



**Statement for 31/12/2005 on consolidated basis**  
**Discount Mortgage 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 <sup>(1)</sup>	241	143	121	0.2%	0.1%	0.1%
Securities	1	1	1	0.0%	0.0%	0.0%
Credit to the public	10,024	9,519	9,377	1.7%	1.7%	1.7%
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	17	15	13	0.2%	0.1%	0.1%
Other assets	72	68	22	0.3%	0.3%	0.1%
<b>Total assets</b>	<b>10,355</b>	<b>9,746</b>	<b>9,534</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.2%</b>
Deposits of the public	1,640	2,105	2,279	0.2%	0.3%	0.3%
Deposits of banks <sup>(1)</sup>	7,543	6,618	6,182	12.6%	10.5%	10.6%
Deposits of the government	37	45	49	0.3%	0.3%	0.3%
Bonds and subordinated notes	242	128	160	0.5%	0.3%	0.4%
Other liabilities	84	67	46	0.3%	0.2%	0.2%
<b>Total liabilities</b>	<b>9,546</b>	<b>8,963</b>	<b>8,716</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%
Minority shareholders' rights	0	0	0			
Equity	809	783	818	1.6%	1.7%	1.9%

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	149.0	128.0	112.0	0.7%	0.6%	0.6%
Loan-loss provision	76.0	165.0	70.0	1.8%	3.2%	1.1%
Operating and other income	54.0	55.0	57.0	0.4%	0.5%	0.5%
Of which: Operating income	54.0	55.0	57.0	0.5%	0.6%	0.6%
Operating and other expenses	92.0	71.0	63.0	0.4%	0.4%	0.3%
Of which: Salaries and related expenses	48.0	36.0	36.0	0.4%	0.3%	0.3%
Inflation adjustments			15.0			
Ordinary profit before-tax provision	35.0	-53.0	51.0	0.4%	not calculated	0.9%
Provision for taxes on ordinary profit	9.0	-18.0	24.0	0.2%	not calculated	0.9%
Ordinary after-tax profit	26.0	-35.0	27.0	0.5%	not calculated	0.8%
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	0.0	0.0	0.0			
<b>Net profit</b>	<b>26.0</b>	<b>-35.0</b>	<b>27.0</b>	<b>0.4%</b>	<b>not calculated</b>	<b>0.9%</b>

Balances and rates of return on financial items by indexation base on 31.12.2005	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>(2)</sup>	Total financial items
Balance of financial assets on balance-sheet date	660	8,415	1,261	10,336
Balance of financial liabilities on balance-sheet date	370	7,837	1,304	9,511
Excess of financial assets over financial liabilities	290	578	-43	825
Total indexation balance (incl. Forwards <sup>(3)</sup> and options in term of basis assets)	190	578	57	825
Options at the money and out of the money (net, capitalized nominal value)	52	0	-52	0
Rate of income on assets (%) <sup>(4)</sup>	3.76	8.12	11.20	8.26
Rate of expenses on liabilities (%) <sup>(4)</sup>	-4.43	-7.50	-11.05	-7.91
Interest-rate spread	-0.67	0.63	0.15	0.34

Internal rate of return on assets (%)	6.02	5.39	6.62	
Internal rate of return on liabilities (%)	4.51	5.05	5.25	
Difference	1.51	0.34	1.37	
Average duration of assets (years)	0.32	5.56	0.28	4.59
Average duration of liabilities (years)	0.70	4.00	0.26	3.36
Difference	-0.38	1.56	0.02	1.23

(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**  
**Discount Mortgage 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	10,024	9,519
Total off-balance-sheet credit risk	859	815
Total credit risk	10,883	10,334
<i>Of which:</i> Total risk of credit for housing loans	7,875	7,157
Total risk of credit to construction and real estate industry	1,162	1,335

**Problem borrowers**

Total credit risk dew to problem borrowers	1,061	1,098
<i>Of which:</i> Total credit to problem borrowers	854	873

**Data on derivatives**

Notional amount	2,774	3,017
Gross positive fair value	46	74

**Activity with interested and related parties**

Total assets on balance-sheet date	197	108
<i>Of which:</i> credit to the public	6	3
Total liabilities on balance-sheet date (including quasi-capital items)	7,152	6,658

**Branches and personnel**

Number of employee posts in Israel, monthly average	288	273
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	11.30	10.50
Equity/balance-sheet ratio	7.81	8.03
Financial capital/equity capital ratio	101.98	100.13
Ratio of problem loans to total credit to the public	8.49	9.14
Return on equity (net profit/gross weighted capital ratio)	3.30	-4.30
Non-interest income/operating expenses ratio	58.70	77.46
Ratio of loan-loss provision to total credit to the public	0.76	1.73