

**Translation of Immediate Report**

T121  
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

**May 12 2020**  
Reference: 2020-01-047130

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

**Immediate Report**

**Explanation: This form should not be used where there is a specific form for the reported event**

**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**

**Nature of Event:** *IT and Operational Services Agreement with Union Bank*

Reference numbers of previous reports on the matter: 2020-01-019488, 2020-01-025467,  
\_\_\_\_\_

*IT and Operational Services Agreement with Union Bank Ltd.*

Attached please find file [Immediate Report on Agreement with Union Bank 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: *May 12 2020, at 13:08.*

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

Name of signatory	Title	other
<i>Shay Basson</i>	<i>Head of Leumi Technologies 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 number of previous reports on the matter (does not constitute inclusion by way of reference): \_\_\_\_\_

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange

Ticker: Leumi

Address: Yehuda Halevi Street 34, Tel Aviv 6513616, Tel: 076-8858111, Facsimile: 076-8859732

Electronic Mail: [Livnat.Ein-Shay@bll.co.il](mailto:Livnat.Ein-Shay@bll.co.il) company's website: [www.leumi.co.il](http://www.leumi.co.il)

Previous names of the reporting entity:

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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](mailto: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/>

May 12 2020

To

The Tel Aviv Stock Exchange Ltd.  
2 Ahuzat Bayit St.  
Tel Aviv 6525216

To

The Israel Securities Authority  
2 Kanfei Nesharim St.  
Jerusalem 95464

Dear Sir/Madam,

Re: **Agreement for provision of IT and operational services to Union Bank of Israel Ltd.**

Bank Leumi le-Israel B.M. (hereinafter: the “**Bank**” or “**Bank Leumi**”) is pleased to report as follows:

The Bank’s engagement for the provision of IT and operational services to Union Bank of Israel Ltd. (hereinafter: the “**Engagement**” and “**Union Bank**”, respectively) is described in the “Material Agreements” chapter in the Bank’s financial statements as of December 31 2019 published on February 26 2020 (reference no.: 2020-01-019488 of February 26 2020 and reference no. 2020-01-025467 of March 16 2020).

Further to negotiations conducted between the parties, the parties reached understandings regarding the extension of the term of the Engagement, while changing some of its terms,

Thus, the addendum extending the term of the Engagement (hereinafter - the “**Addendum**”) includes, among other things, the following understandings agreed by the parties:

1. The Addendum’s validity is conditional upon receipt of an opinion regarding the applicability of the Antitrust Authority’s exemption for joint ventures, where such an opinion complies with the self-assessment rules and confirms that there is no impediment to continue providing the services in accordance with the Agreement, including in view of the potential merger between Union Bank and Mizrahi Tefahot Bank Ltd. and the provisions of the Addendum or the Antitrust Authority’s approval thereof .
2. The term of the Agreement shall be extended through December 31 2022, and Union Bank shall not have the right to terminate it prior to that date.
3. In the event that the merger between Union Bank and Mizrahi Tefahot Bank Ltd. will not take place through December 31 2020 (hereinafter: the “**Merger**”, “**Bank Mizrahi**”), Union Bank will be given the option to extend the term of the Addendum by one further year through December 31 2023 (hereinafter – the “**Short Option**”), subject to compliance with the terms for exercising the Short Option, as set out in the Addendum.
4. Subject to the exercise of the Short Option, and to the extent that the Merger will not take place through December 31 2021, Union Bank will be given the option to extend the term of the Addendum by ten years through December 31 2032 (instead of extending it by one year as per the Short Option, and subject to exercising the Short Option as aforesaid) (hereinafter – the “**Long Option**”), provided that the terms for exercising the Long Option, as set out in the Addendum, are complied with. In the event that Union Bank exercises the Long Option, it will have the right to inform Leumi, no later than December 31 2024, of the shortening of the term of the

- Agreement, in which case the Agreement will be terminated on December 31 2028, subject to the payment of compensation and the conditions set out in the Addendum.
5. The scope of current services and the level of services to be rendered by Leumi as per the Addendum will be identical to the scope of current services and the level of services rendered to Union Bank on December 31 2016 (hereinafter – the “**Current Services**”), subject to the rules set out in the Addendum. During the term of the Addendum, Leumi shall provide Union Bank with the current services in accordance with the “follow me” principle, all subject to the provisions of any law.
  6. The consideration to be paid by Union Bank for the Current Services (hereinafter – the “**Basic Amount**”) shall amount to NIS 125 million in respect of 2020, and NIS 135 million per year in respect of 2021-2023, where the Agreement will be terminated at the end of the term of the Addendum or at the end of the term of the Short Option, as applicable. Linkage differences as per the linkage mechanism set in the Addendum shall be added to these amounts.
  7. To the extent that Union Bank will exercise the Long Option, the Basic Amount shall be NIS 125 million per year through 2022; thereafter, the Basic Amount shall be NIS 120 million per year. Linkage differences as per the linkage mechanism set in the Addendum shall be added to these amounts.
  8. Furthermore, the Basic Amount does not include other costs incurred during the course of providing the services to Union Bank in connection with the Engagement, including implementation costs and costs arising from the follow me adjustments for Union Bank. Such costs shall be added to the Basic Amount, and will be paid by Union Bank.

Sincerely,

Bank Leumi le-Israel B.M.

By: Shay Basson, Head of Leumi Technologies Division