

Translation of Immediate Report

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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: Livnat.EinShay@bll.co.il

8 April 2019

Reference: 2018-01-034438

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

Immediate Report

Nature of Event: Preliminary Announcement – Annual Meeting

See Annex attached hereto: [8419 isa.pdf](#)

The company is not an envelope company as that term is defined in the Stock Exchange bylaws.

Date and time at which the corporation first became aware of the event or matter: 7 April 2019, at 18:30.

Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary
Yehuda Halevi Street 34, 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/>

8 April 2019

To

Tel Aviv Stock Exchange
Ahuzat Bayit Street 2
Tel Aviv 6525216

To

Israel Securities Authority
Kanfei Nesharim Street 22
Jerusalem 95464

Dear Sir or Madam:

Preliminary Notice regarding the Intention to Convene the Annual General Meeting, the Agenda of Which Will Include Several Matters, including, *inter alia*, the Appointment of Directors ("Preliminary Notice")

1. Pursuant to the provisions of sections 11C(a)(4) and 11E(A)(2) of the Banking Ordinance, 1941 (the "**Banking Ordinance**"), and in accordance with the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting of a Public Company and the Addition of an Item to the Agenda), 5760-2000 (the "**Companies Regulations**"), Bank Leumi le-Israel B.M. (the "**Bank**") is pleased to announce that the Bank's Board of Directors intends to convene the Bank's Annual Shareholders' Meeting ("the **Meeting**"). The agenda of the Meeting will include the following items: (1) the discussion of the annual financial statements; (2) the appointment of auditing accountants and authorization regarding the determination of their compensation; (3) the appointment of a director with the status of an "Other Director" – a director who is not an external director as defined in section 11d(2) of the Banking Ordinance, to serve on the Bank's Board of Directors, and (4)) the approval of the Chairman of the Bank's Board of Directors participation in the State's offer of shares to the Bank's employees, as described in the outline of the offering to the Bank's employees of shares owned by the State, published on 20 November 2018 (Reference No. 2018-01-111390).
2. **The Bank's Secretariat shall accept, up to Tuesday, 30 April 2019, at 15:00 (the "Final Date for Submission of Candidacy") nominations of candidates to be elected to be directors as described in section 1 above.**

The following are entitled to nominate candidates to serve as directors as provided in section 11D of the Banking Ordinance, 1941: (1) The Committee for the Appointment of Directors appointed pursuant to section 36A of the Banking Law (Licensing), 5741-1981 (hereafter: "the **Committee for the Appointment of Directors**") and (2) a holder or association of holders (as defined in section 11D(A)(3) of the Banking Ordinance), subject to the provisions of the Banking Ordinance.

Such candidates must meet all the requirements specified by law for service as a director in a Bank without a controlling core, as set out in sections 11E(b)-(e) of the Banking Ordinance.

3. Following the Final Date for Submission of Candidacy, the Board of Directors will resolve to convene the Meeting, and the Bank will publish an immediate report and a notice, as required by law, regarding the convening of the Annual Meeting, which will include details regarding the time of the Meeting and its full agenda, and which shall include the names of the candidates for the election of directors. The notice regarding the convening of the Meeting will be published at least 21 days after the date of this report.
4. The service of the directors who are elected at the Meeting will be subject to the approval or non-objection of the Supervisor of Banks, in accordance with section 11A of the Banking Ordinance.
5. **Only those who are entitled to nominate candidates as described in section 1 above** may submit written applications by the Final Date for Submission of Candidacy, to the Bank's registered office – Leumi House, 34 Yehuda Halevi Street, Tel Aviv, on Sundays through Thursdays, between 8:00 and 16:00, to the attention of the Secretariat of the Bank (11th Floor). The documents described below must be attached to the applications. **A nomination to which all of the documents described below are not attached will be deemed to be a nomination that was not submitted.**

The Bank's offices will be closed for Passover from 21 April 2019 through 25 April 2019, inclusive.

6. The following must be attached to the written application described in section 5 above: (1) A c.v.; (2) **Appendix A**, attached to this report, for a candidate with the status of "other director" and the details required pursuant to Regulation 7(a)(5)(a) of the Companies Regulations (Written Voting and Position Papers), 5766-2005, which also refers to additional details that are required pursuant to Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

This Appendix must be completed in full and in accordance with the instructions set out therein, and **it must be submitted in typed form**; together with the c.v., and they will be attached, as they are, to the notices in which the Bank convenes the meeting.

