

## Statement for the second quarter - consolidated Leumi Mortgage 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 <sup>1</sup>	17	14	0.0%	0.0%
Securities	0	28	0.0%	0.0%
Credit to the public	33,127	32,846	5.6%	5.6%
Credit to the government	0	0	0.0%	0.0%
Investments in companies included on an equity basis	0	0	0.0%	0.0%
Buildings and equipment	38	39	0.3%	0.3%
Other assets	176	163	0.7%	0.7%
<b>Total assets</b>	<b>33,358</b>	<b>33,090</b>	<b>3.6%</b>	<b>3.7%</b>
Deposits of the public	8,663	8,853	1.2%	1.2%
Deposits of banks <sup>1</sup>	19,076	19,336	36.3%	32.3%
Deposits of the government	442	418	3.6%	3.0%
Bonds and subordinated notes	3,066	2,398	5.8%	4.5%
Other liabilities	335	344	1.0%	1.0%
<b>Total liabilities</b>	<b>31,582</b>	<b>31,349</b>	<b>3.7%</b>	<b>3.7%</b>
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	1,776	1,741	3.3%	3.5%

Summary consolidated profit and loss statement	Six months to		Bank's share of the banking system		Three months to
	30.06.2006	30.06.2005	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	197.0	176.0	1.7%	1.6%	107.0
Loan-loss provision	107.0	37.0	6.9%	1.5%	18.0
Operating and other income	58.0	65.0	0.8%	1.0%	27.0
Of which: Operating income	58.0	65.0	1.1%	1.3%	27.0
Operating and other expenses	105.0	93.0	0.8%	0.9%	54.0
Of which: Salaries and related expenses	59.0	47.0	0.7%	0.8%	30.0
Ordinary before-tax provision	43.0	111.0	1.0%	2.6%	62.0
Provision for taxes on ordinary profit	14.0	47.0	0.7%	2.8%	19.0
Ordinary after-tax profit	29.0	64.0	1.2%	2.5%	43.0
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	0.0			0.0
<b>Net profit</b>	<b>29.0</b>	<b>64.0</b>	<b>0.6%</b>	<b>1.8%</b>	<b>43.0</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	4,178	26,729	2,395	33,302
Balance of financial liabilities on balance-sheet date	2,697	26,290	2,422	31,409
Excess of financial assets over financial liabilities	1,481	439	-27	1,893
Total indexation balance(incl. forwards and options in term of basis assets) <sup>3</sup>	1,481	439	-27	1,893
Rate of income on assets (percent) <sup>4</sup>	6.58	7.77	0.22	7.00
Rate of expenditure on liabilities(percent) <sup>4</sup>	-5.46	-7.44	1.29	-6.48
Interest-rate differential	1.12	0.33	1.51	0.52

Problem borrowers	30.06.2006	31.12.2005
Total credit risk dew to problem borrowers	1,487	1,465
Total credit to problem borrowers	1,448	1,369

Main financial ratios - consolidated (percent)	30.06.2006	31.12.2005
Equity/balance-sheet ratio	5.32	5.26
Financial capital/equity ratio	106.59	107.98
Equity/risk-weighted-assets ratio	9.61	9.53
Return on equity (net profit/gross weighted-capital ratio) <sup>5</sup>	3.30	7.60
Operating income/operating expenses ratio <sup>6</sup>	55.24	70.74

<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.