



## Press Release

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### **BANK LEUMI USA REPORTS 2007 YEAR-END RESULTS**

**Total Assets \$5.8 Billion**  
**Net Income of \$30.5 Million**  
**ROE 7.6%**

New York, NY, March 4, 2008– Bank Leumi USA (BLUSA) today reported full year 2007 net income of \$30.5 million and total assets of \$5.8 billion compared with net income of \$25.8 million and total assets of \$5.8 billion for the year ended December 31, 2006. Return on equity was 7.6% compared to 7.1% for the prior year. Net income for the fourth quarter was \$8.9 million compared with \$7.2 million for the fourth quarter of 2006.

Total assets of \$5.8 billion at December 31, 2007 are higher by \$63 million as compared to total assets at December 31, 2006. Loans increased by \$453 million to \$3,516 million, a 14.8% increase over 2006 levels. Loan growth is primarily attributable to expanded activities in our U.S. and International Lending groups. Assets under management grew to \$8.4 billion, an increase of 8.8% over 2006 levels.

“We are pleased with our fourth quarter and full year 2007 financial results. Our net income increased by 18% for the year ended December 31, 2007 with a 16% increase in quarterly income as compared to third quarter of 2007. Our strong financial results continue to be driven by growth in our loan portfolio and fee based income from private banking activity. The economic and market changes over the past six months have created challenges for financial institutions everywhere. Bank Leumi USA’s strategy, however, of managed growth will continue into 2008. We are confident that by continuously strengthening our private banking business and seeking out high quality lending relationships, along with the addition of key business developers and investment in our technology infrastructure, we will continue to positively impact our performance in 2008 and beyond,” stated Mr. Uzi Rosen, president and chief executive officer of Bank Leumi USA. Mr. Rosen added that, “Our capital remained strong with tier 1 capital of 8.2%, which exceeds regulatory requirements and positions us to take advantage of opportunities for growth in our key markets.”

#### **Net Interest Income**

Net interest income for the year totaled \$110.5 million, representing an increase of \$17.2 million from 2006. The increase is due to growth in the loan portfolio and widened interest rate spreads.

#### **Non-Interest Income**

Non-interest income totaled \$49.4 million for the year compared to \$47.6 million in 2006. The improvement of \$1.8 million as compared to last year was primarily due to an increase in fee income from private banking activities, partially offset by the revaluation adjustment on trading derivatives and certain Certificates of Deposit elected under Statement of Financial Accounting Standard (SFAS) No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities.”

## **Non-Interest Expense**

Non-interest expense totaled \$109 million for 2007, an increase of \$9.0 million or 9% over last year. This increase is primarily due to higher compensation expense and technology costs supporting our planned business growth.

## **Loans and Allowance for Loan Losses**

Year-end loans of \$3.5 billion were \$453 million or 14.8% higher than year-end 2006. The Allowance for Loan Losses was \$63 million as of year-end and represents a ratio of 1.79% of total loans and is almost 3 times the level of non-performing loans.

## **Equity and Capital Adequacy**

Shareholders' Equity was \$455 million as of December 31, 2007 compared to \$416 million as of year-end 2006. This change is due to net income of \$30.5 million, an adjustment to opening retained earnings at January 1, 2007 of \$5.9 million related to the adoption of SFAS No. 159, the reversal of unrealized losses on available for sale securities of \$12.8 million, and the recognition of accumulated other comprehensive loss of \$10.2 million, primarily due to previously unrecognized actuarial losses as a result of adoption of SFAS No. 158, "Employer's Accounting for Defined Benefit Pension and Other Post Retirement Plans."

Bank Leumi USA's tier 1 risk-based, total risk-based and leverage capital ratios were 8.23%, 11.03% and 7.37%, respectively, as of December 31, 2007, and remain in excess of regulatory requirements.

**Bank Leumi USA** is an FDIC-insured 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. 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. 31, 2007</u>	<u>as of Dec. 31, 2006</u>
<b>Assets</b>		
Cash and Due from Banks	\$ 101,969	\$ 83,782
Federal Funds Sold	–	25,000
Time Deposits with Banks	500	25,500
Securities	1,947,805	2,287,466
Loans	3,515,743	3,063,162
Less: Allowance for Loan Losses	<u>63,034</u>	<u>63,123</u>
Loans – Net	3,452,709	3,000,039
Bank Premises and Equipment	19,156	21,744
Other Assets	<u>292,044</u>	<u>307,151</u>
<b>Total Assets</b>	<b><u>\$ 5,814,183</u></b>	<b><u>\$ 5,750,682</u></b>
<b>Liabilities</b>		
Non Interest Bearing Deposits	\$ 448,000	\$ 493,384
Interest Bearing Deposits	4,440,072	4,293,479
Other Borrowings	238,000	310,000
Other Liabilities	132,730	137,335
Long-Term Debt	100,000	100,000
<b>Shareholders' Equity</b>	<b><u>455,381</u></b>	<b><u>416,484</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$ 5,814,183</u></b>	<b><u>\$ 5,750,682</u></b>

**Bank Leumi USA  
and Subsidiaries**

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

	<u>Years Ended December 31,</u>	
	<u>2007</u>	<u>2006</u>
Interest Income	\$ 332,294	\$ 306,250
Interest Expense	<u>221,837</u>	<u>212,952</u>
Net Interest Income	110,457	93,298
Less: Provision for loan losses	<u>2,000</u>	<u>3,000</u>
Net Interest Income after Provision for loan losses	108,457	90,298
Non Interest Income	49,439	47,613
Non Interest Expense	<u>109,089</u>	<u>100,043</u>
Income before Income Taxes	48,807	37,868
Income Tax Expense	<u>18,303</u>	<u>12,026</u>
<b>Net Income</b>	<b><u>\$ 30,504</u></b>	<b><u>\$ 25,842</u></b>