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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 18-K/A  
For Foreign Governments and Political Subdivisions Thereof

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AMENDMENT NO. 3  
TO  
ANNUAL REPORT OF  
  
**THE STATE OF ISRAEL**  
(Name of Registrant)

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Date of end of last fiscal year: December 31, 2023

SECURITIES REGISTERED\*  
(As of the close of the fiscal year)

TITLE OF ISSUE	AMOUNTS AS TO WHICH REGISTRATION IS EFFECTIVE	NAMES OF EXCHANGES ON WHICH REGISTERED
N/A	N/A	N/A

Names and addresses of persons authorized to receive notices  
and communications from the Securities and Exchange Commission

Elinor Azani  
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Ministry of Finance of the State of Israel  
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250 West 55th Street  
New York, New York 10019  
United States

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\* The Registrant is filing this annual report on a voluntary basis.

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**THE STATE OF ISRAEL (THE “STATE”)**

The sole purpose of this Amendment No. 3 is to file with the Securities and Exchange Commission the Recent Developments in the State of Israel as of June 11, 2025, which is included as Exhibit D-2 hereto and which updates and amends the Current Description of the State of Israel previously filed as Exhibit D on July 1, 2024, as amended by Exhibit D-1 filed on February 11, 2025.

## EXHIBIT INDEX

### Exhibit Number

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A: None.

B: None.

[C-1: Copy of the State Budget for Fiscal Years 2023 – 2024 \(in Hebrew\).\\*](#)

[C-2: Copy of the Additional Budget Bill for Fiscal Year 2023 \(in Hebrew\).\\*\\*](#)

[C-3: Copy of the Additional Budget Bill for Fiscal Year 2024 \(in Hebrew\).\\*\\*\\*](#)

[D: Current Description of the State of Israel.\\*\\*\\*\\*](#)

[D-1: Recent Developments in the State of Israel as of February 11, 2025. \\*\\*\\*\\*\\*](#)

[D-2: Recent Developments in the State of Israel as of June 11, 2025.](#)

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\* Previously filed as Exhibit C to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2022, filed on June 30, 2023.

\*\* Previously filed as Exhibit C-1 to Amendment No. 1 to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2022, filed on January 4, 2024.

\*\*\* Previously filed as Exhibit C-3 to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024.

\*\*\*\* Previously filed as Exhibit D to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024.

\*\*\*\*\* Previously filed as Exhibit D-1 to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on February 11, 2025.

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in Jerusalem, Israel on June 11, 2025.

STATE OF ISRAEL

By: /s/ Gil Cohen

Name: Gil Cohen

Title: Senior Deputy Accountant General, Ministry of Finance

By: /s/ Saar Elimelech

Name: Saar Elimelech

Title: Head of Global Debt Capital Markets and FX Transactions, Ministry of Finance

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**SUMMARY INFORMATION AND RECENT DEVELOPMENTS**

*The following information in this section supplements the information about the State contained in the State's Annual Report for 2023 on Form 18-K filed with the SEC on July 1, 2024 (as amended from time to time, the "Annual Report for 2023"). To the extent the information in this section is inconsistent with the information contained in the Annual Report for 2023, the information in this section supersedes and replaces such information. In particular, certain GDP-based figures and related economic data in the Annual Report for 2023 have been updated herein to reflect new data that has become available which resulted in changes to prior calculations, and as such the amounts set forth herein may deviate from previously reported amounts. Capitalized terms used but not defined in this section have the meanings ascribed to them in the Annual Report for 2023. This section is not complete and may not contain all the information that you should consider. You should read the entire Annual Report for 2023 and any supplement thereto carefully. Unless otherwise specified, amounts in NIS or US\$ are presented in current prices without adjustment for inflation. Figures in this section are as of June 11, 2025, except as otherwise indicated.*

**October 7, 2023 Attack on Israel, the War in Gaza and Other Related Military Conflicts**

On October 7, 2023, Hamas, a terrorist group, launched an unprecedented terror attack on Israel from the Gaza Strip. Following the attack, Israel's Minister of Defense declared a special home front situation in the region, which was later extended to the entire country. Subsequently, Israel's Ministerial Committee for National Security Affairs decided to undertake military action, which enabled the drafting of more than 300,000 reservists, launching the war in Gaza with the aim of negating Hamas's political and military capabilities in Gaza and releasing all hostages. In light of these developments, leaders from opposition parties joined the government as part of an emergency unity government, which was in place until June 9, 2024, when the National Unity Party departed from the government.

In northern Israel, Israel shares borders with Syria and Lebanon, where Hezbollah, another terrorist group, is active. From the beginning of the war in Gaza, Hezbollah launched a myriad of aerial attacks into northern Israel, which forced many residents to relocate from their homes. In October 2024, Israel launched a limited ground operation in the border villages of southern Lebanon, intending to prevent a potential imminent incursion by Hezbollah terrorists. A 60-day ceasefire began on November 26, 2024 and was extended until February 18, 2025. The ceasefire terms required that neither Hezbollah nor any other armed group have weapons in areas near the border south of the Litani river, which is north of the Israel-Lebanon border, and Israel was to pull all its forces from southern Lebanon. As of May 2025, Israel maintains control over five strategic locations in southern Lebanon to prevent Hezbollah from strengthening its position and reclaiming key areas, while it conducts limited airstrikes on Hezbollah sites in the region, which are ongoing.

On April 13, 2024, Iran attacked Israel with more than 300 drones, cruise missiles, and ballistic missiles. The Israel Defense Forces, together with an international and regional military coalition, intercepted 99% of the missiles and drones. Israel views this as a demonstration of the strength of the regional and international partnership in the region. On October 1, 2024 Iran launched an additional attack of 181 ballistic missiles toward Israel which were thwarted nearly in full. Israel responded against Iran with limited military action.

The Houthis, an Iranian-backed terrorist militia based in Yemen, carried out multiple missile and drone strikes on Israel during the Gaza war as part of a resistance effort against Israel. On July 20, 2024, Israel initiated its first significant strike on Houthi infrastructure. This action followed a February 2024 intervention by a coalition of U.S. and U.K. forces, who took military action against the Houthis due to the disruption of Red Sea trade caused by Houthi terrorism. Israel conducted additional strikes on Houthi targets in September and December 2024, after ongoing missile and drone launches into Israel's territory. On January 10, 2025, a combined attack by Israeli and U.S. air forces targeted 30 sites in Sanaa, Yemen and numerous others in the coastal region of Yemen. On May 4, 2025, the Houthis launched a missile at Tel Aviv, striking near the main terminal of Ben Gurion Airport. The following day, Israel retaliated against the Houthis, attacking targets in Hodeidah and its surrounding areas.

In December 2024, the Assad regime in Syria was overthrown by rebel groups. Recent developments in Syria have brought about significant changes, prompting Israel to take military action to protect its security interests in the region. These actions are aimed at addressing emerging threats and preserving Israel's strategic position amidst growing instability nearby.

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On January 19, 2025, a three-phase framework for the release of hostages and a ceasefire in Gaza was initiated following U.S.-led negotiations and international mediation, with 33 Israeli hostages set to be returned to Israel in the first phase in exchange for the release of Palestinian prisoners. On February 27, 2025 the first phase of the agreement was completed, resulting in the return of 30 live hostages and eight deceased hostages. After the collapse of negotiations, on March 18, 2025 Israel resumed its military operations in Gaza.

Although Israel, together with the United States and other allies, is striving to prevent further escalation of the war, there remains a risk that a wider regional conflict may yet occur.

#### *Economic Effects of the War and Related Military Conflicts*

The war in Gaza and military conflict in Lebanon resulted in a disruption to the Israeli economy, particularly in the fourth quarter of 2023, and continue to impact various sectors. The construction industry and tourism were particularly impacted. There was a significant decrease in demand in the construction industry and, at various times since the start of the war in Gaza, the number of flights and airlines arriving in Israel has been limited. The war in Gaza and the military conflict in Lebanon negatively affected growth drivers such as private consumption; however, public consumption increased as war costs increased defense expenditure and civil expenditure rose as the government financed accommodations of civilians that were displaced within Israel and undertook certain other measures to support households and businesses. See “— Economic Developments” below.

#### *International Reaction*

Since the start of the war in Gaza, Israel has received support from key members of the international community, including many grassroots organizations and the Jewish diaspora. However, some other notable changes have taken place since the start of the war in Gaza. Nicaragua and Belize severed their diplomatic relations with Israel and other countries (including Brazil, Honduras, Chile, Colombia, South Africa, Turkey, Jordan and Chad) recalled their ambassadors for consultation. Israel has recalled its ambassadors to Turkey, Norway, Ireland, and Spain due to statements made by the leaders of those countries that Israel considers inappropriate. In December 2024, Israel’s Minister of Foreign Affairs, Gideon Saar, ordered the closure of Israel’s embassy in Ireland and the opening of a new embassy in Moldova. However, other countries have expressed support for Israel and, since the start of the war in Gaza, more than 70 country leaders and foreign ministers have visited Israel.

On December 29, 2023, South Africa instituted proceedings against Israel in the International Court of Justice (the “ICJ”), requesting that the ICJ rule that Israel is violating the Convention on the Prevention and Punishment of the Crime of Genocide in the war in Gaza. The ICJ issued provisional measures on January 26, 2024, March 28, 2024, and May 24, 2024, relating to Israel’s conduct in the war in Gaza and related reporting. The case is pending, and Israel maintains that it continues to act in full compliance with applicable law.

On November 21, 2024, the International Criminal Court seated in The Hague (the “ICC”) announced the issuance of arrest warrants against Prime Minister Netanyahu and former Minister of Defense Yoav Gallant for war crimes and crimes against humanity. However, Israel is not a member of the court, and Israel’s position is that the arrest warrants violate Israel’s right to defend itself and carry out actions vital to any democratic state that operates according to the rule of law and fights against terror. On December 13, 2024, Israel filed two appeals against the decision of the ICC. The effects of the ICC’s issuance of the warrants on Israel’s foreign relations (including whether they will be enforced by an ICC member state), if any, are not clear.

If the war in Gaza or other related military conflicts escalate, or the level of instability and violence increases, including through the involvement of additional actors in attacks against Israel, this may lead to adverse military, social, and economic implications.

## Economic Developments

Developments in the global economy often influence the Israeli economy, particularly with respect to exports and the high-tech sector. In recent years, the Israeli economy has performed well in terms of macroeconomic and fiscal outcomes. In 2020, however, the global outbreak of the COVID-19 pandemic had a negative impact on the Israeli economy and Israel's growth rate contracted by 2% in 2020. In 2021, the economy recovered robustly, with strong increases in private consumption, investments and exports, with export growth spearheaded by Israel's active high-tech sector. In total, Israel's GDP increased by 9.4% in 2021. In 2022, the economy continued its high level of growth, led by strong private consumption, investments and exports, while public consumption moderated. The high-tech sector continued the trend of high growth in the first half of 2022. In the second half of 2022, high inflation, which led to high interest rates, led to moderation of investments in the high-tech sector and private consumption. In total Israel's GDP increased by 6.3% in 2022.

In the first quarter of 2023, GDP increased by 3.9% (annual rate, seasonally adjusted quarter-on-quarter). A decrease in private consumption and low growth of exports were the factors behind the moderate growth, despite strong growth of investments. High inflation rates that peaked in January 2023 and rising interest rates also contributed to the moderation of GDP. In the second quarter, private consumption continued to moderate, as GDP grew by 2.6% (annual rate, seasonally adjusted quarter-on-quarter). This growth can be attributed to investments and public consumption. In the third quarter, GDP decreased moderately by 0.1%, as private consumption and investments increased moderately, with the growth attributed to public consumption and exports. In the fourth quarter of 2023, GDP contracted by 21.1%, largely attributable to the outbreak of the war in Gaza on October 7, 2023, which significantly affected the Israeli economy. The war in Gaza has led to a decrease in private consumption, investments, foreign trade, and the disruption of several industries (including construction, agriculture and tourism). Public consumption (annual rate, seasonally adjusted quarter-on-quarter), however, increased to a higher level than prior to the war by the third quarter of 2024, thus mitigating to some extent the negative effects on growth.

In total, Israel's GDP increased 1.8% in 2023 compared to 2022. The budget deficit rose to 4.1% of GDP in 2023 and the general government debt-to-GDP ratio, or public debt-to-GDP ratio, for 2023 increased to 61.5%. The central government debt-to-GDP ratio for 2023 rose to 60.0%.

For the first quarter of 2024, GDP increased by 16.9% (annual rate, seasonally adjusted quarter-on-quarter). A decrease in private consumption and low growth of exports were the factors behind the moderate growth, despite strong growth of investments. High inflation rates that peaked in January 2023 and rising interest rates also contributed to the moderation of GDP. In the second quarter of 2024, private consumption continued to moderate, as GDP decreased moderately by 0.3% (annual rate, seasonally adjusted quarter-on-quarter). This change can be attributed to the decrease in investments and public consumption. In the third quarter of 2024, GDP grew by 5.8%, as private consumption and investments increased moderately, with the growth attributed to public consumption and exports. In the fourth quarter of 2024, GDP increased by 2.1% (annual rate, seasonally adjusted quarter-on-quarter). This growth can be attributed to investments and public consumption amid the ceasefire with Lebanon. In total Israel's GDP increased by 0.9% in 2024.

In December 2023, the Knesset approved an increase to the 2023 budget in the amount of approximately 3.5% of GDP to support increased civil and defense expenditure. On March 13, 2024, the Knesset approved the FY 2024 Additional Budget. The FY 2024 Additional Budget included increases in the debt-to-GDP ratio and the deficit relative to the initial 2024 budget passed in 2023. The updated budget also included additional revenue-raising policies. The Knesset approved two additional FY 2024 budget increases — in September and December of 2024 — resulting in an increase to the FY 2024 budget of approximately 1.7% of GDP. On March 25, 2025, the Knesset approved the FY 2025 budget, which allocates additional public spending for both civilian and security needs. Currently, the budget includes approximately NIS 35 billion in budgetary adjustments, consisting of increases in retained corporate profits, value-added taxes (VAT), cuts in expenses, and other consolidation measures. The FY 2025 budget and these measures aim to cover war-related expenses and address the rising budget deficit. The current budget for 2025 sets the deficit target at 4.9% of GDP, which includes 0.2% of GDP as an emergency component.

In October 2023, following the outbreak of the war in Gaza, Standard & Poor's Global Ratings ("S&P") changed its outlook on Israel's credit rating from "Stable" to "Negative". In April 2024, S&P downgraded Israel's credit rating to A+ from AA- and placed Israel's outlook on "Negative", and in October 2024, S&P further downgraded Israel's credit rating to A, with a "Negative" outlook. In May 2025, S&P affirmed Israel's credit rating at A with a "Negative" outlook.

In April 2023, Moody's Investor Services ("Moody's") changed its rating outlook for Israel from "Positive" to "Stable". In October 2023, Moody's placed Israel on "Rating Under Review," and in February 2024, Moody's downgraded Israel's credit rating to A2 from A1, with a "Negative" outlook. In September 2024, Moody's further downgraded Israel's credit rating to Baa1, with a "Negative" outlook. In March 2025, Moody's affirmed Israel's credit rating at Baa1 with a "Negative" outlook.

In October 2023, following the outbreak of the war in Gaza, Fitch Ratings ("Fitch") placed Israel on "Rating Watch Negative". In August 2024, Fitch downgraded Israel's credit rating to A from A+, with a "Negative" outlook. In March 2025, Fitch affirmed Israel's credit rating at A with a "Negative" outlook.

### **Balance of Payments and Foreign Trade**

Israel had a current account surplus of 3.7% of GDP in 2023, and the current account surplus amounted to 3.2% of GDP in 2024, which was the 22nd consecutive year in which a positive surplus in Israel's current account was recorded. Israel's net exports have grown significantly in recent years from \$12.8 billion in 2019 to \$19 billion in 2023, with a moderate decrease in 2024 to \$17 billion. The growth in net exports in recent years has mostly been driven by the export of services. In the first and second quarters of 2024, the net exports surplus amounted to \$4.9 billion and \$4.3 billion (on a seasonally adjusted basis), respectively. In the third and fourth quarters of 2024 the net exports surplus amounted to \$4.6 billion and \$2.9 billion (on a seasonally adjusted basis), respectively.

In 2024, 30.5% of Israel's exported goods (excluding diamonds) were to the EU (an increase from 30.2% in 2023), 25.9% were to the United States (an increase from 24.2% in 2023), 20.0% were to Asia (a small decrease from 20.3% in 2023) and 23.7% were to other markets (a decrease from 25.3% in 2023).

In 2024, 34.6% of Israel's imported goods (excluding diamonds) originated from the EU (an increase from 33.9% in 2023), 31.2% originated from Asia (an increase from 27.2% in 2023), 10.0% originated from the United States (an increase from 9.6% in 2023) and 24.2% originated from other countries (a decrease from 29.3% in 2023).

From January 2, 2019 to December 31, 2024, the NIS/USD exchange rate averaged 3.496 NIS to 1.00 USD, fluctuating between a high of 4.08 (recorded on October 27, 2023) and a low of 3.0740 NIS/USD (recorded on November 17, 2021). The exchange rate as of December 31, 2024 stood at 3.6470 NIS/USD.

Foreign currency reserves at the Bank of Israel ("BoI") at the end of 2023 stood at \$204.6 billion, which was 40% of GDP. In the last quarter of 2023, during the early days of the war in Gaza, the BoI sold \$8.5 billion of foreign currency reserves in an effort to stabilize the NIS and offset its depreciation. The foreign currency reserves at the end of 2024 stood at \$214.6 billion. As of April 2025, foreign currency reserves stood at \$222 billion.

The level of foreign currency reserves has been maintained above 30% of GDP since late 2010. Following a concentrated effort by the BoI to raise the level of reserves in 2008 and 2009, during which the BoI made daily purchases of foreign currency, the BoI's policy has been to intervene in the foreign currency market on a discretionary basis when there have been unusual movements in the exchange rate that the BoI believes to be inconsistent with underlying economic conditions or when conditions in the foreign exchange market are disorderly.

U.S.-China trade dynamics, dating back to at least 2018, have mostly had indirect effects on Israel, primarily as Israel continued to integrate into the global economy. While Israel was not directly targeted by tariffs from either side, it has experienced spillover effects. On April 2, 2025, U.S. President Donald Trump signed an executive order imposing new tariffs on imports to the U.S. from all countries, including a 17% tariff on Israeli goods. In response, Israel accelerated efforts to negotiate a trade agreement with the U.S. while continuing to navigate the complex dynamics between global powers. The new tariffs potentially pose challenges for Israel's economy and trade policies.

Israel is a party to free trade agreements with its major trading partners and is one of the few nations that has signed free trade agreements with both the United States and the EU.

### **Fiscal Policy**

Budget proposals in Israel are constrained by two parameters. The first is a deficit ceiling that sets the maximum deficit-to-GDP ratio, which has been modified several times. The second is an expenditure ceiling that sets a maximum year-to-year growth in government expenditure. Under the current formula prescribed by Israeli law, the expenditure ceiling is based on the average population growth rate over the three years prior to the submission of the budget, plus the ratio of the medium-term debt-to-GDP target (50%) to the current debt-to-GDP ratio.

In connection with the continuation of the Government's debt reduction policy, general government debt-to-GDP, also known as "public debt-to-GDP" (including local authorities' debt), decreased to 59.1% in 2019, a decrease of 0.9% from 2018. In 2020, however, as a result of COVID-19-related expenditures and lower than expected revenues, the deficit rose to 11.3% of GDP, which was significantly above the deficit target set for the year and, similarly, the public debt-to-GDP ratio for 2020 increased to 71.1%. In 2021, the deficit decreased to 4.4% of GDP, which was lower than the deficit target as state revenues exceeded expectations and there were lower than expected COVID-19-related expenditures, and the public debt-to-GDP ratio in 2021 decreased to 67.7%. In light of higher than expected revenues and lower than expected expenditure, as a result of the COVID-19 recovery, a cumulative budget surplus of approximately NIS 9.8 billion (0.6% of GDP) was measured in 2022, resulting in a debt-to-GDP ratio of 60.3%. In May 2023, a budget for the years 2023-2024 was approved by the Knesset. In light of the Israel-Gaza war, the budgets for 2023 and 2024 were revised at the end of 2023 and at the beginning of 2024, and the budget for 2024 was revised twice more in 2024, as government expenditure increased significantly due to the war in Gaza. In addition, tax revenues moderated since the beginning of 2023 and declined in comparison to the previous year. As a result, the budget deficit rose to 4.1% of GDP in 2023 while the debt-to-GDP ratio increased to 61.5%. Public and civil expenditure rose significantly as war costs increased security expenditure and the government financed accommodations of civilians that were displaced within Israel. As a result, the budget deficit rose to 6.8% of GDP in 2024 and the public debt-to-GDP ratio for 2024 increased to 67.9%.

### **Inflation and Monetary Policy**

The average annual inflation rate over the period from 2015 to 2024 was approximately 1.3%, which is within the Government's target range of 1%-3%. The changes in the Consumer Price Index ("CPI") reflect a rise in prices of commodities, housing and agricultural products in Israel. The average annual CPI growth rate was 0.8% in 2019 and decreased by 0.6% in 2020. In 2021, the CPI increased by 1.5%, which was within the target of the BoI for the first time since 2013. In 2022, the CPI increased by an annual average of 4.4%, as inflation rose worldwide. In 2023 the CPI increased by an annual average of 4.2%, and the year-end inflation rate stood at 3%, as inflation returned to within the target range of the Bank of Israel. In 2024 the CPI increased by 3.2% (December 2024 compared to December 2023).

Since April 2022, due to rising inflation, the BoI increased the interest rate ten times from 0.10% to 4.75% in May 2023. In January 2024, the BoI lowered the interest rate by 0.25% to 4.50%. However, inflation returned to being outside the target range at 3.2% as of December 2024. The real interest rate (nominal interest rate less inflation expectations) averaged -0.8%, 0.1%, -1.8%, -1.7%, 1.8% and 1.6% in, 2019, 2020, 2021, 2022, 2023 and 2024 respectively.

### **Labor Market**

Prior to the outbreak of COVID-19, the annual labor force participation rate, which is the labor force as a percentage of the population over the age of 15, averaged 63.5% in 2019. Unemployment averaged 3.8% in 2019. After the outbreak of COVID-19, unemployment increased significantly as a result of lockdowns and other restrictions to reduce the spread of COVID-19. In 2023, the labor force participation rate averaged 63.5%, similar to pre-pandemic levels, while the official unemployment rate decreased to 3.4%, as a result of the recovered demand for labor. In the last quarter of 2023, the number of those absent from work due to economic reasons rose significantly due to the effects of the war in Gaza. This rise contributed an additional 1.5% yearly average to the unemployment rate. In addition, the effect of those missing from work due to military duty during the war added an additional 0.8% to the yearly unemployment rate. During the initial months of the war, primarily in October, those absent from work due to other reasons connected to the war added another 0.7% to the yearly unemployment rate in 2023. The labor force participation rate stood at 61.2% and the unemployment rate stood at 2.6% as of December 2024.

## Capital Markets

The BoI, together with other governmental authorities and regulators, monitors Israeli banks and financial institutions on an ongoing basis, supervising the banking system's conditions and operations as a whole. In addition, the BoI cooperates with the Ministry of Finance and the Israel Securities Authority to achieve comprehensive regulation and supervision of Israel's financial markets, to ensure coordination among the various entities in the financial sector and to set policies and measures that will be implemented and enforced with respect to such entities.

According to estimates from the Bank of Israel (BoI), the total value of the public's financial assets — excluding those of the government, the BoI, nonresident investments, commercial banks, and mortgage banks — was approximately NIS 6.2 trillion at the end of the fourth quarter of 2024. For 2024 overall, the portfolio balance increased by 15%, notably higher than the average increase over the previous five years, which stood at approximately 8%. In previous years, the value of the public's financial assets grew by 6.2% in 2023, decreased by 2.0% in 2022, and increased by 15.8% in 2021. The Tel Aviv Stock Exchange (the "TASE") is Israel's sole stock exchange and the Tel Aviv 125 ("TA-125") and Tel Aviv 35 ("TA-35") are its main indices and primary indicators of the stock price performance of companies publicly trading on the TASE. The TA-125 and TA-35 measure the 125 and 35 companies listed on the TASE, respectively, with the highest market capitalization. In 2023, the TA-35 and TA-125 indices increased by 3.8% and 4.1%, respectively, compared to increases in the S&P 500 of 24.2% and in the NASDAQ Composite of 43.4% over the same period. In 2024, the TA-35 and TA-125 increased by 27.1% and 26.4%, respectively, compared to increases in the S&P 500 and the NASDAQ Composite of 24.0% and 30.8%, respectively, over the same period. After an initial negative impact from the attack by Hamas on Israel on October 7, 2023, the Israeli capital markets recovered in 2024 to surpass pre-war levels.

## Gold Reserves

The State has not maintained gold reserves since 1992.

## Global Issuances

In recent years, Israel has been active in the global sovereign debt markets. Most recently, in February 2025, Israel completed a dual-tranche issuance in the global markets, issuing an aggregate of \$2.5 billion principal amount of 5.375% bonds due 2030 and an aggregate of \$2.5 billion principal amount of 5.625% bonds due 2035. In March 2024, Israel completed a triple-tranche issuance in the global markets, issuing an aggregate of \$2.0 billion principal amount of 5.375% bonds due 2029, an aggregate of \$3.0 billion principal amount of 5.5% bonds due 2034 and an aggregate of \$3.0 billion principal amount of 5.75% bonds due 2054. In January 2023, Israel completed its first green bond issuance, issuing an aggregate of \$2 billion principal amount of 4.500% bonds due 2033.

## Political Situation

*Overview of Israel's Political Structure.* The State of Israel was established in 1948 as a parliamentary democracy. It functions on a set of foundational laws, titled "Basic Laws", which have a special status that grants exclusive judicial review jurisdiction to the Israeli Supreme Court. Israel's constitutional jurisprudence is grounded in judicial decisions and in the State's Declaration of Independence.

Israel's governmental powers are divided amongst its legislative, executive and judiciary branches. The Supreme Court is the highest court of Israel, and also sits as a High Court of Justice. Any Israeli citizen has the right to appeal a lower court's decision to the Supreme Court. Approximately 10,000 proceedings are initiated in the Supreme Court annually. The legislative power of the State resides in the Knesset, a unicameral parliament that consists of 120 members from multiple political factions elected by Israel's citizens under a system of proportional representation.

The executive power of the State of Israel is held by a democratically elected government. A proposed government requires approval by the Knesset, which is presented with a coalition supported by a majority of the Knesset members, even if not all supporting parties are members of the proposed government. A proposed government is usually made up of a coalition of different political parties. The Prime Minister serves as the head of government and as the chief executive of the state. The President serves as the “Head of State” and plays an important role in leading the process of forming a government. The functions of the President are defined in the Basic Law of 1964: President of the State. The President assigns the task of forming a new government to a member of Knesset, who is usually the leader of the party that received the most Knesset seats in the latest general elections. In addition, the President assumes public functions and activities. Among the President’s formal functions are signing laws, opening the first session of a new Knesset, receiving the credentials of new Ambassadors from foreign states, pardoning prisoners or commuting their sentences and approving the appointment of civil and religious judges, the State Comptroller and the Governor of the Bank of Israel.

Israel’s most recent general elections were held on November 1, 2022. Following this election, the President selected Benjamin Netanyahu to form a coalition government and on December 29, 2022, the Knesset voted in favor of the new coalition government led by Prime Minister Benjamin Netanyahu. The political parties that were members of the coalition at the time of its formation were: Likud, Shas, United Torah Judaism, Religious Zionism, Otzma Yehudit and Noam. Following the October 7, 2023 attack by Hamas on Israel, leaders from opposition parties joined the government as part of an emergency unity government, which was in place until June 9, 2024, when the National Unity Party led by Benny Gantz resigned from the unity government. In September 2024, Knesset Member Gideon Sa’ar joined the coalition government and cabinet to support its actions during the war.

On January 19, 2025, National Security Minister Itamar Ben-Gvir and members of his “Otzma Yehudit” party submitted their resignation letters from the government and coalition. Their resignation stems from opposition to the three-phase Israel-Hamas war ceasefire framework. With the resumption of military operations by Israel in Gaza, in March 2025 the “Otzma Yehudit” party returned to the government and the coalition.

*Proposed Legislative Changes to the Judicial System.* In 2023, the Knesset’s Constitution, Law and Justice Committee (the “Constitution Committee”) started promoting a number of bills regarding the Israeli judicial system, which were approved in the first reading by the Knesset plenum. Since the start of the war in Gaza, the proposed Legislative changes have been put on hold.

*Israel and Gaza.* In 2005, Israel withdrew completely from the Gaza Strip (“Gaza”), dismantling all Israeli communities and military bases in Gaza, as well as four Israeli settlements in the northern West Bank. Despite this, there has been ongoing tension at the border between Israel and Gaza, often characterized by Hamas rocket attacks and other acts of violence by individual Palestinians and responsive Israeli military campaigns commenced with the goal of suppressing the violence.

On October 7, 2023, Hamas launched an unprecedented terror attack on Israel from the Gaza Strip killing approximately 1,200 people and kidnapping 251 people. See “— October 7, 2023 Attack on Israel, the War in Gaza and Other Related Military Conflicts” above.

*Israel-United States Relations.* In July 2022, then-President Joe Biden visited Israel. During his meeting with then-Prime Minister Yair Lapid, in Jerusalem on July 14, 2022, the leaders of the United States and Israel adopted the Joint Declaration on the U.S.-Israel Strategic Partnership. In the declaration, the United States and Israel reaffirmed the unbreakable bond between the two countries and the enduring commitment of the United States to Israel’s security and qualitative military edge, as well as the foundation of the strategic U.S.- Israel partnership based on a bedrock of shared values, interests and a true friendship. The declaration also addressed the Iranian nuclear program, committing both countries to “use all elements of national power” to prevent Iran from acquiring a nuclear weapon. Since the October 7, 2023 attack by Hamas against Israel and the commencement of the war in Gaza, the U.S. has expressed its support for Israel in a variety of actions and statements. On October 18, 2023, then-President Joe Biden visited Israel to show his support and approved an additional foreign aid package for Israel totaling \$26.4 billion (which was approved by the House and signed by the President in April 2024). In addition, then-President Joe Biden supported Israel’s efforts to bring a hostage deal to international forums, including at the UN Security Council.

The re-election of Donald Trump as U.S. president in 2024 is expected by Israel to further solidify U.S.-Israel ties, with a focus on advancing pro-Israel policies and regional security cooperation. Israel believes that President Trump's return to office will intensify pressure on Iran, potentially influencing Israel's strategy in the Middle East. Notably, following the commencement of President Trump's second term, the Trump administration resumed its "maximum pressure" campaign against Iran, reinstating economic sanctions aimed at curbing Tehran's nuclear and regional ambitions.

*Abraham Accords.* In August 2020, an agreement for the normalization of relations between Israel and the United Arab Emirates (the "UAE") was reached, and in September 2020 the Abraham Accords Peace Treaty was signed at the White House. The Abraham Accords officially established diplomatic relations between Israel and the UAE. This was shortly followed by an agreement for the normalization of ties between Israel and the Kingdom of Bahrain, which was signed in a Joint Communique between Israel and Bahrain in November 2020. In December 2020, Israel and Morocco established full diplomatic relations and in January 2021, Sudan acceded to the Abraham Accords during the visit of then-U.S. Treasury Secretary Steven Mnuchin to Khartoum. As of May 2025, there have been reports of an advancement in the negotiations toward an accord with other countries in the region.

*Israel-Turkey Relations.* In August 2022, Israel and Turkey agreed to resume normal diplomatic relations with the announcement that the two countries will return their ambassadors after years without senior diplomatic representation. The decision to reinstate ambassadors was the culmination of a positive trend in the relations between the countries during 2022, which included President Isaac Herzog's visit to Ankara, mutual visits of the foreign ministers in Jerusalem and Ankara, and visits by the Ministers of Commerce and Defense to Turkey.

Israel was the first country to deploy a search and rescue mission to Turkey following the devastating earthquake that hit Southern Turkey in February 2023. The delegation was instrumental in rescuing 19 individuals from the rubble and assisted in providing humanitarian and medical assistance to the Turkish authorities on the ground.

Following the attack by Hamas on Israel and the commencement of the war in Gaza, in December 2023 Turkey recalled its ambassador in Israel for consultation and Israel did the same with its ambassador in Turkey. Additionally, in March 2024, Turkey announced sanctions on trade with Israel, significantly reducing economic exchange between the two countries. In November 2024, Turkish Prime Minister Recep Tayyip Erdoğan announced that Turkey had unilaterally halted diplomatic relations with Israel. Tensions continue to escalate as both Israel and Turkey remain actively involved in Syria following the collapse of the Syrian government in December 2024.

*Israel-Ukraine Relations.* In February 2023, then-Foreign Minister Eli Cohen was the first Israeli official to visit Kiev and meet with the Ukrainian President, Volodymyr Zelenskyy, since the Russian offensive in Ukraine began in 2022.

*Recent Developments in Relations with Certain other Countries.* In February 2023, an official Israeli delegation, led by then-Foreign Minister Eli Cohen, visited Khartoum to further advance normalization of relations between Israel and Sudan. In April 2023, the Azerbaijani Foreign Minister attended the official opening of Azerbaijan's embassy in Israel. In the same month, the foreign ministers of Israel and Poland signed an agreement to reinstate youth study visits between the countries. Additionally, Poland announced that a Polish ambassador would be reinstated to Israel.

In July 2023, Israel recognized Moroccan sovereignty over the territory of Western Sahara. In September 2023, Papua New Guinea opened an embassy in Jerusalem.

For a discussion of the impact of the October 7, 2023 attacks and the war in Gaza on Israel's foreign relations, see "— October 7, 2023 Attack on Israel, the War in Gaza and Other Related Military Conflicts" above.



## **Privatization**

In the past several decades, privatization has been an essential element of broader Government-initiated market reforms, which aim to promote the growth of the private sector, mainly by enhancing competition.

Israel has made substantial progress in recent years, resulting in the privatization of many enterprises previously owned by the State of Israel and the reduction of state subsidization of several business enterprises. In total, between 1986 and 2023, 99 Government-owned companies became partially or fully privatized. The proceeds stemming from privatizations between 2005 and 2023 totaled \$5.3 billion. The Government plans to continue with the process of privatizing its interests in financial institutions, as well as in state-owned land and seaports, the Postal Company, energy and transportation utilities, and parts of the defense industry.

## **Public Debt**

As of December 31, 2024, the internal funded debt of the State of Israel totaled NIS 1,114 billion. Of this amount, internal short-term indebtedness (debts due in less than 12 months) totaled NIS 96.5 billion.

As of December 31, 2024, the external funded debt of the State of Israel totaled NIS 199.3 billion. Of this amount, external short-term indebtedness (debts due in less than 12 months) totaled NIS 8.24 billion. Of the State's external foreign debt, approximately 70% is repayable in U.S. Dollars, approximately 24% is repayable in Euros, and approximately 6% is repayable in other currencies.

## **Loan Guarantee Program**

On January 3, 2023, the U.S. Congress approved an extension of the U.S.-Israel loan guarantee program until September 2028.

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 18-K/A  
For Foreign Governments and Political Subdivisions Thereof

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AMENDMENT NO. 2  
TO  
ANNUAL REPORT OF

**THE STATE OF ISRAEL**  
(Name of Registrant)

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Date of end of last fiscal year: December 31, 2023

**SECURITIES REGISTERED\***  
(As of the close of the fiscal year)

TITLE OF ISSUE	AMOUNTS AS TO WHICH REGISTRATION IS EFFECTIVE	NAMES OF EXCHANGES ON WHICH REGISTERED
N/A	N/A	N/A

Names and addresses of persons authorized to receive notices  
and communications from the Securities and Exchange Commission

**Elinor Azani**  
**Head of Israel Economic Mission — Western Hemisphere**  
**Ministry of Finance of the State of Israel**  
**800 Second Avenue, 17th Floor**  
**New York, New York 10017**  
**United States**

Copy to:

**David Menchel, Esq.**  
**Arnold & Porter Kaye Scholer LLP**  
**250 West 55th Street**  
**New York, New York 10019**  
**United States**

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\* The Registrant is filing this annual report on a voluntary basis.

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**THE STATE OF ISRAEL (THE “STATE”)**

The sole purpose of this Amendment No. 2 is to file with the Securities and Exchange Commission certain exhibits to Israel’s Annual Report on Form 18-K for the fiscal year ended December 31, 2023, as amended.

## EXHIBIT INDEX

### Exhibit Number

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A: None.

B: None.

C-1: [Copy of the State Budget for Fiscal Years 2023 – 2024 \(in Hebrew\).](#)<sup>†</sup>

C-2: [Copy of the Additional Budget Bill for Fiscal Year 2023 \(in Hebrew\).](#)<sup>††</sup>

C-3: [Copy of the Additional Budget Bill for Fiscal Year 2024 \(in Hebrew\).](#)<sup>†††</sup>

D: [Current Description of the State of Israel.](#)<sup>††††</sup>

D-1: [Recent Developments in the State of Israel as of February 11, 2025.](#)<sup>†††††</sup>

E: [Second Amended and Restated Master Fiscal Agency Agreement, dated May 22, 2024 by and among the State of Israel, Computershare Inc. and Computershare Trust Company, N.A.](#)<sup>\*\*\*##</sup>

F: [Form of Bonds](#)<sup>\*\*\*</sup>

G: [Form of Fiscal Agency Agreement, dated as of March 13, 2000, between the Registrant and Citibank, N.A. as Fiscal Agent.](#)<sup>\*\*\*\*</sup>

H: [Form of Amendment No. 1, dated as of February 24, 2004, to Fiscal Agency Agreement between the Registrant and Citibank, N.A., as Fiscal Agent.](#)<sup>\*\*\*\*</sup>

I: [Form of Amendment No. 2, dated as of January 5, 2016, to the Fiscal Agency Agreement, as amended by Amendment No. 1 to Fiscal Agency Agreement between the Registrant and Citibank, N.A., as Fiscal Agent.](#)<sup>\*\*\*\*\*</sup>

J: [Opinion of the Legal Advisor to the Ministry of Finance of the State of Israel dated February 19, 2025.](#)<sup>\*</sup>

K: [Opinion of Arnold & Porter Kaye Scholer LLP dated February 19, 2025.](#)<sup>\*</sup>

L: [Underwriting Agreement dated February 11, 2025 by and among the State of Israel, BofA Securities, Inc., Citigroup Global Markets Inc., Deutsche Bank Aktiengesellschaft, Goldman Sachs & Co. LLC and J.P. