



Bank Leumi le-Israel B.M.

**Additional Information to the
Annual Consolidated Reports**

2004

30.03.2005

Note 2 - Cash and Deposits with Banks

	Consolidated		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Cash and deposits with central banks	10,381	12,736	10,116	12,101
Deposits with commercial banks	19,236	10,546	17,497	9,100
Deposits with specialized banking entities	416	481	19,022	19,170
Total	30,033	23,763	46,635	40,371
Of which: cash and deposits with central and commercial banks for original periods not exceeding three months	26,891	22,606	24,391	20,085

Note 3 - Securities

A. Consolidated										
31 December 2004						31 December 2003				
Amount in balance sheet	Amortized cost (In shares cost)	Unrecognized profit from adjustments to fair value	Unrecognized losses from adjustments to fair value	Fair value (a)	Amount in balance sheet	Amortized cost (In shares cost)	Unrecognized profit from adjustments to fair value	Unrecognized losses from adjustments to fair value	Fair value (a)	
Reported amounts						Adjusted amounts				
NIS millions						NIS millions				
1. Debentures held to maturity:										
Debentures and bonds-										
The Government										
of Israel	3,755	3,755	167	(3)	3,919	3,390	3,390	241	(1)	3,630
Foreign governments (b)	518	518	3	(5)	516	9	9	4	-	13
Other companies	116	116	-	-	116	111	111	-	-	111
Total debentures held to maturity	4,389	4,389	170	(8)	4,551	3,510	3,510	245	(1)	3,754
Amount in balance sheet	Amortized cost (In shares cost)	Accumulated other comprehensive income		Fair value (a)	Amount in balance sheet	Amortized cost (In shares cost)	Accumulated other comprehensive income		Fair value (a)	
Reported amounts	Adjusted amounts				Reported amounts	Adjusted amounts				
NIS millions						NIS millions				
2. Securities available for sale:										
Debentures and bonds -										
The Government										
of Israel	10,879	10,613	287	(21)	10,879	10,273	9,987	310	(24)	10,273
Foreign governments (b)	8,842	8,933	8	(99)	8,842	8,795	8,846	27	(78)	8,795
Other companies	11,744	11,672	90	(18)	11,744	10,643	10,502	162	(21)	10,643
	31,465	31,218	385	(138)	31,465	29,711	29,335	499	(123)	29,711
Shares of Others companies and mutual funds(c)	1,423	1,327	97	(1)	1,423	1,399	1,331	70	(2)	1,399
Total securities available for sale	32,888	32,545	(d) 482	(d) (139)	32,888	31,110	(d) 30,666	(d) 569	(d) (125)	31,110
Amount in balance sheet	Amortized cost (In shares cost)	Unrealized profit from adjustments to fair value	Unrealized losses from adjustments to fair value	Fair value (a)	Amount in balance sheet	Unrealized cost (In shares cost)	Unrealized profit from adjustments to fair value	Unrecognized losses from adjustments to fair value	Fair value (a)	
Reported amounts	Adjusted amounts				Reported amounts	Adjusted amounts				
NIS millions						NIS millions				
3. Securities held for trading:										
Debentures and bonds -										
The Government										
of Israel	3,590	3,514	78	(2)	3,590	3,331	3,193	140	(2)	3,331
Foreign governments (b)	792	769	23	-	792	881	853	28	-	881
Other companies	1,212	1,180	32	-	1,212	906	882	27	(3)	906
	5,594	5,463	133	(2)	5,594	5,118	4,928	195	(5)	5,118
Shares of Others companies and mutual funds	672	603	73	(4)	672	524	437	88	(1)	524
Total securities held for trading	6,266	6,066	(e) 206	(e) (6)	6,266	5,642	5,365	(e) 283	(e) (6)	5,642
Total securities	43,543	43,000	858	(153)	43,705	40,262	39,541	1,097	(132)	40,506

(a) Fair value data is generally based on stock exchange quotations. The value of debentures traded abroad which are not listed on a recognized stock exchange has been determined on the basis of prices quoted by dealers in these debentures.

Such quotations do not necessarily reflect the price which will be obtained upon sale of securities in large volumes.

(b) Including securities issued by government agencies and marketable collateralized mortgage obligations

(c) Includes NIS 501 million with respect to shares which have no readily available fair value, which are presented at cost (31 December, 2003 - NIS 492 million).

(d) Included in shareholders' equity in the item "Adjustments in respect of presentation of securities available for sale according to fair value".

(e) Included in statement of profit and loss.

Note 3 - Securities (cont'd)

B. Bank										
31 December 2004						31 December 2003				
Amount			Unrecognized	Unrecognized	Fair	Amount			Unrecognized	Unrecognized
in	Amortized	profit from	losses from	Fair	in	Amortized	profit from	losses from	Fair	
balance	cost	adjustments	adjustments	value (a)	balance	cost	adjustments	adjustments	value (a)	
sheet		to fair value	to fair value		sheet		to fair value	to fair value		value (a)
NIS millions						NIS millions				
1. Debentures held to maturity:										
Debentures and bonds-										
The Government										
of Israel	3,671	3,671	164	(3)	3,832	3,324	3,324	241	(1)	3,564
Foreign governments (b)	9	9	-	-	9	9	9	-	-	9
Total debentures held for investment	3,680	3,680	164	(3)	3,841	3,333	3,333	241	(1)	3,573
	Amount	Amortized	Accumulated			Amount	Amortized	Accumulated		
	in	cost	other comprehensive income		Fair	in	cost	other comprehensive income		Fair
	balance	(In shares	profits	losses	value (a)	balance	(In shares	profits	losses	value (a)
	sheet	cost)				sheet	cost)			
	Reported amounts					Adjusted amounts				
	NIS millions					NIS millions				
2. Securities available for sale:										
Debentures and bonds -										
The Government										
of Israel	10,221	10,026	216	(21)	10,221	9,645	9,429	240	(24)	9,645
Foreign governments (b)	180	179	1	-	180	83	80	3	-	83
Subsidiaries	332	325	7	-	332	533	526	8	(1)	533
Other companies	6,667	6,616	52	(1)	6,667	6,045	5,948	108	(11)	6,045
	17,400	17,146	276	(22)	17,400	16,306	15,983	359	(36)	16,306
Shares of Others companies and mutual funds (c)										
	732	648	84	-	732	776	715	61	-	776
Total securities available for sale	18,132	17,794	(d) 360	(d) (22)	18,132	17,082	16,698	(d) 420	(d) (36)	17,082
	Amount	Amortized	Unrealized	Unrealized	Fair	Amount	Unrealized	Unrealized	Unrecognized	Fair
	in	cost	profit from	losses from	value (a)	in	cost	profit from	losses from	value (a)
	balance	(In shares	adjustments	adjustments	value (a)	balance	(In shares	adjustments	adjustments	value (a)
	sheet	cost)	to fair value	to fair value		sheet	cost)	to fair value	to fair value	
	Reported amounts					Adjusted amounts				
	NIS millions					NIS millions				
3. Securities held for trading:										
Debentures and bonds -										
The Government										
of Israel	3,409	3,335	76	(2)	3,409	3,199	3,066	135	(2)	3,199
Foreign governments (b)	733	710	23	-	733	878	850	28	-	878
Other companies	1,016	985	31	-	1,016	890	866	27	(3)	890
	5,158	5,030	130	(2)	5,158	4,967	4,782	190	(5)	4,967
Shares - of other companies										
	-	-	-	-	-	-	-	-	-	-
Total securities held for trading	5,158	5,030	(e) 130	(e) (2)	5,158	4,967	4,782	(e) 190	(e) (5)	4,967
Total securities	26,970	26,504	654	(27)	27,131	25,382	24,813	851	(42)	25,622

(a) Fair value data is generally based on stock exchange quotations. The value of debentures traded abroad which are not listed on a recognized stock exchange has been determined on the basis of prices quoted by dealers in these debentures.

Such quotations do not necessarily reflect the price which will be obtained upon sale of securities in large volumes.

(b) Including securities issued by government agencies and marketable collateralized mortgage obligations

(c) Includes NIS 36 million with respect to shares which have no readily available fair value, which are presented at cost (31 December, 2003 - NIS 41 million).

(d) Included in shareholders' equity in the item "Adjustments in respect of presentation of securities available for sale according to fair value".

(e) Included in statement of profit and loss.

Note 4 - Credit to the Public

Less provision for doubtful debts - see Note 4C

A. Composition

	Consolidated		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Credit	169,706	169,551	118,268	120,695
Customers' liabilities for acceptances	512	469	412	405
Total credit (a)	170,218	170,020	118,680	121,100
Supplementary, general and special provisions for doubtful debts (b)	(865)	(869)	(545)	(550)
Total	169,353	169,151	118,135	120,550

(a) The specific provision for doubtful debts has been deducted from the related credit items.

(b) Provisions in respect of off-balance sheet items are included in "Other liabilities".

B. Credit to the public includes

	Consolidated		Bank	
	31 December		31 December	
	2004	2003	2004	2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
1. Credit to problem borrowers not included in the agricultural and municipal sectors:				
a) Non-accrual loans to problem borrowers				
In unlinked Israeli currency	1,325	2,113	1,315	2,100
In CPI linked Israeli currency	271	317	271	317
In foreign currency (a)	869	1,292	802	1,238
b) Restructured credit:				
(1) Loans restructured during the current year with waiver of income				
In unlinked Israeli currency	5	-	3	-
In CPI linked Israeli currency	6	-	6	-
In foreign currency (a)	12	-	12	-
(2) Loans restructured in prior years with waiver of income				
In unlinked Israeli currency	-	-	-	-
In CPI linked Israeli currency	-	-	-	-
In foreign currency (a)	-	-	-	-
(3) Loans restructured during the current year without waiver of income				
In unlinked Israeli currency	87	76	87	76
In CPI linked Israeli currency	229	(b) 37	176	24
In foreign currency (a)	240	135	219	126
c) Credit approved for restructuring by bank Management not yet executed				
Balance as at balance sheet date	1,166	1	1,166	1
d) Credit in temporary arrears				
Balance as at balance sheet date	740	915	301	442
Related interest income included in the statement of profit and loss in nominal historical values	41	50	13	22
e) Credit under special supervision				
Balance as at balance sheet date	12,446	(b) 10,563	11,148	9,451
f) Credit repaid during the current year by foreclosure on assets				
	13	6	13	6

(a) Including linked to foreign currency.

(b) Reclassified.

