

Dated 15 July 2021

**STATE OF ISRAEL**



**Euro Medium Term Note Programme**

Under the Euro Medium Term Note Programme (the "**Programme**") described in this document, State of Israel (the "**Issuer**" or "**Israel**") may from time to time issue Notes (as defined herein). Any Notes issued under the Programme on or after the date of this document are issued subject to the provisions described herein. This does not affect any notes already issued.

This Offering Circular comprises neither a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**"), a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"), nor listing particulars given in compliance with the listing rules made under Part VI of the FSMA by the United Kingdom Financial Conduct Authority in its capacity as competent authority under the FSMA (the "**FCA**"). Application may be made to the FCA for medium term notes and other debt instruments ("**Notes**") issued under the Programme described in this Offering Circular to be admitted to the Official List of the FCA (the "**Official List**") and to be admitted to trading on the Main Market of the London Stock Exchange plc (the "**London Stock Exchange**") on an issue by issue basis from the date hereof. For the purposes of this application, the Issuer is an exempt issuer pursuant to Article 1(2) of the UK Prospectus Regulation. Accordingly, this Offering Circular has not been reviewed or approved by the FCA and has not been approved as a base prospectus by any other competent authority under the UK Prospectus Regulation. Any Notes issued under the Programme are not subject to the prospectus requirements of the UK Prospectus Regulation but will be issued in accordance with the listing rules of the London Stock Exchange. The Programme also permits Notes to be issued on an unlisted basis or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges, regulated markets and/or quotation systems as may be agreed with the Issuer.

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**") on a continuing basis to one or more of the Dealers specified herein and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). References in this Offering Circular to the "**relevant Dealer**" shall, in relation to any issue of Notes, be to the Dealer or Dealers agreeing to purchase such Notes. Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.

Notes of each Tranche (as defined herein) will (unless otherwise specified in the applicable Pricing Supplement) initially be represented by one or more global Notes which will be deposited on the issue date thereof (the "**Issue Date**") with a common depository on behalf of Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other agreed clearance system. Except in the circumstances described in each global Note, all as further described in "*Form of the Notes*" below, investors will not be entitled to receive Notes in definitive form.

There are certain risks relating to any issue of Notes, which investors should ensure they fully understand (see "*Risk Factors*" on pages 16 to 25 (inclusive) of this Offering Circular.

*Arranger*

**Barclays**

*Dealers*

**Barclays**  
**BofA Securities**  
**Deutsche Bank**  
**J.P. Morgan**

**UBS Investment Bank**

**BNP PARIBAS**  
**Citigroup**  
**Goldman Sachs International**  
**Morgan Stanley**

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## **CREDIT RATINGS**

As of the date of this Offering Circular, the long-term foreign currency sovereign credit ratings of the Issuer are: A1 (Moody's Investors Service Ltd), AA- (S&P Global Ratings UK Limited) and A+ (Fitch (Hong Kong) Ltd). The Programme has also been rated (P)A1 by Moody's Investors Service Ltd, AA- by S&P Global Ratings UK Limited and A+ by Fitch (Hong Kong) Ltd.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating(s) will be specified in the applicable Pricing Supplement. Such rating(s) will not necessarily be the same as the ratings assigned to the Issuer, the Programme or to notes already issued.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

## **IMPORTANT NOTICES**

This Offering Circular relates to the Issuer's Euro Medium Term Note Programme and supersedes any previous base prospectus, offering circular or information memorandum relating to the Programme. Any Notes issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes which have been issued prior to the date of this Offering Circular.

### ***Responsibility for this Offering Circular***

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer the information contained in this Offering Circular is in accordance with the facts and this Offering Circular does not omit anything likely to affect the import of such information.

### ***Other relevant information***

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Programme or any Notes.

This Offering Circular is to be read in conjunction with all information which is deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*" below) and construed on the basis that such information is incorporated in and forms part of this Offering Circular and must be read and construed together with the applicable Pricing Supplement.

Other than in relation to the information which is deemed to be incorporated by reference (see "*Information Incorporated by Reference*"), the information on the websites to which this Offering Circular refers does not form part of this Offering Circular.

### ***Unauthorised information***

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information provided by the Issuer in connection with the Programme or any Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes constitutes an offer by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

### ***Restrictions on distribution of this Offering Circular and offers of Notes***

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme.

The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Pricing Supplement, no action has been taken by the Issuer or the Dealers which is intended to permit a public

offering of any Notes outside the United Kingdom (the "UK") or distribution of this document in any jurisdiction where action for that purpose is required.

Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations, and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area ("EEA") (including The Netherlands), the UK, Japan, the People's Republic of China, Hong Kong and Singapore (see "*Subscription and Sale*" below).

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "*Subscription and Sale*" below).

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### ***Investment considerations***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing

conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***Pricing Supplement***

Details of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms not contained herein which are applicable to each Tranche of Notes will be set forth in a pricing supplement (the "**Pricing Supplement**").

Any information relating to the Notes which is not included in this Offering Circular and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained in the applicable Pricing Supplement. That Pricing Supplement will, for the purposes of that Tranche of Notes only, supplement this Offering Circular and must be read in conjunction with this Offering Circular. The terms applicable to any particular Tranche of Notes are the "*Terms and Conditions of the Notes*" set out herein as supplemented, amended and/or replaced by the applicable Pricing Supplement.

### ***Stabilisation***

In connection with the issue of any Tranche of Notes, a Dealer or Dealers (the "**Stabilisation Manager(s)**") named as such in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

### ***MiFID II product governance / target market***

The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the 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 target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### ***UK MiFIR product governance / target market***

The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

***Singapore Product Classification***

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") – Unless otherwise stated in the Pricing Supplement, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## DEFINITIONS

Unless otherwise specified, all references in this Offering Circular to:

- "U.S. dollars", "U.S.\$" and "USD" refer to the currency of the United States of America;
- "NIS" refer to the currency of State of Israel;
- "Sterling" and "£" refer to the currency of the United Kingdom;
- "Euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- "Renminbi" and "CNY" refer to the currency of the People's Republic of China (excluding Hong Kong, Macau and Taiwan) (the "PRC");
- "S\$" refer to the currency of Singapore;
- Notes being "listed" (and all related references) shall mean that such Notes have been (or will upon, or following, issue be) admitted to the Official List and to trading on the Main Market of the London Stock Exchange;
- the "EU Prospectus Regulation" refer to Regulation (EU) 2017/1129; and
- "Member State" refer to a member state of the EEA.

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.



## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Offering Circular:

1. each Exhibit D to the Issuer's Annual Report on Form 18-K to the United States Securities and Exchange Commission published from time to time;
2. all Amendments to Exhibit D to the Issuer's Annual Report on Form 18-K to the United States Securities and Exchange Commission published from time to time;
3. each of the Issuer's Annual Report of the Government Debt Management Unit in the Accountant General's Office published from time to time;
4. the sections headed "*Terms and Conditions of the PD Notes*" or "*Terms and Conditions of the PR Notes*", as applicable, in the following documents:

Base Prospectus dated 11 September 2013	Pages 42 to 63 (inclusive)	<a href="https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2013.pdf">https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2013.pdf</a>
Base Prospectus dated 9 September 2014	Pages 41 to 63 (inclusive)	<a href="https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2014.pdf">https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2014.pdf</a>
Base Prospectus dated 10 September 2015	Pages 33 to 64 (inclusive)	<a href="https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2015.pdf">https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2015.pdf</a>
Base Prospectus dated 7 September 2016	Pages 31 to 61 (inclusive)	<a href="https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2016.pdf">https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2016.pdf</a>
Base Prospectus dated 7 September 2017	Pages 32 to 64 (inclusive)	<a href="https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2017.pdf">https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2017.pdf</a>
Base Prospectus dated 9 August 2018	Pages 31 to 63 (inclusive)	<a href="https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2018.pdf">https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2018.pdf</a>
Base Prospectus dated 17 July 2019	Pages 32 to 67 (inclusive)	<a href="https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2019.pdf">https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2019.pdf</a>
Base Prospectus dated 15 July 2020	Pages 20 to 55 (inclusive)	<a href="https://www.gov.il/BlobFolder/dynamiccollectorresultitem/prospectuses_emtn2020_update3/en/Prospectuses_prospectuses_emtn2020_update3.pdf">https://www.gov.il/BlobFolder/dynamiccollectorresultitem/prospectuses_emtn2020_update3/en/Prospectuses_prospectuses_emtn2020_update3.pdf</a>

5. The following sections of the Prospectus dated 16 January 2017, available at [https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses\\_EMTN\\_2016-update.pdf](https://mof.gov.il/en/InternationalAffairs/InvestorRelations/Prospectuses/Prospectuses_EMTN_2016-update.pdf) :

Annex I to the Issue Terms: Defined Terms Page 16

Annex II to the Issue Terms: Amendments to the Base Conditions Pages 17 to 20 (inclusive)

Any statement contained in a document incorporated by reference into this Offering Circular or contained in any supplementary Offering Circular or in any document incorporated by reference therein shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede earlier statements

contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. Where a document incorporated by reference in turn incorporates information by reference, such information does not form part of this Offering Circular.

