



**Statement for 31/12/2007 on consolidated basis**  
**Mercantile Discount Bank Ltd and its subsidiaries, Main data, NIS million**

Taken from the annual report to 31.12.2007, reported amounts

Summary consolidated balance sheet	End of year			Banking group's share of the banking system		
	2007	2006	2005	2007	2006	2005
Cash and deposits in banks <sup>(1)</sup>	2,699	2,266	1,902	1.8%	1.4%	1.2%
Securities	2,604	1,988	1,464	1.5%	1.2%	1.0%
Securities borrowed or purchased under agreements to resell	0	0	0	0.0%	0.0%	0.0%
Credit to the public	13,027	12,583	12,986	1.9%	2.0%	2.2%
Credit to the government	9	9	0	0.4%	0.3%	0.0%
Investments in companies included on an equity basis	75	3	4	1.5%	0.1%	0.1%
Buildings and equipment	341	331	338	2.7%	2.7%	3.0%
Other assets	105	100	119	0.4%	0.4%	0.5%
<b>Total assets</b>	<b>18,860</b>	<b>17,280</b>	<b>16,813</b>	<b>1.9%</b>	<b>1.8%</b>	<b>1.8%</b>
Deposits of the public	15,736	14,484	14,119	2.0%	1.9%	1.9%
Deposits of banks <sup>(1)</sup>	342	372	338	0.6%	0.7%	0.6%
Deposits of the government	50	55	65	0.5%	0.4%	0.5%
Securities loaned or sold under agreements to repurchase	0	0	0	0.0%	0.0%	0.0%
Bonds and subordinated notes	729	754	795	1.2%	1.5%	1.5%
Other liabilities	640	455	441	1.1%	0.9%	0.9%
<b>Total liabilities</b>	<b>17,497</b>	<b>16,120</b>	<b>15,758</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.8%</b>
Minority shareholders' rights	0	0	0			
Equity	1,363	1,160	1,055	2.2%	2.1%	2.1%

Summary consolidated profit and loss statement	End of year			Banking group's share of the banking system		
	2007	2006	2005	2007	2006	2005
Net interest profit before loan-loss provision	637.0	552.0	542.0	2.7%	2.4%	2.4%
Loan-loss provision	97.0	115.0	125.0	5.2%	3.7%	3.0%
Operating and other income	344.0	303.0	298.0	2.3%	2.1%	2.2%
Of which: Operating income	285.0	255.0	251.0	2.3%	2.3%	2.4%
Operating and other expenses	623.0	608.0	522.0	2.5%	2.5%	2.4%
Of which: Salaries and related expenses	381.0	376.0	314.0	2.5%	2.4%	2.4%
Ordinary profit before-tax provision	261.0	132.0	193.0	2.2%	1.4%	2.0%
Provision for taxes on ordinary profit	95.0	72.0	80.0	2.1%	1.6%	2.0%
Ordinary after-tax profit	166.0	60.0	113.0	2.3%	1.2%	2.1%
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			
Ordinary net profit	166.0	60.0	113.0	2.2%	1.1%	1.9%
Extraordinary after-tax profit	48.0	1.0	-2.0			
<b>Net profit</b>	<b>214.0</b>	<b>61.0</b>	<b>111.0</b>	<b>2.3%</b>	<b>0.7%</b>	<b>1.7%</b>
Basic earning in NIS per share	1.9	0.5	1.0			

Balances and rates of return on financial items by indexation base on 31.12.2007 - consolidated	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>(2)</sup>	Total financial items
Balance of financial assets on balance-sheet date	11,516	4,087	2,686	18,289
Balance of financial liabilities on balance-sheet date	11,333	3,163	2,941	17,437
Excess of financial assets over financial liabilities	183	924	-255	852
Total indexation balance (incl. Forwards <sup>(3)</sup> and options in term of basis assets)	314	571	-33	852
Options at the money and out of the money (net, capitalized nominal value)	132	0	-133	-1
Rate of income on assets (%) <sup>(4)</sup>	7.28	7.35	0.74	5.64
Rate of expenses on liabilities (%) <sup>(4)</sup>	-3.16	-6.77	0.63	-2.86
Interest-rate spread	4.12	0.59	1.37	2.78

Internal rate of return on assets (%)	7.41	4.76	5.78	
Internal rate of return on liabilities (%)	2.95	3.88	4.57	
Difference	4.46	0.88	1.21	
Average duration of assets (years)	0.15	3.95	0.34	1.05
Average duration of liabilities (years)	0.25	3.63	0.30	0.88
Difference	-0.10	0.32	0.04	0.17

<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> including hedging, embedded and ALM derivatives.



## Statement for 31/12/2007 on consolidated basis

### Mercantile Discount Bank Ltd., Additional data

(NIS millions, reported amounts)

Additional data	2007	2006
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#### Total off-balance-sheet and credit risk

Credit to the public and credit risk	13,596	13,045
Total off-balance-sheet credit risk	6,502	5,849
Total credit risk	20,098	18,894
<i>Of which:</i> Total risk of credit for housing loans	1,136	1,268
Total risk of credit to construction and real estate industr	4,179	3,838

#### Problem borrowers

Total credit risk dew to problem borrowers	1,530	1,662
<i>Of which:</i> Total credit to problem borrowers	1,009	1,238

#### Data on derivatives

Notional amount	5,175	4,507
Gross positive fair value	49	39

#### Activity with interested and related parties

Total assets on balance-sheet date	503	718
<i>Of which:</i> credit to the public	52	53
Total liabilities on balance-sheet date (including quasi-capital items)	713	750

#### Branches and personnel

Number of employee posts in Israel, monthly average	1,302	1,224
Number of employee posts abroad, monthly average	0	0
Number of branches in Israe	70	65
Number of branches abroad	0	0

#### Main financial ratios, in annual terms (%)

Equity/risk-weighted-assets ratic	13.20	12.70
Equity/balance-sheet ratic	7.23	6.71
Financial capital/equity capital ratic	62.51	58.88
Ratio of problem loans to total credit to the public	7.71	9.79
Return on equity (net profit/average equity ratio)	17.20	5.50
Non-interest income/operating expenses ratic	55.22	49.84
Ratio of loan-loss provision to total credit to the public	0.74	0.91