Note 4 - Credit to the Public (cont'd)

2. Credit to the agricultural sector	Consolidated		Bank	
	31 December		31 December	
	2004	2003	2004	2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Composition of credit to the agricultural sector (a)				
Kibbutzim (communal agricultural)	2,490	2,680	2,441	2,639
Moshavim (cooperative agricultural) (b)	135	147	129	143
Total kibbutzim and moshavim	2,625	2,827	2,570	2,782
Production and marketing boards	663	620	663	620
Private agriculture	764	708	703	661
Total credit to the agricultural sector	4,052	4,155	3,936	4,063

(a) Including credit to industrial enterprises in the agricultural sector.

(b) Including certain agricultural associations and organizations to which the Law for Arrangements in the Family Agricultural Sector -1992 applies.

	Consolidated		Bank	
	31 December		31 December	
	2004	2003	2004	2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Credit to the agricultural sector includes:				
a) Non-accrual loans to problem borrowers				
In unlinked Israeli currency	66	69	65	67
In CPI linked Israeli currency	40	42	40	42
Linked to foreign currency.	5	5	5	5
b) Restructured credit				
(1) Loans restructured during the current year with waiver of income				
In CPI linked Israeli currency	2	47	2	47
Average number of years until repayment	5	6	5	6
(2) Loans restructured in prior years with waiver of income				
In CPI linked Israeli currency	233	221	233	221
(3) Loans restructured in prior years without waiver of income				
In CPI linked Israeli currency	24	-	24	-
c) Credit approved for restructuring by Bank Management not yet executed				
Balance as at balance sheet date	44	80	44	80
d) Credit in temporary arrears				
Balance as at balancesheet date	6	13	6	13
Related interest income included in the statement of profit and loss in nominal historical values	-	1	-	1
e) Credit under special supervision				
Balance as at balancesheet date	475	431	470	428
f) Credit to the agricultural sector not included in the above problem borrowers				
Balance as at balancesheet date	3,157	3,247	3,047	3,160
Related interest income included in the statement of profit and loss in nominal historical values	162	129	157	124

Note 4 - Credit to the Public (cont'd)

3. Credit to local authorities	Consolidated		Bank	
	31 December		31 December	
	2004	2003	2004	2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Composition of credit to local authorities (a)				
Balance as at balancesheet date	3,502	3,788	3,386	3,658
Credit to local authorities includes:				
(a) Non-accrual loans to problem borrowers				
In unlinked Israeli currency	20	7	14	3
In CPI linked Israeli currency	6	-	6	-
(b) Loans restructured during the current year without waiver of income				
In CPI linked Israeli currency	-	-	-	-
(c) Credit in temporary arrears				
Balance as at balance sheet date	7	3	4	-
Related interest income included in the statement of profit and loss in nominal historical values	1	-	-	-
(d) Credit under special supervision				
Balance as at balance sheet date	310	134	244	118
(e) Credit to local authorities not included in the above problem borrowers				
Balance as at balance sheet date	3,159	3,644	3,118	3,537
Related interest income included in the statement of profit and loss in nominal historical values	232	183	228	176

(a) Including inter-city associations and entities controlled by local authorities

Note 4 - Credit to the Public (cont'd)

C.Provision for Doubtful Debts

	2004			2003			2002		
	Specific provision (a)	Supplementary provision (b)	Total	Specific provision (a)	Supplementary provision (b)	Total	Specific provision (a)	Supplementary provision (b)	Total
	Reported amounts			Adjusted amounts			Adjusted amounts		
	NIS millions			NIS millions			NIS millions		
Consolidated									
Balance at beginning of year	6,625	1,047	7,672	5,740	1,086	6,826	4,616	1,034	5,650
Provisions during the year	2,005	18	2,023	2,321	8	2,329	2,171	81	2,252
Decrease in provisions	(469)	(24)	(493)	(374)	(47)	(421)	(287)	(29)	(316)
Collection of past years' write-offs	(16)	-	(16)	(31)	-	(31)	(29)	-	(29)
Net addition (disposal) charged to statement of profit and loss	1,520	(6)	1,514	1,916	(39)	1,877 (f)	1,855	52	1,907
Write-offs	(870)	-	(870)	(913)	-	(913)	(557)	-	(557)
Inflationary erosion and adjustments	-	-	-	(e) (118)	-	(118)	(174)	-	(174)
Balance at end of year	(d) 7,275	(c) 1,041	8,316	6,625	(c) 1,047	7,672	5,740	(c) 1,086	6,826
Including balance of provision not deducted from credit to the public	34	176	210	21	178	199	23	148	171
Bank									
Balance at beginning of year	6,000	721	6,721	5,235	715	5,950	4,122	663	4,785
Provisions during the year	1,727	8	1,735	1,978	18	1,996	1,931	71	2,002
Decrease in provisions	(325)	(16)	(341)	(239)	(12)	(251)	(167)	(19)	(186)
Collection of past years' write-offs	(10)	-	(10)	(24)	-	(24)	(21)	-	(21)
Net addition (disposal) charged to statement of profit and loss	1,392	(8)	1,384	1,715	6	1,721 (f)	1,743	52	1,795
Write-offs	(782)	-	(782)	(816)	-	(816)	(468)	-	(468)
Inflationary erosion and adjustments	-	-	-	(e) (134)	-	(134)	(162)	-	(162)
Balance at end of year	6,610	713	7,323	6,000	721	6,721	5,235	715	5,950
Of which balance of provision not deducted from credit to the public	33	168	201	20	171	191	21	148	169

(a) Not including provision for interest in respect of the period after the debts were determined to be doubtful. With respect to loans in arrears for which a provision was established to the extent of the arrears, no accrual for interest was recorded thereon.

(b) Including general provision for doubtful debts of NIS 734 million in the consolidated statements (31 December 2003 - NIS 723 million, 31 December 2002 - NIS 783 million) and of NIS 423 million in the bank statements (31 December 2003 - NIS 418 million, 31 December 2002 - NIS 423 million).

(c) Of which special provision NIS 2 million.

(d) The amount of the specific provisions according to the period of arrears is NIS 344 million on a consolidated basis (31 December 2003 - NIS 281 million, 31 December 2002 - NIS 204 million).

(e) Including provision transferred to securities item - see Note 3 above.

(f) The amount of NIS 1,883 million was charged to the statement of profit and loss in reported amounts.

Note 4 - Credit to the Public (cont'd)

D. Classification of credit to the public (a) and of off-balance sheet credit risk (b) according to size of debt per borrower

		Consolidated		Bank			
		31 December 2004		31 December 2004			
Credit per borrower	NIS thousands	Reported amounts		Off balance sheet credit risk	Reported amounts		Off balance sheet credit risk (d)
		Number of borrowers (c)	Credit		Number of borrowers (c)	Credit	
From	To	NIS millions		NIS millions			
0	10	578,171	573	1,730	444,914	478	855
10	20	169,904	906	1,506	154,155	753	1,441
20	40	186,042	2,026	3,267	167,343	1,632	3,131
40	80	163,161	3,486	5,674	141,738	2,440	5,475
80	150	98,426	5,217	5,444	71,105	2,409	5,146
150	300	74,309	12,265	3,761	27,247	2,611	2,946
300	600	43,390	15,503	2,360	9,622	2,690	1,361
600	1,200	12,042	8,261	1,594	4,909	3,138	1,038
1,200	2,000	3,614	4,588	937	2,316	2,889	682
2,000	4,000	2,902	6,513	1,596	2,224	5,073	1,194
4,000	8,000	1,944	8,598	2,162	1,434	6,419	1,547
8,000	20,000	1,677	16,161	4,644	1,186	11,526	3,207
20,000	40,000	706	14,353	5,235	519	11,046	3,388
40,000	200,000	601	34,987	14,479	481	30,008	11,331
200,000	400,000	91	18,440	7,332	88	17,235	7,388
400,000	800,000	36	15,919	3,390	35	15,621	3,184
800,000	1,200,000	4	3,231	801	4	3,231	801
1,200,000	1,600,000	-	-	-	-	-	-
1,600,000	2,000,000	3	1,127	4,444	2	1,127	2,762
2,000,000	2,400,000	-	-	-	-	-	-
2,400,000	2,800,000	-	-	-	1	-	2,474
2,800,000	3,200,000	-	-	-	-	-	-
3,200,000	7,764,670	-	-	-	2	60	7,705
Total		1,337,023	172,154	70,356	1,029,325	120,386	67,056

Commencing with the NIS 8,000 thousands credit level, the classification was set forth in accordance with the specific consolidation method;

with respect to the other levels of borrowers, credit has been classified according to the outstanding loans method.

- (a) Net of specific provisions for doubtful debts.
 (b) Credit risk in respect of off-balance sheet financial instruments as calculated for purposes of per borrower debt limitations.
 (c) The number of borrowers according to total credit and credit risk.

Note 4 - Credit to the Public (cont'd)

D. Classification of credit to the public (a) and of off-balance sheet credit risk (b) according to size of debt per borrower

Credit per borrower	Consolidated			Bank			
	31 December 2003			31 December 2003			
	Number of borrowers (c)	Credit	Off balance sheet credit risk	Number of borrowers (c)	Credit	Off balance sheet credit risk	
Adjusted amounts			Adjusted amounts				
NIS thousands	NIS millions		NIS millions		NIS millions		
From	To						
0	7	426,282	327	640	377,910	277	546
7	18	212,621	911	1,617	193,809	754	1,548
18	35	170,215	1,633	2,703	153,887	1,326	2,591
35	70	164,554	2,931	5,170	145,556	2,137	4,999
70	140	114,403	5,008	6,100	86,986	2,443	5,829
140	285	76,531	11,506	3,925	30,821	2,591	3,213
285	530	42,736	14,181	2,109	9,200	2,295	1,198
530	1,060	14,904	9,041	1,730	5,494	3,074	1,012
1,060	1,770	4,053	4,569	931	2,434	2,659	651
1,770	3,500	3,018	6,052	1,469	2,229	4,490	1,072
3,500	7,100	2,086	8,291	2,170	1,563	6,390	1,338
7,100	17,700	1,661	14,729	4,022	1,210	10,692	2,689
17,700	35,000	736	13,501	4,945	516	9,689	3,052
35,000	177,000	642	32,875	13,050	537	28,947	10,435
177,000	355,000	107	18,249	8,545	99	16,466	8,108
355,000	710,000	46	18,594	4,126	48	19,184	4,195
710,000	1,065,000	5	3,805	294	5	3,797	294
1,065,000	1,420,000	2	1,542	719	2	1,542	719
1,420,000	1,770,000	3	2,275	2,312	4	2,346	3,962
1,770,000	2,130,000	-	-	-	-	-	-
2,130,000	2,480,000	1	-	2,190	1	-	2,190
2,480,000	2,840,000	-	-	-	-	-	-
2,840,000	6,473,190	-	-	-	2	1	6,472
Total		1,234,606	170,020	68,767	1,012,313	121,100	66,113

Commencing with the NIS 7,100 thousands credit level, the classification was set forth in accordance with the specific consolidation method; with respect to the other levels of borrowers, credit has been classified according to the outstanding loans method.

