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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2021 AND ENDING 12/31/2021

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Leumi Investment Services Inc.

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer
- Security-based swap dealer
- Major security-based swap participant
- Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

350 Madison Avenue, 4<sup>th</sup> Floor

(No. and Street)

New York

(City)

NY

(State)

10017

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

James R Davies

(Name)

(917)542-2135

(Area Code – Telephone Number)

James.Davies@leumiusa.com

(Email Address)

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**B. ACCOUNTANT IDENTIFICATION**

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INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

**CohnReznick LLP**

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(Name – if individual, state last, first, and middle name)

**1301 Avenue of the Americas, 7<sup>th</sup> Floor**

**New York**

**NY**

**10019**

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(Address)

(City)

(State)

(Zip Code)

**10/14/2003**

**#596**

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(Date of Registration with PCAOB)(if applicable)  
applicable)

(PCAOB Registration Number, if applicable)

**FOR OFFICIAL  
USE ONLY**

*\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17CFR 240.17a-5(e)(1)(ii), if applicable.*

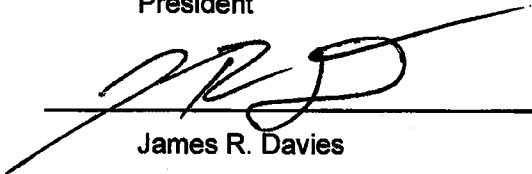
**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**AFFIRMATION**


We, Joseph Colleran and James R Davies, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Leumi Investment Services Inc, as of December 31, 2021, is true and correct. We further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

  
\_\_\_\_\_

Joseph Colleran  
President

  
\_\_\_\_\_

James R. Davies  
Chief Financial Officer

  
\_\_\_\_\_

Notary Public

GABRIELLE S. HOWE  
Notary Public, State of New York  
No. 02ho61726815  
Qualified in Richmond County  
Commission Expires August 20, 2023

This filing\*\* contains (check all applicable boxes):

- (a) Statement of financial condition.
- (b) Notes to consolidated statement of financial condition.
- (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- (d) Statement of cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.

- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other:

*\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.*

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder  
of Leumi Investment Services Inc.

*Opinion on the Financial Statement*

We have audited the accompanying statement of financial condition of Leumi Investment Services Inc. (the "Company") as of December 31, 2021, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

This financial statement is the responsibility of the entity's management. Our responsibility is to express an opinion on this financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

*CohnReznick LLP*

We have served as the Company's auditor since 2019.

New York, New York  
February 14, 2022

Leumi Investment Services Inc.  
(A Wholly Owned Subsidiary of Bank Leumi USA)  
Statement of Financial Condition  
As of December 31, 2021

<b>Assets</b>	
Cash	\$ 239,730
Deposit with clearing organization	100,000
Receivable from clearing organization	1,048,617
Money market investment	6,554,489
Accounts receivable	89,928
Deferred tax assets	179,535
Other assets at fair value	667,119
<b>Total Assets</b>	<b>\$ 8,879,418</b>
<b>Liabilities and shareholder's equity</b>	
<b>Liabilities:</b>	
Payable to Parent, net	\$ 825,448
Salaries and wages payable	649,733
Accounts payable	137,594
<b>Total liabilities</b>	<b>1,612,775</b>
<b>Shareholder's equity:</b>	
Common stock, \$1 par value; authorized, 100 shares, 10 shares issued and outstanding	10
Additional paid-in capital	3,115,537
Retained earnings	4,151,096
<b>Total shareholder's equity</b>	<b>7,266,643</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 8,879,418</b>

*See accompanying notes.*

Leumi Investment Services Inc.  
(A Wholly Owned Subsidiary of Bank Leumi USA)  
Notes to Financial Statements  
December 31, 2021

**1. Organization and Summary of Significant Accounting Policies**

Leumi Investment Services Inc. ("LISI" or the "Company") is a wholly owned subsidiary of Bank Leumi USA ("BLUSA" or the "Parent"), which is a wholly owned subsidiary of Bank Leumi Le-Israel Corporation ("BLL Corp."). BLL Corp. is a majority owned subsidiary of Bank Leumi Le-Israel B.M., a banking corporation organized in Israel. The Company is a registered broker-dealer and investment advisor with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company provides brokerage and advisory services to customers.

The Company clears all of its securities through a third-party broker-dealer on a fully disclosed basis. As such, the Company is exempt from the provisions of SEC Rule 15c3-3 (the "Customer Protection Rule") under the Securities and Exchange Act of 1934.

The following is a summary of significant accounting policies:

**Other Matters**

In September 2021, Valley National Bancorp and BLL Corp. announced a definitive merger agreement. The merger is expected to close in the first half of the 2022 fiscal year. In January 2022, FINRA approved the transaction. Upon the merger close, LISI will rebrand to Valley Financial Management Incorporated.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period in the accompanying financial statements. Such estimates include valuation, the useful lives of equipment and leasehold improvements, and realization of deferred tax assets. Actual results could differ from such estimates.

Credit losses are estimated based on historical loss information. No historical losses occurred or were expected to occur, therefore no allowance for credit losses is necessary.

**Receivable from Clearing Organization**

Receivable from clearing organization consists of cash balances held at a third party clearing broker-dealer.

**Money Market Investment**

Money market investment consists of readily convertible interest-earning money market assets held at a third party clearing broker-dealer.

**Loans, Other Assets at Fair Value**

The Company elected the fair value option for its loans recorded in other assets at fair value.

### **Payable to Parent, net**

Payable to parent net consists of obligations due to BLUSA. The Company settles these payables on a net basis.