So long as any Notes are outstanding, any information incorporated by reference herein (as listed on page 9) (the "**Information Incorporated by Reference**") will, when published, be available for inspection free of charge, at the website of the Issuer at <https://www.gov.il/en/Departments/DynamicCollectors/prospectuses?skip=0>. For the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular.

Except as provided above, any websites referred to herein do not form part of this Offering Circular and are not incorporated by reference in this Offering Circular.

## OVERVIEW OF THE PROGRAMME

*This overview must be read as an introduction to this Offering Circular and any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including any documents incorporated by reference.*

*Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" and in the remainder of this Offering Circular shall have the same meanings in this overview.*

<b>Issuer:</b>	State of Israel
<b>Issuer Legal Entity Identifier ("LEI")</b>	213800T8ZHTFZIBYPE21
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	Barclays Bank PLC
<b>Dealers:</b>	Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Deutsche Bank AG, London Branch Goldman Sachs International J.P. Morgan Securities plc Merrill Lynch International Morgan Stanley & Co. International plc UBS AG London Branch
<b>Principal Paying Agent and Transfer Agent:</b>	Citibank, N.A., London Branch
<b>Registrar:</b>	Citigroup Global Markets Europe AG
<b>Paying Agent:</b>	Citibank Europe Plc
<b>Distribution:</b>	Subject to applicable selling restrictions, Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer.  Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ").
<b>Maturities:</b>	Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price:</b>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Form:**

Notes may be issued in bearer or registered form. Each Tranche of Notes issued in bearer form will initially be represented by a temporary global Note or (if so specified in the applicable Pricing Supplement that such Pricing Supplement is in respect of Notes to which U.S. Treasury Regulation §.1.163.5(c)(2)(i)(C) (the "**C Rules**") applies) a permanent global Note. Such global Note will be deposited on the relevant Issue Date with a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearance system. Interests in each temporary global Note will be exchanged for either interests in a permanent global Note or definitive Notes (as indicated in the applicable Pricing Supplement) in either case not earlier than the later of (i) 40 days after the Issue Date and (ii) 40 days after completion of distribution of the relevant Tranche upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. Each permanent global Note will be exchangeable for Definitive Notes in bearer form in accordance with its terms. Definitive Notes in bearer form will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Notes issued in registered form will initially be represented by a global note in registered form which will be registered in the name of the nominee for the Common Depository of Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. A global Note in registered form will be exchangeable in whole but not in part for registered Notes in definitive form without interest coupons or talons attached in accordance with its terms.

Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Pricing Supplement) and on redemption and will be calculated on the basis of such Fixed Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement.

**Floating Rate Notes:**

Floating Rate Notes (as defined in the applicable Pricing Supplement) will bear interest at a rate determined either:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Pricing Supplement, the 2006 ISDA Definitions (as amended and updated as at the date of

issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.); or

- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer,

as indicated in the applicable Pricing Supplement.

The Margin (if any) relating to such Floating Rate Notes will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.

**Benchmark Discontinuation:**

In the case of Floating Rate Notes, if a Benchmark Event occurs, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which, an Alternative Rate and, in either case, the applicable Adjustment Spread and any Benchmark Amendments, as further described in Condition 4(c).

**Redemption:**

The Pricing Supplement relating to each Tranche of Notes will indicate either that the Notes of such Tranche cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Notes will be redeemable prior to their stated maturity at the option of the Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.

**Denominations:**

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must (a) have a minimum denomination of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable

to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA.

**Taxation:**

All payments of principal and interest in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within State of Israel unless required by law, as more fully described in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required by law to pay additional amounts in respect of the amounts so deducted.

**Status:**

The Notes will constitute direct, unconditional and unsecured obligations of the Issuer and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, **provided, further, that** the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and *vice versa* (see Condition 3).

"**External Indebtedness**" means any Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and "**Indebtedness**" means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.

**Cross Default:**

None.

**Negative Pledge:**

None.

**Rating:**

As of the date of this Offering Circular, the long-term foreign currency sovereign credit ratings of the Issuer are: A1 (Moody's Investors Service Ltd), AA- (S&P Global Ratings UK Limited) and A+ (Fitch (Hong Kong) Ltd). The Programme has also been rated (P)A1 by Moody's Investors Service Ltd, AA- by S&P Global Ratings UK Limited and A+ by Fitch (Hong Kong) Ltd.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating(s) will be specified in the applicable Pricing Supplement. Such rating(s) will not necessarily be the same as the ratings assigned to the Issuer, the Programme or to notes already issued.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Risk Factors:**

There are certain risks relating to any issue of Notes, which investors should ensure they fully understand. These risks include risks relating to the Issuer's ability to fulfil its obligations under Notes issued under the Programme, the fact that Notes may not be suitable investments for all investors, certain risks relating to

the structure of particular series of Notes and certain market risks. See "*Risk Factors*" herein.

**Listing:**

Application will be made for certain Series of Notes to be admitted to the Official List of the FCA and to be admitted to trading on the Main Market of the London Stock Exchange where agreed between the Issuer and the relevant Dealer.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:**

The Notes and all non-contractual obligations arising out of, or in connection with them, will be governed by English law.

**Selling Restrictions:**

There are selling restrictions in relation to the United States, the EEA (including The Netherlands), the United Kingdom, Japan, the People's Republic of China, Hong Kong, Belgium and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*" herein.

The relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree in respect of any Tranche of Notes and as shall be set out in the applicable Pricing Supplement.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

### **1. Risks related to the State of Israel and the geopolitical and economic environment**

***Israel's access to credit is affected by external factors such as regional and international political and economic conditions***

Israel's access to credit in the international capital markets is affected by regional and international political and economic conditions, including interest rates in financial markets outside Israel, the impact of changes in the credit rating of Israel, the security situation, the economic growth and stability of Israel's major trading partners, and the global high-tech market. As a result, political, economic or market factors, which may be outside Israel's control, may impact the debt dynamics of Israel and could adversely affect Israel's cost of funds in the international capital markets and the demand for Israel's debt securities.

***The worldwide economic effects of the outbreak of the coronavirus (COVID-19) could adversely affect Israel's economy***

The COVID-19 outbreak is currently having an adverse impact on the global economy, the severity and duration of which is difficult to predict as at the date of this Offering Circular.

Israel has implemented measures to reduce the spread of COVID-19 and mitigate its negative economic impact. Actions taken include business closures, travel restrictions, mandatory face masks, and social distancing guidelines. Throughout March 2020, restrictions were placed on residents and work activities. Access to public spaces was reduced, private sector activity was restricted, and the public sector shifted to an emergency format, which limited the workforce to critical functions and essential employees.

Additional measures were implemented, such as the requirement for individuals to remain within 100 meters of their homes unless required for essential services. The measures, taken to protect the health of Israelis, also had an adverse effect on the economy, particularly on the business sector and unemployment. On 19 April 2020, the first lockdown ended; gradually over the following months the state began lifting some of its restrictions. From 18 September 2020 to 18 October 2020, as a result of a spike in COVID-19 cases, Israel entered its second nationwide lockdown. A third nationwide lockdown commenced on 27 December 2020, and was in place until 7 February 2021. Following the end of the third lockdown, the state began to re-open and to lift the remaining restrictions such as restrictions on businesses and social gatherings. As of the date of this Offering Circular the economy remains active and open; some COVID-19 restrictions remain in place including restrictions on travel into Israel, mandatory PCR testing for all travellers arriving to Israel, and mandatory quarantine for non-vaccinated travellers. Following an increase of new COVID-19 cases, the indoor facemask requirement was reintroduced in June after being removed earlier in the month.

The Government began a mass vaccination program on 19 December 2020 with at-risk populations. The program expanded to all citizens aged 16 and older on 4 February 2021. On 2 June 2021, the vaccination program was extended to all citizens aged 12 and older. As of the date of this Offering Circular, over 55 per cent. of the Israeli population was fully vaccinated.

As at the date of this Offering Circular the trajectory of the COVID-19 outbreak remains highly uncertain and the Issuer cannot predict the duration, severity or effect of the pandemic or any future containment efforts. There is a



risk that the spread of COVID-19 and the measures taken to contain its spread, including instituting lockdowns that have resulted in businesses slowing or shuttering operations, may continue to have adverse effects on Israel's economy and financial markets, including an economic recession.

***Israel's political and military environment may continue to be volatile***

Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbours. Political instability in the Middle East has increased since the terrorist attacks of 11 September 2001, and news of Iran's reported nuclear programme. Since 2005, when Israel withdrew from the Gaza strip, terrorist violence has increased. If the level of instability and violence increases in the future, Israel's capital markets, the level of tourism in Israel and foreign investment in Israel, among other things, may suffer.

