

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

Taken from the quarterly report to 30.06.2005, reported amounts

Summary balance sheet	30.06.2005	31.12.2004	Bank's share of the banking system	
			30.06.2005	31.12.2004
Cash and deposits in banks ¹	1,163	1,079	0.8%	0.7%
Securities	243	225	0.2%	0.2%
Credit to the public	1,817	1,739	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	37	34	0.4%	0.3%
Other assets	30	31	0.1%	0.1%
Total assets	3,290	3,108	0.4%	0.4%
Deposits of the public	2,642	2,597	0.4%	0.4%
Deposits of banks ¹	237	146	0.4%	0.2%
Deposits of the government	0	0	0.0%	0.0%
Bonds and subordinated notes	0	0	0.0%	0.0%
Other liabilities	65	56	0.2%	0.2%
Total liabilities	2,944	2,799	0.4%	0.3%
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	346	309	0.7%	0.7%

Summary profit and loss statement	Three months to		Bank's share of the banking system		Three months to
			Three months to		
	30.06.2005	30.06.2004	30.06.2005	30.06.2004	30.06.2005
Net interest profit before loan-loss provision	85.8	86.6	0.8%	0.8%	43.9
Loan-loss provision	3.7	3.8	0.2%	0.2%	2.5
Operating and other income	38.8	38.7	0.6%	0.6%	19.4
Of which: Operating income	36.6	37.0	0.7%	0.8%	18.2
Operating and other expenses	58.4	58.6	0.6%	0.6%	29.2
Of which: Salaries and related expenses	37.7	37.5	0.6%	0.6%	18.9
Ordinary before-tax provision	62.5	62.9	1.5%	1.5%	31.6
Provision for taxes on ordinary profit	26.6	29.8	1.6%	1.6%	12.4
Ordinary after-tax profit	35.9	33.1	1.4%	1.4%	19.2
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	1.5	0.0			1.5
Net profit	37.4	33.1	1.1%	1.2%	20.7

Balances and rates of return on financial items by indexation base on 30.06.2005	Unindexed NIS	CPI-indexed NIS	Foreign Currency ²	Total financial items
Balance of financial assets on balance-sheet date	2,527	644	78	3,249
Balance of financial liabilities on balance-sheet date	2,366	515	63	2,943
Excess of financial assets over financial liabilities	161	129	16	306
Total indexation balance(incl.forwards and options in term of basis assets) ³	161	129	16	306
Rate of income on assets(percent) ⁴	8.51	5.59	14.70	8.02
Rate of expenditure on liabilities(percent) ⁴	-2.85	-4.55	-13.28	-3.33
Interest-rate differential	5.66	1.04	1.42	4.70

Problem borrowers	30.06.2005	31.12.2004
Total credit risk dew to problem borrowers	176	185
Total credit to problem borrowers	165	173

Main financial ratios (percent)	30.06.2005	31.12.2004
Equity/balance-sheet ratio	10.52	9.95
Finanancial capital/equity ratio	88.27	88.81
Equity/risk-weighted-assets ratio	22.99	21.37
Return on equity (net profit/gross weightec-capital ratio) ⁵	25.70	22.50
Operating income/operating expenses ratio ⁶	66.44	68.34

¹ See note 5.1.7 in the introduction

² Including foreign-currency indexed NIS.

³ Forwards transactions.

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

⁵ Annual basis.

⁶ For six months. Comparative data are annual