



Statement for 31/12/2006 on consolidated basis
Mercantile Discount Bank Ltd and its subsidiaries, Main data, NIS million

Taken from the annual report to 31.12.2006, reported amounts

Summary consolidated balance sheet	End of year			Banking group's share of the banking system		
	2006	2005	2004	2006	2005	2004
Cash and deposits in banks ⁽¹⁾	2,266	1,902	1,523	1.4%	1.2%	1.1%
Securities	1,925	1,426	1,142	1.2%	0.9%	0.8%
Credit to the public	12,646	13,024	12,960	2.1%	2.2%	2.2%
Credit to the government	9	0	1	0.3%	0.0%	0.0%
Investments in companies included on an equity basis	4	4	2	0.1%	0.1%	0.0%
Buildings and equipment	331	338	298	2.7%	3.0%	2.8%
Other assets	99	119	108	0.4%	0.5%	0.5%
Total assets	17,280	16,813	16,034	1.8%	1.8%	1.8%
Deposits of the public	14,484	14,119	13,894	1.9%	1.9%	2.0%
Deposits of banks ⁽¹⁾	372	338	101	0.7%	0.6%	0.2%
Deposits of the government	55	65	47	0.4%	0.5%	0.3%
Bonds and subordinated notes	754	795	548	1.5%	1.5%	1.3%
Other liabilities	455	441	493	0.9%	0.9%	1.1%
Total liabilities	16,120	15,758	15,083	1.8%	1.8%	1.8%
Quasi-capital items	0	0	0	0.0%	0.0%	0.0%
Minority shareholders' rights	0	0	0			
Equity	1,160	1,055	951	2.1%	2.1%	2.1%

Summary consolidated profit and loss statement	End of year			Banking group's share of the banking system		
	2006	2005	2004	2006	2005	2004
Net interest profit before loan-loss provision	552.0	542.0	516.0	2.4%	2.4%	2.5%
Loan-loss provision	115.0	125.0	95.0	3.7%	3.0%	1.8%
Operating and other income	303.0	298.0	279.0	2.1%	2.3%	2.3%
Of which: Operating income	255.0	251.0	246.0	2.3%	2.4%	2.6%
Operating and other expenses	608.0	522.0	504.0	2.5%	2.4%	2.6%
Of which: Salaries and related expenses	375.0	313.0	298.0	2.4%	2.4%	2.5%
Ordinary profit before-tax provision	132.0	193.0	196.0	1.4%	2.1%	2.5%
Provision for taxes on ordinary profit	72.0	80.0	92.0	1.6%	2.0%	2.6%
Ordinary after-tax profit	60.0	113.0	104.0	1.2%	2.1%	2.3%
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	1.0	-2.0	-1.0			
Net profit	61.0	111.0	103.0	0.7%	1.7%	2.0%
Basic earning in NIS per share	0.5	0.9	0.8			

Balances and rates of return on financial items by indexation base on 31.12.2006 - consolidated	Unindexed NIS	CPI-indexed NIS	Foreign Currency ⁽²⁾	Total financial items
Balance of financial assets on balance-sheet date	9,852	3,926	3,009	16,787
Balance of financial liabilities on balance-sheet date	9,943	3,121	3,041	16,105
Excess of financial assets over financial liabilities	-91	805	-32	682
Total indexation balance (incl. Forwards ⁽³⁾ and options in term of basis assets)	136	415	129	680
Options at the money and out of the money (net, capitalized nominal value)	161	0	-163	-2
Rate of income on assets(%) ⁽⁴⁾	8.17	4.90	-1.32	5.03
Rate of expenses on liabilities(%) ⁽⁴⁾	-4.20	-3.88	2.72	-2.34
Interest-rate spread	3.98	1.01	1.40	2.69

Internal rate of return on assets (%)	6.52	5.09	5.80	
Internal rate of return on liabilities (%)	3.12	4.16	4.70	
Difference	3.40	0.93	1.10	
Average duration of assets (years)	0.19	3.51	0.32	1.02
Average duration of liabilities (years)	0.27	3.72	0.30	0.96
Difference	-0.08	-0.21	0.02	0.06

⁽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.



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Mercantile Discount Bank Ltd., Additional data

(NIS millions, reported amounts)

Additional data	2006	2005
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Total off-balance-sheet and credit risk

Credit to the public and credit risk	13,108	13,343
Total off-balance-sheet credit risk	5,849	4,844
Total credit risk	18,957	18,187
<i>Of which:</i> Total risk of credit for housing loans	981	1,106
Total risk of credit to construction and real estate industr	3,838	3,710

Problem borrowers

Total credit risk dew to problem borrowers	1,662	1,771
<i>Of which:</i> Total credit to problem borrowers	1,238	1,516

Data on derivatives

Notional amount	4,507	3,515
Gross positive fair value	39	26

Activity with interested and related parties

Total assets on balance-sheet date	719	665
<i>Of which:</i> credit to the public	53	17
Total liabilities on balance-sheet date (including quasi-capital items)	750	486

Branches and personnel

Number of employee posts in Israel, monthly average	1,224	1,181
Number of employee posts abroad, monthly average	0	0
Number of branches in Israe	65	63
Number of branches abroad	0	0

Main financial ratios, in annual terms (%)

Equity/risk-weighted-assets ratic	12.70	12.20
Equity/balance-sheet ratic	6.71	6.27
Financial capital/equity capital ratic	58.79	56.30
Ratio of problem loans to total credit to the public	9.74	11.58
Return on equity (net profit/gross weighted capital ratio)	5.80	11.70
Non-interest income/operating expenses ratic	49.84	57.09
Ratio of loan-loss provision to total credit to the public	0.90	0.95