

**Translation of Immediate Report**

**Bank Leumi le-Israel B.M.**

Registration No. 520018078

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

Abbreviated Name: Leumi

Leumi House, 34 Yehuda Halevi Street, Tel Aviv 65546

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7 May 2015

Reference: 2015-01-193638

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

**Immediate Report Regarding Submission of Merger Proposal to the Companies Registrar**

Regulation 31a to the Securities Regulations (Periodic and Immediate Reports)

Pursuant to the Immediate Report dated 4 May 2015, Reference Number 2015-01-011226 regarding the decision to merge with Arab Israel Bank Ltd., the company is pleased to announce that on 7 May 2015 a merger proposal was submitted to the Companies Registrar as follows: See attached Annex.

The report was signed on behalf of the corporation, in accordance with regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Adv. Yael (Ben Moshe) Rudniki, Secretary of the Bank and of the Group.

Reference numbers of previous documents in this regard (does not constitute incorporation by reference): **2015-01-011190**

**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/>

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Name of Electronic Reporter: David Raoul Sackstein, Position: Attorney, Group Secretary  
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Electronic Mail: David.Sackstein@bankleumi.co.il

**Merger Proposal**  
(Section 326 of the Companies Law, 5749-1999)

To: Companies Registrar

1. Name of submitting company: Bank Leumi Le-Israel Ltd., Company's status in the merger: Absorbing company
2. **On 4 May 2015**, during a properly convened meeting, the company's board of directors adopted a resolution to approve that which is described below, after making a determination – taking note of the financial condition of the merging companies – that in its view, there is no reasonable concern that the absorbing company will not be able to meet its obligations to its creditors, after the merger.

3. **The details of the merger:** please complete the form regarding each of the merging companies:

Absorbing company: **Bank Leumi Le-Israel Ltd.**      Absorbing company's No.: **520018078**  
Target company: **Arab Israel Bank Ltd.**                      Target company's No.: **520023144**

The consideration to be given to the shareholders of the target company (please mark the appropriate places and complete)

**In cash:** A total amount that will be approved by the general meeting of the target company's shareholders, and which will in any event be a minimal amount (with respect to the shares of the minority shareholders in the target company) in terms of the absorbing company.

4. The following are attached to the application:
  - 4.1 **Appendix A** – The main conditions of the merger agreement signed by the absorbing company and the target company.
  - 4.2 **Appendix B** – A part of the minutes of the meeting of the Board of Directors of the Absorbing Company, which includes the main reasons given by the Board of Directors of the absorbing company.
  - 4.3 **Appendix C** – The consent of the auditors of the absorbing company to having their opinions and the reports of their surveys of the financial statements being provided to the creditors.
  - 4.4 **Appendix D** – Notice from a corporate officer confirming that the merger does not require the approval of the general meeting, signed by a corporate officer of the absorbing company.
  - 4.5 **Appendix E** – Notice from a corporate officer of the absorbing company confirming that the absorbing company is not required to report the merger to the Antitrust Director-General.
  - 4.6 **Appendix F** – Proof of payment of the merger fee.

Name of director whom the board of directors of the absorbing company have authorized to sign in its name:

ID No. 007249675

Haim Samet

Signature: \_\_\_\_\_

I, the undersigned Yael (Ben Moshe) Rudniki, Advocate, hereby certify that on 4 May 2015, Mr. Haim Samet, whom I know personally, appeared before me and after I cautioned him that he must declare the truth and that he will be subject to penalties determined by law if he does not do so, he confirmed the accuracy of the above details and signed the form in my presence.

Date: 4 May 2015

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Yael (Ben Moshe) Rudniki, Advocate  
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