

# Annual Report | 2005



BANK LEUMI USA



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## ABOUT BANK LEUMI USA

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, international businesses, and not-for-profit organizations through offices in New York, Illinois, California, Florida and an offshore office in the Cayman Islands.

Bank Leumi USA 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.

Bank Leumi USA is the largest subsidiary of the Leumi Group, Israel's leading banking group, founded in 1902, with assets exceeding \$61 billion. Bank Leumi le-Israel B.M. is recognized as a significant force in international finance. The Leumi Group serves clients around the world through more than 300 branches and offices in Israel, major world financial centers in 21 countries and a broad network of correspondent banks.

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## CHAIRMAN'S & CEO'S LETTER

### DEAR SHAREHOLDERS, CUSTOMERS AND FRIENDS,

We look back on 2005 as a year of transition in which we faced many challenges. Interest rates and spreads continued to squeeze margins on our nostro portfolio. Maintaining commercial relationships became increasingly competitive. Both deposits and commercial loans grew, however, so that we have a good foundation for solid balance sheet growth.

### STAFF CHANGES

Many changes occurred in our private banking area this year. Hillel Waxman assumed the presidency of Leumi Investment Services Inc. (LISI) and Amnon Zaidenberg joined the bank as head of the combined international private banking and preferred customer units. We switched to ADP and Pershing for securities processing, and ended our relationship with INVEST, as all representatives are now under LISI. We have restructured private banking in our Florida offices to better serve our growing clientele in that region.

## FINANCIAL HIGHLIGHTS

(In thousands of dollars except per share data)

	2005	2004	2003
Total Assets	\$6,129,131	\$5,702,300	\$5,347,011
Total Loans	2,777,948	2,521,005	2,289,097
Total Deposits	4,816,839	4,509,033	4,071,893
Shareholders' Equity	383,140	377,815	373,395
Earnings			
— Before Tax	37,926	51,519	48,270
— After Tax	24,273	32,972	30,892
Dividends per Common Share	\$ 0.00	\$ 1.55	\$ 2.71

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This year saw continued expansion efforts with a new office in Highland Park, Illinois, a full year in our Melville, Long Island office, and the addition of a Leumi representative, Shuki Zeitak, in Boston, Massachusetts. We hired additional key business developers. In 2006 we intend to focus on attracting more business developers to add to our existing resources and, we will continue to explore other opportunities for growth, including additional offices as well as partnerships with other organizations.

## OTHER CHANGES

Our information technology plan is proceeding and we have launched Leumi Direct, our new home banking service. Customer response has been very favorable. In 2006 we will add additional capabilities to Leumi Direct and launch Leumi Direct for Business to attract new customers to this Web-based cash management product.

## LOOKING AHEAD

The economy continues to be volatile and competition continues to be strong. We are confident, however, that we will be able to confront the challenges that will inevitably come our way while continuing to maintain the high standards that are the core of our existence and business.

We deliver personalized service and premier products to our valued clients. We focus on our specialized markets. We leverage our global reach and the strength of our parent, the Leumi Group. We rely on the aptitude of our diverse employee workforce. We seize value-creating opportunities when they arise.

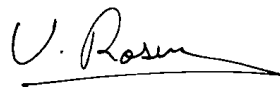
## WITH GRATITUDE

We thank our employees for their dedication and hard work. Bank Leumi USA continues to prosper because of their talent, teamwork, loyalty, and respect for one another. We thank the Board of Directors for their leadership and vision, and we thank our parent and shareholders for their continuing support. We especially thank our valued clients for their business and for allowing us to serve their financial needs.

Thank you for your support.



Eitan Raff  
Chairman of the Board



Uzi Rosen  
Chief Executive Officer



LENDING AT BANK LEUMI USA



The primary focus of lending at Bank Leumi USA is to middle- and upper-middle-market companies with sales of \$5 million to \$250 million. We lend to importers and exporters, manufacturers, distributors and retailers across all industries. We serve our clients across the country through our offices in New York in Manhattan and Melville, in Illinois in Chicago and Highland Park, in California in Beverly Hills, Los Angeles, Encino and Palo Alto, and in Florida in Miami, Aventura and Boca Raton.

Some of the industries in which we have particular expertise are highlighted on the following pages.

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## DIAMONDS & JEWELRY

Bank Leumi USA supports the global diamond industry, from producer to consumer, from rough to retail, with a full range of financial products and services. We are able to serve the personal and business needs of companies in the U.S. and abroad.

From our U.S. headquarters in the diamond district at Fifth Avenue and 47th Street in New York to our diamond exchange branch in Ramat Gan, Israel, and from Chicago, Los Angeles and Miami to the United Kingdom and Switzerland, we stand ready to serve our customers' total financial needs.

## TEXTILES & APPAREL

Succeeding in the fast-paced apparel and textile industry takes in-depth knowledge, commitment and speed, along with the access to resources and prompt attention that a worldwide financial institution can provide. That's why leading companies bank with us. We have served the textile and apparel industry for five decades. Our expertise and commitment are well-known, and we provide the highest level of service relating to import letters of credit in the industry.

Our specialists serve a wide range of importers and exporters, manufacturers, distributors, and retailers of women's, men's and children's clothing. We're attuned to the latest developments in the industry and we know how trends, technological advances and consumer demand can affect a borrower's financing needs.

