

**BANK OF ISRAEL**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**  
**DECEMBER 31, 2006**  
(NIS million, reported amounts)

	Notes	2006	2005
<b>Interest income from</b>			
Financial assets in foreign currency abroad	18	4,883	3,674*
Loans	19	213	63
The government	20	538	1,042
Other	21	17	36
<b>Total interest income</b>		<b>5,651</b>	<b>4,815</b>
<b>Interest expense</b>			
On financial liabilities in foreign currency abroad	22	871	299*
To banks and the public	23	4,590	3,781
To the government	24	375	356
Other	25	97	87
<b>Total interest expense</b>		<b>5,933</b>	<b>4,523</b>
Net interest income (interest expense)		(282)	292
<b>Other financial income (expense) from</b>			
Securities and derivatives	26	571	(204)
Exchange-rate differentials	27	451	1,938
Miscellaneous	28	11	32
<b>Total other financial income (expense)</b>		<b>1,033</b>	<b>1,766</b>
<b>Profit on financial transactions</b>		<b>751</b>	<b>2,058</b>
<b>Expenses on printing banknotes and minting coins</b>		<b>(60)</b>	<b>(39)</b>
<b>Administrative and general expenses</b>	29	<b>(613)</b>	<b>(610)</b>
<b>Other income</b>	30	<b>5</b>	<b>5</b>
<b>Net profit</b>		<b>83</b>	<b>1,414</b>

\* Reclassified.

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

**BANK OF ISRAEL**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED**  
**DECEMBER 31, 2006**

**(NIS million, reported amounts)**

	Share capital	General reserve	Total share capital and general reserve	Accumulated loss	Total deficit in equity
Balance as of January 1, 2005	848	3,137	<b>3,985</b>	(17,053)	<b>(13,068)</b>
Net profit for the year				1,414	<b>1,414</b>
Balance as of December 31, 2005	848	3,137	<b>3,985</b>	(15,639)	<b>(11,654)</b>
Net profit for the year				83	<b>83</b>
Balance as of December 31, 2006	848	3,137	<b>3,985</b>	(15,556)	<b>(11,571)</b>

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