

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

Taken from the quarterly report to 30.06.2006, reported amounts



Summary consolidated balance sheet	30.06.2006	31.12.2005	Bank's share of the banking system	
			30.06.2006	31.12.2005
Cash and deposits in banks <sup>1</sup>	3,090	3,512	2.5%	2.9%
Securities	4,288	4,309	2.7%	2.8%
Credit to the public	16,960	16,114	2.9%	2.8%
Credit to the government	59	61	2.0%	1.8%
Investments in companies included on an equity basis	44	46	1.1%	1.0%
Buildings and equipment	327	331	2.8%	3.0%
Other assets	1,913	1,292	7.2%	5.7%
<b>Total assets</b>	<b>26,681</b>	<b>25,665</b>	<b>2.9%</b>	<b>2.8%</b>
Deposits of the public	21,894	21,947	3.0%	3.0%
Deposits of banks <sup>1</sup>	436	156	1.9%	0.7%
Deposits of the government	5	8	0.0%	0.1%
Bonds and subordinated notes	851	926	1.6%	1.7%
Other liabilities	1,989	1,406	5.7%	4.3%
<b>Total liabilities</b>	<b>25,175</b>	<b>24,443</b>	<b>2.9%</b>	<b>2.9%</b>
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	1,506	1,222	2.8%	2.5%

Summary consolidated profit and loss statement	Six months to		Bank's share of the banking system		Three months to 30.06.2006
	30.06.2006	30.06.2005	Six months to		
	30.06.2006	30.06.2005	30.06.2006	30.06.2005	30.06.2006
Net interest profit before loan-loss provision	277.0	293.0	2.4%	2.7%	145.0
Loan-loss provision	66.0	83.0	4.2%	3.4%	43.0
Operating and other income	134.0	124.0	1.9%	2.0%	70.0
Of which: Operating income	112.0	108.0	2.0%	2.2%	56.0
Operating and other expenses	287.0	265.0	2.3%	2.6%	142.0
Of which: Salaries and related expenses	172.0	159.0	2.2%	2.6%	83.0
Ordinary before-tax provision	58.0	69.0	1.3%	1.6%	30.0
Provision for taxes on ordinary profit	22.0	28.0	1.1%	1.7%	11.0
Ordinary after-tax profit	36.0	41.0	1.5%	1.6%	19.0
Bank's share in the profit of subsidiaries	-2.0	1.0			-2.0
Share of minority shareholders in profit of consolidated companies	0.0	0.0			0.0
Extraordinary after-tax profit	42.0	-6.0			20.0
<b>Net profit</b>	<b>76.0</b>	<b>36.0</b>	<b>1.7%</b>	<b>1.0%</b>	<b>37.0</b>

Balances and rates of return on financial items by indexation base on 30.06.2006	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>2</sup>	Total financial items
Balance of financial assets on balance-sheet date	12,807	3,681	9,214	25,702
Balance of financial liabilities on balance-sheet date	11,802	3,376	9,793	24,971
Excess of financial assets over financial liabilities	1,005	305	-579	731
Total indexation balance(incl.forwards and options in term of basis assets) <sup>3</sup>	531	188	12	731
Rate of income on assets (percent) <sup>4</sup>	5.47	7.23	1.12	3.36
Rate of expenditure on liabilities(percent) <sup>4</sup>	-3.42	-6.39	-0.36	-2.06
Interest-rate differential	2.06	0.84	0.76	1.30

Problem borrowers	30.06.2006	31.12.2005
Total credit risk dew to problem borrowers	1,676	1,463
Total credit to problem borrowers	1,448	1,275

Main financial ratios - consolidated (percent)	30.06.2006	31.12.2005
Equity/balance-sheet ratio	5.64	4.76
Financial capital/equity ratio	48.54	56.55
Equity/risk-weighted-assets ratio	11.90	10.90
Return on equity (net profit/gross weighted-capital ratio) <sup>5</sup>	8.80	7.00
Operating income/operating expenses ratio <sup>6</sup>	46.69	46.57

<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.