

Statement for the third quarter - consolidated Union Bank of Israel Ltd. and its subsidiaries , Main data, NIS millior

Taken from the quarterly report to 30.09.2004, reported amounts at 30.09.2004 (2003 in adjusted amounts).



| Summary consolidated balance sheet | 30.09.2004 | 31.12.2003 | Banking group's share of the banking system | |
|--|---------------|---------------|---|-------------|
| | | | 30.09.2004 | 31.12.2003 |
| Cash and deposits in banks ⁽¹⁾ | 2,901 | 1,927 | 3.0% | 1.9% |
| Securities | 1,958 | 2,208 | 1.4% | 1.8% |
| Credit to the public | 15,750 | 14,900 | 2.8% | 2.6% |
| Credit to the government | 58 | 57 | 1.2% | 1.0% |
| Investments in companies included on an equity basis | 23 | 27 | 0.6% | 0.8% |
| Buildings and equipment | 337 | 336 | 3.2% | 3.1% |
| Other assets | 642 | 880 | 3.5% | 3.6% |
| Total assets | 21,669 | 20,385 | 2.6% | 2.4% |
| Deposits of the public | 18,895 | 17,312 | 2.8% | 2.5% |
| Deposits of banks ⁽¹⁾ | 208 | 155 | 0.8% | 0.6% |
| Deposits of the government | 11 | 15 | 0.1% | 0.1% |
| Bonds and subordinated notes | 889 | 787 | 2.1% | 2.0% |
| Other liabilities | 572 | 975 | 2.4% | 3.4% |
| Total liabilities | 20,575 | 19,244 | 2.6% | 2.4% |
| Quasi-capital items | 0 | 0 | 0.0% | 0.0% |
| Minority shareholders' rights | 0 | 0 | | |
| Equity | 1,094 | 1,091 | 2.3% | 2.5% |

| Summary consolidated profit and loss statement | Nine months to | | Banking group's share of the banking system | | Three months to |
|--|----------------|-------------|---|----------------|-----------------|
| | 30.09.2004 | 30.09.2003 | 30.09.2004 | 30.09.2003 | |
| Net interest profit before loan-loss provision | 362.0 | 316.0 | 2.3% | 2.2% | 127.0 |
| Loan-loss provision | 133.0 | 123.0 | 3.6% | 2.7% | 32.0 |
| Operating and other income | 174.0 | 163.0 | 1.9% | 2.0% | 52.0 |
| Of which: Operating income | 159.0 | 150.0 | 2.2% | 2.3% | 50.0 |
| Operating and other expenses | 342.0 | 360.0 | 2.4% | 2.6% | 121.0 |
| Of which: Salaries and related expenses | 189.0 | 210.0 | 2.1% | 2.5% | 73.0 |
| Ordinary before-tax provision | 61.0 | 5.0 | 0.9% | 0.1% | 26.0 |
| Provision for taxes on ordinary profit | 37.0 | 9.0 | 1.3% | 0.4% | 14.0 |
| Ordinary after-tax profit | 24.0 | -4.0 | 0.7% | not calculated | 12.0 |
| Bank's share in the profit of subsidiaries | 0.0 | 0.0 | | | 0.0 |
| Share of minority shareholders in profit of consolidated companies | 0.0 | 0.0 | | | 0.0 |
| Extraordinary after-tax profit | 0.0 | -2.0 | | | 0.0 |
| Net profit | 24.0 | -6.0 | 0.6% | not calculated | 12.0 |

| Balances and rates of return on financial items by indexation base consolidated on 30.09.2004 | Unindexed NIS | CPI-indexed NIS | Foreign Currency ⁽²⁾ | Total financial items |
|---|---------------|-----------------|---------------------------------|-----------------------|
| Balance of financial assets on balance-sheet date | 9,397 | 3,694 | 7,978 | 21,069 |
| Balance of financial liabilities on balance-sheet date | 9,545 | 3,255 | 7,701 | 20,501 |
| Excess of financial assets over financial liabilities | -148 | 439 | 277 | 568 |
| Total indexation balance (incl. forwards ⁽³⁾ and options in term of basis assets) | 93 | 445 | 30 | 568 |
| Rate of income on assets (percent) ⁽⁴⁾ | 5.02 | 6.40 | 3.15 | 4.11 |
| Rate of expenditure on liabilities (percent) ⁽⁴⁾ | -3.37 | -5.95 | -2.47 | -3.08 |
| Interest-rate differential | 1.65 | 0.45 | 0.68 | 1.03 |

| Problem borrowers | 30.09.2004 | 31.12.2003 |
|--|------------|------------|
| Total credit risk dew to problem borrowers | 1,734 | 1,585 |
| Total credit to problem borrowers | 1,423 | 1,325 |

| Main financial ratios - consolidated (percent) | 30.09.2004 | 31.12.2003 |
|---|------------|------------|
| Equity/balance-sheet ratio | 5.05 | 5.37 |
| Financial capital/equity ratio | 51.92 | 56.19 |
| Equity/risk-weighted-assets ratio | 10.20 | 10.60 |
| Return on equity (net profit/gross weighted capital ratio) ⁽⁵⁾ | 2.90 | -4.80 |
| Operating income/operating expenses ratio ⁽⁶⁾ | 50.88 | 44.25 |

(1) See note no. 5.1.4 in the introduction.

(2) Including foreign-currency indexed NIS.

(3) Forwards transactions.

(4) Nine-month rate of income (expenses), on annual basis including hedging, embedded and ALM derivatives.

(5) Annual basis.

(6) For nine months. Comparative data are annual.