



**BANK LEUMI USA®**  
MEMBER FDIC

## Press Release

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## **BANK LEUMI USA REPORTS 2008 YEAR-END RESULTS**

**Net Income \$19 Million**  
**Total Assets \$5.8 Billion**  
**ROE 4.6%**

New York, NY, February 26, 2009 – Bank Leumi USA (BLUSA) today reported results for the year ended December 31, 2008.

Net income for the quarter was \$0.5 million compared with of \$8.9 million for the fourth quarter of 2007. Net income for the year ended December 31, 2008 was \$19 million compared with \$30.5 million for the same period last year.

Assets at December 31, 2008 of \$5.8 billion were essentially unchanged from the previous year end balance, a reflection of the market and economy.

“Considering the almost unprecedented negative financial conditions facing the banking industry in 2008, our fourth quarter and full year 2008 financial results are satisfactory. We are well aware of the challenges we face in 2009 and are prepared to deal with them. Bank Leumi USA’s strategy of managed growth will continue in 2009 to the extent allowed by the economic environment,” stated Mr. Uzi Rosen, vice chairman and chief executive officer. Mr. Rosen added that, “We continue to maintain a strong balance sheet and a high degree of liquidity. Our capital remained strong with tier 1, total risk-based, and leverage capital ratios of 9.3%, 12.40%, and 7.71%, respectively, all of which exceed regulatory requirements and position us to take advantage of opportunities for growth in our key markets.”

**Net Interest Income**

Net interest income for the year ended December 31, 2008 increased by \$16.6 million to \$127 million compared with the same period in 2007 due to improved spreads.

**Non-Interest Income**

Non-interest income totaled \$43.7 million for the year ended December 31, 2008. This represents a decrease of \$6.1 million from the same period last year. This decline is primarily related to a decrease in the value of the bank's insurance assets and a decrease in fee income in our private banking and broker dealer units.

**Non-Interest Expense**

Non-interest expense totaled \$132.4 million for the year ended December 31, 2008, an increase of \$22.9 million, or 20.9% compared to the same period last year. This increase was primarily related to losses on securities.

**Loans and Allowance for Loan Losses**

Total loans were \$3.6 billion at December 31, 2008, higher by \$140 million when compared to year end 2007. The provision for Loan Losses of \$15 million in 2008 compared to \$2 million in 2007 is a reflection of the economic deterioration on our borrowing clients as well as our commitment to maintaining strong loan loss reserves.

The Allowance for Loan Losses was \$64.5 million as of December 31, 2008. This represents a ratio of 1.78% of total loans and is 1.5 times the level of non-accrual loans.

**Equity and Capital Adequacy**

Shareholders' Equity rose to \$464.3 million as of December 31, 2008, compared to \$455.4 million as of year end 2007. This change is due to twelve months net income of \$19 million, an increase in unrealized losses on available for sale securities of \$5.6 million and unrealized loss on pension assets of \$4.5 million.

The bank's tier 1 risk-based, total risk-based and leverage capital ratios were 9.31%, 12.40% and 7.71%, respectively, as of December 31, 2008, and remain in excess of regulatory requirements.

**Bank Leumi USA**, operating in the U.S. for more than 50 years, is an FDIC-insured, full service commercial bank that provides financial services to middle- to upper-middle market firms and international businesses through offices in New York, Illinois, California and Florida, and an offshore office in the Cayman Islands. BLUSA offers U.S. and international private banking services as well as a full range of securities and insurance products through its brokerage subsidiary, Leumi Investment Services Inc. BLUSA is the largest subsidiary of the Leumi Group, founded in 1902.

**Bank Leumi USA  
and Subsidiaries**

**Consolidated Statements of Financial Condition**  
(Dollars in Thousands)

	<u>as of Dec.</u> <u>31, 2008</u>	<u>as of Dec.</u> <u>31, 2007</u>
<b>Assets</b>		
Cash and Due from Banks	\$ 705,874	\$ 101,969
Time Deposits with Banks	500	500
Securities	1,147,527	1,947,805
Loans	3,626,083	3,485,743
Less: Allowance for Loan Losses	64,452	63,034
Loans – Net	<u>3,561,631</u>	<u>3,422,709</u>
Bank Premises and Equipment	17,861	19,156
Other Assets	326,851	322,044
<b>Total Assets</b>	<b><u>\$5,760,244</u></b>	<b><u>\$5,814,183</u></b>
<b>Liabilities</b>		
Non Interest Bearing Deposits	\$ 557,246	\$ 448,000
Interest Bearing Deposits	4,314,078	4,440,072
Other Borrowings	208,500	238,000
Other Liabilities	126,122	132,730
Long-Term Debt	90,000	100,000
<b>Shareholders' Equity</b>	<b>464,298</b>	<b>455,381</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$5,760,244</u></b>	<b><u>\$5,814,183</u></b>

**Bank Leumi USA  
and Subsidiaries**

**Consolidated Statements of Income**

(Dollars in Thousands)

	<u>Year ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Interest Income	\$ 253,499	\$ 332,294
Interest Expense	126,405	221,837
Net Interest Income	<u>127,094</u>	<u>110,457</u>
Provision for Loan Loss	15,000	2,000
Net Interest Income after Provision for Loan Losses	<u>112,094</u>	<u>108,457</u>
Non-Interest Income	43,688	49,826
Non-Interest Expense	132,400	109,476
Income before Income Taxes	<u>23,382</u>	<u>48,807</u>
Income Tax Expense	4,349	18,303
<b>Net Income</b>	<b><u>\$ 19,033</u></b>	<b><u>\$ 30,504</u></b>

**Bank Leumi USA  
and Subsidiaries**

**Consolidated Statements of Income**  
(Dollars in Thousands)

	<u>Three months ended</u>	
	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Interest Income	\$ 58,674	\$ 83,793
Interest Expense	26,181	53,564
Net Interest Income	<u>32,493</u>	<u>30,229</u>
Provision for Loan Loss	12,500	1,000
Net Interest Income after Provision for Loan Losses	<u>19,993</u>	<u>29,229</u>
Non-Interest Income	7,825	13,694
Non-Interest Expense	32,520	26,930
Income before Income Taxes	<u>(4,702)</u>	<u>15,993</u>
Income Tax Expense (Income)	(5,232)	7,055
<b>Net Income</b>	<b><u>\$ 530</u></b>	<b><u>\$ 8,938</u></b>