

**Statement for the third quarter - consolidated**  
**Mercantile Discount Bank Ltd. and its subsidiaries , Main data, NIS millior**

Taken from the quarterly report to 30.09.2006, reported amounts



Summary consolidated balance sheet	30.09.2006	31.12.2005	Bank's share of the banking system	
			30.09.2006	31.12.2005
Cash and deposits in banks <sup>1</sup>	2,468	1,902	1.6%	1.2%
Securities	1,936	1,426	1.2%	0.9%
Credit to the public	12,274	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	2.8%	3.0%
Other assets	127	120	0.5%	0.5%
<b>Total assets</b>	<b>17,147</b>	<b>16,574</b>	<b>1.9%</b>	<b>1.8%</b>
Deposits of the public	14,823	14,119	2.0%	1.9%
Deposits of banks <sup>1</sup>	196	338	0.4%	0.6%
Deposits of the government	52	65	0.4%	0.5%
Bonds and subordinated notes	774	795	1.5%	1.5%
Other liabilities	178	201	0.6%	0.6%
<b>Total liabilities</b>	<b>16,023</b>	<b>15,518</b>	<b>1.9%</b>	<b>1.8%</b>
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	1,124	1,056	2.0%	2.1%

Summary consolidated profit and loss statement	Nine months to		Bank's share of the banking system		Three months to
	30.09.2006	30.09.2005	30.09.2006	30.09.2005	
Net interest profit before loan-loss provision	409.0	406.0	2.4%	2.5%	132.0
Loan-loss provision	81.0	78.0	3.4%	2.5%	22.0
Operating and other income	223.0	228.0	2.2%	2.3%	71.0
Of which: Operating income	188.0	185.0	2.3%	2.4%	63.0
Operating and other expenses	451.0	381.0	2.5%	2.4%	132.0
Of which: Salaries and related expenses	281.0	225.0	2.5%	2.3%	73.0
Ordinary before-tax provision	100.0	175.0	1.4%	2.4%	49.0
Provision for taxes on ordinary profit	48.0	71.0	1.5%	2.4%	19.0
Ordinary after-tax profit	52.0	104.0	1.4%	2.4%	30.0
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
<b>Net profit</b>	<b>52.0</b>	<b>102.0</b>	<b>0.8%</b>	<b>1.9%</b>	<b>30.0</b>

Balances and rates of return on financial items by indexation base on 30.09.2006	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>2</sup>	Total financial items
Balance of financial assets on balance-sheet date	9,826	3,804	3,049	16,679
Balance of financial liabilities on balance-sheet date	9,689	3,211	3,107	16,007
Excess of financial assets over financial liabilities	137	593	-58	672
Total indexation balance(incl.forwards and options in term of basis assets) <sup>3</sup>	183	384	103	670
Rate of income on assets (percent) <sup>4</sup>	8.11	7.03	-2.11	5.25
Rate of expenditure on liabilities(percent) <sup>4</sup>	-4.18	-5.95	3.38	-2.56
Interest-rate differential	3.93	1.08	1.27	2.69

Problem borrowers	30.09.2006	31.12.2005
Total credit risk dew to problem borrowers	1,771	1,771
Total credit to problem borrowers	1,313	1,516

Main financial ratios - consolidated (percent)	30.09.2006	31.12.2005
Equity/balance-sheet ratio	6.56	6.37
Financial capital/equity ratio	59.79	56.34
Equity/risk-weighted-assets ratio	13.10	12.20
Return on equity (net profit/gross weighted-capital ratio) <sup>5</sup>	6.60	11.70
Operating income/operating expenses ratio <sup>6</sup>	49.45	57.09

<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> Nine-month rate of income (expenses), on annual basis including hedging, embedded and ALM derivatives.

<sup>5</sup> Annual basis.

<sup>6</sup> For nine months. Comparative data are annual.