- (a) Net of specific provisions for doubtful debts.
- (b) Credit risk in respect of off-balance sheet financial instruments as calculated for purposes of per borrower debt limitations.
- (c) The number of borrowers according to total credit and credit risk.

Note 5 - Credit to Governments

	Consolidated		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Credit from the proceeds of debenture issues	4	16	-	-
Credit in connection with the arrangements for complementing interest to those entitled to Housing Ministry benefits	46	50	-	-
Less: complementary interest advanced by the government	(46)	(50)	-	-
Other credit (a)	959	1,113	955	1,103
Total credit to governments	963	1,129	955	1,103
(a) Of which: credit to foreign governments	875	987	867	961

Note 6 - Investments in Subsidiaries and Affiliated Companies

A. Composed of:			
Consolidated	31 December 2004		31 December 2003
	Companies included on equity basis		Companies included on equity basis
	Reported amounts		Adjusted amounts
	NIS millions		NIS millions
Investments in shares stated on equity basis (including other assets)	1,754		1,361
Other investments:			
Shareholders' loans	-		-
Total investments	1,754		1,361
Including - Post-acquisition profits	834		451
Post-acquisition changes in shareholders' equity:			
Translation differences	16		(2)
Details regarding other assets and goodwill:			
Period of amortization	10-20 years		10-20 years
Original amount, net	109		114
Unamortized balance	81		86
Details on book value and market value of quoted securities:			
	31 December 2004		31 December 2003
	Book value	Market value	Book value
	Reported amounts		Adjusted amount
	NIS millions		
The Israel Corporation Ltd.	784	1,310	509
Migdal Insurance and Financial Holdings Ltd.	556	1,465	476
Africa Israel Investments Ltd.	238	1,005	192
Others	49	110	46
Total	1,627	3,890	1,223

Note 6 - Investments in Subsidiaries and Affiliated Companies (cont'd)

Bank	31 December 2004			31 December 2003		
	Companies included on equity basis		Subsidiaries	Total	Companies included on equity basis	
	Reported amounts				Adjusted amounts	
	NIS millions			NIS millions		
Investments in shares stated on equity basis (including goodwill)	1,731	7,882	9,613	1,332	7,451	
Other investments:						
Convertible securities	-	537	537	-	550	
Shareholders' loans	-	34	34	-	35	
Total other investments	-	571	571	-	585	
Total investments	1,731	8,453	10,184	1,332	8,036	
Including - Post-acquisition profits	835	2,570	3,405	457	2,008	
Post-acquisition changes in shareholders' equity:						
Adjustments in respect of presentation of securities available for sale at fair value, net	-	(48)	(48)	-	(13)	
Translation differences	16	(383)	(367)	(2)	(383)	
Details regarding goodwill:						
Period of amortization	10 years			10 years		
Original amount, net	107	2	109	107	2	
Unamortized balance	81	1	82	86	1	
Details on book value and market value of quoted securities:						
Book value	1,627	-	1,627	1,220	-	
Market value	3,890	-	3,890	2,897	-	

B. Group's equity in profit (losses) of companies included on equity basis (in Bank - subsidiaries and affiliates)

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Adjusted amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions			NIS millions	
Group's equity in operating profits (losses) of companies included on equity basis (Bank - subsidiaries and affiliated companies)	458	158	(27)	1,137	588
Provision for deferred taxes	(48)	(6)	(5)	(48)	(6)
Group's equity in operating profits (losses) of companies included on equity basis (Bank subsidiaries and affiliated companies) net of tax effect	410	152	(32)	1,089	582

Note 7 - Buildings and Equipment

	Cost			As at 31 December 2004	Depreciation		deduction in respect of of Disposals	As at 31 December 2004	Net book value	
	As at 1 January 2004 (c)	Change during the period			As at 1 January 2004 (c)	Current provision			As at 1 January 2004 (c)	As at 31 December 2004
		Additions	Disposals							
Reported amounts										
NIS millions										
A. In the consolidated balance sheet										
Buildings and real estate (b)	3,018	47	(46)	3,019	1,481	(a) 62	(30)	1,513	1,537	1,506
Equipment, furniture and motor vehicles	5,016	452	(138)	5,330	3,941	362	(135)	4,168	1,075	1,162
Total	8,034	499	(184)	8,349	5,422	424	(165)	5,681	2,612	2,668
B. In the Bank's balance sheet										
Buildings and real estate (b)	2,425	30	(41)	2,414	1,064	(a)39	(26)	1,077	1,361	1,337
Equipment, furniture and motor vehicles	4,148	360	(117)	4,391	3,349	257	(116)	3,490	799	901
Total	6,573	390	(158)	6,805	4,413	296	(142)	4,567	2,160	2,238

(a) Including provisions for impairment in the amount of NIS 2 million.

(b) Including leasehold installations and improvements.

(c) The data as the beginning of the year are amounts adjusted for the effect of inflation on the basis of the index of December 2003.

The balance of equipment includes capitalized costs relating to the development of computer software in the amount of NIS 79 million (31 December 2003 - NIS 78 million).

Note 8 - Other Assets

	Consolidated		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Deferred tax asset net (see Note 26H)	1,331	1,524	879	1,093
Excess of advance tax payment over current provision	68	168	-	107
Expense of issue of debentures bonds and subordinated notes	47	52	36	41
Debit balances in respect of derivative financial instruments (except embedded derivatives)	4,539	4,927	4,196	4,681
Accrued income	78	92	104	113
Prepaid expenses	134	183	98	137
Receivables in respect of credit cards	259	266	-	-
Receivables in respect of "artificial" shares	567	450	-	-
Stock exchange clearing house and Maof clearing house	5	227	-	26
Other receivables and debit balances	440	418	44	122
Total other assets	7,468	8,307	5,357	6,320

Note 9 - Deposits of the Public

	Consolidated		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Demand deposits	29,250	25,477	22,317	19,225
Time and other deposits *	164,338	150,034	139,632	128,326
Deposits in savings plans	16,064	28,075	15,654	27,288
Total deposits of the public	209,652	203,586	177,603	174,839
* Of which deposits with deferred repayment	-	-	3,513	3,183

Note 10 - Deposits from Banks

	Consolidated		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Commercial banks -				
Demand deposits	441	538	462	565
Time deposits	4,303	3,233	2,439	1,703
Acceptances	512	469	412	405
Central banks -				
Demand deposits	233	181	229	177
Specialized banking entities -				
Demand deposits	145	135	283	136
Time deposits and other deposits	21	1	21	1
Total deposits from banks	5,655	4,557	3,846	2,987

Note 11 - Debentures, Bonds and Subordinated Notes

	Consolidated		Bank		
	Average maturity (a) Years	Internal yield rate (a) %	31 December 2004	2003	31 December 2004
			Reported amounts NIS millions	Adjusted amounts	Reported amounts NIS millions
Debentures (b):					
In Israeli currency linked to the CPI	6.87	4.74	1,064	945	-
Bonds:					
In U.S. dollar (c)	(d) 1.01	1.72	442	1,502	-
Linked to the U.S. dollar	(e) 1.00	1.94	400	-	-
Linked to the EURO	(e) 1.00	1.74	108	-	-
Subordinated notes(b):					
Unlinked	5.28	6.93	119	119	-
Linked to the CPI	5.32	5.77	6,483	5,817	4,394
Linked to the U.S. dollar	(d) 4.25	3.90	568	577	126
In U.S. dollar	(d) 6.09	2.74	2,072	1,653	123
Total debentures, bonds and subordinated notes			11,256	10,613	4,643

- (a) The average maturity is the average of the payment periods, weighted by the payment flow discounted at the internal yield rate. The internal yield rate is the rate of interest discounting the present value of the anticipated future flow of payments to the amount appearing in the balance sheet.
- (b) The unamortized balance of discount less premium on debentures and on subordinated liability notes has been deducted from the amount of the debentures.
- (c) The terms of the issues enable the right of early redemption under certain conditions. The computation of the average maturity did not take early redemption into account.
- (d) The average life as of the change in interest in bonds in U.S. dollars is 0.01 years, in subordinated notes linked to the U.S. dollar is 1.15 years and subordinated notes in U.S. dollars is 0.34 years.
- (e) "Tali Dollar" and "Tali Euro" bonds exercisable at any time with an interest rate that varies on a daily basis.

Note 12 - Other Liabilities

	Consolidated		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Excess of current provisions for taxes over advance payments	142	80	77	1
Excess of provisions for severance pay and pensions over amounts funded (See Note 15B)	2,209	2,211	2,150	2,142
Deferred tax liability, net (See Note 26H)	65	67	49	43
Provisions for unutilized vacations and long service bonus	628	597	590	561
Deffered income	202	161	115	98
Credit balances in respect of derivative financial instruments (except embedded derivatives)	3,689	3,900	3,229	3,538
Provision for doubtful debts in respect of off-balance sheet items	207	196	201	191
Accrued expenses in respect of salaries and related expenses	390	313	257	198
Proposed dividend	1,004	318	1,004	318
Payables in respect of credit cards	186	245	-	-
Accrued expenses	292	324	160	211
Basket shares ("Tali 25")	1,232	966	-	-
Other payables and credit balances	686	1,077	238	318
Total other liabilities	10,932	10,455	8,070	7,619

Note 15 - Employee Rights

Data relating to provisions and fundings

The amounts of provisions and related fundings for severance pay and pensions are included in the balance sheet as follows:

	Consolidated		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
Provision for severance pay	1,916	1,678	1,703	1,579
Amounts funded for severance pay	(1,863)	(1,581)	(1,674)	(1,513)
Provision for pensions	2,156	2,114	2,121	2,076
Net excess of provisions over amounts funded	2,209	2,211	2,150	2,142
Excess of provision, included in "Other liabilities"	2,209	2,211	2,150	2,142
Net excess of provisions over amounts funded	2,209	2,211	2,150	2,142

The bank and its subsidiaries are not allowed to draw the amount funded except for payment of severance pay.