## ENTERTAINMENT

We offer creative solutions for financing businesses involved in servicing the entertainment community, including record labels, music publishing, agencies, commercials and postproduction, television and film production, and distribution.

Our entertainment banking professionals have more than 40 years of combined experience. We are a relationship-driven organization targeting growth companies and high-net-worth individuals.

## REAL ESTATE

Our real estate customers range from the middle- and upper-middle-market segments of the real estate community to well-established Israeli developers and investors with U.S. operations. Geographically we serve the New York metropolitan area (New York City, Long Island, upstate New York, New Jersey, Connecticut, eastern Pennsylvania), California, Illinois and Florida.

We finance projects for repositioning or future development of multi-family residential, shopping center, office, and mixed-use properties.

## HIGH TECHNOLOGY

Leumi is the only Israeli-related banking group to operate in Silicon Valley. Our Palo Alto office is perceived as a market leader in serving the Israeli technology market. We have an in-depth understanding of the business environment, challenges and constraints facing high-tech Israeli firms conducting business in the U.S.

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From start-up to public, from dual-nationality entities to venture capital firms, we offer unique investment alternatives, lending facilities, cash management, international trade and foreign exchange, convenient U.S.-Israeli transactions and more. We combine innovative solutions with a traditional banking approach to help technology companies succeed and thrive in today's changing world.

## **FOOD**

We serve importers, wholesalers and distributors of food products, including seafood and nuts, with loan financing and trade financing through our excellent letters of credit.

## **LEASING**

Through Bank Leumi Leasing Corporation, our wholly owned subsidiary, we originate and arrange equipment financing for middle-market and investment-grade clients.

We maintain an active syndication desk, participating in third-party leasing transactions. We offer term loans, capital leases, rent discounting, synthetic leases, portfolio acquisitions and vendor programs.

## **ISRAELI DESK**

Our bilingual Israeli Desk in New York serves the credit and asset management needs of corporate clients with ties to Israel. We assist Israeli-related entities doing business in, or with, the U.S., and U.S. companies trading with Israel.

We understand the importance of personal and professional service in building and sustaining long-term relationships, so we take the time to get to know our clients. We're there from the beginning to advise and assist when the U.S. business is established, and we're there to handle the more complex financial needs as the business grows. We provide ongoing guidance and advice to help our clients stay on track so they can reach their goals.

## **WEALTH MANAGEMENT**

Bank Leumi USA serves the banking needs of sophisticated, high-end global private banking clients.

We are objective and conservative in assessing opportunities as we strive to build and maintain long-term relationships with our clients. This means understanding their needs and being able to find the appropriate resources. Our wealth management teams specialize in creating financial strategies designed to address the investment and credit needs of sophisticated clients.

Our clients include individuals and families, entrepreneurs, corporate executives and family offices, principals and senior executives of financial institutions, including hedge and venture capital funds, the various entities established to address the legal, tax and other issues of the high-net-worth family, and clients with expectations of superior service levels.



## **BUSINESS SEGMENTS**

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### **INTERNATIONAL, COMMERCIAL AND PRIVATE BANKING**

Bank Leumi USA, member FDIC, serves middle- to upper-middle-market companies including importers and exporters, manufacturers, distributors, and retailers in such diverse industries as diamonds and jewelry, textiles and apparel, food, entertainment, real estate and high technology. We serve international businesses, not-for-profit organizations and affluent individuals in the United States and abroad.

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## INTERNATIONAL BANKING

**Our Israeli Desk: A Unique Resource**—Our bilingual Israeli Desk in New York serves the credit and asset management needs of corporate clients with ties to Israel. We assist Israeli-related entities doing business in, or with, the U.S., and U.S. companies trading with Israel.

## COMMERCIAL BANKING

Bank Leumi USA offers a full range of lending services, an extensive array of international trade finance services and a complete line of cash management services.

**Import and Export Financing**—Bank Leumi USA uses state-of-the-art technology to provide letters of credit, acceptances and collections quickly and conveniently. Our U.S. and international experience, as well as our global correspondent relationships, helps us serve importers and exporters efficiently, guiding them through the complexities of each trade transaction.

**Leumi Global Link**—Our online communications link connects a client's PC directly to our International Trade Finance system. Clients can apply for letters of credit online, access credit balances, collection balances, customer advices and more, and customize reports when and how they choose. The result is faster turnaround, more accurate information and more efficient business.

**Government Agency Financing**—We have ties to both U.S. and Israeli government agencies, and we can arrange long-term funding for exports through the U.S. EXIMBANK, the Israel Foreign Trade Risk Insurance Corporation (IFTRIC) and other entities. Our in-depth knowledge of U.S. and Israeli trade regulations and commercial channels enables us to structure transactions advantageously for our clients.

**Equipment Leasing**—Through Bank Leumi Leasing Corporation, our wholly owned subsidiary, we arrange a variety of equipment financing for middle- and upper-middle-market clients, as well as for other financial institutions through third-party originations. Bank Leumi Leasing Corporation maintains an active syndications desk. Our product line includes single-investor tax leases, finance leases, equipment loans, rent discounting programs and synthetic lease structures.

