

## Central Management

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May 23, 2018

Israel Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

Tel Aviv Stock Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)

### **Re: Immediate Report**

Further to what was published yesterday in the media, The First International Bank of Israel Ltd. (**‘the bank’**) gives notice that the Board of Directors of the bank decided on May 1, 2018, to authorize the management of the bank to hold discussions with the Federation and with the workers’ union of its wholly-owned (100%) subsidiary, Bank Otsar HaHayal (**‘Otsar HaHayal’**), with regard to the possibility of a merger of Otsar HaHayal with and into the bank and/or other structural changes at Otsar HaHayal that are required in order to improve the operating efficiency of Otsar HaHayal. The above decision was also approved by the Board of Directors of Otsar HaHayal on May 17, 2018.

It should be emphasized that binding decisions have not yet been made by the competent organs of the bank and Otsar HaHayal with respect to the making of a merger and/or other structural changes as aforesaid, and there is no certainty that a merger and/or structural changes as aforesaid will indeed be made.

For the sake of caution, the Board of Directors resolved to delay the report regarding the decision to hold discussions with the workers’ union of Otsar HaHayal about the possibility of a merger of Otsar HaHayal with First International Bank, pursuant to regulation 36(b1) of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970 (**‘the regulation’**) both because of the fact that we are speaking of negotiations prior to a transaction, as stated in the first subsection thereof, and because of the fact that a report at this stage is likely to frustrate or limit the bank’s ability to hold negotiations and to carry out a merger and/or structural changes, insofar as it will be decided to make any, as stated in the second subsection thereof.

Because of what was made public on this matter, the delay has ended.

Sincerely,

First International Bank of Israel Ltd.

Yossi Levy, Executive Vice President  
Resources Division

Aviad Biller, Adv.  
Corporate Secretary