

**Statement for the second quarter - bank**  
**Arab Israel Bank Ltd. , Main data, NIS millior**  
 Taken from the quarterly report to 30.06.2007, reported amounts



Summary balance sheet	30.06.2007	31.12.2006	Bank's share of the banking system	
			30.06.2007	31.12.2006
Cash and deposits in banks <sup>1</sup>	982	1,045	0.6%	0.6%
Securities	601	570	0.4%	0.3%
Securities borrowed or purchased under agreements to resell	0	0	0.0%	0.0%
Credit to the public	2,328	2,239	0.4%	0.4%
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	44	39	0.4%	0.3%
Other assets	35	34	0.2%	0.2%
<b>Total assets</b>	<b>3,990</b>	<b>3,927</b>	<b>0.4%</b>	<b>0.4%</b>
Deposits of the public	2,933	3,002	0.4%	0.4%
Deposits of banks <sup>1</sup>	535	445	0.9%	0.8%
Deposits of the government	0	0	0.0%	0.0%
Securities loaned or sold under agreements to repurchase	0	0	0.0%	0.0%
Bonds and subordinated notes	0	0	0.0%	0.0%
Other liabilities	140	145	0.3%	0.3%
<b>Total liabilities</b>	<b>3,607</b>	<b>3,592</b>	<b>0.4%</b>	<b>0.4%</b>
Quasi-capital items	0	0	0.0%	0.0%
Minority shareholders' rights	0	0	0.0%	0.0%
Equity	383	335	0.6%	0.6%

Summary profit and loss statement	Three months to		Bank's share of the		Three months to
	30.06.2007	30.06.2006	Three months to		
	30.06.2007	30.06.2006	30.06.2007	30.06.2006	30.06.2007
Net interest profit before loan-loss provision	104.7	98.8	0.9%	0.9%	54.3
Loan-loss provision	3.2	4.3	0.4%	0.3%	0.7
Operating and other income	46.2	40.2	0.6%	0.6%	24.6
Of which: Operating income	45.0	37.9	0.8%	0.7%	23.6
Operating and other expenses	72.0	79.5	0.6%	0.6%	40.7
Of which: Salaries and related expenses	42.5	54.0	0.6%	0.7%	24.7
Ordinary before-tax provision	75.7	55.2	1.2%	1.2%	37.5
Provision for taxes on ordinary profit	28.6	23.4	1.1%	1.1%	12.4
Ordinary after-tax profit	47.1	31.8	1.2%	1.3%	25.1
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	0.0	0.5			0.0
<b>Net profit</b>	<b>47.1</b>	<b>32.3</b>	<b>0.9%</b>	<b>0.7%</b>	<b>25.1</b>

Balances and rates of return on financial items by indexation base on 30.06.2007	Unindexed NIS	CPI-indexed NIS	Foreign Currency <sup>2</sup>	Total financial items
Balance of financial assets on balance-sheet date	3,252	557	134	3,942
Balance of financial liabilities on balance-sheet date	3,106	395	106	3,606
Excess of financial assets over financial liabilities basis assets <sup>3</sup>	146	162	28	336
Rate of income on assets (percent) <sup>4</sup>	8.34	4.69	7.17	7.77
Rate of expenditure on liabilities (percent) <sup>4</sup>	-2.88	-3.41	-5.46	-3.01
Interest-rate differential	5.46	1.28	1.71	4.76

Problem borrowers	30.06.2007	31.12.2006
Total credit risk dew to problem borrowers	224	206
Total credit to problem borrowers	203	185

Main financial ratios (percent)	30.06.2007	31.12.2006
Equity/balance-sheet ratio	9.59	8.53
Financial capital/equity ratio	87.77	88.48
Equity/risk-weighted-assets ratio	21.20	19.49
Return on equity (net profit/gross weighted-capital ratio) <sup>5</sup>	28.30	17.30
Operating income/operating expenses ratio <sup>6</sup>	64.17	51.33

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

<sup>5</sup> Annual basis.

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