**Syndicated Loans**—With extensive correspondent relationships in the U.S. market, Bank Leumi USA is experienced at arranging syndicated loans, and can do so for U.S. companies with greater needs for capital, Israeli entities acquiring U.S. companies, and U.S. entities acquiring Israeli companies.

**Cash Management**—Bank Leumi USA delivers sophisticated, efficient cash management and deposit services directly to clients, regardless of location. These services provide accurate, up-to-date financial information and enable clients to accelerate turnover of receivables into cash, put unused funds to work and continually raise productivity. The result is improved cash flow, convenient access to account information and more effective control of treasury operations.

**Leumi Direct for Business**—Through our direct banking system, clients can monitor and manage their bank accounts—local accounts, accounts of distant offices and/or accounts of overseas clients' U.S. subsidiaries—from their own offices. Clients can review a divisional office's balances, move funds between a subsidiary and the parent company or move funds between the subsidiary and a vendor's bank. Using technology to strengthen relationships among a company, its subsidiaries and its suppliers is typical of Bank Leumi USA's approach.

**Hedging Against Risk**—Our Trading Room's experienced specialists regularly design customized financial instruments to protect clients from unexpected shifts in interest or currency rates. From options to interest-rate hedges and swaps, our traders enable clients to execute transactions quickly and efficiently.

**Investment Management**—We manage portfolios and provide a broad array of investment alternatives for corporate clients. Our close relationships with leading Wall Street firms enable us to offer a diverse range of investment products. In addition, we customize products to meet the return and risk parameters appropriate for each client.

## **WEALTH MANAGEMENT**

Wealth Management serves the banking needs of sophisticated, high-end global private banking clients. Our business philosophy is to establish and maintain long-term relationships with clients and be conservative in assessing opportunities. We provide tailor-made lending services, alternative investments, currency and options trading, fixed income, equity and options trading, advisory services, and insurance products.

## **PRIVATE BANKING**

Private Banking at Bank Leumi USA provides affluent clients with a diverse selection of products and services for their personal and business needs at every stage of their life cycles. Private banking adds value to client relationships through objective evaluation. We believe we serve clients best by helping them select among a variety of options.

We understand the importance of personal service in building and sustaining long-term relationships. While technology is a necessary tool for disseminating information, Bank Leumi USA puts high value on people. Our licensed private bankers dedicate the time and resources required to get to know their customers, inform them about the range of investment and insurance options available, and make sure all of their questions are answered. The relationships built in one generation often extend to future generations based on this unique combination of up-to-date technological sophistication and a long-standing tradition of personal service.

**Investment Management Services**—Bank Leumi USA offers tailored portfolios to our U.S. and international private banking clients including equity and fixed-income investments on a discretionary or advisory basis.

**Innovative Deposit Products**—Private banking clients may take advantage of our Principal Protected Investments, time deposits linked to a specified market index or currency. Return of principal is guaranteed at maturity, making this an attractive product for clients with low risk tolerance.

### **LEUMI INVESTMENT SERVICES INC. (LISI)**

Bank Leumi USA's brokerage firm subsidiary, Leumi Investment Services Inc., provides clients with access to a full range of securities and investment products. Headquartered in New York, LISI also has branch offices in Florida, Illinois and California.

LISI is a member of the National Association of Securities Dealers, Inc. (NASD), and the Securities Investors Protection Corporation (SIPC). Client accounts are fully protected by SIPC, along with a supplemental insurance policy maintained through a nationally recognized insurance provider.

- **Financial and Estate Planning**—Planning specialists assist clients with various wealth management strategies, including intergenerational transfers, charitable trusts and succession planning.
- **Insurance Programs**—LISI offers a variety of annuities and life insurance products for estate planning and other needs. Programs are available for both U.S. and international individuals and businesses.
- **Investment Advisory Programs**—Mutual fund asset allocation programs and separate account manager programs are customized to meet clients' needs and objectives. Clients have access to exclusive portfolio managers who are carefully screened and highly regarded.
- **U.S. and Foreign Equities and Options**—LISI offers competitive commissions for the purchase and sale of individual securities.
- **Mutual Funds**—Clients can choose from a large universe of U.S. and global markets mutual funds managed by industry leaders, ranging from conservative to aggressive growth funds.
- **Fixed Income Securities**—including government, corporate and municipal bonds.
- **Emerging Markets Securities**—including sovereign debt, corporate bonds and equities.
- **Hedge Funds**—Qualified investors have access to individual hedge funds and fund-of-funds products.

Securities and insurance products offered through Leumi Investment Services Inc. (LISI), a wholly owned subsidiary of Bank Leumi USA. Member of SIPC. Securities in LISI client accounts protected up to \$500,000. For details, please see [www.sipc.org](http://www.sipc.org). In addition to this coverage, LISI's client accounts are protected for their full value through a supplemental insurance policy maintained through a nationally recognized insurance provider.

