

**BANK OF ISRAEL**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING**  
**DECEMBER 31, 2005**  
(NIS million)

	Notes	2005	2004
<b>Interest income from</b>			
Foreign exchange reserves	19	3,375	2,560
Loans	20	63	103
The government	21	1,042	1,387
Other	22	36	35
<b>Total interest income</b>		<b>4,516</b>	<b>4,085</b>
<b>Interest paid</b>			
To banks and the public	23	3,781	4,583
To the government	24	356	257
Other	25	87	78
<b>Total interest paid</b>		<b>4,224</b>	<b>4,918</b>
<b>Net interest income (interest paid)</b>		<b>292</b>	<b>(833)</b>
<b>Other financial income (expenses) from</b>			
Securities and derivatives	26	(204)	(444)
Exchange-rate differentials		1,938	947
Miscellaneous	27	32	42
<b>Total other financial income (expenses)</b>		<b>1,766</b>	<b>545</b>
<b>Profit (loss) on financial transactions</b>		<b>2,058</b>	<b>(288)</b>
<b>Expenses on printing banknotes and minting coins</b>		<b>39</b>	<b>20</b>
<b>Administrative and general expenses</b>	28	<b>610</b>	<b>514</b>
<b>Other income</b>	29	<b>5</b>	<b>25</b>
<b>Net profit (loss)</b>		<b>1,414</b>	<b>(797)</b>

The accompanying notes are an integral part of the financial statements.