Since January 2011, there has been political instability and civil unrest in numerous Middle East and North African countries, including Libya, Egypt, Tunisia, Yemen and Syria. This unrest has resulted in the removal of long-standing leadership in several of the aforementioned countries and created turbulent political situations in others. As Israel is situated in the centre of this region, it closely monitors these events, aiming to protect its economic, political and security interests. It should be noted that such instances of instability in the Middle East and North Africa region have not so far materially affected Israel's financial or political situation, and countries who have signed peace agreements with Israel remain committed to them, regardless of internal political developments. However, there can be no assurance that such instability in the region will not escalate in the future, such instability will not spread to additional countries in the region, current or new governments in the region will be successful in maintaining domestic order and stability, or Israel's economic or political situation will not thereby be affected.

***Israel is a foreign sovereign state and accordingly it may be difficult to obtain or enforce judgments against it***

Although Israel has in the "Terms and Conditions of the Notes" waived its sovereign immunity in respect of Notes issued under the Programme, enforcement in the event of a default may nevertheless be impracticable by virtue of legal, commercial, political or other considerations. Additionally, under the laws of the State of Israel, the funds, assets, rights and general property of the Issuer located in the State of Israel are immune from execution and attachment and any process in the nature thereof and the waiver contained in the "Terms and Conditions of the Notes" therefore does not constitute a waiver of such immunity or of any immunity from execution or attachment or process in the nature thereof with respect to the premises of the Issuer's diplomatic missions in any jurisdiction outside the State of Israel or with respect to the assets of the Issuer necessary for the proper functioning of Israel as a sovereign power.

***The current global economic climate and continued economic disruption in Europe may have an adverse effect on Israel's economy***

Israel's economy is affected by current global economic conditions, including regional and international rates of economic growth. Recent political and economic developments in the global economy, including the impact of the COVID-19 pandemic and the UK leaving the European Union on 31 January 2020, may have a negative impact on the European and global economy. The potential impact of such developments on Israel is uncertain. Although Israel's economy has shown moderate rates of growth in recent years there can be no assurance that Israel's economy will continue to grow if there should be a prolonged negative global economic climate.

As a result of the sovereign debt crisis in Europe, there was significant price volatility in the secondary market for sovereign debt of European and other nations in the beginning of the decade. If such price volatility returns, it could lead to a decline in the recoverability and value of the market price of Israel's debt securities, including the bonds. Europe continues to face uncertainty, with many Eurozone countries experiencing moderate growth and low inflation rate, though the growth rates are higher than the negative rates recorded in the beginning of the decade. Continued sluggish growth in the European Union, which is one of Israel's major trading partners, could have a material adverse impact on Israel's balance of trade and adversely affect Israel's financial condition.

***The successful development of Israel's natural gas reserves involves certain risks that may make expected natural gas production levels unobtainable***

There are numerous uncertainties associated with estimating quantities of natural gas reserves and projecting future rates of production and the level of revenue Israel will recover from its natural gas fields. These items are, in part, dependent on the reliability of seismic measurement technologies, the future international market for

natural gas and other energy substitutes, as well as future development and operating costs, all of which may in fact vary considerably from Israel's current assumptions concerning royalties and tax revenues. Moreover, certain of Israel's neighbouring countries have asserted mineral rights with respect to certain natural gas reserves to which Israel currently lays claim. Any failure to meet expected natural gas production targets on the forecasted timelines, or at all, could have a negative impact on Israel's progress towards energy independence or the revenues that will be received by the State of Israel.

### ***Risks relating to credit ratings***

The Programme has been rated (P)A1 by Moody's Investors Service Ltd, AA- by S&P Global Ratings UK Limited and A+ by Fitch (Hong Kong) Ltd.

One or more independent credit rating agencies may assign credit ratings to the Issuer or any Notes issued under the Programme, which may not necessarily be the same as the rating(s) described above or any rating(s) assigned to Notes already issued. Such ratings may not reflect the potential impact of all risks related to structure, market and additional factors discussed in this section, and other factors that may affect the value of Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time. Any adverse change in an applicable credit rating could adversely affect the trading price of, and market for, Notes issued under the Programme.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA Regulation**") from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

## **2. Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

***Regulation and Reform of LIBOR, EURIBOR or other "benchmarks" could adversely affect any Notes linked to such "benchmarks"***

Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing LIBOR, EURIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On 5 March 2021, ICE Benchmark Administration Limited ("**IBA**"), the administrator of LIBOR, published a statement confirming its intention to cease publication of all LIBOR settings, together with the dates on which this will occur, subject to the FCA exercising its powers to require IBA to continue publishing such LIBOR settings using a changed methodology (the "**IBA announcement**"). Concurrently, the FCA published a statement on the future cessation and loss of representativeness of all LIBOR currencies and tenors, following the dates on which IBA has indicated it will cease publication (the "**FCA announcement**"). Permanent cessation will occur immediately after 31 December 2021 for all Euro and Swiss Franc LIBOR tenors and certain Sterling, Japanese Yen and US Dollar LIBOR settings and immediately after 30th June 2023 for certain other USD LIBOR settings. In relation to the remaining LIBOR settings (1-month, 3-month and 6-month Sterling, US Dollar and Japanese Yen LIBOR settings), the FCA will consult on, or continue to consider the case for, using its powers to require IBA to continue their publication under a changed methodology for a further period after end-2021 (end-June 2023 in the case of US Dollar LIBOR). The FCA announcement states that consequently, these LIBOR settings will no longer be representative of the underlying market that such settings are intended to measure immediately after 31 December 2021, in the case of the Sterling and Japanese Yen LIBOR settings and immediately after 30 June 2023, in the case of the USD LIBOR settings. Any continued publication of the Japanese Yen LIBOR settings will also cease permanently at the end of 2022.

Separately, the euro risk free-rate working group has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 25 November 2020, the euro risk-free rate working group published consultations on EURIBOR fallback trigger events and fallback rates. The final recommendations were published on 11 May 2021.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a "benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark"; and/or (iii) leading to the disappearance of the "benchmark". Any of the

above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon a "benchmark".

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that an Original Reference Rate and/or any page on which an Original Reference Rate may be published becomes unavailable or a Benchmark Event (as defined in the Conditions of the Notes) otherwise occurs. The IBA announcement and FCA announcement referred to above each constitutes such a Benchmark Event in respect of LIBOR. This will have triggered certain of the fallback arrangements although, the consequences of such fallbacks being triggered are not immediately effective under the Terms and Conditions. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms and Conditions), with the application of an Adjustment Spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Independent Adviser (acting in good faith and in consultation with the Issuer). An Adjustment Spread could be positive, negative or zero and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of an Original Reference Rate. However, the applicable Adjustment Spread may not be effective to reduce or eliminate economic prejudice to investors. The use of a Successor Rate or Alternative Rate (with the application of an Adjustment Spread) will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined or (in either case) an applicable Adjustment Spread prior to the relevant Interest Determination Date, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser, and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

#### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Variable rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest rate and any conversion of the interest rate may affect the secondary market and the market value of such Notes as the change of interest rate may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Trading in the Clearing Systems***

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of that Specified Denomination that are not integral multiples of such Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at, or in excess of, the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at, or in excess of, the minimum Specified Denomination such that it holds an amount equal to one or more Specified Denominations.

Where any global Note is exchangeable for a definitive Note other than in the limited circumstances specified in the relevant global Note, such Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

### ***Notes in Global Form held through the Clearing Systems***

Notes issued in global form will be represented on issue by a global Note that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (see “*Form of the Notes*” below).

Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in each global Note held through it. While the Notes are represented by a global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any global Note.

Holders of beneficial interests in a global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in a global Note will not have a direct right under the relevant global Note to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

### 3. Risks relating to Notes denominated in Renminbi

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") is set out below:

***Renminbi is not completely freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes***

Renminbi is not completely freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Although starting from 1 October 2016, the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund and policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were issued, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes***

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While the People's Bank of China ("**PBoC**") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in the Applicable Jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross border trade settlement. The relevant Renminbi Clearing Banks are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In each case, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Terms and Conditions of the Notes applicable to Renminbi Notes, the Issuer can make payments in U.S. dollars and other currencies as set out in the Conditions.

***Investment in the Renminbi Notes is subject to exchange rate risks***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In August 2015, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

***Investment in Renminbi Notes is subject to currency risks***

If the Issuer is not able, or if it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

***Investment in the Renminbi Notes is subject to interest rate risks***

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

***Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes***

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. Except in the limited circumstances stipulated in Condition 5(g), all payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global Notes held with the common depositary for Euroclear and Clearstream Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the applicable Pricing Supplement; or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the applicable Pricing Supplement in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

***Investment in Renminbi Notes may be subject to PRC tax***

In considering whether to invest in the Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Holder's investment in the Renminbi Notes may be materially and adversely affected if the Holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

**4. Risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

### ***Noteholder meetings, modification and waivers***

The Terms and Conditions of the Notes contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting, or, as the case may be, did not sign the written resolution or give their consent electronically and including those Noteholders who voted in a manner contrary to the majority. In addition, the Terms and Conditions of the Notes permit "cross-series modifications" to be made to one or more series of debt securities, provided that those debt securities also contain a cross-modification provision. Any such change in the terms of the Notes may adversely affect the trading price of the Notes.

