

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

Taken from the quarterly report to 31.03.2006, reported amounts



Summary balance sheet	31.03.2006	31.12.2005	Bank's share of the banking system	
			31.03.2006	31.12.2005
Cash and deposits in banks <sup>1</sup>	1,157	1,197	0.7%	0.8%
Securities	297	289	0.2%	0.2%
Credit to the public	1,920	1,882	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	38	37	0.3%	0.3%
Other assets	26	25	0.1%	0.1%
<b>Total assets</b>	<b>3,437</b>	<b>3,431</b>	<b>0.4%</b>	<b>0.4%</b>
Deposits of the public	2,754	2,732	0.4%	0.4%
Deposits of banks <sup>1</sup>	284	330	0.5%	0.6%
Deposits of the government	0	0	0.0%	0.0%
Bonds and subordinated notes	0	0	0.0%	0.0%
Other liabilities	59	48	0.2%	0.1%
<b>Total liabilities</b>	<b>3,097</b>	<b>3,109</b>	<b>0.4%</b>	<b>0.4%</b>
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	340	322	0.7%	0.6%

Summary profit and loss statement	Three months to		Bank's share of the banking system Three months to	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Net interest profit before loan-loss provision	48.0	41.9	0.9%	0.8%
Loan-loss provision	2.1	1.2	0.3%	0.1%
Operating and other income	20.4	19.4	0.6%	0.6%
Of which: Operating income	19.1	18.4	0.7%	0.7%
Operating and other expenses	35.1	29.2	0.6%	0.6%
Of which: Salaries and related expenses	23.4	18.8	0.6%	0.6%
Ordinary before-tax provision	31.2	30.9	1.6%	1.6%
Provision for taxes on ordinary profit	13.3	14.2	1.5%	1.7%
Ordinary after-tax profit	17.9	16.7	1.6%	1.5%
Bank's share in the profit of subsidiaries	0.0	0.0		
Share of minority shareholders in profit of consolidated companies	0.0	0.0		
Extraordinary after-tax profit	0.5	0.0		
<b>Net profit</b>	<b>18.4</b>	<b>16.7</b>	<b>0.7%</b>	<b>0.9%</b>

Balances and rates of return on financial items by indexation base on 31.03.2006	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>(2)</sup>	Total financial items
Balance of financial assets on balance-sheet date	2,713	606	77	3,396
Balance of financial liabilities on balance-sheet date	2,528	492	76	3,095
Excess of financial assets over financial liabilities	186	114	1	301
Total indexation balance(incl.forwards and options in term of basis assets) <sup>3</sup>	186	114	1	301
Rate of income on assets(percent) <sup>4</sup>	9.45	4.73	9.65	8.55
Rate of expenditure on liabilities(percent) <sup>4</sup>	-3.12	-3.57	-8.03	-3.31
Interest-rate differential	6.33	1.16	1.62	5.24

Problem borrowers	31.03.2006	31.12.2005
Total credit risk dew to problem borrowers	187	206
Total credit to problem borrowers	171	180

Main financial ratios (percent)	31.03.2006	31.12.2005
Equity/balance-sheet ratio	9.90	9.38
Financial capital/equity ratio	88.34	88.57
Equity/risk-weighted-assets ratio	21.61	21.21
Return on equity (net profit/gross weighted-capital ratio) <sup>5</sup>	24.90	24.00
Operating income/operating expenses ratio <sup>6</sup>	58.12	68.69

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

<sup>5</sup> Annual basis.

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