Note 16 - Assets and Liabilities Classified According to Linkage Basis

Consolidated 31 December 2004							
	Israeli Currency		Foreign Currency (a)				
	Unlinked	Linked to the CPI	IN U.S. dollars	In Euro	In other currencies	Non- monetary items (c)	Total
	Reported amounts						
	NIS millions						
Assets							
Cash and deposits with banks	9,474	532	13,567	3,446	3,014	-	30,033
Securities	14,350	2,536	21,052	2,762	748	2,095	43,543
Credit to the public (b)	55,220	51,015	46,280	5,883	10,955	-	169,353
Credit to governments	-	88	871	4	-	-	963
Investments in companies included on equity basis	-	-	-	-	-	1,754	1,754
Buildings and equipment	-	-	-	-	-	2,668	2,668
Other assets	1,861	44	2,177	1,163	1,069	1,154	7,468
Total assets	80,905	54,215	83,947	13,258	15,786	7,671	255,782
Liabilities							
Deposits of the public	80,668	35,619	67,054	16,969	9,187	155	209,652
Deposits from banks	678	2,594	1,165	430	788	-	5,655
Deposits from governments	612	1,194	1,214	4	1	-	3,025
Debentures, bonds and subordinated notes	119	7,547	3,482	108	-	-	11,256
Other liabilities	3,036	2,174	1,771	913	1,356	1,682	10,932
Total liabilities	85,113	49,128	74,686	18,424	11,332	1,837	240,520
Difference	(4,208)	5,087	9,261	(5,166)	4,454	5,834	15,262
Effect of hedged derivative instruments:							
Derivative instruments (except options)	-	-	56	(30)	(26)	-	-
Option in the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Options out of the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Effect of derivative instruments that are not hedged:							
Derivative instruments (except options)	11,508	(2,469)	(10,203)	5,202	(4,038)	-	-
Option in the money, net (in terms of underlying asset)	(763)	-	783	(1,385)	1,365	-	-
Options out of the money, net (in terms of underlying asset)	(33)	-	(3)	(32)	68	-	-
Total	6,504	2,618	(106)	(1,411)	1,823	5,834	15,262
Option in the money, net (discounted par value)	(1,033)	-	1,045	126	(138)	-	-
Options out of the money, net (discounted par value)	(473)	(6)	(271)	621	129	-	-

(a) Including linked to foreign currency.

(b) The general, supplementary and special provisions for doubtful debts were deducted proportionately from the different linkage bases in this item.

(c) Including derivative instruments whose underlying asset is a non-monetary item.

Note 16 - Assets and Liabilities Classified According to Linkage Basis (cont'd)

Consolidated 31 December 2003							
	Israeli Currency		Foreign Currency (a)			Non-monetary items (c)	Total
	Unlinked	Linked to the CPI	IN U.S. dollars	In Euro	In other currencies		
Adjusted amounts							
NIS millions							
Assets							
Cash and deposits with banks	11,597	577	8,672	1,430	1,487	-	23,763
Securities	11,864	3,844	19,853	1,837	941	1,923	40,262
Credit to the public (b)	51,925	54,794	46,823	4,693	10,916	-	169,151
Credit to governments	4	138	979	8	-	-	1,129
Investments in companies included on equity basis	-	-	-	-	-	1,361	1,361
Buildings and equipment	-	-	-	-	-	2,612	2,612
Other assets	2,487	36	2,589	1,214	741	1,240	8,307
Total assets	77,877	59,389	78,916	9,182	14,085	7,136	246,585
Liabilities							
Deposits of the public	77,184	39,369	64,553	14,918	7,562	-	203,586
Deposits from banks	493	1,778	1,233	384	669	-	4,557
Deposits from governments	592	1,325	986	-	-	-	2,903
Debentures, bonds and subordinated notes	119	6,762	3,732	-	-	-	10,613
Other liabilities	2,593	2,135	2,207	736	1,037	1,747	10,455
Total liabilities	80,981	51,369	72,711	16,038	9,268	1,747	232,114
Difference	(3,104)	8,020	6,205	(6,856)	4,817	5,389	14,471
Effect of hedged derivative instruments:							
Derivative instruments (except options)	-	-	67	(39)	(28)	-	-
Option in the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Options out of the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Effect of derivative instruments that are not hedged:							
Derivative instruments (except options)	3,754	(603)	(5,297)	6,618	(4,472)	-	-
Option in the money, net (in terms of underlying asset)	477	-	(664)	237	(50)	-	-
Options out of the money, net (in terms of underlying asset)	(261)	-	261	18	(18)	-	-
Total	866	7,417	572	(22)	249	5,389	14,471
Option in the money, net (discounted par value)	624	-	(829)	303	(98)	-	-
Options out of the money, net (discounted par value)	(759)	(23)	619	481	(318)	-	-

(a) Including linked to foreign currency.

(b) The general, supplementary and special provisions for doubtful debts were deducted proportionately from the different linkage bases in this item.

(c) Including derivative instruments whose underlying asset is a non-monetary item.

Note 16 - Assets and Liabilities Classified According to Linkage Basis (cont'd)

	Bank		31 December 2004					
	Israeli Currency		Foreign Currency (a)					
	Unlinked	Linked to the CPI	IN U.S. dollars	In Euro	In other currencies	Non- monetary items (c)	Total	
	Reported amounts							
	NIS millions							
Assets								
Cash and deposits with banks	9,628	14,974	16,607	3,244	2,182	-	46,635	
Securities	13,989	2,735	7,099	2,301	114	732	26,970	
Credit to the public (b)	52,108	24,349	30,530	5,091	6,057	-	118,135	
Credit to governments	-	88	863	4	-	-	955	
Investments in companies included on equity basis (d)	315	182	34	-	40	9,613	10,184	
Buildings and equipment	-	-	-	-	-	2,238	2,238	
Other assets	1,375	2	1,420	1,154	859	547	5,357	
Total assets	77,415	42,330	56,553	11,794	9,252	13,130	210,474	
Liabilities								
Deposits of the public	79,266	30,198	46,672	16,255	5,057	155	177,603	
Deposits from banks	1,225	941	1,199	373	108	-	3,846	
Deposits from governments	14	1,178	130	4	-	-	1,326	
Debentures, bonds and subordinated notes	-	4,394	249	-	-	-	4,643	
Other liabilities	2,627	2,167	1,096	856	962	362	8,070	
Total liabilities	83,132	38,878	49,346	17,488	6,127	517	195,488	
Difference	(5,717)	3,452	7,207	(5,694)	3,125	12,613	14,986	
Effect of hedged derivative instruments:								
Derivative instruments (except options)	-	-	-	-	-	-	-	
Option in the money, net (in terms of underlying asset)	-	-	-	-	-	-	-	
Options out of the money, net (in terms of underlying asset)	-	-	-	-	-	-	-	
Effect of derivative instruments that are not hedged:								
Derivative instruments (except options)	11,500	(2,469)	(10,088)	5,493	(4,436)	-	-	
Option in the money, net (in terms of underlying asset)	(763)	-	783	(1,385)	1,365	-	-	
Options out of the money, net (in terms of underlying asset)	(33)	-	(3)	(32)	68	-	-	
Total	4,987	983	(2,101)	(1,618)	122	12,613	14,986	
Option in the money, net (discounted par value)	(1,033)	-	1,045	126	(138)	-	-	
Options out of the money, net (discounted par value)	(473)	(6)	(271)	621	129	-	-	

(a) Including linked to foreign currency.

(b) The general, supplementary and special provisions for doubtful debts were deducted proportionately from the different linkage bases in this item.

(c) Including derivative instruments whose underlying asset is a non-monetary item.

(d) Includes NIS 4,014 millions, investment in foreign investees, mainly in U.S. dollars.

Note 16 - Assets and Liabilities Classified According to Linkage Basis(cont'd)

	Bank		31 December 2003				
	Israeli Currency		Foreign Currency (a)				
	Unlinked	Linked to the CPI	IN U.S. dollars	In Euro	In other currencies	Non- monetary items (c)	Total
	NIS millions						
Assets							
Cash and deposits with banks	11,499	15,962	10,470	1,321	1,119	-	40,371
Securities	11,624	4,134	7,309	1,426	113	776	25,382
Credit to the public (b)	49,750	27,263	33,121	4,044	6,372	-	120,550
Credit to governments	4	138	953	8	-	-	1,103
Investments in companies included on equity basis (d)	344	173	30	-	38	8,783	9,368
Buildings and equipment	-	-	-	-	-	2,160	2,160
Other assets	1,754	2	2,041	1,205	533	785	6,320
Total assets	74,975	47,672	53,924	8,004	8,175	12,504	205,254
Liabilities							
Deposits of the public	75,699	34,322	46,332	14,251	4,235	-	174,839
Deposits from banks	751	620	1,149	373	94	-	2,987
Deposits from governments	13	1,302	150	-	-	-	1,465
Debentures, bonds and Subordinated notes	-	3,844	257	-	-	-	4,101
Other liabilities	2,008	2,132	1,499	628	645	737	7,649
Total liabilities	78,471	42,220	49,387	15,252	4,974	737	191,041
Difference	(3,496)	5,452	4,537	(7,248)	3,201	11,767	14,213
Effect of hedged derivative instruments:							
Derivative instruments (except options)	-	-	-	-	-	-	-
Option in the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Options out of the money, net (in terms of underlying asset)	-	-	-	-	-	-	-
Effect of derivative instruments that are not hedged:							
Derivative instruments (except options)	3,736	(603)	(5,449)	6,810	(4,494)	-	-
Option in the money, net (in terms of underlying asset)	477	-	(664)	237	(50)	-	-
Options out of the money, net (in terms of underlying asset)	(261)	-	261	18	(18)	-	-
Total	456	4,849	(1,315)	(183)	(1,361)	11,767	14,213
Option in the money, net (discounted par value)	624	-	(829)	303	(98)	-	-
Options out of the money, net (discounted par value)	(759)	(23)	619	481	(318)	-	-

(a) Including linked to foreign currency.

(b) The general, supplementary and special provisions for doubtful debts were deducted proportionately from the different linkage bases in this item.

(c) Including derivative instruments whose underlying asset is a non-monetary item.

(d) Includes NIS 3,752 millions, investment in foreign investees, mainly in U.S. dollars.