### ***Change of law***

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

## **5. Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Therefore, in establishing their investment strategy, investors should ensure that the term of the Notes is in line with their future liquidity requirements. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. The liquidity of Notes is also influenced by whether or not the relevant Notes are exclusively offered to retail investors without any offer to institutional investors.

The Issuer may, but is not obliged to, list an issue of Notes on a stock exchange. If Notes are not listed or traded on any exchange, pricing information for the relevant Notes may be more difficult to obtain and the liquidity of such Notes may be adversely affected.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.



***The secondary market price of any Notes immediately following their issue may be less than the issue price***

If Notes are not listed or admitted to trading on a regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g., multilateral trading facilities or "MTF") or in other trading systems (e.g., bilateral systems, or equivalent trading systems). Trading in such Notes may take place outside the above-mentioned trading systems, with possible risks as to the transparency of the determination of prices. Investors should note that the Issuer does not grant any warranty to Noteholders as to the methodologies used to determine the price of Notes which are traded outside a trading system, however, where the Issuer or any of their affiliates determine the price of such Notes, they will take into account the market parameters applicable at such time in accordance with applicable provisions of law.

The Issuer and any relevant Dealer may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private treaty. Any Notes so purchased may be held or resold or surrendered for cancellation. Any relevant Dealer may, but is not obliged to, be a market maker for an issue of Notes. Even if a relevant Dealer is a market-maker for an issue of Notes, the secondary market for such Notes may be limited and there is no assurance given as to the price offered by a secondary market-maker or the impact of any such quoted prices on those available in the wider market. To the extent that an issue of Notes becomes illiquid, an investor may have to hold the relevant Notes until maturity before it is able to realise value.

Investors should note that a secondary market may be affected by both legal restrictions in certain jurisdictions and by the Issuer and/or any relevant Dealer purchasing or holding Notes.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S.

### **Bearer Notes**

Each Tranche of Bearer Notes will be initially represented by a temporary global Note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Pricing Supplement, by a permanent global Note (a "**Permanent Bearer Global Note**") without interest coupons or talons, which will be delivered to a common depository for Euroclear and Clearstream, Luxembourg. Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided), as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent. Any reference in this section "*Form of the Notes*" to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer and the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is the later of (i) 40 days after the Temporary Bearer Global Note is issued and (ii) 40 days after completion of the distribution of the relevant Tranche (the "**Distribution Compliance Period**"), interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a Permanent Bearer Global Note without interest coupons or talons or for definitive Bearer Notes with, where applicable, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement) in each case against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note is improperly withheld or refused.

The option for an issue of Bearer Notes to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes should not be expressed to be applicable in the applicable Pricing Supplement if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency).

The Issuer may issue additional Tranches of Bearer Notes from time to time, which will be consolidated, form a single series and be interchangeable for trading purposes with the existing Tranche(s) of the Series on either (1) the issue date of the additional Tranche of Bearer Notes or (2) on exchange of the Temporary Bearer Global Note representing the additional Tranche of Bearer Notes for interests in the Permanent Bearer Global Note. Upon issuance of additional Tranches of Bearer Notes (if any) prior to the Exchange Date for a particular Tranche of Bearer Notes, such Exchange Date will be extended (or further extended), without the consent of the Noteholders, until the fortieth day after the completion of the distribution of such additional Tranche of Bearer Notes.

Payments of principal and interest (if any) on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification. If the applicable Pricing Supplement specifies the form of Bearer Notes as being "Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes" or "Permanent Bearer Global Note exchangeable for Definitive Bearer Notes", then the Permanent Bearer Global Note will be exchangeable in whole, but not in part, for definitive Bearer Notes on the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason

of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in a Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all global Bearer Notes and definitive Bearer Notes and on all interest coupons and talons relating to such Notes:

*"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."*

The sections referred to provide that holders who are United States persons (as defined in the United States Revenue Code of 1986, as amended), with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg as the case may be.

#### **Registered Notes**

Each Tranche of Registered Notes will initially be represented by a global note in registered form (a "**Registered Global Note**").

Registered Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depository of Euroclear and Clearstream, Luxembourg as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5(c)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(c)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar

requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange of a Registered Global Note for a Registered Note in definitive form shall be effected not later than 10 days after the date of receipt of the first relevant notice by the Registrar and without charge to any Noteholder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

### **General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*" below) the Principal Paying Agent shall arrange that, where an additional Tranche of Notes is issued which is intended to form a single series with an existing Tranche of Note at a point after the Issue Date of the additional Tranche, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single series which, in the case of Bearer Notes, shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to their securities account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void. At the same time, holders of interests in such global Note credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 15 July 2021, executed by the Issuer.

## FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] 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. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/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/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA")** – The Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>34</sup>

Pricing Supplement dated [ ]

### STATE OF ISRAEL

**Legal Entity Identifier ("LEI"): 213800T8ZHTFZIBYPE21**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
(the "Notes")**

**under the  
Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated 15 July 2021 [as supplemented by the

<sup>1</sup> Legend to be included on front of the Pricing Supplement if one or more managers is a MiFID II entity and if following the ICMA 1 "all bonds to all professionals" target market approach. If an alternative approach is to be followed, the target market is to be amended accordingly.

<sup>2</sup> Legend to be included on front of the Pricing Supplement if one or more managers is a UK MiFIR entity and if following the ICMA 1 "all bonds to all professionals" target market approach. If an alternative approach is to be followed, the target market is to be amended accordingly.

<sup>3</sup> Insert "prescribed capital market products" and "Excluded Investment Products" or, if not, amend Singapore product classification.

<sup>4</sup> Relevant Dealer(s) to consider whether it/they have received the necessary Singapore product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

supplement[s] dated [date[s]] (the **Offering Circular**). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular may be obtained from the Ministry of Finance of Israel at 1 Kaplan Street/Hakiria, Jerusalem 91131, Israel and the offices of Citibank, N.A., London Branch at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the [Offering Circular]/[Base Prospectus dated [original date] which are incorporated by reference in the Offering Circular].

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

- |   |  |   |
|---|--|---|
| 1.  | Issuer:  | State of Israel   |
| 2.  | (i) Series Number:                             | [ ]   |
|   | (ii) Tranche Number:                           | [ ]   |
|   | (iii) Date on which the Notes become fungible: | [ ]   |
| 3.  | Specified Currency [or Currencies]:            | [ ]   |
| 4.  | Aggregate Nominal Amount:                      | [ ]   |
|   | (i) Series:                                    | [ ]   |
|   | (ii) Tranche:                                  | [ ]   |
| 5.  | Issue Price:                                   | [ ]   |
| 6.  | (i) Specified Denomination(s):                 | [ ]   |
|   | (ii) Calculation Amount:                       | [ ]   |
| 7.  | (i) Issue Date:                                | [ ]   |
|   | (ii) Interest Commencement Date:               | [ ]   |
| 8.  | Maturity Date:                                 | [ ]   |
| 9.  | Interest Basis:                                | [[ ] per cent. Fixed Rate]<br>[[ ] +/- [ ] per cent. Floating Rate]<br>[Zero Coupon]<br>[Other]   |
| 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/[Other]]. |
| 11.   | Put/Call Options:                              | [Not Applicable/Investor Put/Issuer Call]   |
| <b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b> |  |   |
| 12.   | <b>Fixed Rate Note Provisions</b>              | [Applicable/Not Applicable]   |

- (i) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [[ ] in each year; not adjusted/[*Other*]]
- (iii) Fixed Coupon Amount[(s)]: [[ ] per Calculation Amount/Condition 4(a)(ii) applies]
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (v) Fixed Day Count Fraction: [30/360 / Actual/365 (Fixed) / Actual/Actual (ICMA)]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/[ ]]
13. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [ ]
- (ii) [Specified Period/Specified Interest Payment Dates]: [ ] [in each year, subject to adjustment in accordance with the Business Day Convention set out in paragraph (iv) below]
- (iii) First Interest Payment Date: [ ]
- (iv) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]
- (v) Additional Business Centre(s): [ ]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/Other]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [ ]
- (viii) Screen Rate Determination:
- Reference Rate: [ ]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (ix) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
  - [ISDA Definitions: [2000/2006]]
- (x) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xi) Margin(s): [+/-] [ ] per cent. per annum