If the nominating party is a "holder" or "association of holders" as described in section 2(2) above, the written application should have added and attached to it also: (1) A copy of the nominating shareholder's identification card, passport or certificate of incorporation; (2) A confirmation of ownership of shares in the Bank

in the percentage required by law, as of the date of the delivery of the nomination of the candidate for service as a director.

7. A nominating party who is a “holder” or “association of holders” as described in section 2(2) above must also continue to hold shares in the Bank in the percentage required by law on the record date for the purpose of voting at the Meeting, as detailed in section 182 of the Companies Law, 1999, and as will be published in the notice and announcement regarding the convening of the Meeting.
8. The Bank must satisfy all the relevant statutory requirements regarding the composition and qualification of the board of directors, as provided by law, including Directive 301, including, *inter alia*, regarding the requirement that a minimal number of directors of the Bank must have proven “banking experience.”¹
9. For additional information regarding the Committee, including the Committee’s work procedures, see the Bank of Israel’s website, at www.bankisrael.gov.il
10. As provided in section 66(b) of the Companies Law and in section 5C(b) of the Companies Regulations, one or more shareholders who holds at least one percent of the voting rights at the General Meeting may ask the Board of Directors to include a matter on the agenda of an annual meeting to be convened in the future, provided that the matter is appropriate for discussion at the General Meeting. The Bank may choose not to examine proposals that are received more than 14 days after the publication of the preliminary notice.

Very respectfully,

Bank Leumi le-Israel Ltd.

By
Attorney Livnat Ein-Shay Wilder,
Secretary of the Bank and of the Group.

¹ “Party holding proven banking experience” – as that term is defined in Directive 301.

Appendix A

Declaration of a Candidate for Service as a Director (who is a not an external director or an ED) at Bank Leumi Ltd.

I the undersigned _____, ID Number _____, of _____, hereby make the following declaration as a candidate for appointment as a director at Bank Leumi le-Israel Ltd. (hereafter: "the **Bank**"), having been cautioned that I must declare the truth and that I will be subject to penalties established by law if I do not do so, as set out below:

1. Personal details

- 1.1 Name: _____
- 1.2 Identification Number: _____
- 1.3 Date of Birth: _____
- 1.4 Address for service of court papers: _____
- 1.5 Nationality: _____
- 1.6 Residency: _____
- 1.7 Is the candidate a relative of another party with an interest¹ in the Bank (and if s/he is – please provide details): _____

- 2. I am/am not an employee of the Bank, or of any of its subsidiaries or its affiliated companies or of a party with an interest in it. (And if I am such an employee – the position or positions that I hold are):

3. Qualification

I have the qualifications that are required for service as a director of the Bank and in particular, I have education, knowledge, experience or expertise in one or more

¹ **Party with an interest** is a party who holds 5% or more of the issued share capital or of the voting power in the corporation, whoever is entitled to appoint one or more of the Directors of the corporation or its CEO, whoever serves as Director or as CEO of the corporation, or a corporation in which an aforesaid person holds 25% or more of its issued share capital or of the voting power in it or is entitled to appoint 25% or more of its directors. For the purpose of this paragraph, a manager of a mutual fund shall be deemed the person who holds the securities included in the fund's assets. If a person holds securities through a trustee, then the trustee shall also be deemed to be holding the said securities. For this purpose, "trustee" – will not include a registration company and or a party who holds the securities only by virtue of his position as trustee for an arrangement, within its meaning in section 46(a)(2)(f) of the Securities Law, 5728-1968 or a trustee for the allocation of shares to employees, as defined in section 102 of the Income Tax Ordinance. A subsidiary of a corporation, excluding a nominee company, will also be deemed to be a party with an interest.

of the following fields: banking, finance, economic or business activity, law, financing, accounting, risk management, regulatory compliance, information technology, information security (including cyber technology) or another field that has been approved by the Supervisor of Banks, and I am able to dedicate the appropriate time to fulfill the position of a Director of the Bank, taking note of, *inter alia*, the scope of the Bank's activity and of its size.

My said qualifications are as follows:² (*education, qualification, experience*):

3.1 Education

Academic degree/certificate	Major subject/field	Name of academic institution

3.2 Professional certificates

3.3 Describe main occupations **during the past five years**, and specify the corporations in which you serve as a director (please specify the number of years in served in each position).³

3.4 In light of my education, experience and past and present employment and skills, I am professionally qualified, as defined below – on the basis of what is described

² The candidate must attach a c.v. to this Appendix which must include, at least, a specification of the candidate's education and employment during the past five years, as required.

