

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

Taken from the quarterly report to 30.09.2006, reported amounts



Summary balance sheet	30.09.2006	31.12.2005	Bank's share of the banking system	
			30.09.2006	31.12.2005
Cash and deposits in banks <sup>1</sup>	1,136	1,197	0.7%	0.8%
Securities	447	289	0.3%	0.2%
Credit to the public	2,002	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	33	25	0.1%	0.1%
<b>Total assets</b>	<b>3,656</b>	<b>3,431</b>	<b>0.4%</b>	<b>0.4%</b>
Deposits of the public	2,905	2,732	0.4%	0.4%
Deposits of banks <sup>1</sup>	305	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	67	48	0.2%	0.1%
<b>Total liabilities</b>	<b>3,278</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	378	322	0.7%	0.6%

Summary profit and loss statement	Nine months to		Bank's share of the banking system		Three months to
	30.09.2006	30.09.2005	Nine months to		
	30.09.2006	30.09.2005	30.09.2006	30.09.2005	30.09.2006
Net interest profit before loan-loss provision	148.7	131.6	0.9%	0.8%	49.9
Loan-loss provision	5.8	9.3	0.2%	0.3%	1.5
Operating and other income	59.3	62.2	0.6%	0.6%	19.1
Of which: Operating income	57.0	55.8	0.7%	0.7%	18.6
Operating and other expenses	117.7	87.2	0.6%	0.5%	38.2
Of which: Salaries and related expenses	77.9	54.6	0.7%	0.6%	23.9
Ordinary before-tax provision	84.5	97.3	1.2%	1.3%	29.3
Provision for taxes on ordinary profit	36.5	42.3	1.1%	1.4%	13.1
Ordinary after-tax profit	48.0	55.0	1.3%	1.3%	16.2
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	0.5	1.4			0.0
<b>Net profit</b>	<b>48.5</b>	<b>56.4</b>	<b>0.7%</b>	<b>1.1%</b>	<b>16.2</b>

Balances and rates of return on financial items by indexation base on 30.09.2006	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>2</sup>	Total financial items
Balance of financial assets on balance-sheet date	2,947	582	85	3,614
Balance of financial liabilities on balance-sheet date	2,722	472	83	3,276
Excess of financial assets over financial liabilities	226	111	2	338
Total indexation balance(incl. forwards and options in term of basis assets) <sup>3</sup>	226	111	2	338
Rate of income on assets (percent) <sup>4</sup>	9.52	6.42	-4.08	8.66
Rate of expenditure on liabilities(percent) <sup>4</sup>	-3.43	-5.16	5.78	-3.49
Interest-rate differential	6.09	1.26	1.70	5.17

Problem borrowers	30.09.2006	31.12.2005
Total credit risk dew to problem borrowers	167	206
Total credit to problem borrowers	150	180

Main financial ratios (percent)	30.09.2006	31.12.2005
Equity/balance-sheet ratio	10.35	9.38
Financial capital/equity ratio	89.27	88.57
Equity/risk-weighted-assets ratio	24.00	21.21
Return on equity (net profit/gross weighted-capital ratio) <sup>5</sup>	20.60	24.00
Operating income/operating expenses ratio <sup>6</sup>	50.38	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> 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.