

Statement for the third quarter - bank Arab Israel Bank Ltd. , Main data, NIS millior

Taken from the quarterly report to 30.09.2004, reported amounts at 30.09.2004 (2003 in adjusted amounts).



Summary balance sheet	30.09.2004	31.12.2003	Bank's share of the banking system	
			30.09.2004	31.12.2003
Cash and deposits in banks ⁽¹⁾	1,067	1,230	0.7%	0.8%
Securities	189	235	0.1%	0.2%
Credit to the public	1,634	1,497	0.3%	0.3%
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	32	28	0.3%	0.3%
Other assets	30	33	0.2%	0.1%
Total assets	2,953	3,023	0.4%	0.4%
Deposits of the public	2,537	2,527	0.4%	0.4%
Deposits of banks ⁽¹⁾	12	133	0.0%	0.2%
Deposits of the government	0	0	0.0%	0.0%
Bonds and subordinated notes	0	0	0.0%	0.0%
Other liabilities	53	61	0.2%	0.2%
Total liabilities	2,602	2,720	0.3%	0.3%
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	351	302	0.7%	0.7%

Summary profit and loss statement	Nine months to		Bank's share of the banking system Nine months to		THREE MONTHS TO
	30.09.2004	30.09.2003	30.09.2004	30.09.2003	30.09.2004
Net interest profit before loan-loss provision	129.2	119.0	0.8%	0.8%	42.5
Loan-loss provision	7.0	6.1	0.2%	0.1%	3.2
Operating and other income	58.0	60.2	0.6%	0.7%	19.6
Of which: Operating income	55.6	54.7	0.8%	0.8%	18.9
Operating and other expenses	86.2	80.0	0.6%	0.6%	27.8
Of which: Salaries and related expenses	55.9	55.3	0.6%	0.7%	18.4
Ordinary before-tax provision	94.0	95.9	1.4%	2.0%	31.1
Provision for taxes on ordinary profit	43.6	44.3	1.5%	1.9%	13.8
Ordinary after-tax profit	50.4	51.6	1.4%	2.1%	17.3
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	-1.8			0.0
Net profit	50.4	49.8	1.2%	2.1%	17.3

Balances and rates of return on financial items by indexation base on 30.09.2004	Unindexed NIS	CPI-indexed NIS	Foreign Currency ⁽²⁾	Total financial items
Balance of financial assets on balance-sheet date	2,137	729	54	2,921
Balance of financial liabilities on balance-sheet date	2,040	526	36	2,602
Excess of financial assets over financial liabilities	97	203	18	318
Total indexation balance (incl. forwards ⁽³⁾ and options in term of basis assets)	97	203	18	318
Rate of income on assets (percent) ⁽⁴⁾	7.10	6.30	4.45	6.95
Rate of expenditure on liabilities (percent) ⁽⁴⁾	-3.70	-5.14	-3.38	-3.86
Interest-rate differential	3.40	1.16	1.07	3.09

Problem borrowers	30.09.2004	31.12.2003
Total credit risk dew to problem borrowers	189	137
Total credit to problem borrowers	175	129

Main financial ratios - percent	30.09.2004	31.12.2003
Equity/balance-sheet ratio	11.87	10.00
Financial capital/equity ratio	90.76	90.64
Equity/risk-weighted-assets ratio	26.02	23.11
Return on equity (net profit/gross weighted capital ratio) ⁽⁵⁾	22.80	22.20
Operating income/operating expenses ratio ⁽⁶⁾	67.29	71.21

(1) See note no. 5.1.4 in the introduction.

(2) Including foreign-currency indexed NIS.

(3) Forwards transactions.

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

(5) Annual basis.

(6) For nine months. Comparative data are annual.