³ The candidate must attach a c.v. to this Appendix which must include, at least, a specification of the candidate's education and employment during the past five years, as required.

above. (Note – an assessment of the candidate’s professional qualification to serve as a director will be made by the Board of Directors). The following are further details in addition to those listed above in section 3.3., which are relevant to the matter of my education and experience which indicate that I satisfy the conditions and tests for having such qualification:

Documents and certificates supporting my declaration in this paragraph have been provided to the Bank Secretariat.

- 3.5 In light of my education, experience and past and present employment and skills, I have/do not have [cross out the inapplicable option] accounting and financial expertise, as defined below, on the basis of what is described above. (Note – an assessment of the candidate’s accounting and financial expertise will be made by the Board of Directors). The following are further details in addition to those listed above in section 3.3 above which are relevant to the matter of my education and experience which indicate that I satisfy the conditions and tests for having such expertise:
-

- 3.6 In light of my education, experience and past and present employment and skills, I have proven knowledge and experience in the field of information technology”⁴, on the basis of what is described above. (Note – an assessment of the candidate for service as a director will be made by the Board of Directors). The following are further details in addition to those listed above in section 3.3 above which are relevant to the matter of my education and experience which indicate that I have the said expertise:
-

Documents and certificates supporting my declaration in this paragraph have been provided to the Bank Secretariat.

For the purpose of the above provisions of this section –

“**Professionally qualified**” – having an academic degree as required in one of the conditions listed in paragraphs (1) or (2) below, or having the experience as required in paragraph (3) below:

⁴ According to what is required pursuant to the provisions of Proper Banking Directive No. 301

(1) An academic degree in one of the following subjects: economics, business administration, accounting, law and/or public administration; (2) a different academic degree or the completion of a different type of higher education, in a subject in which the Bank is involved or in a field relevant to the position; (3) at least five years of experience in one of the following, or cumulative experience of at least five years in two or more of them – (a) in a senior position in the business management of a corporation whose business is of a significant scope; or (b) senior public service or service in a senior position in the public service; or (c) a senior position in the field of banking.

“Director with accounting or financing expertise” - shall mean a person who, in the view of the Board of Directors, satisfies the following conditions: a director who due to his education, experience and qualifications, possesses a high level of expertise and understanding of business-accounting matters and financial statements, in a manner that allows him to understand in detail the Bank’s financial statements and to initiate a discussion regarding the manner in which the financial data is presented. In assessing the accounting and financial expertise, the Board of Directors will take the following considerations into account, *inter alia*: the director’s education, experience and knowledge of the following subjects: (1) accounting issues and auditing issues typical of the banking sector and to companies of the size and complexity of the Bank; (2) the function of the auditing accounting, and the duties imposed on him; (3) the procedures for preparing financial statements and approving them according to the Securities Law 5728-1968, and the Companies Law.

“Banking experience”: One of the following – (a) someone who has served at least three years in a “senior position” (a manager who reports directly to the CEO and anyone who reports directly to such a manager, and including an internal auditor) in a bank or in a foreign bank, and who was engaged in management or supervision of a core area or of a substantial risk for the banking corporation in which he serves as a manager; (b) served as a partner who was responsible for the management of auditing in the banking corporation, including knowledge of the construction of SOX processes for a cumulative period of at least 5 years in an internal auditing firm (conditioned on the satisfaction of the rules regarding independence and the provisions of any law); (c) served as a director in a banking corporation for a cumulative period of at least 9 years or as the chairman of a board of directors for a cumulative period of at least 3 years.

- 3.4 A director who, based on his own assessment, does not have accounting or financial expertise, must declare whether he has the ability to read and understand financial statements – yes/no (please cross out the choice which does not apply).

