



Statement for 31/12/2005 on consolidated basis

Mercantile Discount Bank Ltd and its subsidiaries, Main data, NIS million

Taken from the annual report to 31.12.2005, 2004-2005:reported amounts (2003:adjusted to CPI for 12.2003)

Summary consolidated balance sheet	End of year			Banking group's share of the banking system		
	2005	2004	2003	2005	2004	2003
Cash and deposits in banks ⁽¹⁾	1,902	1,523	1,313	1.2%	1.1%	0.9%
Securities	1,426	1,142	1,052	0.9%	0.8%	0.9%
Credit to the public	12,784	12,697	12,293	2.2%	2.2%	2.2%
Credit to the government	0	1	2	0.0%	0.0%	0.0%
Investments in companies included on an equity basis	4	2	3	0.1%	0.0%	0.1%
Buildings and equipment	338	298	288	3.0%	2.8%	2.7%
Other assets	124	108	116	0.5%	0.5%	0.5%
Total assets	16,578	15,771	15,067	1.8%	1.9%	1.8%
Deposits of the public	14,119	13,894	13,265	1.9%	2.0%	2.0%
Deposits of banks ⁽¹⁾	338	101	151	0.6%	0.2%	0.3%
Deposits of the government	65	47	50	0.5%	0.3%	0.3%
Bonds and subordinated notes	795	548	532	1.5%	1.3%	1.4%
Other liabilities	205	229	171	0.6%	0.8%	0.6%
Total liabilities	15,522	14,819	14,169	1.8%	1.8%	1.8%
Quasi-capital items	0	0	0	0.0%	0.0%	0.0%
Minority shareholders' rights	0	0	0			
Equity	1,056	952	898	2.1%	2.1%	2.1%

Summary consolidated profit and loss statement	End of year			Banking group's share of the banking system		
	2005	2004	2003	2005	2004	2003
Net interest profit before loan-loss provision	542.0	516.0	477.0	2.4%	2.5%	2.5%
Loan-loss provision	125.0	95.0	87.0	3.0%	1.8%	1.4%
Operating and other income	298.0	279.0	269.0	2.3%	2.3%	2.4%
Of which: Operating income	251.0	246.0	236.0	2.4%	2.5%	2.6%
Operating and other expenses	522.0	504.0	493.0	2.4%	2.6%	2.7%
Of which: Salaries and related expenses	313.0	298.0	292.0	2.4%	2.5%	2.6%
Inflation adjustments			7.0			
Ordinary profit before-tax provision	193.0	196.0	173.0	2.1%	2.5%	3.0%
Provision for taxes on ordinary profit	80.0	92.0	86.0	2.0%	2.6%	3.4%
Ordinary after-tax profit	113.0	104.0	87.0	2.1%	2.3%	2.7%
Bank's share in the profit of subsidiaries	0.0	0.0	0.0			
Minority shareholders' share in profit of consolidated companies	0.0	0.0	0.0			
Extraordinary after-tax profit	-2.0	-1.0	-1.0			
Net profit	111.0	103.0	86.0	1.7%	2.0%	2.7%

Balances and rates of return on financial items by indexation base on 31.12.2005	Unindexed NIS	CPI-indexed NIS	Foreign Currency ⁽²⁾	Total financial items
Balance of financial assets on balance-sheet date	9,181	3,799	3,120	16,100
Balance of financial liabilities on balance-sheet date	9,301	3,274	2,930	15,505
Excess of financial assets over financial liabilities	-120	525	190	595
Total indexation balance (incl. Forwards ⁽³⁾ and options in term of basis assets)	-43	520	116	593
Options at the money and out of the money (net, capitalized nominal value)	246	0	-248	-2
Rate of income on assets (% ⁽⁴⁾)	7.03	7.70	6.16	6.94
Rate of expenses on liabilities (% ⁽⁴⁾)	-3.09	-6.71	-4.64	-4.19
Interest-rate spread	3.93	0.99	1.52	2.76

Internal rate of return on assets (%)	6.95	4.97	5.27	
Internal rate of return on liabilities (%)	2.90	4.29	4.55	
Difference	4.05	0.68	0.72	
Average duration of assets (years)	0.21	2.95	0.35	0.90
Average duration of liabilities (years)	0.31	3.65	0.34	1.02
Difference	-0.10	-0.70	0.01	-0.12

⁽¹⁾ See note 5.1.7. in the introduction.⁽²⁾ Including foreign-currency indexed NIS.⁽³⁾ Forwards transactions.⁽⁴⁾ including hedging, embedded and ALM derivatives.



Statement for 31/12/2005 on consolidated basis
Mercantile Discount Bank Ltd., Additional data
 (NIS millions, reported amounts)

Additional data	2005	2004
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Total off-balance-sheet and credit risk

Credit to the public and credit risk	13,103	12,811
Total off-balance-sheet credit risk	5,084	1,943
Total credit risk	18,187	14,754
<i>Of which:</i> Total risk of credit for housing loans	1,106	1,182
Total risk of credit to construction and real estate industry	3,710	3,441

Problem borrowers

Total credit risk due to problem borrowers	1,754	1,310
<i>Of which:</i> Total credit to problem borrowers	1,516	1,260

Data on derivatives

Notional amount	3,515	3,099
Gross positive fair value	26	46

Activity with interested and related parties

Total assets on balance-sheet date	661	336
<i>Of which:</i> credit to the public	17	3
Total liabilities on balance-sheet date (including quasi-capital items)	246	105

Branches and personnel

Number of employee posts in Israel, monthly average	1,181	1,171
Number of employee posts abroad, monthly average	0	0
Number of branches in Israel	63	62
Number of branches abroad	0	0

Main financial ratios, in annual terms (%)

Equity/risk-weighted-assets ratio	12.20	10.60
Equity/balance-sheet ratio	6.37	6.04
Financial capital/equity capital ratio	56.34	56.83
Ratio of problem loans to total credit to the public	11.79	9.87
Return on equity (net profit/gross weighted capital ratio)	11.70	11.50
Non-interest income/operating expenses ratio	57.09	55.36
Ratio of loan-loss provision to total credit to the public	0.97	0.74