PRODUCTS OFFERED THROUGH LISI:

**NOT FDIC INSURED / NO BANK GUARANTEE / MAY LOSE VALUE**



## MANAGEMENT ANALYSIS

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The interest rate environment in 2005 adversely affected the entire banking industry and was a major factor in the decline in earnings from last year for Bank Leumi USA. With the Federal Reserve Bank increasing short-term interest rates by 2.00% over the year, the spread between interest income and rapidly rising interest expense depressed margins. As a result, Bank Leumi USA's net interest income fell compared with the prior year in spite of growth in assets and deposits. Net earnings were \$24.3 million in 2005, a decrease of \$8.7 million from a year ago. Assets increased 7%. The loan portfolio grew by 10% even as problem assets declined and reserve ratios strengthened. Business activity increased in all three major business lines—Commercial Banking, Private Banking and International Banking.

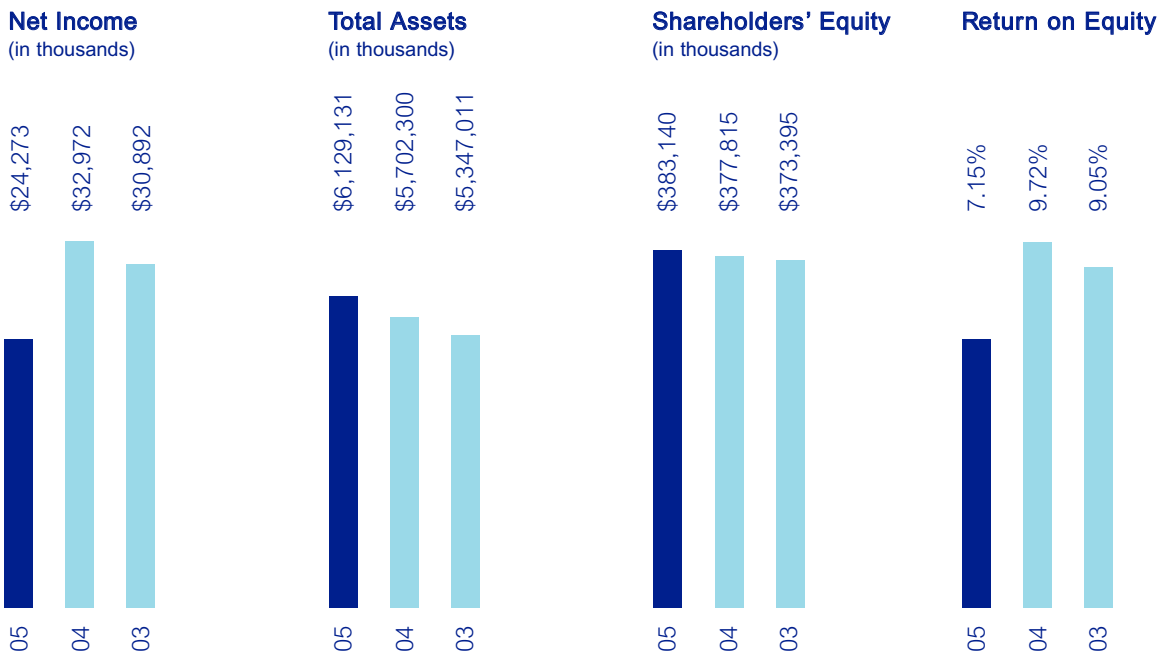
Our strong capital base and highly liquid balance sheet continue to allow us to exploit opportunities for growth in our key markets. With our expanding network, new systems and dedicated staff, Bank Leumi USA is able to leverage its significant investments of recent years and to benefit from improvements in the interest rate environment and general economy.

**FINANCIAL STRENGTH**

Bank Leumi USA reported pretax earnings of \$37.9 million for 2005, compared with 2004 pretax earnings of \$51.5 million. Net income for 2005 was \$24.3 million, compared with \$33.0 million for 2004. As of December 31, 2005, Bank Leumi USA had \$6.1 billion in total assets and a capital base of \$383.1 million in shareholders' equity. All capital ratios continue to exceed regulatory requirements for the designation of "well-capitalized." The bank enjoys high liquidity, with cash, placements and marketable securities representing 51% of total assets as of December 31, 2005.

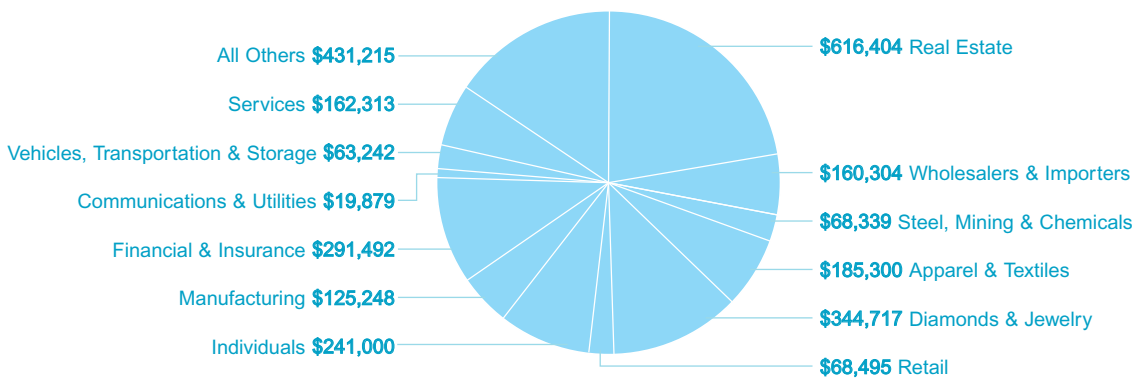
**FINANCIAL HIGHLIGHTS OF 2005 INCLUDE:**

- **Return on Equity**—Return on equity, net of deferred taxes, decreased to 7.1% for 2005 from 9.7% for 2004.
- **Loan Growth**—The bank's loan portfolio increased to \$2.8 billion at year-end 2005, from \$2.5 billion at year-end 2004.



- Credit Quality**—Total nonperforming assets were \$2.9 million, or 0.1% of loans, as of December 31, 2005, compared with \$11.7 million, or 0.5%, as of December 31, 2004. The allowance for credit losses totaled \$64.1 million at year-end 2005, almost 22 times greater than nonperforming loans, compared with \$63.9 million one year earlier, just above five times the level of nonperforming assets. Our reserves-to-loan ratio remains among the highest in the industry.
- Noninterest Expense and Efficiency**—The efficiency ratio in 2005 decreased to 69.8%, compared with 61.1% in 2004. Total noninterest expense in 2005 increased to \$93.6 million, from \$86.4 million in 2004. The increase reflects our increased investment in technology and the expansion of the branch network in New York and Illinois.

**Loans by Industry** (in thousands) December 31, 2005

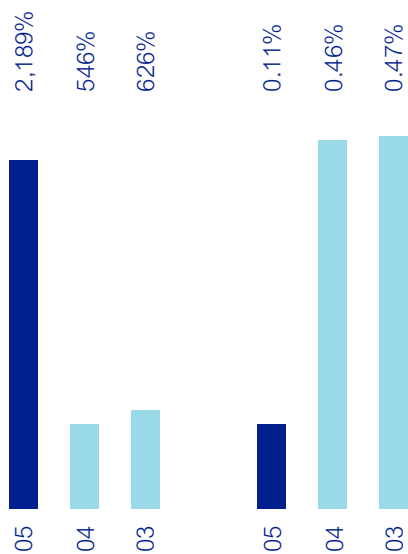


- Capital Strength**—Total shareholders' equity at December 31, 2005, was \$383.1 million, representing 6.3% of year-end assets. This compares with total shareholders' equity of \$377.8 million as of December 31, 2004, representing 6.6% of year-end assets. At year-end 2005, the bank's Tier 1 capital ratio was 8.5%, its total capital ratio was 11.6% and its leverage ratio was 6.2%. All capital ratios continued to be well above regulatory requirements for the designation of "well-capitalized."
- Staff Complement**—The bank's complement as of December 31, 2005, totaled 445, compared with 448 as of December 31, 2004.

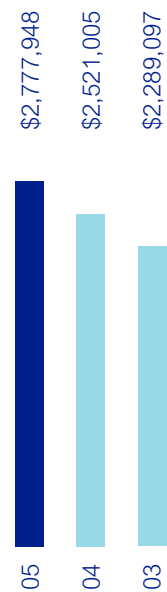
**Credit Quality**

Allowance for Credit Losses/  
Nonperforming Loans

Nonperforming Assets/Loans



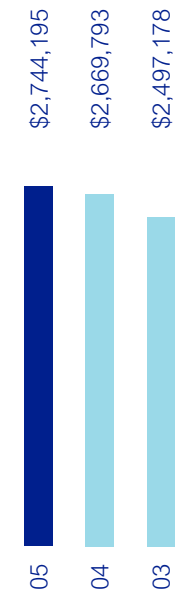
**Total Loans**  
(in thousands)



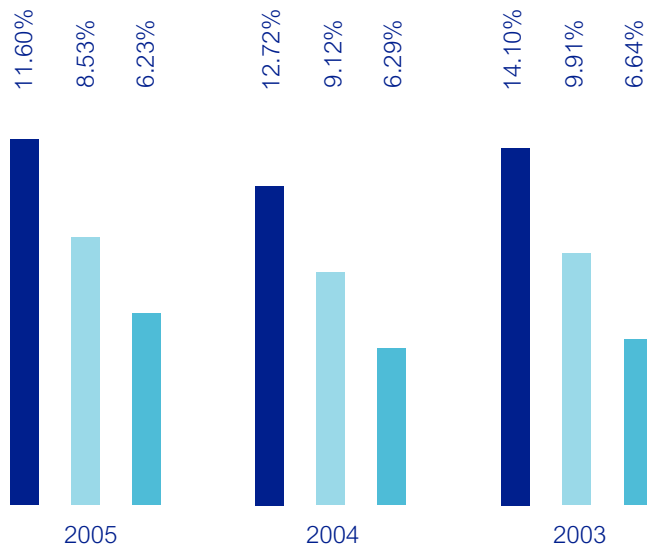
**Total Deposits**  
(in thousands)



**Total Securities**  
(in thousands)



**Capital Ratios**



■ Total Capital

■ Tier 1 Capital

■ Leverage Capital

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

Years Ended December 31  
(dollar amounts in thousands)