- 3.5 In light of my education, experience, past and present employment and skills, as described above, and based on my own assessment, I do/do not (please cross out the choice which does not apply) have “banking experience”.⁵
4. I have not, during the past five years, been convicted in any final court ruling of any of the offences described below, listed in section 226 of the Companies Law:
- 4.1 Offences pursuant to sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 1977, and pursuant to sections 52C, 52D, 53(a) and 54 of the Securities Law.
- 4.2 A conviction in a court outside of Israel for bribery, fraud, corporate director crimes or crimes involving exploitation of inside information.
- 4.3 A conviction for any other offence, in relation to which the Court has determined that because of its substance, severity or circumstances, I am not fit to serve as a director of a public company. I am not the subject of any pending indictment relating to such an offence.
5. I have not been subjected to any enforcement measures by any administrative enforcement committee⁶ which prevent me from serving as a director in a public company.
6. I am not a minor, nor am I legally incompetent, nor have I been declared bankrupt.⁷
7. My other positions or occupations do not create or are not likely to create a conflict of interest with my position as a director at the Bank, and they do not have the potential to adversely affect my ability to serve as a director at the Bank.
8. I meet all the conditions for serving as a director in a banking corporation without a controlling core pursuant to the provisions of the Banking Ordinance, including the following:
- 8.1 Neither I and/or my relatives hold any means of control whatsoever of the Bank, of a corporation controlled by the Bank, or of a “substantial holder” – other than a holding of traded shares in an amount which does not exceed one quarter of one percent of the outstanding and paid-up capital of any of them – yes/no (please cross out the choice which does not apply).

⁵ In accordance with what is required by the Proper Banking Directive No. 301 and as set out above in this document.

⁶ A committee appointed pursuant to section 52-33(a) of the Securities Law, 1968.

⁷ Or I have been discharged.

Please provide specifics:

8.2

- 8.2.1 **I have**/have not had (cross out the choice that does not apply), in the two years preceding the date of my appointment or from the date of the appointment and onward, any connection to the Bank or to a corporation controlled by the Bank, to a corporate officer of the Bank or to a “substantial holder,” and neither does anyone who has a “close association” to me. [It is clarified that service as a director in the Bank by a candidate to serve an additional such term, will not be considered an association].

Please provide specifics:

- 8.2.2 **I have**/ have not had (cross out the choice that does not apply), from the date of my appointment and onward, any connection to a relative of a corporate officer of the Bank or to a partner of a “substantial holder”; it is clarified that service as a director in the Bank by a candidate to serve an additional such term, will not be considered a connection.

Please provide specifics:

- 8.3 I have/have not had (cross out the choice that does not apply) and any party that is in “close association” with me has/has not had (cross out the choice that does not apply) a business or professional association with the Bank or with a corporation controlled by the Bank or with a corporate officer of the Bank, or with a “substantial holder” who nominated me as a candidate for service as a director of the Bank, even if such association is not ongoing, and.

Please provide specifics:

8.4 A director whose candidacy was nominated by the Committee for the Appointment of Directors pursuant to Section 11D(a)(1) of the Banking Ordinance (“the **Committee**”) hereby further declares that:

8.4.1 I **do not have** a connection to a member of the Committee at the time of the appointment;

8.4.2 I am not a Minister, Deputy Minister or Member of the Knesset, nor do I have a personal, business or political connection to a Minister, Deputy Minister, nor am I a public servant or an employee of a statutory corporation;

8.4.3 I have not been convicted of any offense which, because of its nature, severity or circumstances, renders me unfit to serve in the position and I am not the subject of any pending indictment relating to such an offence;

Please provide specifics, as necessary:

For the purpose of section 8 above:

“**Close association**” – the relationship between a person and his relative, partner, employer, or a relationship with a person who is either directly or indirectly subject to him, or with a corporation of which he is a controlling shareholder;

“**Connection**” – an employment relationship, business or professional association in the o other than a minor association, and service as a corporate officer, although a retail business association between a corporation and a customer will not be considered to be a connection;

“**Substantial holder**” – a party holding more than two and one half percent of a particular type of a particular means of control in a banking corporation, a party controlling such a holder, a party controlled by any of these, a member of an association of holders as defined in section 11D(a)(3)(b), a party controlling a member of such an association of holders, and a party that is controlled by any of them. For a list of substantial holders in the Bank, see the Bank’s website, at www.leumi.co.il.

“Corporate officer” – as defined in the Companies Law, and any other employee directly subject to a corporate officer.

9. I hereby declare that there is nothing whatsoever preventing or restricting my appointment as a director at the Bank including, *inter alia*, pursuant to section 301 of the Proper Banking Directive, the Banking Ordinance, 1941; the Banking Law (Licensing), 5741 – 1981, and/or pursuant to any law, including, *inter alia*, any positions I hold at any other corporations in which I hold a position.
10. The Bank has informed me of all the details regarding the compensation of directors as practiced at the Bank, and I have consented to them.
11. I hereby undertake to notify the Bank’s Secretariat immediately if any change takes place with respect to any of the above, including if any condition required by law regarding my service as a director at the Bank ceases to apply.
12. This is my name, this is my signature and the content of my above declaration is the truth.

