

**Statement for the first quarter - consolidated**  
**Discount Mortgage Bank and its subsidiaries , Main data, NIS million**


Taken from the quarterly report to 31.03.2007, reported amounts

Summary consolidated balance sheet	31.03.2007	31.12.2006	Bank's share of the banking system	
			31.03.2007	31.12.2006
Cash and deposits in banks <sup>1</sup>	234	542	0.1%	0.3%
Securities	1	1	0.0%	0.0%
Securities borrowed or purchased under agreements to re-se	0	0	0.0%	0.0%
Credit to the public	9,781	9,854	1.6%	1.6%
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	20	20	0.2%	0.2%
Other assets	45	47	0.2%	0.2%
<b>Total assets</b>	<b>10,080</b>	<b>10,464</b>	<b>1.0%</b>	<b>1.1%</b>
Deposits of the public	1,401	1,454	0.2%	0.2%
Deposits of banks <sup>1</sup>	7,397	7,712	10.6%	13.9%
Deposits of the government	34	38	0.3%	0.3%
Securities loaned or sold under agreements to repurchase	0	0	0.0%	0.0%
Bonds and subordinated notes	274	289	0.5%	0.6%
Other liabilities	121	127	0.2%	0.2%
<b>Total liabilities</b>	<b>9,227</b>	<b>9,620</b>	<b>1.0%</b>	<b>1.1%</b>
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	853	845	1.5%	1.5%

Summary consolidated profit and loss statement	Three months to		Bank's share of the banking system	
			Three months to	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
Net interest profit before loan-loss provision	39.3	45.4	0.7%	0.8%
Loan-loss provision	10.8	11.2	2.9%	1.5%
Operating and other income	11.5	12.8	0.3%	0.4%
Of which: Operating income	11.5	12.8	0.4%	0.5%
Operating and other expenses	23.7	23.2	0.4%	0.4%
Of which: Salaries and related expenses	14.5	12.8	0.4%	0.3%
Ordinary before-tax provision	16.3	23.8	0.5%	1.2%
Provision for taxes on ordinary profit	7.8	9.7	0.5%	1.1%
Ordinary after-tax profit	8.5	14.1	0.5%	1.2%
Bank's share in the profit of subsidiaries	0.0	0.0		
Share of minority shareholders in profit of consolidated companies	0.0	0.0		
Extraordinary after-tax profit	0.0	0.0		
<b>Net profit</b>	<b>8.5</b>	<b>14.1</b>	<b>0.4%</b>	<b>0.6%</b>

Balances and rates of return on financial items by indexation base on 31.03.2007	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>(2)</sup>	Total financial items
Balance of financial assets on balance-sheet date	899	8,194	966	10,059
Balance of financial liabilities on balance-sheet date	343	7,911	903	9,157
Excess of financial assets over financial liabilities	556	283	63	902
Total indexation balance (incl. forwards and options in term of basis assets) <sup>3</sup>	497	283	122	902
Rate of income on assets (percent) <sup>4</sup>	5.15	3.80	5.22	4.07
Rate of expenditure on liabilities (percent) <sup>4</sup>	-4.69	-3.51	-9.50	-4.17
Interest-rate differential	0.46	0.30	-4.28	-0.10

Problem borrowers	31.03.2007	31.12.2006
Total credit risk dew to problem borrowers	884	918
Total credit to problem borrowers	699	724

Main financial ratios - consolidated (percent)	31.03.2007	31.12.2006
Equity/balance-sheet ratio	8.46	8.07
Financial capital/equity ratio	105.77	105.61
Equity/risk-weighted-assets ratio	12.00	12.20
Return on equity (net profit/gross weighted-capital ratio) <sup>5</sup>	4.10	4.30
Operating income/operating expenses ratio <sup>6</sup>	48.52	50.95

<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> Three-month rate of income (expenses), on annual basis including hedging, embedded and ALM derivatives<sup>5</sup> Annual basis.<sup>6</sup> For three months. Comparative data are annual