Note 17 - Assets and Liabilities Classified According to Maturity Date and Linkage Basis (a)

Consolidated 31 December 2004													
Upon demand and up to month (e)	One month to three months (e)	Three months to one year (e)	Estimated future contractual cash flows							Balance sheet balance (d)			
			One year to two years	Two years to three years	Three years to four years	Four years to five years	Five years to ten years	Ten years to Over twenty years	Total Cash flows	Without fixed maturity (b)	Total		
Reported amounts													
NIS millions													
Israeli currency - unlinked													
Assets	35,680	8,353	16,929	7,933	3,067	2,399	2,285	5,239	485	8	82,378	4,041	80,905
Liabilities	39,882	7,104	23,529	6,102	8,777	1,111	134	412	179	37	87,267	380	85,113
Difference	(4,202)	1,249	(6,600)	1,831	(5,710)	1,288	2,151	4,827	306	(29)	(4,889)	3,661	(4,208)
Derivative instruments (except options)	6,917	1,467	1,892	1,275	(36)	7	(15)	162	-	-	11,669	-	11,508
Options (in terms of underlying asset)	(756)	372	(102)	(2)	(254)	-	-	(36)	-	-	(778)	-	(796)
Israeli currency - linked to the CPI													
Assets	2,744	2,037	8,294	8,428	6,415	5,293	4,988	17,504	15,558	2,575	73,836	140	54,215
Liabilities	762	1,935	9,209	8,431	8,075	4,222	4,166	12,677	11,280	904	61,661	160	49,128
Difference	1,982	102	(915)	(3)	(1,660)	1,071	822	4,827	4,278	1,671	12,175	(20)	5,087
Derivative instruments (except options)	(517)	(486)	(1,463)	(6)	(19)	(5)	(5)	(3)	-	-	(2,504)	-	(2,469)
Foreign currency - Local operations (c)													
Assets	23,130	12,103	14,770	8,632	6,507	4,155	2,877	5,596	1,667	91	79,528	964	74,701
Liabilities	35,418	15,225	9,654	1,666	1,697	1,078	615	2,348	224	24	67,949	2	67,297
Difference	(12,288)	(3,122)	5,116	6,966	4,810	3,077	2,262	3,248	1,443	67	11,579	962	7,404
Derivative instruments (except options)	(6,400)	(981)	(429)	(1,269)	55	(2)	20	(159)	-	-	(9,165)	-	(9,039)
Options (in terms of underlying asset)	756	(372)	102	2	254	-	-	36	-	-	778	-	796

(a) Including estimated future cash flows in respect of assets and liabilities according to linkage basis, in accordance with the remaining contractual period to maturity of each cash flow. The data presented after deduction of provisions for doubtful debts.

(b) Including overdue amounts of NIS 1,012 million.

(c) Including linked to foreign currency.

(d) As included in Note 16, "Assets and liabilities According to Linkage Basis", including off-balance sheet amounts in respect of derivatives.

(e) Credit with debitory account conditions is classified in accordance with the credit framework (credit line of NIS 12.4 billion). Special credit in the amount of NIS 3.1 billion is classified without repayment date.

Note 17 - Assets and Liabilities Classified According to Maturity Date and Linkage Basis (a) (cont'd)

Consolidated 31 December 2004													
Estimated future contractual cash flows										Balance sheet balance (d)			
Upon demand and up to month (e)	One month to three months (e)	Three months to one year (e)	One year to two years	Two years to three years	Three years to four years	Four years to five years	Five years to ten years	Ten years to twenty years	Over twenty years	Total Cash flows	Without fixed maturity (b)	Total	
Reported amounts													
NIS millions													
Foreign currency - integrated foreign operations													
Assets	8,865	4,297	7,370	5,871	5,204	3,081	2,725	2,056	700	-	40,169	119	38,290
Liabilities	16,961	4,255	6,728	2,837	1,207	1,663	645	3,657	5	-	37,958	371	37,145
Difference	(8,096)	42	642	3,034	3,997	1,418	2,080	(1,601)	695	-	2,211	(252)	1,145
Non-monetary items													
Assets	-	-	-	-	-	-	-	-	-	-	-	7,671	7,671
Liabilities	-	-	-	-	-	-	-	-	-	-	-	1,837	1,837
Difference	-	-	-	-	-	-	-	-	-	-	-	5,834	5,834
Total													
Assets	70,419	26,790	47,363	30,864	21,193	14,928	12,875	30,395	18,410	2,674	275,911	12,935	255,782
Liabilities	93,023	28,519	49,120	19,036	19,756	8,074	5,560	19,094	11,688	965	254,835	2,750	240,520
Difference (c)	(22,604)	(1,729)	(1,757)	11,828	1,437	6,854	7,315	11,301	6,722	1,709	21,076	10,185	15,262

Classification of assets and liabilities according to maturity date as at 31 December 2003 - Consolidated

Estimated future contractual cash flows										Balance sheet balance (d)			
Upon demand and up to month (e)	One month to three months (e)	Three months to one year (e)	One year to two years	Two years to three years	Three years to four years	Four years to five years	Five years to ten years	Ten years to twenty years	Over twenty years	Total Cash flows	Without fixed maturity (b)	Total	
Adjusted amounts													
NIS millions													
Total													
Assets	64,244	25,018	48,077	25,805	23,547	14,900	10,451	31,645	18,458	3,514	265,659	13,270	246,585
Liabilities	84,901	25,486	55,303	16,424	15,033	8,215	6,445	21,385	13,284	992	247,468	2,647	232,114
Difference (c)	(20,657)	(468)	(7,226)	9,381	8,514	6,685	4,006	10,260	5,174	2,522	18,191	10,623	14,471

(a) Including estimated future cash flows in respect of assets and liabilities according to linkage basis, in accordance with the remaining contractual period to maturity of each cash flow. The data presented after deduction of provisions for doubtful debts.

(b) Including overdue amounts of NIS 1,012 million (2003 - NIS 1,043 million).

(c) The difference does not necessarily reflect exposure in respect of interest and/or linkage balances.

(d) As included in Note 16, "Assets and liabilities According to Linkage Basis", including off-balance sheet amounts in respect of derivatives.

(e) Credit with debitory account conditions is classified in accordance with the credit framework (credit line of NIS 12.4 billion; year 2003 - NIS 11.4 billion).

Special credit in the amount of NIS 3.1 billion (year 2003 - NIS 3.5 billion) is classified without repayment date.

Note: Total off-balance sheet restricted liabilities against with short-term credit was granted in the Bank amount to NIS 4.2 billion (year 2003 - NIS 3.6 billion).

Note 17 - Assets and Liabilities Classified According to Maturity Date and Linkage Basis (a) (cont'd)

Bank	31 December 2004												
	Estimated future contractual cash flows										Balance sheet balance (d)		
Upon demand and up to month (e)	One month to three months (e)	Three months to one year (e)	One year to two years	Two years to three years	Three years to four years	Four years to five years	Five years to ten years	Ten years to twenty years	Over twenty years	Total Cash flows	Without fixed maturity (b)	Total	
Reported amounts													
NIS millions													
Israeli currency - unlinked													
Assets	35,137	8,005	15,973	7,646	2,816	2,183	2,082	4,364	3	-	78,209	3,850	77,415
Liabilities	39,710	6,377	23,114	5,869	8,400	1,095	125	380	153	33	85,256	354	83,132
Difference	(4,573)	1,628	(7,141)	1,777	(5,584)	1,088	1,957	3,984	(150)	(33)	(7,047)	3,496	(5,717)
Derivative instruments (except options)	6,898	1,466	1,905	1,275	(35)	7	(15)	162	-	-	11,663	-	11,500
Options (in terms of underlying asset)	(756)	372	(102)	(2)	(254)	-	-	(36)	-	-	(778)	-	(796)
Israeli currency - linked to the CPI													
Assets	2,939	1,634	7,665	7,085	5,409	3,703	4,984	9,890	10,285	200	53,794	178	42,330
Liabilities	592	1,513	7,417	6,999	6,531	3,220	3,182	8,659	9,519	819	48,451	160	38,878
Difference	2,347	121	248	86	(1,122)	483	1,802	1,231	766	(619)	5,343	18	3,452
Derivative instruments (except options)	(517)	(486)	(1,463)	(6)	(19)	(5)	(5)	(3)	-	-	(2,504)	-	(2,469)
Foreign currency - Local operations (c)													
Assets	23,714	13,051	17,621	8,588	6,090	3,512	2,668	4,568	321	91	80,224	957	76,621
Liabilities	36,188	15,392	9,350	2,401	1,909	1,515	1,040	3,404	224	24	71,447	2	70,371
Difference	(12,474)	(2,341)	8,271	6,187	4,181	1,997	1,628	1,164	97	67	8,777	955	6,250
Derivative instruments (except options)	(6,381)	(980)	(442)	(1,269)	54	(2)	20	(159)	-	-	(9,159)	-	(9,031)
Options (in terms of underlying asset)	756	(372)	102	2	254	-	-	36	-	-	778	-	796

(a) Including estimated future cash flows in respect of assets and liabilities according to linkage basis, in accordance with the remaining contractual period to maturity of each cash flow. The data presented after deduction of provisions for doubtful debts.

(b) Including overdue amounts of NIS 872 million.

(c) Including linked to foreign currency.

(d) As included in Note 16, "Assets and liabilities According to Linkage Basis", including off-balance sheet amounts in respect of derivatives.

(e) Credit with debitory account conditions is classified in accordance with the credit framework credit line of NIS 11.6 billion (2003- NIS 10.7 billion).

Special credit in the amount of NIS 3.0 billion is classified without repayment date (2003- NIS 3.4 billion).

Note: Total off-balance sheet restricted liabilities against with short-term credit was granted in the Bank amount to NIS 4.2 billion (year 2003 - NIS 3.6 billion).

