



## Press Release

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

**3Q Net Income \$7.7 Million**  
**YTD Net Income \$21.6 Million**  
**Total Assets \$5.7 Billion**  
**ROE YTD 7.26%**

New York, NY, November 5, 2007 – Bank Leumi USA (BLUSA) today reported results for the third quarter of 2007 and for the nine months ended September 30, 2007.

Net income for the quarter was \$7.7 million compared with \$5.9 million (excluding the effects of restatement adjustments) for the third quarter of 2006. The increase in net income was primarily due to growth in the loan portfolio combined with increased revenues from private banking. Net income for the nine months ended September 30, 2007 was \$21.6 million compared with \$16.0 million (excluding the effects of restatement adjustments) for the same period last year.<sup>1</sup>

Total assets of \$5.7 billion at September 30, 2007 are slightly less than total assets at December 31, 2006.

“We are pleased with our third quarter and nine months financial results. Despite the challenges we continue to face in a very competitive market, we have seen an increase of 35% in net income (excluding the effects of restatement adjustments) for the period ended September 30, 2007. We have maintained a strong balance sheet with high quality loans and investments. We believe that the current interest rate environment, 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.

#### **Net Interest Income**

Net interest income for the nine months ended September 30, 2007 increased \$10.4 million to \$80.2 million compared to the same period of 2006. This is primarily attributable to growth in the loan portfolio and widened interest rate spreads.

### **Non-Interest Income**

Non-interest income totaled \$36.2 million for the first nine months of 2007. This represents an increase of \$2.2 million from the same period last year and 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 (CD) 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 \$82.6 million through September 30, 2007, an increase of \$8 million or 10.8% compared to the same period last year. This increase is primarily due to higher compensation expense and technology costs supporting increased business activity.

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

The loan portfolio of \$3.43 billion at September 30, 2007 was higher than the year end 2006 loan portfolio of \$3.06 billion.

The Allowance for Loan Losses was \$61.3 million as of September 30, 2007. This represents a ratio of 1.79% of total loans and is more than 3 times the level of non-performing loans.

### **Equity and Capital Adequacy**

Shareholders’ Equity was \$453 million as of September 30, 2007, compared to \$416 million as of year end 2006. This change is due to nine months income of \$21.6 million, an adjustment to opening retained earnings at January 1, 2007 of \$5.9 million, net of tax, related to adoption of SFAS No. 159, and the reversal of unrealized losses on available for sale securities, net of tax, for \$9.5 million.

The bank’s tier 1 risk-based, total risk-based and leverage capital ratios were 8.34%, 11.17% and 7.49%, respectively, as of September 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>In December 2006, BLUSA adjusted its financial results for 2006 primarily to correct an error related to the “short cut” method of hedge accounting under SFAS No. 133 for certain CDs and related interest rate swap transactions entered into during the period 2002 through 2005. The adjusted net income for the third quarter of 2006 and nine months period ended September 30, 2006 was \$13.4 million and \$18.6 million respectively.

**Bank Leumi USA  
and Subsidiaries**

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

	as of September 30, 2007	as of December 31, 2006
<b>Assets</b>		
Cash and Due from Banks	\$ 58,209	\$ 83,782
Federal Funds Sold	25,000	25,000
Time Deposits with Banks	200	25,500
Securities	1,927,828	2,287,466
Loans	3,428,676	3,063,162
Less: Allowance for Loan Losses	<u>61,346</u>	<u>63,123</u>
Loans – Net	3,367,330	3,000,039
Bank Premises and Equipment	19,218	21,744
Other Assets	<u>311,095</u>	<u>307,151</u>
<b>Total Assets</b>	<b><u>\$ 5,708,880</u></b>	<b><u>\$ 5,750,682</u></b>
<b>Liabilities</b>		
Non-interest Bearing Deposits	\$ 400,690	\$ 493,384
Interest-Bearing Deposits	4,349,310	4,293,479
Other Borrowings	262,875	310,000
Other Liabilities	142,594	137,335
Long-Term	100,000	100,000
<b>Shareholders' Equity</b>	<b><u>453,411</u></b>	<b><u>416,484</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$5,708,880</u></b>	<b><u>\$5,750,682</u></b>

**Bank Leumi USA  
and Subsidiaries**

**Consolidated Statements of Income (Unaudited)**

(Dollars in Thousands)

	For the nine months period ended	
	September 30, 2007	September 30, 2006 <sup>1</sup>
Interest Income	\$ 248,501	\$ 225,561
Interest Expense	<u>168,273</u>	<u>155,720</u>
Net Interest Income	80,228	69,841
Non-Interest Income	36,197	33,975
Allowance for loan losses	1,000	2,000
Non-Interest Expense	<u>82,611</u>	<u>74,562</u>
Income before Income Taxes	32,814	27,254
Income Tax Expense	<u>11,248</u>	<u>8,616</u>
<b>Net Income</b>	<b><u>\$ 21,566</u></b>	<b><u>\$ 18,638</u></b>

<sup>1</sup>In December 2006, BLUSA adjusted its financial results for 2006 primarily to correct an error related to the “short cut” method of hedge accounting under SFAS No. 133 for certain CDs and related interest rate swap transactions entered into during the period 2002 through 2005. The adjusted net income for the third quarter of 2006 and nine months period ended September 30, 2006 was \$13.4 million and \$18.6 million respectively.