

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

Taken from the quarterly report to 30.06.2006, reported amounts



Summary balance sheet	30.06.2006	31.12.2005	Bank's share of the banking system	
			30.06.2006	31.12.2005
Cash and deposits in banks ¹	1,147	1,197	0.8%	0.8%
Securities	346	289	0.2%	0.2%
Credit to the public	1,984	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	39	37	0.3%	0.3%
Other assets	29	25	0.1%	0.1%
Total assets	3,545	3,431	0.4%	0.4%
Deposits of the public	2,827	2,732	0.4%	0.4%
Deposits of banks ¹	296	330	0.6%	0.6%
Deposits of the government	0	0	0.0%	0.0%
Bonds and subordinated notes	0	0	0.0%	0.0%
Other liabilities	62	48	0.2%	0.1%
Total liabilities	3,185	3,109	0.4%	0.4%
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0		
Equity	360	322	0.7%	0.6%

Summary profit and loss statement	Three months to		Bank's share of the banking system		Three months to
	30.06.2006	30.06.2005	30.06.2006	30.06.2005	
Net interest profit before loan-loss provision	98.8	85.8	0.9%	0.8%	50.8
Loan-loss provision	4.3	3.7	0.3%	0.2%	2.2
Operating and other income	40.2	38.8	0.6%	0.6%	19.8
Of which: Operating income	38.4	36.6	0.7%	0.7%	19.3
Operating and other expenses	79.5	58.4	0.6%	0.6%	44.4
Of which: Salaries and related expenses	54.0	37.7	0.7%	0.6%	30.6
Ordinary before-tax provision	55.2	62.5	1.2%	1.5%	24.0
Provision for taxes on ordinary profit	23.4	26.6	1.1%	1.6%	10.1
Ordinary after-tax profit	31.8	35.9	1.3%	1.4%	13.9
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	0.5	1.5			0.0
Net profit	32.3	37.4	0.7%	1.1%	13.9

Balances and rates of return on financial items by indexation base on 30.06.2006	Unindexed NIS	CPI-indexed NIS	Foreign Currency ²	Total financial items
Balance of financial assets on balance-sheet date	2,805	623	74	3,502
Balance of financial liabilities on balance-sheet date	2,611	501	72	3,184
Excess of financial assets over financial liabilities	195	122	2	318
Total indexation balance(incl.forwards and options in term of basis assets) ³	195	122	2	318
Rate of income on assets (percent) ⁴	9.55	6.97	-2.16	8.82
Rate of expenditure on liabilities(percent) ⁴	-3.31	-5.71	3.82	-3.53
Interest-rate differential	6.24	1.26	1.66	5.28

Problem borrowers	30.06.2006	31.12.2005
Total credit risk dew to problem borrowers	190	206
Total credit to problem borrowers	173	180

Main financial ratios (percent)	30.06.2006	31.12.2005
Equity/balance-sheet ratio	10.16	9.38
Financial capital/equity ratio	88.42	88.57
Equity/risk-weighted-assets ratio	22.64	21.21
Return on equity (net profit/gross weighted-capital ratio) ⁵	21.10	24.00
Operating income/operating expenses ratio ⁶	50.57	68.69

¹ See note 5.1.7 in the introduction² 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.