

## Statement for the second quarter - consolidated Mercantile Discount Bank Ltd. and its subsidiaries , Main data, NIS millio

Taken from the quarterly report to 30.06.2005, reported amounts

Summary consolidated balance sheet	30.06.2005	31.12.2004	Bank's share of the banking system	
			30.06.2005	31.12.2004
Cash and deposits in banks <sup>1</sup>	1,772	1,523	1.1%	1.1%
Securities	1,165	1,142	0.9%	0.8%
Credit to the public	12,831	12,697	2.3%	2.2%
Credit to the government	1	1	0.0%	0.0%
Investments in companies included on an equity basis	4	2	0.1%	0.0%
Buildings and equipment	313	298	2.9%	2.8%
Other assets	120	108	0.5%	0.5%
<b>Total assets</b>	<b>16,206</b>	<b>15,771</b>	<b>1.9%</b>	<b>1.9%</b>
Deposits of the public	14,178	13,894	2.0%	2.0%
Deposits of banks <sup>1</sup>	246	101	0.4%	0.2%
Deposits of the government	50	47	0.4%	0.3%
Bonds and subordinated notes	529	548	1.1%	1.3%
Other liabilities	187	229	0.6%	0.8%
<b>Total liabilities</b>	<b>15,190</b>	<b>14,819</b>	<b>1.9%</b>	<b>1.8%</b>
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	1,016	952	2.1%	2.1%

Summary consolidated profit and loss statement	Six months to		Bank's share of the banking system		Three months to
			Six months to		
	30.06.2005	30.06.2004	30.06.2005	30.06.2004	30.06.2005
Net interest profit before loan-loss provision	265.0	254.0	2.5%	2.4%	133.0
Loan-loss provision	47.0	39.0	1.9%	1.6%	27.0
Operating and other income	143.0	137.0	2.3%	2.3%	77.0
Of which: Operating income	123.0	121.0	2.5%	2.5%	61.0
Operating and other expenses	254.0	253.0	2.5%	2.6%	124.0
Of which: Salaries and related expenses	152.0	151.0	2.5%	2.6%	72.0
Ordinary before-tax provision	107.0	99.0	2.5%	2.3%	59.0
Provision for taxes on ordinary profit	46.0	43.0	2.7%	2.3%	23.0
Ordinary after-tax profit	61.0	56.0	2.4%	2.3%	36.0
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	-2.0	-1.0			0.0
<b>Net profit</b>	<b>59.0</b>	<b>55.0</b>	<b>1.7%</b>	<b>2.0%</b>	<b>36.0</b>

Balances and rates of return on financial items by indexation base on 30.06.2005	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>2</sup>	Total financial items
Balance of financial assets on balance-sheet date	8,874	3,638	3,232	15,744
Balance of financial liabilities on balance-sheet date	9,243	3,040	2,893	15,176
Excess of financial assets over financial liabilities	-369	598	339	568
Total indexation balance(incl.forwards and options in term of basis assets) <sup>3</sup>	-172	598	141	567
Rate of income on assets(percent) <sup>4</sup>	7.01	6.18	9.23	7.43
Rate of expenditure on liabilities(percent) <sup>4</sup>	-3.03	-5.16	-7.60	-4.65
Interest-rate differential	3.98	1.03	1.63	2.78

Problem borrowers	30.06.2005	31.12.2004
Total credit risk dew to problem borrowers	1,450	1,310
Total credit to problem borrowers	1,384	1,260

Main financial ratios - consolidated (percent)	30.06.2005	31.12.2004
Equity/balance-sheet ratio	6.27	6.04
Finanancial capital/equity ratio	55.91	56.83
Equity/risk-weighted-assets ratio	10.40	10.60
Return on equity (net profit/gross weightec-capital ratio) <sup>5</sup>	12.80	11.50
Operating income/operating expenses ratio <sup>6</sup>	56.30	55.36

<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> Six-month rate of income (expenses), on annual basis including hedging, embedded and ALM derivatives.

<sup>5</sup> Annual basis.

<sup>6</sup> For six months. Comparative data are annual