



## Press Release

**Contact: Bank Leumi USA**  
Leslie B. Kahle  
917-542-2355  
[leslie.kahle@leumiusa.com](mailto:leslie.kahle@leumiusa.com)

### **BANK LEUMI USA REPORTS SECOND QUARTER 2007 RESULTS**

**Net Income \$6.4 Million**  
**Total Assets \$5.9 Billion**  
**ROE YTD 7.15%**

New York, NY, August 1, 2007 – Bank Leumi USA (BLUSA) today reported results for the second quarter of 2007 and for the six months ended June 30, 2007.

Net income for the quarter was \$6.4 million compared with \$2.6 million (adjusted) for the second quarter of 2006. The improvement in net income was primarily due to growth in the loan portfolio combined with increased revenues from private banking. Net income for the six months ended June 30, 2007 was \$13.9 million compared with \$5.3 million (adjusted) for the same period last year.<sup>1</sup>

Assets at June 30, 2007 of \$5.9 billion were \$155 million higher than the assets at December 31, 2006, reflecting growth in both the loan portfolio and private banking revenue.

“We are pleased with our second quarter and six months financial results. Despite the challenges we continue to face in a very competitive market, we have seen an increase of 37% in net income (excluding the effects of the restatement of hedge accounting). We have maintained a strong balance sheet with high quality loans and investments. We believe that stabilizing interest rates, coupled with the addition of key business developers and improvements to our technology infrastructure will continue to positively impact our performance during the remainder of the year,” stated Mr. Uzi Rosen, chief executive officer of Bank Leumi USA. “We are also pleased to announce the appointment of our new Chief Risk Officer, Raymond P. Cooney, who will be responsible for the overall risk management of the bank,” he added.

**Net Interest Income**

Net interest income for the 6 months ended June 30 increased \$5.4 million to \$52.2 million compared to the same period of 2006. This is primarily attributable to growth in the loan portfolio.

**Non-Interest Income**

Non-interest income totaled \$23.1 million for the first six months of 2007. This represents an increase of \$13.3 million from the same period last year and was primarily due to an increase in fee income from private banking activities, reduction in the loss on trading derivatives, and recognition of a revaluation gain on CD's 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 \$54.5 million through June 30, 2007, an increase of \$5 million or 10.0% compared to the same period last year. This increase is primarily due to higher employee related expenses and professional service fees.

**Loans and Allowance for Loan Losses**

The loan portfolio of \$3.24 billion at June 30, 2007 was higher than the year end 2006 loan portfolio of \$3.06 billion.

The Allowance for Loan Losses was \$63.6 million as of June 30, 2007. This represents a ratio of 1.96% of total loans and is more than 5 times the level of non-performing loans.

**Equity and Capital Adequacy**

Shareholders' Equity was \$439 million as of June 30, 2007, compared to \$416 million as of year-end 2006. This change is due to six months income of \$13.9 million, an adjustment to opening retained earnings at January 1, 2007 of \$5.9 million, net of tax, related to adoption of SFAS 159, and the reversal of unrealized losses on available for sale securities, net of tax, for \$3.1 million.

The bank's tier 1 risk-based, total risk-based and leverage capital ratios were 8.43%, 11.30% and 7.36%, respectively, as of June 30, 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, international businesses, and not-for-profit organizations 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.

<sup>1</sup>Adjusted for the correction of an error related to the "short cut" method of hedge accounting under SFAS No. 133 for certain Certificates of Deposit and related swap transactions entered into during the period 2002 through 2005.

**Bank Leumi USA  
and Subsidiaries**

**Consolidated Statements of Financial Condition**

(Dollars in Thousands)

	as of June 30, 2007	as of December 31, 2006
<b>Assets</b>		
Cash and Due from Banks	\$ 30,710	\$ 83,782
Federal Funds Sold	140,000	25,000
Time Deposits with Banks	225,500	25,500
Securities	1,997,014	2,287,466
Loans	3,244,065	3,063,162
Less: Allowance for Loan Losses	<u>63,596</u>	<u>63,123</u>
Loans – Net	3,180,469	3,000,039
Bank Premises and Equipment	20,473	21,744
Other Assets	<u>311,284</u>	<u>307,151</u>
<b>Total Assets</b>	<b><u>\$ 5,905,450</u></b>	<b><u>\$ 5,750,682</u></b>
<b>Liabilities</b>		
Non-interest Bearing Deposits	\$ 423,862	\$ 493,384
Interest-Bearing Deposits	4,530,426	4,293,479
Other Borrowings	250,000	310,000
Other Liabilities	161,813	137,335
Long-Term	100,000	100,000
<b>Shareholders' Equity</b>	<b><u>439,349</u></b>	<b><u>416,484</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$5,905,450</u></b>	<b><u>\$5,750,682</u></b>

**Bank Leumi USA  
and Subsidiaries**

**Consolidated Statements of Income**

(Dollars in Thousands)

	For the six months period ended	
	June 30, 2007	June 30, 2006*
Interest Income	\$ 163,770	\$ 147,810
Interest Expense	<u>111,561</u>	<u>100,956</u>
Net Interest Income	52,209	46,854
Non-Interest Income	23,060	9,714
Non-Interest Expense	<u>54,457</u>	<u>49,500</u>
Income before Income Taxes	20,812	7,068
Income Tax Expense	<u>6,927</u>	<u>1,792</u>
<b>Net Income</b>	<b><u>\$ 13,885</u></b>	<b><u>\$ 5,276</u></b>

\*Adjusted for the correction of an error related to the "short cut" method of hedge accounting under SFAS No. 133 for certain Certificates of Deposit and related swap transactions entered into during the period 2002 through 2005.