Note 17 - Assets and Liabilities Classified According to Maturity Date and Linkage Basis (a) (cont'd)

Bank	31 December 2004												
	Estimated future contractual cash flows										Balance sheet balance (d)		
Upon demand and up to month (e)	One month to three months (e)	Three months to one year (e)	One year to two years	Two years to three years	Three years to four years	Four years to five years	Five years to ten years	Ten years to twenty years	Over twenty years	Total Cash flows	Without fixed maturity (b)	Total	
Reported amounts													
NIS millions													
Foreign currency - integrated foreign operations													
Assets	297	221	233	20	14	5	12	151	86	-	1,039	-	978
Liabilities	2,183	133	214	64	-	-	-	-	-	-	2,594	8	2,590
Difference	(1,886)	88	19	(44)	14	5	12	151	86	-	(1,555)	(8)	(1,612)
Non-monetary items													
Assets	-	-	-	-	-	-	-	-	-	-	-	13,130	13,130
Liabilities	-	-	-	-	-	-	-	-	-	-	-	517	517
Difference	-	-	-	-	-	-	-	-	-	-	-	12,613	12,613
Total													
Assets	62,087	22,911	41,492	23,339	14,329	9,403	9,746	18,973	10,695	291	213,266	18,115	210,474
Liabilities	78,673	23,415	40,095	15,333	16,840	5,830	4,347	12,443	9,896	876	207,748	1,041	195,488
Difference (c)	(16,586)	(504)	1,397	8,006	(2,511)	3,573	5,399	6,530	799	(585)	5,518	17,074	14,986
Classification of assets and liabilities according to maturity date as at 31 December 2003 - Bank													
	Estimated future contractual cash flows										Balance sheet balance (d)		
Upon demand and up to month (e)	One month to three months (e)	Three months to one year (e)	One year to two years	Two years to three years	Three years to four years	Four years to five years	Five years to ten years	Ten years to twenty years	Over twenty years	Total Cash flows	Without fixed maturity (b)	Total	
Adjusted amounts													
NIS millions													
Total													
Assets	55,271	21,443	40,295	20,333	18,272	10,950	6,092	22,713	12,393	634	208,396	18,294	205,254
Liabilities	69,812	21,755	48,907	13,789	12,335	6,261	4,826	13,699	11,306	920	203,610	1,128	191,041
Difference	(14,541)	(312)	(8,612)	6,544	5,937	4,689	1,266	9,014	1,087	(286)	4,786	17,166	14,213

(a) Including estimated future cash flows in respect of assets and liabilities according to linkage basis, in accordance with the remaining contractual period to maturity of each cash flow. The data presented after deduction of provisions for doubtful debts.

(b) Including overdue amounts of NIS 872 million (2003 - NIS 915 million).

(c) The difference does not necessarily reflect exposure in respect of interest and/or linkage balances.

(d) As included in Note 16, "Assets and liabilities According to Linkage Basis", including off-balance sheet amounts in respect of derivatives.

(e) Credit with debitory account conditions is classified in accordance with the credit framework credit line of NIS 11.6 billion (2003- NIS 10.7 billion).

Special credit in the amount of NIS 3.0 billion is classified without repayment date (2003- NIS 3.4 billion).

Note: Total off-balance sheet restricted liabilities against with short-term credit was granted in the Bank amount to NIS 4.2 billion (year 2003 - NIS 3.6 billion).

Note 18 - Contingent Liabilities and Special Commitments

	Consolidated		Bank	
	31 December		31 December	
	2004	2003	2004	2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
A. Off-balance sheet financial instruments	NIS millions		NIS millions	
Balances of contracts or their stated amounts at the end of the year Transactions in which the balance reflects a credit risk:				
Documentary credits	2,945	2,859	2,323	2,333
Credit guarantees	4,656	6,523	12,320	11,472
Guarantees to apartment purchasers	6,006	5,510	5,318	4,896
Other guarantees and liabilities	10,104	7,326	12,625	10,657
Commitments regarding uncompleted credit-card transactions	5,052	3,090	3,218	2,957
Unutilized credit card facilities	10,114	9,617	9,221	9,478
Other unutilized revolving credit facilities to the public and credit facilities on demand	11,152	10,427	11,101	10,353
Irrevocable commitments to provide credit which has been approved and not yet granted	18,153	20,024	8,604	10,639
Commitments to issue guarantees	3,851	5,300	3,643	4,964

B. Off-balance sheet commitments for transactions based on collection as at 31 December (a)

Balance of credits from deposits collected (b)				
Israeli currency - unlinked	2,074	1,947		
Israeli currency - linked to the CPI	8,873	8,709		
Foreign currency	961	759		
Total	11,908	11,415		

Flows in respect of collection commissions and interest margins on activities based on the extent of collection as at December 31

	Up to one year	One year to three years	Three to five years	Five to ten years	Ten to twenty years	After twenty years	Total 2004	Total 2003
								Adjusted amounts
1.CPI linked sector(c)								
Flow of future contracts	41	76	73	164	233	65	652	502
Future flow expected after management estimation of early repayments	43	77	72	164	182	45	583	491
Flow of future capital expected after management estimation of estimation of early repayments (d)	41	70	59	113	94	17	394	320
2.Unlinked shekel sector								
Flow of future contracts	5	8	6	15	21	-	55	36
Future flow expected after management estimation of early repayments estimation of early repayments	5	8	6	15	21	-	55	35
Flow of future capital expected after management estimation of early repayments (d)	4	7	5	11	11	-	38	26

(a) Credit and deposit out of deposits returnable upon repayment of the credit (or the deposits) with interest margin or collection commission (instead of interest margin).

(b) Not presented above are standing loans and government deposits in respect thereof in the amount of NIS 1,575 million (31 December 2003 - NIS 1,740 million).

(c) Including foreign currency sector.

(d) The present value of future flows computed at the rate of 5.10% (2003 - 4.95%).

Note 18 - Contingent Liabilities and Special Commitments (cont'd)

	Consolidated		Bank	
	31 December		31 December	
	2004	2003	2004	2003
	Reported amounts	Adjusted amounts	Reported amounts	Adjusted amounts
	NIS millions		NIS millions	
C. Long-term rental contracts				
Commitments in respect of rental of buildings, equipment and motor vehicles payable in the following years:				
First year	128	105	59	48
Second year	115	97	52	41
Third year	106	81	45	36
Fourth year	92	76	38	31
Fifth year	69	61	24	19
After five years	185	163	71	56
Total	695	583	289	231
Commitments to purchase securities	103	52	-	-
Commitments to invest in buildings, equipment and in other assets	95	57	92	56

D. Fair value of financial instruments

(3) Balances and fair value of financial instruments

	Consolidated				Consolidated			
	31 December 2004				31 December 2003			
	Balance sheet value			Fair	Balance sheet value			Fair
	(a)	(b)	Total	Value	(a)	(b)	Total	Value
	Reported amounts				Adjusted amounts			
	NIS millions				NIS millions			
Financial assets								
Cash and deposits with banks	26,891	3,142	30,033	29,965	23,025	738	23,763	23,701
Securities	39,154	4,389	43,543	43,706	36,752	3,510	40,262	40,506
Credit to the public	66,846	102,507	169,353	170,158	88,912	80,239	169,151	170,059
Credit to governments	27	936	963	965	40	1,089	1,129	1,130
Other financial assets (c)	5,836	-	5,836	5,836	6,269	-	6,269	6,269
Total financial assets	138,754	110,974	249,728	250,630	154,998	85,576	240,574	241,665
Financial liabilities								
Deposits of the public	97,938	111,714	209,652	210,696	144,572	59,014	203,586	23,701
Deposits from banks	2,696	2,959	5,655	5,704	2,566	1,991	4,557	40,506
Deposits from governments	1,709	1,316	3,025	3,028	1,393	1,510	2,903	170,059
Subordinated notes	508	10,748	11,256	11,701	132	10,481	10,613	1,130
Other financial liabilities (c)	6,686	-	6,686	6,686	6,274	-	6,274	6,269
Total financial liabilities	109,537	126,737	236,274	237,815	154,937	72,996	227,933	241,665

(a) Financial instruments in respect which the balance sheet value is an estimate of fair value - instruments that are stated in the balance sheet at their market value or financial instrument of an original period not exceeding three months.

(b) Other financial instruments.

(c) The fair value of current accounts defined as problematic debts in the amount of NIS 2,228 million was estimated according to the amount appearing on the balance sheet.

Note 18 - Contingent Liabilities and Special Commitments (cont'd)

D. Fair value of financial instruments

(3) Balances and fair value of financial instruments

	Bank				Bank			
	31 December 2004				31 December 2003			
	Balance sheet value		Fair Value		Balance sheet value		Fair Value	
	(a)	(b)	Total		(a)	(b)	Total	
Reported amounts				Adjusted amounts				
NIS millions				NIS millions				
Financial assets								
Cash and deposits with banks	24,391	22,244	46,635	47,128	20,503	19,868	40,371	40,817
Securities	23,290	3,680	26,970	27,130	22,048	3,334	25,382	25,622
Credit to the public	51,904	66,231	118,135	118,157	74,375	46,175	120,550	120,351
Credit to governments	18	937	955	957	13	1,090	1,103	1,104
Other financial assets (c)	4,330	-	4,330	4,330	4,836	-	4,836	4,836
Total financial assets	103,933	93,092	197,025	197,702	121,775	70,467	192,242	192,730
Financial liabilities								
Deposits of the public	79,078	98,525	177,603	178,453	126,171	48,668	174,839	175,613
Deposits from banks	2,159	1,687	3,846	3,874	1,879	1,108	2,987	3,007
Deposits from governments	59	1,267	1,326	1,327	13	1,452	1,465	1,410
Subordinated notes	-	4,643	4,643	4,941	132	3,969	4,101	4,392
Other financial liabilities	4,491	-	4,491	4,491	4,226	-	4,226	4,226
Total financial liabilities	85,787	106,122	191,909	193,086	132,421	55,197	187,618	188,648

(a) Financial instruments in respect which the balance sheet value is an estimate of fair value - instruments that are stated in the balance sheet at their market value or financial instrument of an original period not exceeding three months.

(b) Other financial instruments.

(c) The fair value of current accounts defined as problematic debts in the amount of NIS 2,150 million was estimated according to the amount appearing on the balance sheet.

Note 18 - Contingent Liabilities and Special Commitments (cont'd)

F. Activity in Derivatives - Scope, Credit Risks and Repayment Dates

a. Scope of Activity

	Consolidated				
	31 December 2004				
	Interest contracts		Foreign	Contracts in	Contracts in
	Shekel	ind/Other	currency	in respect	respect of
Reported amounts			contracts	of shares	goods and others
	NIS millions				
(1) Amount of derivative instruments					
Swaps	-	12,335	105	-	-
Total	-	12,335	105	-	-
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest					
	-	3,153	-	-	-
b) ALM derivative (1) (2)					
Futures contracts	-	14,151	-	-	43
Forward contracts	2,722	15,251	62,234	-	182
Traded options -					
Put options	-	5	4,495	12,247	-
Call options	-	5	4,539	12,247	-
Other options -					
Put options	7	8,567	28,704	1,655	-
Call options	-	8,553	27,402	1,594	-
Swaps	1	12,648	665	-	-
Total	2,730	59,180	128,039	27,743	225
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest					
	-	5,144	-	-	-
c) Other derivatives (1)					
Swaps	-	124	-	-	-
Total	-	124	-	-	-
d) Credit derivatives and Spot contracts					
Credit derivatives in which the banking institution is a guarantor	///////	///////	///////	///////	474
Spot contracts	///////	///////	7,492	///////	///////
Total	-	-	7,492	-	474
Total	2,730	71,639	135,636	27,743	699

(1) Except credit derivatives and Spot contracts.

