Authority believed, prima facie, that a competition relationship may exist between the Company and Masav, whether explicitly or implicitly, particularly in light of the changes in the Company's ownership structure.

Collaborations of the type described above among competitors may raise a wide variety of antitrust concerns, including a tendency to have less competition between collaborating parties, and the collaboration spilling into areas at the core of the competition between the entities, particularly when the collaboration also pertains to their decision-making mechanisms.

In light of the above, the Competition Authority believed, prima facie, that the relationship constitutes a restrictive arrangement that is not permitted by a temporary approval or a permit from the Competition Court, or an exemption from the Competition Commissioner. The Competition Authority also believed, in light of the alleged antitrust concerns, that it is highly unlikely that the arrangement can meet the conditions for a block exemption from among those listed in section 15A of the Economic Competition Law, 1988. To conclude its notice, the Competition Authority requested that the Company act immediately to rectify the alleged violation and correct the situation described above.

On May 10, 2020, the Company filed, together with Masav, a motion for approval of a restrictive arrangement with the Competition Court with the Jerusalem District Court.

In the motion, which was filed in light of the position of the Competition Authority on this matter, the Company and Masav requested the court to approve the cooperation between the companies, which has been well-established in practice for about 35 years, and given its scope, presents itself across a significant part of the activities and documents of both companies.

The assets that are relevant to the arrangement are mutual and are provided by one company to the other, and services shared by them, including shared CEO, headquarters, technology infrastructure and backup facilities, communications, data security, internal audit, human resources, insurance and risk management and work teams, including teams for software development and maintenance teams, infrastructure and server maintenance, data security, communications, telephony and more.

The reasoning behind the restrictive arrangement alleged in the motion is that given future technological developments and regulatory changes, the 35-year cooperation between the Company and Masav may be deemed in the future as a restrictive arrangement, considering the position of the Competition Authority that it may potentially impact competition between customers of the companies.

The companies requested the court to approve the arrangement for a period of ten years.

Note that the Company and Masav contest the determination that cooperation between them is a restrictive arrangement in the present, and even if the future activity of the companies may have impact on competition, then such impact will be only indirect as potential competition exist at the very least between customers of the companies, and thus, competition is not expected to be undermined in any real way even in the future, and in any case, the synergies have many non-competitive benefits as well as promotion of competition through the companies' technology developments. However, the motion was filed given the position of the Competition Authority that such restrictive arrangement already exists between the companies either potentially or actually.

Among other arguments in the motion, the companies noted the benefits of synergies between them, including the enormous cost saving in terms of human capital and infrastructure, and the mutual accumulation of required professional knowledge for development of both companies, along with operational efficiency that translate into lower rates, allowing entry of new users and promoting competition between customers.

Hence, separation between the companies may have many and diverse consequences, including in terms of finance, competition, security and more, all of which may result in many adverse implications on the Company's future, competition in the payment markets and the public at large.

For example, the Company may be forced to invest considerable resources in hiring and training new employees due to the need to significantly increase the size of work teams, especially given the present difficulty to hire and the more challenging retention of existing human capital in times of uncertainty, and including potential impact on projects that rely on mutual core systems when developed independently using separate software development knowledge.

Further, separation may affect the ability to develop projects intended to support regulatory reforms of the Bank of Israel.

Furthermore, an uncontrolled mandatory and full separation within a short timeline may create significant risks due to undermined availability and stability of the Company and considerable cyber threats.

The concern is that discontinuing the synergy between the companies and the high costs of separation will lead to higher prices that will eventually be passed on to consumers in one form or another. According to an opinion attached to the motion, the estimated operational cost

increases (excluding separation costs) following breaking synergies is NIS 15.3 million per year for the Company, or 30.7% of its operating costs according to 2019 data.

The motion was published on the website of the competition authority for public viewing, subject to a motion to maintain confidentiality filed by the Company and Masav, to allow filing objections within 30 days from publication by any party seeing itself as adversely affected by the arrangement. No objections have been filed against the motion.