Date: _____ Signature of declarant: _____

Confirmation:

I, the undersigned, Adv. _____, hereby confirm that _____, whom I know personally/who identified himself/herself to me with his/her ID No. _____, after I cautioned him/her that he/she must declare the truth and that he/she will be subject to penalties fixed by law if he/she does not do so, confirmed the accuracy of his/her above declaration, and signed it in my presence.

Date _____ Name and Signature of Advocate: _____

Conditions for Service as a Director in a Bank Without a Controlling Core

Sections 11E (b) – (e) of the Banking Ordinance

(b)

(1) No person regarding whom one of the following is true may be appointed or serve as a director in a banking corporation without a controlling core:

(a) He or his relative holds any type of means of control in the banking corporation, in a corporation controlled by the banking corporation or in a substantial holder, excluding the holding of traded shares, in a percentage that does not exceed one quarter of one percent of the issued and paid-up capital of any of these;

(b) A person who in the two years preceding the date of the appointment or from the date of the appointment and afterward, has, or a person to whom he is closely associated has, a connection to the banking corporation or to a corporation controlled by the banking corporation, to a corporate officer of the banking corporation or to a substantial holder; or a person who, from the date of the appointment and onward has a connection to a relative of a corporate officer in the banking corporation, a relative of a substantial holder or a partner of a substantial holder; for this purpose, service as a director of a banking corporation without a controlling core by a candidate for an additional such term will not be considered to be a connection.

(2) Without detracting from the provisions of paragraph (1)(b), an individual may not serve as a director if he, or a person with whom he has a close association has business or professional ties with the banking corporation or with a corporation under the control of the banking corporation, with a corporate officer in the banking corporation, or with a substantial holder who nominated that candidate to serve as a director, even if such ties are not ongoing, other than minimal ties;

(3) Without detracting from the provisions of paragraph (1) and (2), no person may be appointed as or may serve as a director, if he was nominated by the Committee pursuant to section 11D(a)(1), if one of the following are true with regard to him:

(a) He has a connection to a member of the Committee at the time of the appointment;

(b) Any matter described in section 36B(b)(3) of the Banking Law (Licensing) is true with regard to him;

(c) He has been convicted of an offense which because of its nature, severity or circumstances, he is rendered unfit to serve in the position, or if there is an indictment regarding such an offense pending against him;

- (d) Any matter described in section 240(c) of the Companies Law is true with regard to him;
- (4) A director who has been nominated by the Committee pursuant to section 11D(a)(1) shall have professional qualification or accounting or financial expertise, in accordance with the provisions of section 240(a1) of the Companies Law.
- (c) Notwithstanding the provisions of sub-section (b), a director who serves in a corporation just prior to its becoming a banking corporation without a controlling core may continue to serve until the end of his term of office even if he does not meet all the conditions established in the said sub-section, but not for more than three years from the date on which the banking corporation became a banking corporation without a controlling core, whichever is earliest.
- (c1) The Supervisor of Banks may approve the appointment or service as a director of a person who during the two years preceding the date of his appointment or after his appointment has, or a person to whom he is closely associated has a connection to a substantial holder or to the partner of a substantial holder, even if such connection is not a minor connection, if the Supervisor sees that under the circumstances, this connection does not give rise to a concern regarding a conflict of interest in terms of the person's service as a director.
- (d) The provisions of this section will be controlling over any contrary provision in the law.
- (e) In this section –
- “General meeting” “Extraordinary meeting” and “Annual Meeting” – as defined in the Companies Law;
- “Close association” – as defined in section 36b(a) of the Banking Law (Licensing);
- “Connection” – shall mean the existence of an employment relationship, the existence of ongoing business or professional ties – other than minimal ties, and service as a corporate officer, although retail business ties between a corporation and a customer will not be considered to be a connection.
- “Substantial holder” – shall mean a party holding more than two and one half percent of a particular type of means of control in the banking corporation; a party controlling such a holder, or who is controlled by any of these; a member of an association of holders as defined in section 11D(a)(3)(b); a person who controls a member of such an association of holder, and a party controlled by any of them.