- (xii) Minimum Interest Rate: [ ] per cent. per annum
  - (xiii) Maximum Interest Rate: [ ] per cent. per annum
  - (xiv) Day Count Fraction: [ ]
  - (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [Not Applicable/[ ]]
14. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Any other formula/basis of determining amount payable: [Not Applicable/[ ]]
  - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payments: [Conditions 6(d)(iii) and 6(g) apply]

#### PROVISIONS RELATING TO REDEMPTION

15. Notice periods for Condition 6(b) and 6(c): [Not Applicable/As set out in Condition [6(b)/6(c)] /Minimum period: [ ] days/Maximum period: [ ] days]
16. **Issuer Call** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount: [ ] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ] per Calculation Amount
    - (b) Maximum Redemption Amount: [ ] per Calculation Amount
17. **Investor Put** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) of each Note: [ ] per Calculation Amount
18. **Final Redemption Amount of each Note** [[ ] per Calculation Amount/Other]
19. **Early Redemption Amount** [ ] per Calculation Amount/Other]
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes:



- (i) Form: [Bearer Notes:]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.]
- [Temporary Global Note exchangeable for Definitive Notes upon certification as to non-U.S. beneficial ownership on or after the Exchange Date.]
- [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
- [Registered Notes:]
- [Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]
21. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes]
22. Calculation Agent: [Not Applicable/ Citibank, N.A., London Branch / [ ]]
23. Additional Financial Centre(s): [Not Applicable/[ ]]
24. Additional Renminbi Clearing Financial Centre(s): [Not Applicable/[ ]]
25. Other final terms: [Not Applicable/[ ]]

**SIGNATURE**

Signed on behalf of The Government of Israel on behalf of State of Israel:

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

## **PART B — OTHER INFORMATION**

### **1. LISTING AND ADMISSION TO TRADING**

[Not Applicable./Application will be made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Main Market of the London Stock Exchange effective as of [ ]. [The [Original Notes] have been admitted to listing on the Official List of the FCA and to trading on the Main Market of the London Stock Exchange.]/[ ]]

### **2. RATINGS**

The Notes to be issued have not been rated./The Notes to be issued have been rated:

S&P Global Ratings UK Limited: [ ]

Moody's Investors Service Ltd: [ ]

Fitch (Hong Kong) Ltd: [ ]

### **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[s]/Dealer[s]] [and [ ] as Stabilisation Manager[s]]./[ ]

### **4. REASONS FOR THE OFFER**

Reasons for the offer:

[See "Use of Proceeds" in the Offering Circular/*give details*]

*(See "Use of Proceeds" wording in the Offering Circular – if reasons for offer different from what is disclosed in the Base Prospectus, give details.)*

### **5. [Fixed Rate Notes only – YIELD**

Indication of yield: [ ]]

### **6. OPERATIONAL INFORMATION**

ISIN: [ ]

Common Code: [ ]

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): [ ]

Delivery: Delivery [against/free of] payment

### **7. DISTRIBUTION**

Method of distribution: [Syndicated/Non-syndicated]

If syndicated: [Applicable/Not Applicable]

(i) Names of Managers: [Not Applicable/[ ]]

(ii) Date of Subscription Agreement: [Not Applicable/[ ]]

(iii) Stabilisation Manager: [Not Applicable/[ ]]

If non-syndicated, name of Manager: [Not Applicable/[ ]]

U.S. Selling Restrictions:

Regulation S Compliance Category 1; [TEFRA  
[C/D]/TEFRA not applicable]

Additional selling restrictions:

[Not Applicable/[ ]]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant competent listing authority, stock exchange, regulated market and/or quotation system (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes will supplement, amend and/or replace the following Terms and Conditions for the purpose of such Notes.*

*The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note.*

This Note is one of a Series (as defined herein) of Notes issued by State of Israel (the "**Issuer**") pursuant to the Agency Agreement (as defined herein).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined herein) are issued with the benefit of an Amendment and Restatement Agreement (Agency Agreement) dated 15 July 2021 (the "**Agency Agreement**", which expression shall include such agreement as further amended, supplemented or restated as at the Issue Date of the first Tranche of the Notes) and made among the Issuer, Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor agent specified in the applicable Pricing Supplement (as defined herein)) and as transfer agent (the "**Transfer Agent**", which expression shall include any successor transfer agent specified in the applicable Pricing Supplement (as defined herein)), Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression shall include any successor registrar), Citibank Europe Plc as a paying agent and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("**Coupons**") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note which supplements these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the "**applicable Pricing Supplement**" are to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 15 July 2021, and made by the Issuer. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear (as defined herein) and Clearstream, Luxembourg (as defined herein).

Copies of the Agency Agreement and the Deed of Covenant (i) are available for inspection or collection during normal business hours at the specified office of each of the Paying Agents or (ii) may be provided by email to a

Noteholder following their prior written request to any Paying Agents or the Issuer and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent or the Issuer, as the case may be). Copies of the applicable Pricing Supplement are 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 from the specified office of the Principal Paying Agent for the time being in London **save that**, if this Note is unlisted, the applicable Pricing Supplement will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Pricing Supplement which are applicable to them.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

As used herein:

- **"Bearer Global Notes"** means Bearer Notes in global form;
- **"Couponholders"** means the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons;
- **"Noteholders"** means (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes for the time being are registered, and shall, in relation to any Notes represented by a Global Note, be construed as provided below;
- **"outstanding"**, in relation to the Notes, has the meaning given in the Agency Agreement;
- **"Series"** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
- **"Registered Global Notes"** means Registered Notes in global form; and
- **"Tranche"** means Notes which are identical in all respects (including as to listing and admission to trading).

## 1. **Form, Denomination and Title**

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note or any combination of the foregoing, depending upon the Interest Basis or, as the case may be Redemption/Payment Basis specified in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Paying Agent may deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream, Luxembourg"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg, as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and the Paying Agents as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Paying Agent.

## **2. Transfers of Registered Notes**

### **(a) *Transfers of interests in Registered Global Notes***

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same Series only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

### **(b) *Transfers of Registered Notes in definitive form***

Subject as provided in Condition 2(c) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement) and a copy of such regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of the Regulations). Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the specified office of the Registrar or relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured first class mail (airmail if overseas), to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the

Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) **Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) **Costs of registration**

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or the Transfer Agent but against such indemnity as the Registrar or (as the case may be) the Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(e) **Closed periods**

Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

**3. Status of the Notes**

The Notes and any relative Coupons are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, **provided, further, that** the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and *vice versa*. For the purposes of this Condition 3, "**External Indebtedness**" means any Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and "**Indebtedness**" means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.

**4. Interest**

(a) **Interest on Fixed Rate Notes**

(i) *General*

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated by the Principal Paying Agent (the "**Interest Amount**") in respect of any Interest Period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount, and, in each case, multiplying such sum by the applicable Fixed Day Count Fraction.

The resultant figure (including after the application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(ii) *Renminbi Notes*

For Renminbi Notes (as defined in Condition 5(g)) which are Fixed Rate Notes, where the Interest Payment Dates specified in the applicable Pricing Supplement are subject to modification, each Fixed Coupon Amount shall be calculated by multiplying the product of the relevant Rate of Interest and the relevant Calculation Amount by the relevant Fixed Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.

(iii) *Definitions*

For the purposes of these Conditions,

**"Fixed Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the applicable Pricing Supplement and:

- (A) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (B) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (C) if **"30/360"** is specified, on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

**"Regular Period"** means:

- (A) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (B) in the case of Notes where, except for the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular



Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

- (C) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) ***Interest on Floating Rate Notes***

(i) ***Interest Payment Dates***

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year (the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next Interest Payment Date each being an "**Interest Period**"); or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an "**Interest Payment Date**", which terms shall hereinafter in these Terms and Conditions include a Specified Interest Payment Date) which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (3) the Modified Following Business Day Convention or Modified Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (5) the FRN Convention, Floating Rate Convention or Eurodollar Convention, such Interest Payment Date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

In this Condition (subject as otherwise provided in the applicable Pricing Supplement), "**Business Day**" means:

- (A) if the currency of payment is euro, any day (except Saturday or Sunday) which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre as specified in the applicable Pricing Supplement;
- (B) in relation to any sum payable in Renminbi, a day (except Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments of Renminbi and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong or (if any) the additional financial centre(s) in which a Renminbi clearing bank clears and settles Renminbi (each, an "**Additional Renminbi Clearing Financial Centre**") as specified in the applicable Pricing Supplement; or
- (C) if the currency of payment is not euro or Renminbi, any day (except Saturday or Sunday) which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Business Centre as specified in the applicable Pricing Supplement.

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined either by ISDA Determination or by Screen Rate Determination, and the method of determination will be specified in the applicable Pricing Supplement.

- (A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent (if any is specified in the applicable Pricing Supplement), as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the applicable Pricing Supplement, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) (the "**ISDA Definitions**"), and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Eurozone (as defined herein) inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

If Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent specified in the Pricing Supplement by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

- (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

**provided, however, that** if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent specified in the Pricing Supplement shall determine such rate at such time and by reference to such sources as it determines appropriate.