- On September 29, 2020, the Company received the position of the Commissioner of Competition as filed to the Competition Court. The position stated that the arrangement as requested did not benefit the public, and thus, should not be approved. The position of the Commissioner was accompanied by that of the Bank of Israel – which was not adopted by the Commissioner – and which supported the approval of the motion.

  The Company was given permission to respond to the position of the Commissioner within 60 days after the end of the third-party document disclosure and review procedures that the Authority relied upon in coming to its position. That procedure has not yet ended as of the date of issuing this report.

- On December 27, 2020, the Commissioner filed a motion with the court (hereinafter: the "Motion") to make use of the power vested in her by Section 50A to the Competition Law and order the Company and Masav to eliminate the restrictive arrangement between them within 30 days or any other timeframe that the court may see as appropriate in the circumstances of the matter, and that as long as they do not hold a temporary permit under Section 13 to the Competition Law; a court approval under Section 9 to the Competition Law; or exemption from the duty to obtain approval, as provided by Section 14 to the Competition Law; alternatively, to issue any order that the honorable court may see fit in the circumstances.

  In the Motion, the Commissioner reiterated her position that cooperation between the Company and Masav is already a restrictive arrangement that was not approved by Competition regulators, and therefore constitute a continued violation of the Law. Therefore, the Commissioner argued that it was her duty to petition the court, seeking to make use of its authority and order the violation to be stopped.

  The Commissioner noted that she was aware of the difficulty expected by an immediate and swiping discontinuance of all types of cooperation between the Company and Masav, and thought that an uncontrolled separation may damage public interest, and therefore, she recommended to issue a temporary permit that would allow some cooperation to continue until to court handed down a final decision on the approval application as filed by the Company and Masav, while starting phasing out cooperation even before a decision is given on the approval application. The Commissioner notified the court that she was willing to negotiate with the Company and Masav prior to issuing her position, as was already started prior to issuing the approval application.

  The Company and Masav filed their responses to the Motion on January 14, 2021.

  The Commissioner filed its reply to the response on February 2, 2021.

  On February 10, 2021, the Court rejected the Motion. Among other reasoning, the court noted in its decision that a swiping order to immediately discontinue cooperation between the Company and Masav may inflict considerable damage to the public and stated that the Company and Masav have a strong argument that needs to be heard that the order sought by the Motion may significantly hurt and destabilize the payment infrastructure and even tangibly undermine the purpose of the primary proceeding. Notwithstanding the above, the court determined that its decision may not be seen as a seal of approval to the present situation or prevent the Commissioner from exercising her powers under the law.

NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS (CONT.)

On April 8, 2021, the Company and Masav submitted to the court a motion for temporary permit, as recommended by the Commissioner, to continue the existing restrictive arrangement (**the restrictive arrangement**).

The Company and Masav request the court to order the issue of the temporary permit under the terms specified in the application after reaching agreements with the Commissioner in joint discussions with the Bank of Israel, and following an approval by the BoI to a proposed process for separating the managements of the Company and Masav.

According to the terms of that arrangement, two separate CEOs would be appointed for each of the two companies by June 30, 2021; and the companies would submit to the Commissioner an outline for the activity of each of them by December 31, 2021. That outline will differentiate between services, activities or assets that require cooperation in the short term and those that also that require such cooperation in the long term. The outline also needs to elaborate the means that would be taken to mitigate competitive concerns resulting from such continued cooperation in the long run. According to the outline, all affiliations highlighted by the Bank of Israel need to be separated by February 28, 2022, including separation of the function managing the development of technology applications. Additionally, the outline needs to address additional affiliations that are not covered by the BoI outline, including infrastructure, computer systems and shared offices. Further, some engagements with third parties are to be separated within 90 days from the appointment of the new CEOs.