(2) Derivatives constituting part of the Bank's system of management of assets and liabilities, not intended for hedging.

Note 18 - Contingent Liabilities and Special Commitments (cont'd)

	Consolidated			
	31 December 2004			
	Interest contracts		Foreign currency contracts	Contracts in respect of shares
Shekel - ind	Other			
Reported amounts	NIS millions			
(2) Gross fair value of derivative instruments				
a) Hedged derivatives (1)				
Gross positive fair value	-	431	-	-
Gross negative fair value	-	262	49	-
b) ALM derivatives (1) (2)				
Gross positive fair value	9	399	3,167	524
Gross negative fair value	4	202	2,944	432
c) Other derivatives (1)				
Gross positive fair value	-	3	-	-
Gross negative fair value	-	5	-	-
d) Credit derivatives				
Gross positive fair value	///////	///////	///////	///////
				2

(1) Except credit derivatives and Spot contracts.

(2) Derivatives constituting part of the Bank's system of management of assets and liabilities, not intended for hedging.

Note 18 - Contingent Liabilities and Special Commitments (cont'd)

F. Activity in Derivatives - Scope, Credit Risks and Repayment Dates (cont'd)

(b) Credit Risk in Respect of Derivative Instruments According to Other Party to the Contract

	31 December 2004			Governments		Total
	Stock		Dealers/ brokers	and Central		
	exchanges	Banks		Banks	Others	
Reported amounts	NIS millions					
Balance sheet balances of derived assets from derivative instruments (1)	209	2,210	57	76	1,987	4,539
Off-balance sheet credit risk in respect of derivative instruments	1,835	8,037	172	213	2,558	12,815
Total credit risk in respect of derivative instruments	2,044	10,247	229	289	4,545	17,354

(b) Repayment Dates - Nominal Amounts: Balances as at end of the year

	31 December 2004					Total
	Up to three months	Three months one year	One year to five years	After five years		
	Reported amounts					
	NIS millions					
Interest contracts:						
Shekel - index	1,106	1,624	-	-	2,730	
Other	34,390	9,542	24,302	3,405	71,639	
Foreign currency contracts	83,630	43,983	6,387	1,636	135,636	
Contracts in respect of shares	22,297	2,854	2,484	108	27,743	
Contracts in respect of commodities and others	225	205	269	-	699	
Total	141,648	58,208	33,442	5,149	238,447	

(1) Net accounting arrangements do not exist.

Note 18 - Contingent Liabilities and Special Commitments (cont'd)

F. Activity in Derivatives - Scope, Credit Risks and Repayment Dates

a. Scope of Activity

Consolidated					
31 December 2003 ⁽³⁾					
	Interest contracts		Foreign	Contracts in	Contracts in
	Shekel - inde	Other	currency	respect of	respect of
			contracts	shares	goods and others
Adjusted amounts					
NIS millions					
(1) Amount of derivative instruments					
Swaps	-	9,461	107	-	-
Total	-	9,461	107	-	-
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest	-	3,769	////////	////////	////////
b) ALM derivative (1) (2)					
Futures contracts	-	11,644	-	-	42
Forward contracts	526	8,982	57,954	-	271
Traded options -					
Put options	-	5	3,166	9,652	-
Call options	-	5	3,217	9,652	-
Other options -					
Put options	28	9,325	27,558	1,768	-
Call options	-	9,324	28,250	1,813	-
Swaps	1	13,422	742	-	-
Total	555	52,707	120,887	22,885	313
Of which: Swap contracts in which the banking institution agreed to pay a fixed rate of interest	-	6,714	////////	////////	////////
c) Other derivatives (1)					
Swaps	-	549	-	-	-
Total	-	549	-	-	-
d) Credit derivatives and Spot contracts					
Credit derivatives in which the banking institution is a guarantor	////////	////////	////////	////////	206
Spot contracts	////////	////////	6,128	////////	////////
Total	-	-	6,128	-	206
Total	555	62,717	127,122	22,885	519

(1) Except credit derivatives and Spot contracts.

(2) Derivatives constituting part of the Bank's system of management of assets and liabilities, not intended for hedging.

(3) Reclassified.

Note 18 - Contingent Liabilities and Special Commitments (cont'd)

Consolidated					
31 December 2003					
	Interest contracts		Foreign	Contracts in	Contracts in
	Shekel - inde	Other	currency	respect of	respect of
			contracts	shares	goods and others
Adjusted amounts					
NIS millions					
(2) Gross fair value of derivative instruments					
a) Hedged derivatives (1)					
Gross positive fair value	-	514	-	-	-
Gross negative fair value	-	318	39	-	-
b) ALM derivatives (1) (2)					
Gross positive fair value	22	536	3,017	829	-
Gross negative fair value	-	349	2,484	755	-
c) Other derivatives (1)					
Gross positive fair value	-	8	-	-	-
Gross negative fair value	-	7	-	-	-
d) Credit derivatives					
Gross positive fair value	////////	////////	////////	////////	-

(1) Except credit derivatives and Spot contracts.

(2) Derivatives constituting part of the Bank's system of management of assets and liabilities, not intended for hedging.

Note 18 - Contingent Liabilities and Special Commitments (cont'd)

F. Activity in Derivatives - Scope, Credit Risks and Repayment Dates (cont'd)

(b) Credit Risk in Respect of Derivative Instruments According to Other Party to the Contract

	31 December 2003 ⁽²⁾			Governments		
	Stock		Dealers/ brokers	and Central		Total
	exchanges	Banks		Banks	Others	
	Adjusted amounts					
	NIS millions					
Balance sheet balances of derived assets from derivative instruments (1)	328	2,282	504	1	1,812	4,927
Off-balance sheet credit risk in respect of derivative instruments	1,538	7,192	261	182	2,517	11,690
Total credit risk in respect of derivative instruments	1,866	9,474	765	183	4,329	16,617

(b) Repayment Dates - Nominal Amounts: Balances as at end of the year

	31 December 2003 ⁽²⁾					Total
	Up to three months	Three months one year	One year to five years	After five years		
	Adjusted amounts					
NIS millions						
Interest contracts:						
Shekel - index	19	532	4	-		555
Other	23,459	8,369	26,044	4,845		62,717
Foreign currency contracts	75,463	45,241	4,807	1,611		127,122
Contracts in respect of shares	16,054	5,234	1,405	192		22,885
Contracts in respect of commodities and others	201	145	173	-		519
Total	115,196	59,521	32,433	6,648		213,798

(1) Net accounting arrangements do not exist.

(2) Reclassified.

Note 20 - Net Interest Income Before Provision for Doubtful Debts

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
A. Income on assets (a)					
Credit to the public	9,558	6,350	8,844	6,712	5,065
Credit to governments	25	(49)	77	25	(48)
Deposits with Bank of Israel and cash	202	484	4	116	350
Deposits with banks	355	(76)	970	1,225	421
Debentures	1,508	175	1,579	1,264	767
Total income on assets	11,648	6,884	11,474	9,342	6,555
B. Expenses on liabilities (a)					
Deposits of the public	(5,948)	(3,743)	(6,601)	(5,334)	(4,300)
Deposits from governments	(84)	(26)	(85)	(58)	(20)
Deposits from Bank of Israel	(8)	(17)	1	(9)	(17)
Deposits from banks	(272)	(26)	(362)	(196)	(24)
Debentures, bonds and subordinated notes	(481)	(11)	(497)	(256)	(141)
Total expenses on liabilities	(6,793)	(3,823)	(7,544)	(5,853)	(4,502)
C. Income on derivative financial instruments(b)					
Ineffective part of hedge ratio (c)	12	12	-	11	11
Net income in respect of ALM derivatives (d)	836	1,931	-	811	1,914
Net income in respect of other derivatives	18	27	-	3	14
Total	866	1,970	-	825	1,939
Commission from brokerage transactions with risk	-	-	70	-	-
Financing income from other transactions	-	-	777	-	-
Financing expenses on other transactions	-	-	(219)	-	-
Total other	-	-	628	-	-
D. Other income and expenses					
Financing commissions	247	244	244	199	200
Other financing income (e)	462	641	426	373	501
Other financing expenses	(71)	59	(145)	(43)	42
Total other	638	944	525	529	743
Total net interest income before provision for doubtful debts					
	6,359	5,975	5,083	4,843	4,735
Including net exchange rate linkage differences	1	59	(f) -	(70)	147

(a) Including effective component of hedge transactions.

(b) As a result of implementation of directives of the Supervisor of Banks as from 1 January 2003, data in respect of 2004 and 2003 cannot be compared to data of 2002.

(c) Excluding effective component of hedge transactions.

(d) Derivatives instruments which constitute part of the Bank's assets and liability management system., and were not designated for hedging relationships.

(e) Including interest collected in respect of doubtful debts in the amount of NIS 226 million, Bank - NIS 217 million, (2003-NIS 142 million, Bank - NIS 113 million, 2002-NIS 141 million, Bank - NIS 112 million).

(f) Information not required.

Note 20 - Net Interest Income Before Provision for Doubtful Debts

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Details of the operating results of investments in debentures					
E. Interest on debentures, on accrual basis:					
Held to maturity	294	247	83	290	256
Available for sale	1,012	(213)	1,360	773	379
Held for trading	202	141	136	201	132
Total, included in interest income on assets	1,508	175	1,579	1,264	767
Other financing income (expenses)					
Gain on sale of debentures available					
for sale	89	145	180	61	99
Losses on sale of debentures available					
for sale	(4)	(23)	(48)	(3)	(16)
Realized and unrealized profits (losses) from adjustments of					
held for trading debentures to fair value, net (a)	26	327	(57)	17	313
Total, included in other financing income	111	449	75	75	396
Total from investments in debentures	1,619	624	1,654	1,339	1,163

F. Detail of net effect of hedging derivative instruments on net interest income (b)

Interest income (expenses) in respect of assets	(25)	(291)	-	(25)	(291)
Interest income (expenses) in respect of liabilities	25	369	-	25	369

(a) Of which part of the income (losses) related to traded debentures still held as of balance sheet date in the amount of NIS (55) million, Bank - NIS (57) million,

(2003 - NIS 168 million, Bank - NIS 164 million; 2002 - NIS (86) million, Bank - NIS (87) million).

