

Translation of Immediate Report

T53
Public

Bank Leumi le-Israel B.M.

Registration No. 520018078

Securities of the Corporation are listed on The Tel Aviv Stock Exchange

Abbreviated Name: Leumi

34 Yehuda Halevi Street, Tel Aviv 651316

Phone: 076-8858111, 076-889419; Facsimile: 076-8859732

Electronic Mail: David_S@bll.co.il

Transmission Date: March 19, 2023

Reference: 2023-01-028626

To: Israel Securities Authority (www.isa.gov.il)
The Tel Aviv Stock Exchange (www.tase.co.il)

Immediate Report of an Event or Matter Outside the Ordinary Course of the Corporation's Business

Regulation 36 to the Securities Regulations (Periodic and Immediate Reports), 1970

Issuance results should be reported using T20 form and not this form.

Report on the rating of bonds or a corporation should be filed using a T125 form

Report on: ☐ Report whose submission was delayed

Nature of Event: *Collective Agreement*

1. _____

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2. Date and time at which the corporation first became aware of the event or matter:
March 19, 2023 at 17:15.

Report delayed in accordance with regulation 36(b)

3. If the report was delayed – the reason for delay in submission:

4. The impediment to publication was removed on _____ at _____.

5. ☐ The company is an envelope company as that term is defined in the Stock Exchange bylaws.

Details of signatories authorized to sign on behalf of the corporation:

Name of signatory	Title
<i>Avivit Klein</i>	Other <i>Head of the Human Resources Division</i>
<i>Omer Ziv</i>	other <i>Head of the Capital Markets Division</i>

In accordance with Regulation 5 of the Securities Regulations (Periodic and Immediate Reports), 1970, a report filed pursuant to these regulations shall be signed by the corporation's authorized signatories. For a staff position of this matter, see the Authority's website: [click here](#).

Reference numbers of previous documents on this subject (this reference does not constitute inclusion by way of reference):

2021-01-080569, 2022-01-026329, 2022-01-227658

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Ticker: Leumi*

Address: Yehuda Halevi Street 34, Tel Aviv 6513616, Tel: 076-8858111, Facsimile: 076-8859732 Electronic Mail: David_S@bll.co.il company's website: www.leumi.co.il

Previous names of the reporting entity:

Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary, 34 Yehuda Halevi Street, Tel Aviv 6513616, Phone: 076-8857984, Facsimile: 076-8859732 Electronic Mail: David.sackstein@bankleumi.co.il

Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail.

The original Hebrew version is available on the distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/>



March 19, 2023

To:
The Tel Aviv Stock Exchange
2 Ahuzat Bayit
Tel Aviv 6525216

To:
Israel Securities Authority
22 Kanfei Nesharim
Jerusalem 95464

Dear Madam/Sir,

Re: **Collective Agreement**

Bank Leumi le-Israel B.M. (hereinafter – the “**Bank**”), hereby reports as follows:

1. The Bank and the Bank's workers' committee have agreed on a collective agreement (hereinafter - the "**Collective Agreement**") for 2023-2026, which were approved by the Bank's Board of Directors and by the workers' committee. The Collective Agreement's entry into effect is conditional upon the signing of a detailed agreement.
2. The following is information regarding the main points of the collective agreement:
 - 2.1. Employment period without tenure - In order to increase the Bank's managerial flexibility in the context of the changes in the banking sector, the Bank will be able to employ employees under the collective agreement without granting tenure for a period of up to 10 years in a graduated manner, according to the employee's seniority, and no more than 6 additional years.
 - 2.2. To enable another leap forward in the Bank's digital-technological transformation, in accordance with the Bank's strategy, a significant increase was agreed upon in the number of employees that the Bank may employ under the technological agreement, which gives the Bank managerial flexibility - without granting tenure.
 - 2.2.1. Annual pay raise budget - The annual pay raise basket for each of the years 2023-2026 will be the number of employees multiplied by: NIS 723 for a manager, and NIS 381 for a clerk. In order to motivate all of the Bank's employees to achieve the Bank's ambitious return on equity goals, according to the Bank's business strategy, a mechanism has been established through which the annual pay raise budget could increase to a maximum annual amount of NIS 950 for a manager and NIS 500 for a clerk (hereinafter – the "Maximum Increase"), subject to achieving a return on equity of at least 15%. A mechanism was established for the budget between the minimum and maximum amount in the event of a return between 10% and 15%. A compensation mechanism has also been established, which will be paid through a bonus rather than a pay raise, regarding 2025-2026, in the event that there will be no entitlement to the maximum budget, but the annual inflation will exceed 3%. The pay raise budget will be distributed differentially among those eligible, based on the contribution of each employee to achieving the Bank's targets (excellence indicators).

- 2.2.2. In view of the return achieved in 2022 (17%) and the expected return for 2023, a pay raise will be paid at the beginning of 2023 and at the beginning of 2024 according to the maximum increase.
- 2.3. In the context of the ongoing transition to the use of digital tools based on data and advanced models, which creates redundancy in various positions in the Bank, an outline was established to regulate the treatment of employees whose positions have been made redundant, which will enable the Bank to continue its accelerated streamlining trend.
- 2.4. In order to motivate the employees each year to achieve the goals of the work plan, at the beginning of each year, the management will publish the targets for which a bonus will be paid based on the annual results. In order to encourage excellence and a direct link between contribution and reward, the bonus will continue to be paid differentially according to the contribution of each employee to the success of the Bank.
- 2.5. The agreement includes the improvement of related and social benefits for various groups in the Bank.
- 2.6. The agreement states that new employees who will be hired by the Bank will be employed under Section 14 of the Severance Pay Law throughout the entire period of their employment at the Bank.
- 2.7. The agreement stipulates that the parties will conduct negotiations to reach agreements for the adoption of a new promotion format, according to the occupation of each employee (instead of seniority and rank as a main consideration) as well as an outline for terms of office with a time limit.
3. Shortly before the agreement's entry into effect, and to mark the Bank's 120th anniversary in 2022, the Bank will pay the employees a special one-time bonus in the amount of NIS 10,000 per employee.
4. The Bank believes that signing the collective agreement will not result in a significant change in the Bank's actuarial liabilities. In addition, a decrease in the Bank's net income of approx. NIS 70 million is expected, prior the streamlining measures taken by the Bank's management each year, which are expected to offset most of the aforementioned amounts.
5. It should be clarified that the data above are estimates by the Bank's management, which are forward-looking information. The aforementioned reflects assessments by the Bank's management, taking into account the information available to it and the plans in place at the time of preparing the report. The aforementioned may not materialize in case of substantial changes in the amount or composition of the employee population, or due to other exogenous changes.

Respectfully,

Bank Leumi le-Israel B.M.



By:

Avivit Klein, Executive VP, Head of the Human Resources Division
Omer Ziv, Deputy CEO, Head of the Capital Markets Division