The application was attached by a recommendation of the Commissioner that supported issuing a temporary permit under the terms detailed in the application for temporary permit. In her recommendation, the Commissioner clarified that in the circumstances of the matter, she did not see any justification for taking enforcement action against past activities of the companies, provided that the companies would operate in compliance with the provisions of the temporary permit.

The application for temporary permit was filed with the court without admitting the presence of any existing restrictive arrangement between the companies.

The term of the temporary permit will expire on January 31, 2022. After that date, and until a decision is handed down by the honorable court on the case or another decision is issued by the Commissioner, the companies will continue to operate under temporary permits or exemptions by the Commissioner.

On April 11, 2021, the Competition Court accepted the motion and granted a temporary permit to a restrictive arrangement between the Company and Masav, effective until January 31, 2022, subject to the terms and conditions in the motion.

The Company began implementing the terms of the temporary permit with the appointment of two separate CEOs and is preparing to implement the other terms of the permit in accordance with the schedules set forth therein.

<u>The following describes additional exemption decisions that were issued by the Commissioner and do not apply directly to the Company but are relevant to its activity</u>:

- In July 2018, an exemption was received from the Commissioner, for a five-year period beginning on July 30, 2018, i.e., until July 30, 2023, with respect to, among other issues, the mutual recognition agreement of the banks regarding determination of the mutual fees payable among them in the ATM device segment, an agreement to which the Company is not party.

- On June 18, 2020, a decision was issued regarding a five –year exemption to Masav under the conditions of a restrictive arrangement. The Commissioner of Competition indicated in the decision that the matter of mutual interests between the Company and Masav was considered by her separately and is unrelated to the exemption decision to Masav. However, the Commissioner indicated that the exemption decision to Masav may not be construed as permitting such mutual interest or any other cooperation between Masav and the Company.

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS (CONT.)

b. **Lawsuits and class actions**

Various legal proceedings are pending against the Company in the ordinary course of business.

Presented below are details regarding the main legal proceedings:

1. On September 14, 2017, Mitug Distributed Systems Ltd. ("Mitug") filed a claim against the Company and against Smart Advanced ATM Services and Hatamar Fund Ltd. ("Hatamar Fund"). In the claim, Mitug brought various allegations against the Company in connection with rights and the use of a software application called MultiXFS, which was developed by Mitug for the Company in 2006, and which is installed in ATMs.

   In the claim, Mitug petitioned to order the Company and Hatamar Fund, which acquired the Company's ATMs in 2013, to pay to Mitug a total of NIS 2,560 thousand plus VAT, linkage differentials and interest, from the date when the cause was created until the date of actual payment, and noted that the amount of damages sought was indicated for court fee purposes, while asserting, among other arguments, that the sale of the ATMs by the Company to Hatamar Fund, in which the aforementioned software program is installed, without obtaining approval of, and paying consideration to Mitug, was in violation of the law, caused it severe damages, and constituted unjust enrichment at its expense, in the amount of tens of millions of NIS, and that Mitug is therefore entitled to damages. It was also requested in the claim to issue several orders against the Company and against Hatamar Fund in relation to the aforementioned software, including orders prohibiting the continued use thereof.
   The Company filed a statement of defense, in which it rejected Mitug's assertions, and Hatamar Fund did the same.

   All of the parties have filed their evidence.
   Evidence hearings took place in March 2021.

   According to the assessment of management, and based on its legal counsel, at the current stage of the proceedings, it is more likely than not that the claim will be dismissed. No provision whatsoever in respect of the foregoing was included in the financial statements.