(b) As a result of implementation of directives of the Supervisor of Banks as from 1 January 2003, data in respect of 2004 and 2003 cannot be compared to data of 2002

Note 21 - Operating Commissions

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Ledger fees	483	496	483	332	356
Payment transfer services	632	590	634	522	499
Handling of credit and preparing agreements	224	204	198	185	168
Computerized services, information and confirmations	34	(a) 15	77	33	(a) 11
Foreign trade transactions and special foreign currency services	122	111	111	116	107
Income from securities transactions	634	(b) 522	(b) 416	398	311
Income from credit cards	413	(b) 378	319	110	114
Interest margin and collection commission on deposits and credit from deposits on collection basis:					
Collection commissions on credit out of					
Treasury funds	47	48	47	5	4
Other commissions and interest margins	13	16	11	11	13
Management fees and commissions on					
life assurance and on housing insurance	56	61	79	-	-
Other	60	66	52	33	35
Total operating commissions	2,718	2,507	2,427	1,745	1,618

(a) In 2003, after repayment of NIS 40 million in respect of Leumiphone services and other data services.

(b) Reclassified.

Note 22 - Profits from Investments in Shares, (a) Net

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Gain on sale of shares available for sale	9	10	18	3	8
Losses on sale of shares available for sale (b)	(9)	(12)	(42)	(1)	-
Realized and unrealized profits (losses) from adjustments of held for trading shares to fair value, net (c)	(4)	(19)	(29)	(1)	(10)
Dividend on shares available for sale and on held for trading shares	47	45	47	2	3
Total from investments on shares	43	24	(6)	3	1

(a) Including mutual funds.

(b) Including provisions for decline in value.

(c) The part of the gains (losses) relating to traded shares still held as at balance sheet date is NIS 70 million, Bank - NIS 0 million (2003 - NIS (95) million, Bank - NIS 0 million; 2002 - NIS (35) million, Bank - NIS 0 million).

Note 23 - Other Income

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Income from provident funds	220	199	196	159	182
Income from mutual funds	346	(a) 218	(a) 230	229	122
Profits from severance pay funds	35	220	-	33	211
Other, net	41	48	49	25	24
Total other income	642	685	475	446	539

(a) Reclassified.

Note 24 - Salaries and Related Expenses

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Salaries	2,164	2,208	2,014	1,591	1,681
Severance pay, provident fund, further education fund, vacation, pension and long service bonus	459	452	364	383	352
National insurance and VAT on salaries	431	457	418	362	391
Other related expenses	145	130	125	78	81
Adjustment of provisions for related expenses as a result of current changes in salaries in the current year	35	(24)	219	34	(36)
Voluntary retirement	14	147	336	11	141
Total salaries and related expenses	3,248	3,370	3,476	2,459	2,610
The above includes: Salaries and related expenses abroad	413	430	378	10	9

Note 25 - Other Expenses

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Marketing and advertising	197	189	184	87	92
Legal, audit and professional consultancy	286	258	188	212	197
Communications - postage, telephone, delivery services, etc.	127	121	123	88	86
Computer (a)	91	90	81	-	-
Office expenses	77	83	75	48	52
Insurance	61	89	75	57	62
Provision for extraordinary event in overseas subsidiary (b)	40	60	(201)	-	-
Other (c)	282	(d) 279	262	139	122
Total other expenses	1,161	1,169	787	631	611

(a) The item does not include the Bank's expenses with respect to Operations Department since this department is a part of the Bank and its expenses are recorded and classified under the various expense items.

(b) At the beginning of January 2001, customer accounts were identified in Bank Leumi (Switzerland), regarding which a suspicion arose that transactions were executed by a local sen employee, without authority. The bank in Switzerland examined the accounts of the aforesaid customers. The examination was performed by a forensic team of the CPA firm of PwC, together with the audit department of the Swiss bank, and under the supervision of a senior representative of Bank Leumi Le'Israel B.M.'s audit department.

The Bank has provided full reports to the banking authorities in both Switzerland and Israel. In view of the above, the Swiss bank made provisions in the amount of SF 11 million i SF 17 million in 2003 and SF 23 million in 2002, for coverage of the losses stemming from transactions allegedly carried out without authority.

In 2002 the Swiss bank recorded income in the amount of SF 83 million following the signing of an agreement with the insurers.

(c) Regarding directors' fees of the Bank included in this item, see Note 19D.

(d) Reclassified.

Note 26 - Provision for Taxes on Operating Profit

A. Composition

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Current taxes -					
In respect of current year	1,108	902	410	808	554
In respect of prior years	1	(21)	116	-	(20)
Total current taxes	1,109	881	526	808	534
Add (deduct) changes in deferred taxes -					
In respect of current year	2	(66)	(149)	29	47
In respect of prior years	(a) 133	9	(115)	117	8
Total deferred taxes	135	(57)	(264)	146	55
Total provision for taxes	1,244	824	262	954	589
Of which: provision for foreign taxes	63	34	146	-	-

(a) Including adjustment of the balance of deferred taxes as at the beginning of the year in the amount of NIS 131 million due to change in tax rate (see E below).

Note 26 - Provision for Taxes on Operating Profit (cont'd)

B. Reconciliation between the theoretical tax on the operating profit at the statutory tax rate applying to the Bank in Israel, and the actual provision for taxes on operating profit appearing in the statement of profit and loss:

	Consolidated			Bank	
	2004	2003	2002	2004	2003
Statutory tax rate applying to a bank in Israel	44.52%	45.76%	45.55%	44.52%	45.76%
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Tax at the statutory tax rate	1,228	842	374	788	533
Tax (tax saving) resulting from:					
General and supplementary provisions					
for doubtful debts	(1)	7	23	(3)	4
Other non-deductible expenses	17	13	16	13	9
Income of foreign subsidiaries (a)	(105)	(50)	(172)	35	15
Income of Israeli subsidiaries	(21)	(17)	(10)	(9)	(9)
Inflationary depreciation adjustments	(3)	6	5	(2)	6
Inflationary addition (deduction) (b)	(38)	16	5	(24)	13
Erosion of advance tax payments	-	(5)	4	-	(3)
Tax exempt and preferred income	(12)	(10)	(29)	1	2
Timing differences for which deferred taxes have been provided	-	1	11	-	-
Profit tax on VAT on salaries, net	29	33	30	26	31
Change in deferred taxes due to change in tax rates	13	-	-	11	-
Taxes in respect of prior years	134	(12)	1	117	(12)
Other	3	-	4	1	-
Provision for taxes on operating profit	1,244	824	262	954	589

(a) Not including effect on provision for taxes in the current year of the addition to shareholders equity as at the beginning of the year.

(b) In previous years - differences between the inflationary adjustment for tax purposes and for financial reporting purposes

(c) Including adjustment of the deferred taxes in the amount of NIS 131 million due to change in tax rate.

Note 26 - Provision for Taxes on Operating Profit (cont'd)

E. The amount of the inflationary adjustment of buildings, the depreciation of which will not be recognized as an expense for tax purposes, and in respect of which no deferred taxes have to be set up, is as follows:

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Balance at the beginning of the year	260	278	299	234	247
Changes in the current year (a)	(8)	(18)	(21)	(15)	(13)
Balance at the end of the year	252	260	278	219	234

(a) Including amounts not recognized as an expense in respect of depreciation and amounts deducted in respect of assets that were sold.

G. Components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated		Bank
	2004	2003	2004
	Reported amounts	Adjusted amounts	Reported amounts
	NIS millions		NIS millions
Excess of provision for severance pay and pension over amounts funded	(765)	(849)	(747)
Adjustment of depreciable non-monetary assets	54	63	54
Provisions for unutilized vacations and long service bonus	(239)	(247)	(225)
Interest not credited to current income	(39)	(51)	-
Specific provision for doubtful debts	(121)	(182)	(24)
Increase (decrease) in value of securities	(11)	10	14
Undistributed profits of companies included on equity basis	91	30	91
Tax loss carry-forward	(220)	(206)	(4)
Other - from non-monetary assets	14	9	13
Other - from monetary assets	(30)	(34)	(2)
Deferred tax assets, net	(1,266)	(1,457)	(830)
Balance sheet presentation :			
In "Other assets"	(1,331)	(1,524)	(879)
In "Other liabilities"	65	67	49
Deferred tax assets, net	(1,266)	(1,457)	(830)

Note 27 - Net Profit (Loss) After Taxes from Extraordinary Items

	Consolidated			Bank	
	2004	2003	2002	2004	2003
	Reported amounts	Reported amounts	Adjusted amounts	Reported amounts	Reported amounts
	NIS millions			NIS millions	
Net profit upon realization of investments in companies included on equity basis	-	2	8	(12)	1
Profit from sale of shares available for sale	(4)	-	-	(4)	-
Cancellation of special provisions (special provisions) in connection with fixed assets	(2)	4	(1)	(2)	6
Net gain (loss) from sale of buildings	(4)	(1)	8	(4)	(1)
Net profit before taxes	(10)	5	15	(22)	6
Provision for taxes on profit from extraordinary items:					
Current taxes	2	19	6	2	8
Deferred taxes	(4)	-	-	(4)	-
Provision for taxes	(2)	19	6	(2)	8
Net profit (loss) after taxes	(8)	(14)	9	(20)	(2)
Bank's share in after-tax profits (losses) of subsidiaries and affiliated companies from extraordinary items	-	-	-	12	(12)
After-tax profit (loss) from extraordinary items	(8)	(14)	9	(8)	(14)

Note 29 - Earmarked Deposits, Credit and Deposits from Earmarked Deposits

	Consolidated		Bank
	31 December		31 December
	2004	2003	2004
	Reported amounts	Adjusted amounts	Reported amounts
	NIS millions		NIS millions
Credit and deposits from earmarked deposits			
Credit to the public	856	899	799
Credit to the Government	-	-	4
Total	856	899	803
Earmarked deposits			
Credit of the public	28	29	6
Credit from banks	-	-	-
Deposits of the Government	1,304	1,435	1,247
Total	1,332	1,464	1,253