

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

Taken from the quarterly report to 30.09.2005, reported amounts



Summary balance sheet	30.09.2005	31.12.2004	Bank's share of the banking system	
			30.09.2005	31.12.2004
Cash and deposits in banks <sup>1</sup>	1,172	1,079	0.8%	0.7%
Securities	296	225	0.2%	0.2%
Credit to the public	1,857	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	36	34	0.3%	0.3%
Other assets	25	31	0.1%	0.1%
<b>Total assets</b>	<b>3,386</b>	<b>3,108</b>	<b>0.4%</b>	<b>0.4%</b>
Deposits of the public	2,682	2,597	0.4%	0.4%
Deposits of banks <sup>1</sup>	284	146	0.5%	0.2%
Deposits of the government	0	0	0.0%	0.0%
Bonds and subordinated notes	0	0	0.0%	0.0%
Other liabilities	55	56	0.2%	0.2%
<b>Total liabilities</b>	<b>3,021</b>	<b>2,799</b>	<b>0.4%</b>	<b>0.3%</b>
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	366	309	0.7%	0.7%

Summary profit and loss statement	Nine months to		Bank's share of the banking system		Three months to
			Nine months to		
	30.09.2005	30.09.2004	30.09.2005	30.09.2004	30.09.2005
Net interest profit before loan-loss provision	131.6	129.1	0.8%	0.8%	45.8
Loan-loss provision	9.3	7.0	0.3%	0.2%	5.6
Operating and other income	62.2	58.3	0.6%	0.7%	23.4
Of which: Operating income	55.8	55.9	0.7%	0.8%	19.2
Operating and other expenses	87.2	86.4	0.5%	0.6%	28.8
Of which: Salaries and related expenses	54.6	55.9	0.6%	0.6%	16.9
Ordinary before-tax provision	97.3	94.0	1.3%	1.5%	34.8
Provision for taxes on ordinary profit	42.3	43.6	1.4%	1.5%	15.7
Ordinary after-tax profit	55.0	50.4	1.3%	1.4%	19.1
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	1.4	0.0			-0.1
<b>Net profit</b>	<b>56.4</b>	<b>50.4</b>	<b>1.1%</b>	<b>1.2%</b>	<b>19.0</b>

Balances and rates of return on financial items by indexation base on 30.09.2005	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>2</sup>	Total financial items
Balance of financial assets on balance-sheet date	2,641	620	86	3,347
Balance of financial liabilities on balance-sheet date	2,454	496	69	3,020
Excess of financial assets over financial liabilities	187	124	16	327
Total indexation balance(incl. forwards and options in term of basis assets) <sup>3</sup>	187	124	16	327
Rate of income on assets (percent) <sup>4</sup>	8.51	7.03	10.86	8.26
Rate of expenditure on liabilities(percent) <sup>4</sup>	-2.81	-5.91	-9.54	-3.49
Interest-rate differential	5.70	1.12	1.32	4.76

Problem borrowers	30.09.2005	31.12.2004
Total credit risk dew to problem borrowers	209	185
Total credit to problem borrowers	189	173

Main financial ratios (percent)	30.09.2005	31.12.2004
Equity/balance-sheet ratio	10.79	9.95
Financial capital/equity ratio	89.58	88.81
Equity/risk-weighted-assets ratio	23.96	21.37
Return on equity (net profit/gross weighted-capital ratio) <sup>5</sup>	25.00	22.50
Operating income/operating expenses ratio <sup>6</sup>	71.33	68.34

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

<sup>5</sup> Annual basis.

<sup>6</sup> For nine months. Comparative data are annual.