For the purposes of this sub-paragraph (A), unless otherwise indicated, "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(B) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page (as indicated in the applicable Pricing Supplement)), expressed as a percentage rate per annum; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum),

for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent specified in the Pricing Supplement by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

- (1) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (2) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

**provided, however, that** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent specified in the Pricing Supplement shall determine such rate at such time and by reference to such sources as it determines appropriate.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three of such offered quotations appear, in each case as at the Relevant Time, the Principal Paying Agent shall request each of the Reference Banks (as defined herein) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded as provided above) of such offered quotations plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation as provided in the paragraph above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to

that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Eurozone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are suitable for such purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Eurozone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition:

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate (or any successor or replacement rate);

"**Eurozone**" means the zone comprising the member states of the European Union which adopt or have adopted the euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended;

"**LIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate (or any successor or replacement rate);

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent in consultation with the Issuer;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement (or any successor or replacement page, section, caption, column or other part of a particular information service); and

"**Relevant Time**" means, in the case of LIBOR, 11:00 am (London time) or, in the case of EURIBOR, 11:00 am (Brussels time) or, as the case may be, as specified in the applicable Pricing Supplement.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) *Minimum and/or Maximum Interest Rate*

If the applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Principal Paying Agent or the Calculation Agent (as applicable), in the case of Floating Rate Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Principal Paying Agent or the Calculation Agent (as applicable) will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Registered Notes; or
- (B) in the case of Floating Rate Notes which are Bearer Notes in definitive form, the Calculation Amount, and, in each case, multiplying such sum by the applicable Day Count Fraction, and

rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency,

half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of any Interest Payment Date falling in a leap year, 366;
- (iv) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30;

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and "**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

- (vii) if "**30E/360 (ISDA)**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent or the Calculation Agent (as applicable) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any competent listing authority, stock exchange, regulated market and/or quotation system by which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day. For the purposes of this paragraph (v) the expression "**London Business Day**" means a day (other than a Saturday or Sunday on which banks and foreign exchange markets are open for business in London. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each competent listing authority, stock exchange, regulated market and/or quotation system by which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. If the Calculation Amount is less than the minimum Specified Denomination the Principal Paying Agent or the Calculation Agent (as applicable) shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the Registrar and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Benchmark Discontinuation*

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate at any time when these Conditions provide for any remaining Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(c)(ii)) and, in either case, an Adjustment Spread (in accordance with Condition 4(c)(iii)) and any Benchmark Amendments (in accordance with Condition 4(c)(iv)).

An Independent Adviser appointed pursuant to this Condition 4(c) shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Principal Paying Agent, any other party specified in the applicable Pricing Supplement as being responsible for calculating the Rate of Interest, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4(c).



(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser (in consultation with the Issuer), acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate as adjusted by the applicable Adjustment Spread as provided in Condition 4(c)(iii) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(c)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate as adjusted by the applicable Adjustment Spread as provided in Condition 4(c)(iii) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(c)).

(iii) *Adjustment Spread*

If a Successor Rate or Alternative Rate is determined in accordance with Condition 4(c)(ii), the Independent Adviser (in consultation with the Issuer), acting in good faith and in a commercially reasonable manner, shall determine an Adjustment Spread (which may be expressed as a specified quantum, or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, such an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 4(c) and the Independent Adviser (in consultation with the Issuer), acting in good faith and in a commercially reasonable manner, determines (A) that amendments to these Conditions and/or the Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(c)(v), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions and/or the Agency Agreement (as applicable) to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, the Principal Paying Agent or the Calculation Agent, as applicable shall (at the expense of the Issuer), without any requirement for the consent or approval of Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments and the Principal Paying Agent or the Calculation Agent, as applicable shall not be liable to any party for any consequences thereof, provided that the Principal Paying Agent or the Calculation Agent, as applicable, shall not be obliged so to concur if in the reasonable opinion of the Principal Paying Agent or the Calculation Agent, as applicable, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce rights and/or the protective provisions afforded to the Principal Paying Agent or the Calculation Agent, as applicable, in these Conditions or the Agency Agreement in any way.

(v) *Notices, etc.*

The Issuer will notify the Principal Paying Agent, any other party specified in the applicable Pricing Supplement as being responsible for calculating the Rate of Interest, the other Paying Agents and, in accordance with Condition 13, the Noteholders promptly of any Successor Rate, Alternative Rate,

Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(c). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under the provisions of this Condition 4(c), the Original Reference Rate and the fallback provisions provided for in Condition 4(b)(ii)(B) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Fallbacks*

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) or (in either case) applicable Adjustment Spread is determined and notified to the Agent or any other party specified in the applicable Pricing Supplement as being responsible for calculating the Rate of Interest (as applicable), in each case pursuant to this Condition 4(c), prior to such Interest Determination Date, the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided for in Condition 4(b)(ii)(B) will (if applicable) continue to apply to such determination.

For the avoidance of doubt, this Condition 4(c)(vii) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(c).

(viii) *Definitions*

As used in this Condition 4(c):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in either case which is to be applied to the relevant Successor Rate or Alternative Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of an Alternative Rate or (where (A) above does not apply) in the case of a Successor Rate, the Independent Adviser determines (in consultation with the Issuer) is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (C) (if the Independent Adviser (in consultation with the Issuer) determines that neither (A) nor (B) above applies) the Independent Adviser (in consultation with the Issuer) determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative to the Original Reference Rate which the Independent Adviser (in consultation with the Issuer) determines in accordance with Condition 4(c)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) for debt securities with a commensurate interest period and in the same Specified Currency as the Notes, or if the Independent Adviser (in consultation with the Issuer) determines that there is no such rate, such other

rate as the Independent Adviser (in consultation with the Issuer) determines in its sole discretion is most comparable to the Original Reference Rate;

"**Benchmark Amendments**" has the meaning given to it in Condition 4(c)(iv);

"**Benchmark Event**" means, with respect to an Original Reference Rate:

- (A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or
- (B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the specified date referred to in (B)(i); or
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the specified date referred to in (D)(i); or
- (E) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (E)(i); or
- (F) it has or will prior to the next Interest Determination Date become unlawful for the Issuer, the Principal Paying Agent, any other party specified in the applicable Pricing Supplement as being responsible for calculating the Rate of Interest or any Paying Agent to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate; or
- (G) the later of (i) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is or will, on or before a specified date, be no longer representative or may no longer be used and (ii) the date falling six months prior to the specified date referred to in (G)(i) above;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate experience in the international debt capital markets appointed by the Issuer, at its own expense, under Condition 4(c)(i);

"**Original Reference Rate**" means the originally-specified Reference Rate used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Rate);

"**Relevant Nominating Body**" means, in respect of an Original Reference Rate:

- (A) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(d) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given in accordance with Condition 13 or individually.

**5. Payments**

(a) ***Method of Payment***

Subject as provided below:

- (i) payments in a Specified Currency other than euro and Renminbi (including the U.S. Dollar Equivalent of any amount due in Renminbi) will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively);
- (ii) payments in euro will be made by euro cheque drawn on a bank in a principal financial centre of a state participating in the European economic and monetary union or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee;
- (iii) payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with Condition 5(g) below, will be made by credit or transfer to a U.S. dollar account (or any other account to which U.S. dollars may be credited or transferred) specified by the payee or, at the option of the payee, by a U.S. dollar cheque, provided, however, that no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States; and
- (iv) payments in Renminbi will be made by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong or (if any) an Additional Renminbi Clearing Financial Centre specified in the Pricing Supplement.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or its Paying Agents are subject, but without prejudice to the provisions of Condition 7.

(b) ***Presentation of definitive Bearer Notes and Coupons***

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured

Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of seven years after the Relevant Date (as defined in Condition 7) in respect of such principal or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

(c) ***Payments in respect of Registered Notes***

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro and Renminbi (including the U.S. Dollar Equivalent of any amount due in Renminbi)) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified

Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); (in the case of a payment in euro) any bank which processes payments in euro; (in the case of payments in Renminbi) a bank in Hong Kong or (if any) any Additional Renminbi Clearing Financial Centre specified in the Pricing Supplement; and (in the case of payments of the U.S. Dollar Equivalent of the relevant Renminbi amount) any bank outside of the United States which processes payments in U.S. dollars.

Payments of interest and payments of principal in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer or the Paying Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(d) ***General Provisions Applicable to Payments***

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars (other than any U.S. Dollar Equivalent of an amount due in Renminbi), such U.S. dollar payments of principal and/or interest in respect of this Note will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) ***Payment Day***

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means:

- (i) if the currency of payment is euro, any day (except Saturday or Sunday) which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre as specified in the applicable Pricing Supplement; or
- (ii) if the currency of payment is Renminbi, a day (except Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments of Renminbi and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong or (if any) an Additional Renminbi Clearing Financial Centre as specified in the applicable Pricing Supplement;
- (iii) if the currency of payment is not euro or Renminbi, any day (except Saturday or Sunday) which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre as specified in the applicable Pricing Supplement; and
- (iv) in the case of Notes in definitive form only, any day (except Saturday or Sunday) which is a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies.

