



**Statement for 31/12/2007 on consolidated basis**  
**Discount Mortgage 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>	225	542	241	0.1%	0.3%	0.2%
Securities	1	1	1	0.0%	0.0%	0.0%
Securities borrowed or purchased under agreements to resell	0	0	0	0.0%	0.0%	0.0%
Credit to the public	11,200	9,839	10,024	1.7%	1.6%	1.7%
Credit to the government	0	0	0	0.0%	0.0%	0.0%
Investments in companies included on an equity basis	0	0	0	0.0%	0.0%	0.0%
Buildings and equipment	28	20	17	0.2%	0.2%	0.2%
Other assets	49	47	72	0.2%	0.2%	0.3%
<b>Total assets</b>	<b>11,503</b>	<b>10,449</b>	<b>10,355</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.1%</b>
Deposits of the public	1,249	1,454	1,640	0.2%	0.2%	0.2%
Deposits of banks <sup>(1)</sup>	8,985	7,712	7,543	15.6%	14.5%	12.6%
Deposits of the government	32	38	37	0.3%	0.3%	0.3%
Securities loaned or sold under agreements to repurchase	0	0	0	0.0%	0.0%	0.0%
Bonds and subordinated notes	268	289	242	0.4%	0.6%	0.4%
Other liabilities	98	112	84	0.2%	0.2%	0.2%
<b>Total liabilities</b>	<b>10,632</b>	<b>9,604</b>	<b>9,546</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.1%</b>
Minority shareholders' rights	0	0	0			
Equity	871	845	809	1.4%	1.5%	1.6%

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	125.5	139.8	148.9	0.5%	0.6%	0.7%
Loan-loss provision	35.2	33.9	76.3	1.9%	1.1%	1.8%
Operating and other income	48.7	48.2	54.7	0.3%	0.3%	0.4%
Of which: Operating income	48.7	48.2	54.7	0.4%	0.4%	0.5%
Operating and other expenses	114.3	94.6	91.9	0.5%	0.4%	0.4%
Of which: Salaries and related expenses	66.9	52.8	48.9	0.4%	0.3%	0.4%
Ordinary profit before-tax provision	24.7	59.5	35.4	0.2%	0.6%	0.4%
Provision for taxes on ordinary profit	-1.5	24.2	9.2	not calculatec	0.5%	0.2%
Ordinary after-tax profit	26.2	35.3	26.2	0.4%	0.7%	0.5%
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	26.2	35.3	26.2	0.3%	0.7%	0.4%
Extraordinary after-tax profit	0.0	0.0	0.0			
<b>Net profit</b>	<b>26.2</b>	<b>35.3</b>	<b>26.2</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.4%</b>
Basic earning in NIS per share	19.9	26.8	19.9			

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	1,338	9,407	728	11,473
Balance of financial liabilities on balance-sheet date	910	8,883	770	10,564
Excess of financial assets over financial liabilities	428	524	-42	910
Total indexation balance (incl. Forwards <sup>(3)</sup> and options in term of basis assets)	302	524	84	910
Options at the money and out of the money (net, capitalized nominal value)	110	0	-110	0
Rate of income on assets (%) <sup>(4)</sup>	4.67	7.84	4.47	7.23
Rate of expenses on liabilities (%) <sup>(4)</sup>	-4.59	-7.35	-3.70	-6.85
Interest-rate spread	0.08	0.49	0.77	0.38

Internal rate of return on assets (%)	5.74	4.93	6.82	
Internal rate of return on liabilities (%)	4.42	4.54	6.07	
Difference	1.32	0.39	0.75	
Average duration of assets (years)	0.17	5.85	0.28	4.84
Average duration of liabilities (years)	0.28	4.60	0.25	3.91
Difference	-0.11	1.25	0.03	0.93

<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**  
**Discount Mortgage 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	11,200	9,839
Total off-balance-sheet credit risk	1,010	849
Total credit risk	12,210	10,688
<i>Of which:</i> Total risk of credit for housing loans	10,605	8,855
Total risk of credit to construction and real estate industry	793	979

**Problem borrowers**

Total credit risk dew to problem borrowers	899	918
<i>Of which:</i> Total credit to problem borrowers	642	724

**Data on derivatives**

Notional amount	1,744	2,477
Gross positive fair value	110	111

**Activity with interested and related parties**

Total assets on balance-sheet date	308	539
<i>Of which:</i> credit to the public	27	14
Total liabilities on balance-sheet date (including quasi-capital items)	8,487	7,181

**Branches and personnel**

Number of employee posts in Israel, monthly average	386	314
Number of employee posts abroad, monthly average	0	0
Number of branches in Israel	4	4
Number of branches abroad	0	0

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

Equity/risk-weighted-assets ratio	10.60	12.20
Equity/balance-sheet ratio	7.57	8.08
Financial capital/equity capital ratio	104.46	105.61
Ratio of problem loans to total credit to the public	5.72	7.34
Return on equity (net profit/average equity ratio)	3.00	4.30
Non-interest income/operating expenses ratio	42.61	50.95
Ratio of loan-loss provision to total credit to the public	0.31	0.34