



**Statement for 31/12/2004 - bank**  
**Discount Mortgage Bank Ltd. , Main data, NIS million**

Taken from the annual report to 31.12.2004, Reported amounts at 2004 (2002-03 adjusted to CPI for 12.2003)

Summary balance sheet	End of year			Bank's share of the banking system		
	2004	2003	2002	2004	2003	2002
Cash and deposits in banks <sup>(1)</sup>	143	121	100	0.1%	0.1%	0.1%
Securities	1	1	1	0.0%	0.0%	0.0%
Credit to the public	9,519	9,377	9,314	1.7%	1.7%	1.6%
Credit to the government	0	0	0	0.0%	0.0%	0.0%
Investments in companies included on an equity basis	0	0	0	0.0%	0.0%	0.0%
Buildings and equipment	15	13	13	0.1%	0.1%	0.1%
Other assets	68	22	22	0.3%	0.1%	0.1%
<b>Total assets</b>	<b>9,746</b>	<b>9,534</b>	<b>9,450</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.2%</b>
Deposits of the public	2,105	2,279	2,560	0.3%	0.3%	0.4%
Deposits of banks <sup>(1)</sup>	6,618	6,182	5,788	10.5%	10.6%	9.7%
Deposits of the government	45	49	50	0.3%	0.3%	0.3%
Bonds and subordinated notes	128	160	221	0.3%	0.4%	0.6%
Other liabilities	67	46	40	0.2%	0.2%	0.2%
<b>Total liabilities</b>	<b>8,963</b>	<b>8,716</b>	<b>8,659</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.1%</b>
Quasi-capital items	0	0	0	0.0%	0.0%	0.0%
Equity	783	818	791	1.7%	1.9%	2.0%

Summary profit and loss statement	End of year			Bank's share of the banking system		
	2004	2003	2002	2004	2003	2002
Net interest profit before loan-loss provision	128.0	112.0	115.0	0.6%	0.6%	0.6%
Loan-loss provision	165.0	70.0	48.0	3.2%	1.1%	0.6%
Operating and other income	55.0	57.0	66.0	0.5%	0.5%	0.7%
<i>Of which: Operating income</i>	55.0	57.0	66.0	0.6%	0.6%	0.8%
Operating and other expenses	71.0	63.0	60.0	0.4%	0.3%	0.3%
<i>Of which: Salaries and related expenses</i>	36.0	36.0	34.0	0.3%	0.3%	0.3%
Inflation adjustments	0.0	15.0	0.0			
Ordinary profit-before-tax provision	-53.0	51.0	73.0	not calculated	0.9%	3.0%
Provision for taxes on ordinary profit	-18.0	24.0	31.0	not calculated	0.9%	2.8%
Ordinary after-tax profit	-35.0	27.0	42.0	not calculated	0.8%	3.0%
Bank's share in the profit of subsidiaries	0.0	0.0	0.0			
Extraordinary after-tax profit	0.0	0.0	0.0			
<b>Net profit</b>	<b>-35.0</b>	<b>27.0</b>	<b>42.0</b>	<b>not calculated</b>	<b>0.9%</b>	<b>3.9%</b>

Balances and rates of return on financial items by indexation base on 31.12.2004	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>(2)</sup>	Total financial items
Balance of financial assets on balance-sheet date	611	7,658	1,462	9,731
Balance of financial liabilities on balance-sheet date	489	7,013	1,445	8,947
Excess of financial assets over financial liabilities	122	645	17	784
Total indexation balance(incl. Forwards <sup>(3)</sup> and options in term of basis assets)	-134	645	273	784
Options at the money and out of the money (net, capitalized nominal value)	-87	0	87	0
Rate of income on assets(%) <sup>(4)</sup>	4.03	6.50	1.99	5.70
Rate of expenses on liabilities(%) <sup>(4)</sup>	-4.97	-5.76	-1.20	-5.03
Interest-rate spread	-0.94	0.73	0.79	0.67
Internal rate of return on assets (%)	5.84	5.75	4.01	
Internal rate of return on liabilities (%)	4.39	5.28	3.47	
Difference	1.45	0.47	0.54	
Average duration of assets (years)	0.39	5.30	0.28	4.23
Average duration of liabilities (years)	0.61	3.78	0.28	3.04
Difference	-0.22	1.52	0.00	1.19

<sup>(1)</sup> See note 5.1.7. in the introduction.

<sup>(2)</sup> Including foreign-currency indexed NIS.

<sup>(3)</sup> Forwards transactions.

<sup>(4)</sup> including hedging, embedded and ALM derivatives.



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**Discount Mortgage Bank Ltd., Additional data**  
 (NIS millions, 2004 reported amounts, 2003 adjusted to 12.2003 prices)

Additional data	2004	2003
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**Total off-balance-sheet and credit risk**

Credit to the public and credit risk	9,519	9,377
Total off-balance-sheet credit risk	815	986
Total credit risk	10,334	10,363
<i>Of which:</i> Total risk of credit for housing loans	7,157	6,836
Total risk of credit to construction and real estate industry	1,335	1,608

**Problem borrowers**

Total credit risk dew to problem borrowers	1,098	1,092
<i>Of which:</i> Total credit to problem borrowers	873	958

**Data on derivatives**

Notional amount	3,017	1,977
Gross positive fair value	74	30

**Activity with interested and related parties**

Total assets on balance-sheet date	105	120
<i>Of which:</i> credit to the public	0	0
Total liabilities on balance-sheet date (including quasi-capital items)	6,656	6,284

**Branches and personnel**

Number of employee posts in Israel, monthly average	273	253
Number of employee posts abroad, monthly average	0	0
Number of branches in Israel	3	3
Number of branches abroad	0	0

**Main financial ratios, in annual terms (%)**

Equity/risk-weighted-assets ratio	10.50	11.60
Equity/balance-sheet ratio	8.03	8.58
Financial capital/equity capital ratio	100.13	99.51
Ratio of problem loans to total credit to the public	9.14	10.19
Return on equity (net profit/gross weighted capital ratio)	-26.69	20.65
Non-interest income/operating expenses ratio	77.46	90.48
Ratio of loan-loss provision to total credit to the public	1.73	0.74