(f) ***Interpretation of Principal and Interest***

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes; and
- (v) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

(g) ***Payment of U.S. Dollar Equivalent***

This Condition 5(g) applies to Notes denominated in Renminbi (the "**Renminbi Notes**"). Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of Renminbi Notes when due in Renminbi, the Issuer may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount. Upon the determination that a condition of Inconvertibility, Non-transferability or Illiquidity prevails, the Issuer shall no later than 10:00 a.m. (Hong Kong time) on the Rate Calculation Date, (i) notify the Calculation Agent and the Paying Agents, and (ii) notify the Noteholders in accordance with Condition 13 of such determination.

Any payment made in the U.S. Dollar Equivalent of a Renminbi amount under this Condition 5(g) will constitute valid payment, and will not constitute a default in respect of the Renminbi Notes.

For the purposes of these Conditions:

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong or the PRC.

**"Illiquidity"** means the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers, as a result of which the Issuer cannot, having used its reasonable endeavours, obtain sufficient Renminbi in order fully to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Renminbi Notes.

**"Inconvertibility"** means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible (where it had previously been possible) or, having used its reasonable endeavours, impracticable, for it to convert any amount due in respect of the Renminbi Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"Non-transferability"** means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible or, having used its reasonable endeavours, impracticable, for it to deliver Renminbi (i) between accounts inside Hong Kong or (ii) from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"PRC"** means the People's Republic of China.

**"Rate Calculation Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and New York City.

**"Rate Calculation Date"** means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions.

**"Renminbi"** or **"CNY"** means the official currency of the People's Republic of China.

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong.

**"Spot Rate"** means, for a Rate Calculation Date, the spot USD/CNY exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the spot rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available USD/Renminbi official fixing rate for settlement on the due date for payment reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

**"U.S. Dollar Equivalent"** of a Renminbi amount means the relevant Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(g) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders and Couponholders.

## **6. Redemption and Purchase**

### **(a) At Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.



(b) ***Redemption at the Option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (i) not less than 30 nor more than 60 days' notice (or such other period as is indicated in the applicable Pricing Supplement) to the Noteholders in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent,

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, **provided that** such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (b) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least 5 days prior to the Selection Date.

(c) ***Redemption at the Option of the Noteholders (Investor Put)***

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 30 nor more than 60 days' (or such other period as is indicated in the applicable Pricing Supplement) notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition and in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior

to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(d) ***Early Redemption Amounts***

For the purpose of Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount outstanding; or
- (iii) in the case of Zero Coupon Notes, at its Early Redemption Amount equal to the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or such other calculation basis as may be specified in the applicable Pricing Supplement.

(e) ***Purchases***

The Issuer, may at any time purchase Notes (**provided that**, in the case of definitive Bearer Notes, all unmatured Coupons appertaining thereto are purchased therewith) in any manner and at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(f) ***Cancellation***

All Notes which are redeemed or purchased and surrendered for cancellation pursuant to paragraph (e) above will forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption or purchase). All Notes so cancelled (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(g) ***Late payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b) or (c) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (d)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders either in accordance with Condition 13 or individually.

**7. Taxation**

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes imposed by or within State of Israel or any authority therein or thereof having power to tax (together

"Taxes") unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as will result in receipt by the holders of the Notes or Coupons of such amounts as would have been received by them in respect of the Notes or Coupons, as the case may be, had no such withholding or deduction been required; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment by or by a third party on behalf of a Noteholder or Couponholder who is liable for such Taxes in respect of such Note or Coupon by reason of the holder having some connection with State of Israel other than the mere holding of such Note or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined herein) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

## **8. Prescription**

The Notes (whether in bearer or registered form) and Coupons (if any) will become void unless presented for payment within a period of seven years after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

## **9. Events of Default**

### **(a) Declaration of Acceleration**

If any of the following events (each an "**Event of Default**") occurs and is continuing:

- (i) default is made for more than 30 days in the payment of any amount in respect of any of the Notes; or
- (ii) default is made in the performance by the Issuer of any other obligation of the Issuer in respect of the Notes (other than any obligation for the payment of any amount due in respect of any of the Notes) and such default continues for a period of 60 days after written notification requiring such default to be remedied has been given to the Issuer by any Noteholder; or
- (iii) the Issuer declares a moratorium with respect to the payment of any amount in respect of any of the Notes,

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at the Early Redemption Amount (as described in Condition 6(d)) without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer.

### **(b) Withdrawal of Declaration of Acceleration**

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall, give notice thereof to the Noteholders (with a copy to the Principal Paying Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No

such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

#### **10. Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar or Transfer Agent (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

#### **11. Principal Paying Agent, Paying Agents, Registrar and Transfer Agents**

The names of the initial Principal Paying Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, **provided that:**

- (i) so long as the Notes are admitted to listing, trading and/or quotation by any competent listing authority, stock exchange, regulated market and/or quotation system, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant competent listing authority, stock exchange, regulated market and/or quotation system; and
- (ii) there will at all times be a Principal Paying Agent and a Registrar.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

#### **12. Exchange of Talons**

On and after the Interest Payment Date, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

#### **13. Notices**

All notices regarding the Bearer Notes shall be published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other competent listing authority, stock exchange, regulated market and/or quotation system by which the Bearer Notes are for the time being listed including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication in both such newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail (or its equivalent) or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been

given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may (**provided that**, in the case of Notes listed by a competent listing authority, stock exchange, regulated market and/or quotation system, the competent listing authority, stock exchange, regulated market and/or quotation system agrees), so long as the Global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **14. Meetings of Noteholders; Written Resolutions; Electronic Consents**

##### **(a) Convening Meetings of Noteholders; Conduct of Meetings of Noteholders**

- (i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the Agency Agreement (including by way of conference call or by use of a videoconference platform). The Issuer will determine the time and place of the meeting. The Issuer will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (ii) The Issuer or the Principal Paying Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes have delivered a written request to the Issuer or the Principal Paying Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Principal Paying Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Principal Paying Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (iii) The Issuer (with the agreement of the Principal Paying Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Principal Paying Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (iv) The notice convening any meeting will specify, *inter alia*;
  - (A) the date, time and location of the meeting;
  - (B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
  - (C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

- (D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
  - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
  - (F) whether paragraph (b), or paragraph (c), or paragraph (d) below shall apply and, if relevant, in relation to which other series of debt securities it applies;
  - (G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
  - (H) such information that is required to be provided by the Issuer in accordance with paragraph (f) below;
  - (I) the identity of the Aggregation Agent (as defined in these Conditions) and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in paragraph (g) below; and
  - (J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (v) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
  - (vi) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
  - (vii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
  - (viii) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
  - (ix) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 14 and Condition 14A or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.
- (b) *Modification of this Series of Notes only*
    - (i) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
    - (ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to paragraph (a) above by a majority of:

- (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.
- (iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
- (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (B) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be, and on all Couponholders.

(c) ***Multiple Series Aggregation – Single limb voting***

- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.
- (ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to paragraph (a) above, as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of debt securities.
- (iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may

be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.

- (v) The "**Uniformly Applicable**" condition will be satisfied if:
    - (A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
    - (B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).
  - (vi) It is understood that a proposal under paragraph (c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
  - (vii) Any modification or action proposed under paragraph (c)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this paragraph (c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.
- (d) **Multiple Series Aggregation – Two limb voting**
- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
  - (ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to paragraph (a) above, as supplemented if necessary, which is passed by a majority of:
    - (A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
    - (B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
  - (iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the



holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

- (A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
- (B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.
  - (v) Any modification or action proposed under paragraph (d)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this paragraph (d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.
- (e) ***Reserved Matters***

In these Conditions, "**Reserved Matter**" means any proposal:

- (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";
- (v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";
- (vi) to change the definition of "Uniformly Applicable";
- (vii) to change the definition of "outstanding";

- (viii) to change the legal ranking of the Notes;
- (ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 9 if any;
- (x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 16;
- (xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (xii) to modify the provisions of this paragraph (e);
- (xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security;
- (xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
  - (A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
  - (B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) ***Information***

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to paragraph (b), paragraph (c) or paragraph (d) above, the Issuer shall publish in accordance with Condition 14A, and provide the Principal Paying Agent with the following information:

- (i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in paragraph (a)(iv)(G) above.

(g) ***Claims Valuation***

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with paragraph (c) and paragraph (d) above, the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the par value of the Notes and such affected series of debt securities will be calculated. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) ***Manifest error, etc.***

The Notes, these Conditions and the provisions of the Agency Agreement may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, is to comply with mandatory provisions of the laws of the State of Israel or it is not materially prejudicial to the interests of the Noteholders.