2. On June 22, 2020, Had Nes South Marketing 2015 Ltd (hereinafter: "**Had Nes**") filed a motion to certify a class action against Nayax Retail (hereinafter: "**Nayax**"), Pele Card Ltd and Isracard Ltd (hereinafter respectively: the "**Motion to Certify**" and the "**Respondents**").
   The focus of the Had Nes claim is a security breach that can be abused to create a slip that resembles a credit card transaction approval even in cases where no such approval is received from the company providing the clearing services to the business or the company issuing the credit card of the customer, such that the business discovers after the fact that no consideration is receivable from the clearing company for a transaction for which no approval was given.
   On December 31, 2020, Nayax filed a motion to permit sending third-party notices against all other respondents, as well as the Company (hereinafter: the "**Motion to Join**")

   In the Motion to Join, Nayax mainly denied its responsibility since it claims to provide Had Nes cash register software only, while the Respondents, including the Company, bear responsibility since they provided the clearing services.
   According to a court decision dated January 21, 2021, responses of the Company and the other respondents to the Motion to Join were filed. The Company argued in its response to the Motion to Join that it needs to be dismissed outright and on its merits, among other reasons, as there is no rivalry between the Company and Nayax and/or between the Company and Had Nes. Shva also contended that even the Motion to Certify, on its merits, should be dismissed as the conditions set in relation to approval of a class action are not met. The response of Nayax has not yet been filed.

   The first pretrial hearing is scheduled for June 6, 2021.
   On July 20, 2021, the Tel Aviv District Court issued a ruling approving the motion for withdrawal of Had Nes Marketing South 2015 Ltd. from the motion for approval. No order for expenses has been issued

NOTE 4 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. Financial instruments

The Company's financial instruments include the following assets and liabilities: cash and cash equivalents, bank deposits, held-for-trading securities, other accounts receivable and other accounts payable. Due to their nature, the fair value of the Company's financial instruments is identical to, or approximates their carrying amounts in the financial statements.

b. Financial risk management

The activity of the Company exposes it to a range of financial risks: market risk (including inflation risk, exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk.

As discussed above, the interim financial information does not include all information and disclosures required in annual financial statements, including regarding financial risk management of the Company, and therefore, the interim financial information should be read together with the 2020 financial statements and accompanying notes.

No material changes in the financial risk management policy of the Company took place relative to that reported in the 2020 annual financial statements.

NOTE 5 – SUBSEQUENT EVENTS

On July 20, 2021, the Tel Aviv District Court issued a ruling approving the motion for withdrawal of Had Nes Marketing South 2015 Ltd. from the motion for approval of the class action lawsuit filed against Nayax Retail Ltd., Pele-Card Ltd. and Isracard Ltd. in which Nayax Retail Ltd. filed a motion for leave to submit a notice to a third party against the Company and other third parties. No order for expenses has been issued. See note 3.

On August 29, 2021, the Company's board of directors resolved to distribute a dividend in the amount of NIS 13,500 thousand (NIS 0.3375 per share).

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

Quarterly Report on Effectiveness of Internal Control over Financial Reporting and Disclosure according to Regulation 38C(a)

Management, supervised by the Board of Directors of Automated Banking Services Ltd. (the "Company"), is responsible to set and maintain proper internal control over financial reporting and disclosure by the corporation.

For this matter, management consists of:

1. Eitan Lev Tov, General Manager (CEO);
2. Ofer Eden, VP Finance (CFO);

Internal control over financial reporting and disclosure consists of controls and procedures in place at the Company, which have been designed by the General Manager and the most senior financial officer, or under their supervision, or by those performing in practice the said capacities, under oversight of the Company's Board of Directors, and which are intended to provide reasonable assurance regarding the reliability of financial reporting and preparation of reports pursuant to statutory provisions, and to ensure that information the Company is required to disclose in reports it issue pursuant to statutory provisions is collected, analyzed, summarized and reported duly and in the format prescribed by law.

Internal control includes, inter alia, controls and procedures designed to ensure that information that the Company is required to disclose, as above, is collected and submitted to corporate management, including to the General Manager and to the most senior financial officer, or to those performing in practice the said capacities, so as to enable decisions to be duly made with regards to the required disclosure.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misrepresentation or omission of information on the reports is prevented or detected.

In the quarterly report on the effectiveness of internal control over financial reporting and disclosure that accompanies the report for the period ended June 30, 2021 (hereinafter - the Latest Quarterly Report on Internal Control), internal control was effective.

Through the date of this report, no event or matter has been brought to the attention of the Board of Directors and management that may change the evaluation of internal control effectiveness as presented in the Latest Quarterly Report on Internal Control.

As of the date of this report, based on the evaluation of internal control effectiveness in the Latest Quarterly Report on Internal Control, and based on the information that was brought to the attention of management and the Board of Directors, the internal control is effective.

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

CEO declaration pursuant to Regulation 38C(d)(1)

I, Eitan Lev Tov, declare that:

(1) I have reviewed the quarterly report of Automated Banking Services Ltd. (hereinafter: "the Company") for the second quarter of 2021 (hereinafter "the Reports" or "the Interim Reports");

(2) To my knowledge, the Reports are free of any misrepresentation of any material fact and no representation of any material fact required for making the representations therein, under the circumstances in which they were made, not misleading in reference to the period covered by the report is missing.

(3) To my knowledge, the financial statements and other financial information included in the Reports present fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports.

(4) I have disclosed to the Company's independent auditor, Board of Directors and the Board's Audit Committee, based on my most up-to-date assessment of the internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the design or implementation of internal control over financial reporting and disclosure which may reasonably impact the corporation's ability to collect, analyze, summarize or report financial information in a manner that may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and

(b) Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or involving any other employees with significant capacity in internal control over financial reporting and disclosure.

(5) I, alone or together with others in the Company:

(a) have established controls and procedures, or have verified their determination and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Company is brought to my attention by others in the Company, in particular during the preparation period of the reports; and-

(b) have established controls and procedures, or have verified their establishment and existence under my supervision of controls and procedures, designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

(c) I have not been informed of any event or matter that occurred during the period between the date of the last quarterly report and the date of this report, which may change the conclusions of the board of directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the corporation.

The foregoing shall not derogate from my statutory responsibility, or that of any other person, under any law.

August 29, 2021

Eitan Lev Tov
CEO

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew. The version in Hebrew is the approved text.

Declaration of the most senior financial officer pursuant to Regulation 38C(d)(2)

I, Ofer Eden, declare that:

(1) I have reviewed the interim and other financial information included in the interim financial information of Automated Banking Services Ltd. (hereinafter: "the Company") for the second quarter of 2021 (hereinafter "the Reports" or the "Interim Reports");

(2) To my knowledge, the Interim Reports and the other information included in the Interim Reports is free of any misrepresentation of any material fact and no representation of any material fact required for making the representations therein, under the circumstances in which they were made, not misleading in reference to the period covered by the report is missing.

(3) To my knowledge, the Interim Reports and the other information included in the Interim Reports present fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports.

(4) I have disclosed to the Company's independent auditor, Board of Directors and the Board's Audit Committee, based on my most up-to-date assessment of the internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the design or implementation of internal control over financial reporting and disclosure, to the extent is refers to the Interim Reports and the other information included in the Interim Reports, which may reasonably impact the Company's ability to collect, analyze, summarize or report financial information in a manner that may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and

(b) Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or involving any other employees with significant capacity in internal control over financial reporting and disclosure.

(5) I, alone or together with others in the Company:

(a) have established controls and procedures, or have verified their determination and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Company is brought to my attention by others in the Company, in particular during the preparation period of the reports; and-

(b) have established controls and procedures, or have verified their establishment and existence under my supervision of controls and procedures, designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

(c) I have not been informed of any event or matter that occurred during the period between the date of the last quarterly report and the date of this report, which may change the conclusions of the board of directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the corporation.

The foregoing shall not derogate from my statutory responsibility, or that of any other person, under any law.

August 29, 2021

Ofer Eden - VP Finance (CFO)