### **2. Net Capital and Other Regulatory Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital, as defined, equal to the greater of \$250,000 or 6-2/3% of total aggregate indebtedness. At December 31, 2021, the Company had net capital of \$6,198,971, which was \$5,948,971 in excess of the minimum requirement. The Company's ratio of aggregate indebtedness to net capital was 26%.

The Company has entered into a written agreement with its clearing firm which requires the clearing firm to perform a "Proprietary Accounts of Brokers-Dealers (PAB) reserve computation" with regard to all the assets of the Company held by the respective clearing firm. Consequently, the assets of the Company held at the clearing firm are treated as allowable assets for purposes of the Company's net capital computation.

### **3. Income Taxes**

Income taxes are provided for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities. LISI reports interest expense related to income tax matters and income tax penalties in income tax expense. For federal and state and local purposes, LISI is included in the consolidated tax return filed by the Parent. Pursuant to the tax sharing agreement, and in accordance with Accounting Standards Codification ("ASC") 740, *Income Taxes*, LISI computes its federal tax liability on a separate company basis. The corresponding income tax payable (or receivable) is presented as a due to (or from) the Parent. State and local income tax returns are prepared on a separate-return basis in tax jurisdictions where separate filing is required.

The difference between LISI's statutory tax rate and effective tax rate primarily relates to state and local income taxes, net of the federal benefit.

#### **Deferred Income Taxes**

LISI calculates its deferred income taxes based on the temporary differences between the financial reporting and tax bases of assets and liabilities using enacted tax laws and tax rates that will be in effect when such differences are expected to reverse. A valuation allowance is established to reduce all or a portion of the deferred tax asset to the amount that more likely than not will be realized.

As of December 31, 2021, LISI had a net deferred tax asset of \$179,535. The gross deferred tax asset of \$202,774 and gross deferred tax liability of \$23,239 relate to differences in the underlying basis for financial reporting and tax purposes. LISI did not record a valuation allowance for deferred tax assets as of December 31, 2021 as it is more likely than not that the assets will be realized.

### **4. Related-Party Transactions**

During 2021, LISI executed dividends, totaling \$8.5 million, paid to its parent, BLUSA. LISI does not expect an adverse effect from the dividend distribution on its business or capital standing and LISI's net capital continues to be higher than the minimum requirement.



The Company has cash of \$239,730 held in interest-free checking accounts with the Parent as of December 31, 2021.

Pursuant to a service agreement, the Parent provides certain operating and other administrative support facilities and services to the Company. Such facilities and services include treasury management and operation, use of office space, payroll, accounting, and other administration.

As of the year ended December 31, 2021, the Company had a payable to the Parent of \$825,448. The Company pays the payable to the Parent on a periodic basis.

In 2021, the Company purchased an unsecured loan from the Parent. The loan was purchased for \$244,432 and is classified as other assets at fair value.

#### **5. Financial Instruments with Off-Balance Sheet Credit Risk and Concentration of Credit Risk**

The Company applies the provisions of ASC 460, *Guarantees*, which provides accounting and disclosure requirements for certain guarantees. In the normal course of business, the Company's clearing broker is exposed to risk of loss on customer transactions in the event of a customer's inability to meet the terms of its contracts, because the clearing broker may have to purchase or sell securities at prevailing market prices in order to fulfill the customer's obligations. The Company has guaranteed to indemnify the clearing broker for losses that the clearing broker may sustain from the customer accounts introduced by the Company. The Company's liability under these arrangements is not quantifiable. However, the potential for the Company to be required to make payments under this agreement is remote. Accordingly, no guarantee liability is carried on the statement of financial condition for these transactions. As of December 31, 2021, there were no amounts owed to the clearing broker by these customers.

The Company utilizes the services of a clearing broker for the settlement of its introduced customers' securities transactions. These activities may expose the Company to risk of loss in the event that the clearing brokers are unable to fulfill the terms of the contracts. The Company's liability under these arrangements is not quantifiable.

The Company maintains cash and cash equivalent balances at multiple financial institutions. At times, the amount on deposit at these institutions may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC"). The Company has not experienced any losses related to amounts in excess of FDIC and SIPC limits.

#### **6. Commitments and Contingencies**

The Company is subject to certain legal actions which arise out of the normal course of business. Management believes that the resolution of any litigation or investigation will not have a material adverse effect on the financial condition or results of operations of the Company.

## **7. Fair Value of Financial Instruments**

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement that should be determined based on the assumptions market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). Valuation techniques used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as follows:

*Level 1:* Quoted prices for identical instruments in active markets.

*Level 2:* Quoted process for similar instruments in active markets; quoted prices for identical or similar products in markets that are not active; and model derived valuations in which all significant inputs and significant value drivers are observable in active markets.

*Level 3:* Model derived valuations in which one or more significant inputs or significant value drivers are unobservable.

The Company's other assets at fair value primarily consist of loan receivables and are short-term in nature. Consequently, carrying amounts of these assets and liabilities approximate estimated fair value.

As of December 31, 2021, money market investments totaled \$6,554,489. Money market investments are classified as Level 1 in the fair valuation hierarchy. As of December 31, 2021, other assets at fair value totaled \$667,119. Other assets at fair value are classified as Level 3 in the fair valuation hierarchy as this is valued based on unobservable inputs, including loss factors, estimated time to exit, and discount rates.

## **8. Subsequent Events**

Management has evaluated whether events or transactions have occurred after December 31, 2021, that would require recognition or disclosure in these financial statements through February 14, 2022, the date of issuance of these financial statements. Accordingly, management has determined that there were no subsequent events that require adjustment to, or disclosure in, the financial statements.