	2005	2004
<b>Assets</b>		
Cash and due from banks—demand	\$ 101,244	\$ 54,248
Federal funds sold	185,000	25,000
Time deposits with banks	115,505	235,404
Securities held to maturity	126,907	117,087
Securities available for sale	2,614,175	2,551,071
Trading securities	3,113	1,635
Loans	2,777,948	2,521,005
Less: allowance for loan losses	64,086	63,877
Loans—Net	2,713,862	2,457,128
Bank premises and equipment	23,851	24,246
Deferred tax assets	38,792	38,500
Other assets	206,682	197,981
<b>Total Assets</b>	<b>\$6,129,131</b>	<b>\$5,702,300</b>
<b>Liabilities</b>		
Noninterest-bearing deposits	\$ 480,267	\$ 465,684
Interest-bearing deposits	4,336,572	4,043,349
Total Deposits	4,816,839	4,509,033
Borrowings from FHLB	438,356	507,356
Securities sold under repurchase agreements	261,482	35,639
Long-term debt	100,000	100,000
Other liabilities	129,314	172,457
Total Liabilities	5,745,991	5,324,485
<b>Shareholders' Equity</b>		
Capital stock—\$10 par value:		
Authorized, 15,000,000 shares		
Outstanding, 12,939,107 shares	129,391	129,391
Additional paid-in capital	150,668	150,668
Retained earnings	137,415	113,142
Accumulated other comprehensive loss	(34,334)	(15,386)
Total Shareholders' Equity	383,140	377,815
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$6,129,131</b>	<b>\$5,702,300</b>

**CONSOLIDATED STATEMENTS OF INCOME**

Years Ended December 31  
(dollar amounts in thousands)

	2005	2004
<b>Interest Income</b>		
Interest on loans	<b>\$ 146,733</b>	\$ 95,697
Interest on securities	<b>95,171</b>	82,128
Interest on federal funds sold and securities purchased under resale agreements	<b>3,294</b>	1,439
Interest on time deposits with banks	<b>1,847</b>	1,582
Total Interest Income	<b>247,045</b>	180,846
<b>Interest Expense</b>		
Interest on deposits	<b>123,808</b>	55,795
Interest — other	<b>23,549</b>	22,145
Total Interest Expense	<b>\$ 147,357</b>	\$ 77,940
Net Interest Income	<b>99,688</b>	102,906
Less: provision for loan losses	<b>2,500</b>	3,500
Net Interest Income after provision for loan losses	<b>97,188</b>	99,406
<b>Noninterest Income</b>		
Commissions	<b>14,199</b>	16,298
Fees	<b>9,574</b>	9,768
Other	<b>10,571</b>	12,470
Total Noninterest Income	<b>\$ 34,344</b>	\$ 38,536
<b>Noninterest Expense</b>		
Salaries	<b>37,215</b>	36,270
Employee benefits	<b>11,735</b>	10,363
Occupancy	<b>11,747</b>	10,945
Professional services	<b>5,800</b>	5,137
Equipment	<b>6,796</b>	5,037
Data processing	<b>5,468</b>	4,434
Other	<b>14,845</b>	14,237
Total Noninterest Expense	<b>93,606</b>	86,423
Income before income taxes	<b>37,926</b>	51,519
Income tax	<b>13,653</b>	18,547
<b>Net Income</b>	<b>\$ 24,273</b>	\$ 32,972



**LISTINGS OF MANAGEMENT, OFFICE LOCATIONS,  
PRODUCTS AND SERVICES**

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## BOARD OF DIRECTORS AND MANAGEMENT

**Board of Directors**

Eitan Raff  
Chairman of the Board  
Bank Leumi USA  
Chairman of the Board  
Bank Leumi le-Israel B.M.

Zalman Segal  
Vice Chairman  
Bank Leumi USA

Uzi Rosen  
President  
& Chief Executive Officer  
Bank Leumi USA

Steve M. Barnett  
President  
CDC, Inc.

Martha Clark Goss\*  
Amwell Holdings, LLC/Hopewell  
Holdings, LLC

Theodore P. Glueck  
President  
Eastwood Associates, Inc.

Jacob E. Goldman  
Chairman of the Board  
GB Energy Systems, Inc.

James R. Greene  
Business Consultant  
& Chairman of the  
Loan Committee  
Bank Leumi USA

Malcolm Hoenlein  
Executive Vice Chairman  
Conference of Presidents of Major  
Jewish Organizations

Donald S. Howard  
Business Consultant  
& Chairman of the  
Investment Committee  
Bank Leumi USA

Steven Lavin, Esq.\*  
Lavin & Waldon, P.C.

Robert K. Lifton  
Chairman and CEO  
Medis Technologies Ltd.

Zeev Nahari  
Deputy Chief Executive Officer  
& Chief Financial Officer  
Bank Leumi le-Israel B.M.

Lester Pollack  
Managing Director  
Centre Partners Management LLC

Itamar Rabinovich  
President  
Tel Aviv University  
Former Ambassador of Israel  
to the United States

Francis X. Stankard  
Company Director  
& Chairman of the Executive  
and Examining Committees  
Bank Leumi USA

Michael Urkowitz  
Business Consultant  
Former Executive Vice President  
Chase Manhattan Bank

*Honorary Director*  
Abraham L. Gitlow  
Professor of Economics  
& Dean Emeritus  
New York University  
College of Business and  
Public Administration

\*Joined the Board in 2005.