(i) ***Notes controlled by the Issuer***

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Principal Paying Agent a copy of the certificate prepared pursuant to paragraph (d) of Condition 14A, which includes information on the total number of Notes which are for the time being held by any person (including but not limited to the Issuer) for the benefit of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Principal Paying Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) ***Publication***

All Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed shall be published in accordance with the provisions of the Agency Agreement.

(k) ***Exchange and Conversion***

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

(l) ***Written Resolutions and Electronic Consents***

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders. For so long as any Notes are in the form of a Global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg or any other clearing system (the "**relevant clearing system(s)**"), then:

- (i) Approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of:

- (A) in respect of a proposal that falls within paragraphs (b)(ii) and (b)(iii) above, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes in the case of a Reserved Matter or more than 50 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;
- (B) in respect of a proposal that falls within paragraphs (c)(ii) and (c)(iii) above, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);
- (C) in respect of a proposal that falls within paragraphs (d)(ii) and (d)(iii) above, (x) the persons holding at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

(in the case of paragraphs (A) and (B) above, each an "**Electronic Consent**") shall, for all purposes (including Reserved Matters) take effect as (i) a Single Series Extraordinary Resolution (in the case of paragraph (A) above), (ii) a Multiple Series Single Limb Extraordinary Resolution (in the case of paragraph (B) above) or (iii) a Multiple Series Two Limb Extraordinary Resolution (in the case of paragraph (C) above), as applicable.

The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

- (ii) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the relevant clearing system(s) with entitlements to any Global Note and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the relevant clearing system(s) and, in the case of (b) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system

(including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to paragraph (a)(iv) above shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent (i) shall take effect as an Extraordinary Resolution and (ii) will be binding on all Noteholders and holders of Coupons and Talons, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

#### **14A. Aggregation Agent; Aggregation Procedures**

##### **(a) *Appointment***

The Issuer will appoint an aggregation agent ("**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

##### **(b) *Extraordinary Resolutions***

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

##### **(c) *Written Resolutions***

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

##### **(d) *Certificate***

For the purposes of paragraph (b) and paragraph (c) above, the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 14(b), 14(c) or 14(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) ***Notification***

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 14A to be notified to the Principal Paying Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) ***Binding nature of determinations; no liability***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 14A by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**15. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

**16. Governing Law and Submission to Jurisdiction**

- (a) The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and all non-contractual obligations arising therefrom are governed by English law.
- (b) The Issuer agrees, for the exclusive benefit of the Paying Agents, the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes and/or the Coupons (including a dispute relating to their existence, validity or termination or any non-contractual obligation arising out of or in connection with them) or the consequence of their nullity and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Agency Agreement, the Notes and/or the Coupons and any non-contractual obligation arising out of or in connection with them may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints the Embassy of Israel in the United Kingdom whose address is 2 Palace Green, London W8 4QB as its agent for service of process, (with a copy to the Ministry of Finance, Accountant General's Office, 1 Kaplan Street/Hakiria, POB13185, Jerusalem 91131, Israel) and undertakes that, in

the event of such person ceasing so to act or ceasing to be effectively appointed to accept service of process on the Issuer's behalf, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law. The Issuer hereby irrevocably and unconditionally agrees not to claim with respect to the Agency Agreement, the Notes and/or the Coupons any right to sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any proceedings.

Notwithstanding the foregoing, under the laws of State of Israel, the funds, assets, rights and general property of the Issuer located in State of Israel are immune from execution and attachment and any process in the nature thereof and the foregoing waiver shall not constitute a waiver of such immunity or of any immunity from execution or attachment or process in the nature thereof with respect to the premises of the Issuer's diplomatic missions in any jurisdiction outside State of Israel or with respect to the assets of the Issuer necessary for the proper functioning of the Issuer as a sovereign power.

**17. Third Party Rights**

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from under that Act.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.



## SUBSCRIPTION AND SALE

The Dealers have, in an Amendment and Restatement Agreement (Programme Agreement) dated 15 July 2021 (as amended and restated or supplemented from time to time, the "**Programme Agreement**"), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer, sell or deliver any Notes within the United States or to U.S. persons except as permitted by the Programme Agreement.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

### Public Offer Selling Restriction under the EU Prospectus Regulation

In relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which have a minimum denomination of less than €100,000 (or equivalent in another currency) except that it may make an offer of such Notes at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation.

### United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

- (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer; and

- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Netherlands**

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or spaarbewijzen as defined in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*; the "SCA")) may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

In the event that the Dutch Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such notes.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan, or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **People's Republic of China**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes are not being offered or sold and will not be offered or sold directly or indirectly within the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) (the "PRC"). This Offering Circular or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This Offering Circular, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be purchased in the PRC by investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, and other relevant regulatory bodies, and complying

with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused any Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause any Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(b) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or

- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*Notification under Section 309B(1)(c) of the SFA* – Unless otherwise stated in the Pricing Supplement, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04 N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Belgium**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The update of the Programme and the issue of Notes thereunder have been duly determined by the Government of State of Israel on behalf of State of Israel acting through officials of the Ministry of Finance authorised under the State Property Law 5711/1951 of State of Israel.

### Taxation

Interest paid on the Notes to non-residents of Israel as well as capital gains made by them on a sale of Notes will not be subject to Israeli taxation, whether by withholding or otherwise.

### Listing of Notes

Where the Issuer and each relevant Dealer so agree before the Issue Date for the relevant Series, application will be made to admit certain Series of Notes issued under the Programme to the Official List and to trading on the Main Market of the London Stock Exchange. The applicable Pricing Supplement for any Note will indicate whether or not such application has been made.

However, Notes may be issued pursuant to the Programme which will not be admitted to the Official List or admitted to trading on the Main Market of the London Stock Exchange or admitted to listing, trading and/or quotation on any other listing authorities, stock exchanges, regulated markets and/or quotation systems or which will be admitted to listing, trading and/or quotation on any other listing authorities, stock exchanges, regulated markets and/or quotation systems as the Issuer and each relevant Dealer may agree.

### Governmental, Legal and Arbitration Proceedings

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the later of (i) the date of this Offering Circular, (ii) any supplement hereto, and (iii) the most recent Pricing Supplement relating to a tranche of Notes, which may have, or have had in the recent past, significant effects on the financial position of the Issuer.

### No Significant Change

Save as disclosed in the section “COVID-19” of Exhibit D to the most recent Annual Report on Form 18-K, and in any Amendment to Exhibit D to the Issuer's most recent Annual Report on Form 18-K, incorporated by reference in this Offering Circular (to the extent applicable), there has been no significant change in relation to public finance and trade, the tax and budgetary systems, the gross public debt, the foreign trade and balance of payment figures, the foreign exchange reserves, the financial position and resources and the income and expenditure figures of the Issuer since the most recent of the (i) Exhibit D to the Issuer's Annual Report on Form 18-K and (ii) Amendment to Exhibit D to the Issuer's most recent Annual Report on Form 18-K as published from time to time and incorporated by reference into this Offering Circular.

### Documents Available

So long as any Notes are outstanding, copies of the following documents will, when published, be available from the specified offices of the Principal Paying Agent for the time being in London and from the office of the Issuer specified on page 79 hereof:

- (i) the Agency Agreement, the Deed of Covenant and the forms of the Temporary Global Notes, the Permanent Global Notes, the Definitive Notes, the Coupons and the Talons;
- (ii) the Offering Circular (including the Information Incorporated by Reference), any supplementary offering circular and any Pricing Supplement issued pursuant to the Programme or supplement thereto.

So long as any Notes are outstanding, the Information Incorporated by Reference will, when published, be available for inspection free of charge, at the website of the Issuer at <https://www.gov.il/en/Departments/DynamicCollectors/prospectuses?skip=0>. For the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular.

### **Auditing or Independent Review Procedures on the Accounts of the Issuer**

The review carried out on the Issuer's budget is a procedural review; all government expenditures are controlled by the signatories in the ministries and by comptrollers who are the representatives of the Accountant General division at the Ministry of Finance, sitting in the various ministries.

The supervision and control mechanism is in accordance with the State Property Law.

The Accountant General groups the reports from the different ministries into one annual report of the Accountant General. This report is submitted to the State Controller in accordance with the State Controller law.

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). Each Tranche of Notes will be allocated an International Securities Identification Number (ISIN) and Common Code, which will be specified in the applicable Pricing Supplement. Notes issued in Series comprising more than one Tranche may be assigned a temporary ISIN and Common Code on issue. Transactions will normally be effected for settlement not earlier than three business days after the date of the transaction.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking SA, 42 Avenue JF Kennedy, L-1855 Luxembourg.

As of the date of this Offering Circular, no arrangements have been made for Renminbi Notes to be cleared through the Central Moneymarkets Unit ("CMU").

### **Regulation S**

Issuances of Notes under the Programme are expected to be Category 1 issuances for the purposes of Regulation S under the Securities Act.

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