

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate.. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Final Terms dated 13 November 2018

STATE OF ISRAEL

Legal Entity Identifier ("LEI"): 213800T8ZHTFZIBYPE21

**Issue of USD400,000,000 Floating Rate Notes due 2020
(the "Notes")**

**under the €10,000,000,000
Euro Medium Term Note Programme**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Member State of the European Economic Area which has implemented the Prospectus Directive.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 9 August 2018 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and is available for viewing at, and copies may be obtained from, the Ministry of Finance of Israel at 1 Kaplan Street/Hakiria, Jerusalem 91131, Israel and the offices of Citibank NA London Branch at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

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|----|--|-----------------|
| 1. | Issuer: | State of Israel |
| 2. | (i) Series Number: | 16 |
| | (ii) Tranche Number: | 1 |
| | (iii) Date on which the Notes become fungible: | Not Applicable |

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3. Specified Currency: US Dollars (“USD”)
4. Aggregate Nominal Amount: USD400,000,000
5. Issue Price: 100 per cent. of the Aggregate Nominal Amount
6. (i) Specified Denomination(s): USD100,000
(ii) Calculation Amount: USD100,000
7. (i) Issue Date: 15 November 2018
(ii) Interest Commencement Date: 15 November 2018
8. Maturity Date: 15 November 2020
9. Interest Basis: 3-month USD LIBOR +0.260 per cent. Floating Rate
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11. Put/Call Options: Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Fixed Rate Note Provisions** Not Applicable
13. **Floating Rate Note Provisions** Applicable
- (i) Interest Period(s): Quarterly on 15 February, 15 May, 15 August and 15 November in each year, commencing on 15 February 2019 up to and including the Maturity Date.
- (ii) First Interest Payment Date: 15 February 2019
- (iii) Business Day Convention: Modified Following Business Day Convention
- (iv) Business Centre(s): Not Applicable
- (v) Manner in which the Rate(s) of Interest is/are to be determined: Screen Rate Determination
- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): Not Applicable
- (vii) Screen Rate Determination:
– Reference Rate: 3-month USD LIBOR
– Interest Determination Date(s): 2 London Business Days prior to the start of the relevant Interest Period and 2 London Business Days prior to Issue Date for the first Interest Period.
– Relevant Screen Page: Reuters LIBOR01
- (viii) ISDA Determination: Not Applicable
- (ix) Linear Interpolation: Not Applicable

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- (x) Margin(s): + 0.260 per cent. per annum
 - (xi) Minimum Interest Rate: 0.00 per cent. per annum
 - (xii) Maximum Interest Rate: Not Applicable
 - (xiii) Day Count Fraction: Actual/ 360, Adjusted
14. **Zero Coupon Note Provisions** Not Applicable

PROVISIONS RELATING TO REDEMPTION

- 15. Notice periods for Condition 6(b) and 6(c): Not Applicable
- 16. **Issuer Call** Not Applicable
- 17. **Investor Put** Not Applicable
- 18. **Final Redemption Amount of each Note** USD 100,000 per Calculation Amount
- 19. **Early Redemption Amount**
Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: USD 100,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 20. **Form of Notes:** Bearer Notes:
Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event.
- 21. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): No
- 22. Calculation Agent: Citibank, N.A., London Branch
- 23. Additional Financial Centre(s): London
- 24. Additional Renminbi Clearing Financial Centre(s): Not Applicable

SIGNATURE

Signed on behalf of State of Israel:

By: **Rony Hizkiyahu**
Accountant General
.....
Duly authorised

By: **Gil Cohen**
Senior Deputy Accountant General
.....
Duly authorised

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Application will be made for the Notes to be admitted to listing on the Official List of the UK Listing Authority and to trading on the Regulated Market of the London Stock Exchange effective as of 15 November 2018.

2. RATINGS

The Notes to be issued have been rated:

S&P Global Ratings, acting through Standard and Poor's Credit Market Services Europe Limited: AA- (stable)

Moody's Investors Service, Inc.: A1 (positive)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

The Issuer is not aware of any interest(s) material to the issue of the Notes, other than any fees payable to the Manager.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Reasons for the offer: The net proceeds from the issue of the Notes will be used for the general financing purposes of the Issuer.

Estimated net proceeds: USD399,840,000.00

Estimated total expenses: £4,500

5. HISTORIC INTEREST RATES

Details of historic LIBOR rates, and the further performance of such reference rate and its volatility, can be obtained from Thomson Reuters.

6. OPERATIONAL INFORMATION

ISIN Code: XS1909143130

Common Code: 190914313

CFI Code: DTVXFB

FISN: State of Israel/VAREMTN 20201116

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): Not Applicable

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

Delivery: Delivery against payment

7. DISTRIBUTION

Method of distribution: Non-syndicated

If syndicated: Not Applicable

(i) Names and addresses of Managers and underwriting commitments: Not Applicable

(ii) Date of Subscription Agreement: Not Applicable

(iii) Stabilisation Manager: Not Applicable

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If non-syndicated, name of Manager:

Deutsche Bank AG, London Branch

U.S. Selling Restrictions:

Regulation S Compliance Category 1; TEFRA D