**Senior Management**

Uzi Rosen  
President & Chief Executive Officer

Yair Talmor  
Senior Executive Vice President  
Head of U.S. & International Lending

Chaim Fromowitz  
Executive Vice President  
Head of Private Banking  
& International Services

Robert R. Giordano  
Executive Vice President & Treasurer

Anthony Mauro  
Executive Vice President & Controller

John P. McGann  
Executive Vice President  
Head of Human Resources  
& Branch Banking

Benjamin Naveh  
Executive Vice President  
Head of International Lending,  
Corporate Finance  
& Diamond and Jewelry Lending

Richard Silverstein  
Executive Vice President  
Head of U.S. Lending

Roger Tully  
Executive Vice President  
Chief Risk Officer

Wendi G. Glassman  
Senior Vice President  
General Counsel  
& Corporate Secretary

**Management****U.S. & International Lending**

Yair Talmor  
Senior Executive Vice President

Richard Silverstein  
Executive Vice President

Joseph A. Sciarillo  
Senior Vice President  
Real Estate Lending

John Koenigsberg  
First Vice President  
Upper-Middle-Market Lending

Scott Morello  
First Vice President  
Middle-Market Lending

Eric Halpern  
First Vice President  
Middle-Market Lending

Paul Tine  
First Vice President  
Manager  
Melville

***Bank Leumi Leasing Corporation***

Steven Caligor  
President

Benjamin Naveh  
Executive Vice President

Michaela Klein  
Senior Vice President  
International Lending

Shlomo Mosseri  
Senior Vice President  
Diamond & Jewelry Lending

Joung Hee Hong  
Vice President  
Corporate Finance

Shula Slagter  
First Vice President  
International Trade Finance

Manashe Bassous  
First Vice President  
Collections

A.T. Gopalakrishna  
First Vice President  
Letters of Credit

**Branch Banking**

John P. McGann  
Executive Vice President

**New York**

Steven Schieffelin  
First Vice President  
Manager  
579 Fifth Avenue

Sheldon Laufgraben  
First Vice President  
Manager  
1400 Broadway

**California**

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Executive Vice President  
& Regional Manager

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Senior Vice President  
Middle-Market Lending

Melanie L. Krinsky  
First Vice President  
Entertainment Banking

Cynthia Gates  
First Vice President  
Head of Operations

Merav Shalitin  
Vice President  
Manager  
Beverly Hills

Ira Pinsker  
Senior Vice President  
Manager  
Los Angeles

Yael Cohen  
Vice President  
Manager  
Encino

Boaz Blumovitz  
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Manager  
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Israel Koren  
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& Regional Manager

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First Vice President  
Manager  
Highland Park

Sandra Archer  
Vice President  
Head of Operations

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& Regional Manager

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Vice President  
Manager  
Aventura

Tamar Barnoy-Gotlin  
First Vice President  
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Boca Raton

Richard Oleszewski  
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Executive Vice President

Amnon Zaidenberg  
Senior Vice President  
International Customer Service  
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Dan Hoffman  
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International Customer Service  
Operations

Susan Pearce  
First Vice President  
Wealth Management Lending

Steven Schieffelin  
First Vice President  
Investment Services  
& U.S. Private Banking

Shlomo Segev  
Vice President  
Not-for-Profit

*Leumi Investment Services Inc.*  
Hillel Waxman  
President

### **Chief Risk Officer**

Roger Tully  
Executive Vice President

Christopher Miller  
First Vice President  
Credit Administration

Richard Schwam  
First Vice President  
Loan Review

Maryellen Chomsky  
Vice President  
Compliance Counsel

Arline Peeters  
Vice President  
Data Security Officer

### **Legal**

Wendi G. Glassman  
Senior Vice President

Donald Bittker  
First Vice President  
Associate General Counsel

### **Operations**

Ronald J. Ciborowski  
Senior Vice President  
Operations

Vincent Gray  
Vice President  
Money Transfer

Lourdes Prodigalidad  
Vice President  
Administrative Services

### **Treasury**

Robert R. Giordano  
Executive Vice President

Daniel Bernzweig  
First Vice President  
Deputy Treasurer  
Foreign Exchange  
& Securities Sales

### **Internal Audit**

Herzl Rahimi  
Senior Vice President  
Chief Internal Auditor

### **Loan Review**

Richard Schwam  
First Vice President  
Head of Loan Review

### **Controller's Group**

Anthony Mauro  
Executive Vice President

Richard R. Munyan  
First Vice President  
Deputy Controller  
& Financial Planning

Deepak Puri  
First Vice President  
Accounting & Taxation

Carl Schutt  
Vice President  
Treasury Support

### **Human Resources**

John P. McGann  
Executive Vice President

Jean Cowan  
Vice President  
Benefits, Compensation  
& Recruiting

Peter Calabrese  
Vice President  
Payroll Administration

### **Cash Management**

Charlie Migonis  
Vice President

### **Marketing**

Leslie B. Kahle  
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**PRODUCTS AND SERVICES****LENDING**

Working Capital  
 Revolving Credit Lines  
 Term Loans  
 Acquisition and Bridge Financing  
 Commercial Loans and Lines  
 Loan Syndications and Participations  
 Real Estate Construction and Bridge Loans  
 Import and Export Financing  
 Government Agency Financing  
 Equipment Lease Financing  
 High-Technology Financing

**TRADE FINANCE**

Documentary and Clean Collections  
 Bank-to-Bank Reimbursements  
 Commercial Letters of Credit  
 Standby Letters of Credit  
 Acceptance Financing  
 Air Releases/Steamship Guarantees  
 Leumi Global Link Customer Connection  
 Money Transfers  
 EXIMBANK Financing  
 Eurodollar Transactions  
 FX Forward, Spot and Deposit Transactions  
 Interest Rate and Options Hedging and Swaps  
 International Banking Facilities

**CASH MANAGEMENT**

Automated Clearing House (ACH)  
 Call Accounts  
 Cash Concentration  
 Controlled Disbursements  
 EDI Incoming Reporting  
 Electronic Tax Payment Services  
 Leumi Direct for Business  
 Lockbox Services  
 Merchant Card Services  
 Payroll Processing/Direct Deposits  
 Positive Pay/  
     Account Reconciliation Services  
 Real Estate Management/  
     Rent Security Accounts  
 Zero Balance Accounts

**WEALTH MANAGEMENT**

Customized and Structured Lending  
 Alternative Investments  
 Currency and Options Trading

**ADVISORY SERVICES**

Financial and Estate Planning  
 Retirement Services

**INVESTMENT MANAGEMENT SERVICES****BROKERAGE SERVICES**

U.S. and Foreign Equities  
 Equity and Fixed-Income Options  
 U.S. Treasury and Agency Securities  
 Corporate and Municipal Bonds  
 Emerging Market Securities  
 U.S.-Registered and Offshore Mutual Funds  
 Equity and Fixed-Income Research

**CORPORATE EMPLOYEE BENEFITS**

Defined Benefit Plans  
 Defined Contribution Plans—401(k), 403(b),  
     Profit Sharing  
 529 Plans  
 Executive Nonqualified Deferred  
     Compensation Plans

**INSURANCE PRODUCTS****U.S.**

Life and Disability Income Insurance  
 Fixed and Variable Annuities  
 Long Term Care Insurance  
 Structured Settlement Annuities  
 Premium Financing  
 Business Insurance

**International**

Fixed and Variable Annuities  
 Fixed Life Insurance  
 Kidnap & Ransom Insurance

**DEPOSIT PRODUCTS**

Checking, Money Market and Savings Accounts  
 Fixed and Variable Rate Time Deposits  
 Structured Products

**CREDIT PRODUCTS**

Leveraged Investing  
 Home Equity Loans  
 Enhanced Overdraft Protection  
 VISA® Credit/Debit

## GOVERNANCE

The Board of Directors of Bank Leumi USA has adopted and adheres to corporate governance practices that it believes are sound, compliant with applicable law and represent best practices. Bank Leumi USA is not a public company; however, following enactment of the Sarbanes-Oxley Act of 2002, the Board and management enhanced bank policies and procedures to meet many of the standards set by the Act and its implementing rules.

The Board of Directors consists of 17 members, 13 of whom are independent of management of the bank under applicable law. In July 2003, the Board of Directors appointed Francis X. Stankard as lead director. Mr. Stankard, who is independent of management, is also Chairman of the Executive and Examining Committees. In his capacity as lead director, Mr. Stankard has additional corporate governance responsibilities. Shareholders and other interested parties may communicate with the lead director or the nonmanagement directors as a group by sending communications to the principal office of Bank Leumi USA in care of the Corporate Secretary.

The Board of Directors has four standing committees: Executive, Examining, Investment and Loan. In 2005 the Executive Committee met seven times, the Examining Committee four times, the Investment Committee four times and the Loan Committee 11 times. The Board of Directors met seven times.

The Examining Committee (which performs the typical functions of an audit committee) has three members. The Board has determined they are (1) "outside directors," (2) have banking or related financial management expertise, and (3) are financially literate, as required by applicable FDIC rules and regulations. The Examining Committee members are Francis X. Stankard, Jacob E. Goldman and Donald S. Howard. At least one of the members, Mr. Donald S. Howard, qualifies as an "audit committee financial expert" under SEC criteria. Among his many professional achievements, Mr. Howard previously served as the chief financial officer of Salomon Inc.

The Examining Committee operates pursuant to a charter, last revised in July 2003. The charter may be viewed on the bank's website at [www.leumiusa.com](http://www.leumiusa.com). The charter gives the Examining Committee the authority and responsibility for the appointment, retention, compensation and oversight of the bank's independent auditors. The committee preapproves all audit and nonaudit services to be performed by the independent auditors. The Examining Committee appointed Deloitte & Touche LLP as the independent auditors of the bank after reviewing the firm's performance and independence from management.

The bank has a Code of Ethics, last approved by the Board of Directors in May 2005. It is applicable to all directors, officers and employees. It is a code of conduct that expresses the bank's commitment to promoting (1) honest and ethical conduct, (2) full, fair, accurate and timely reporting, (3) compliance with all applicable laws, rules and regulations by all directors, officers and employees of the bank, and (4) the prompt internal reporting of violations of the Code of Ethics in accordance with procedures set forth in the Code of Ethics. The Code of Ethics may be viewed on the bank's website at [www.leumiusa.com](http://www.leumiusa.com).

### **BANK LEUMI USA**

**COMMERCIAL BANKING  
INTERNATIONAL BANKING  
PRIVATE BANKING**

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