

Statement for the second quarter - consolidated Mercantile Discount Bank 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 ¹	2,583	1,902	1.7%	1.2%
Securities	1,513	1,426	1.0%	0.9%
Credit to the public	12,325	12,784	2.1%	2.2%
Credit to the government	9	0	0.3%	0.0%
Investments in companies included on an equity basis	4	4	0.1%	0.1%
Buildings and equipment	329	338	2.9%	3.0%
Other assets	129	120	0.5%	0.5%
Total assets	16,892	16,574	1.8%	1.8%
Deposits of the public	14,451	14,119	2.0%	1.9%
Deposits of banks ¹	334	338	0.6%	0.6%
Deposits of the government	56	65	0.4%	0.5%
Bonds and subordinated notes	781	795	1.5%	1.5%
Other liabilities	180	201	0.5%	0.6%
Total liabilities	15,802	15,518	1.8%	1.8%
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	1,090	1,056	2.1%	2.1%

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	265.0	2.4%	2.5%	137.0
Loan-loss provision	59.0	47.0	3.8%	1.9%	20.0
Operating and other income	152.0	143.0	2.1%	2.3%	80.0
Of which: Operating income	125.0	123.0	2.3%	2.5%	63.0
Operating and other expenses	319.0	254.0	2.6%	2.5%	127.0
Of which: Salaries and related expenses	208.0	151.0	2.6%	2.4%	71.0
Ordinary before-tax provision	51.0	107.0	1.1%	2.5%	70.0
Provision for taxes on ordinary profit	29.0	46.0	1.4%	2.8%	24.0
Ordinary after-tax profit	22.0	61.0	0.9%	2.4%	46.0
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	0.0	-2.0			0.0
Net profit	22.0	59.0	0.5%	1.7%	46.0

Balances and rates of return on financial items by indexation base on 30.06.2006	Unindexed NIS	CPI-indexed NIS	Foreign Currency ²	Total financial items
Balance of financial assets on balance-sheet date	9,609	3,730	3,083	16,422
Balance of financial liabilities on balance-sheet date	9,551	3,250	2,983	15,784
Excess of financial assets over financial liabilities	58	480	100	638
Total indexation balance(incl.forwards and options in term of basis assets) ³	37	475	126	638
Rate of income on assets (percent) ⁴	8.15	7.68	0.62	6.09
Rate of expenditure on liabilities(percent) ⁴	-4.06	-6.60	0.68	-3.31
Interest-rate differential	4.08	1.08	1.30	2.78

Problem borrowers	30.06.2006	31.12.2005
Total credit risk dew to problem borrowers	1,882	1,771
Total credit to problem borrowers	1,409	1,516

Main financial ratios - consolidated (percent)	30.06.2006	31.12.2005
Equity/balance-sheet ratio	6.45	6.37
Financial capital/equity ratio	58.53	56.34
Equity/risk-weighted-assets ratio	13.00	12.20
Return on equity (net profit/gross weighted-capital ratio) ⁵	4.20	11.70
Operating income/operating expenses ratio ⁶	47.65	57.09

¹ See note 5.1.7 in the introduction² Including foreign-currency indexed NIS.³ Forwards transactions.⁴ Six-month rate of income (expenses), on annual basis including hedging, embedded and ALM derivatives.⁵ Annual basis.⁶ For six months. Comparative data are annual.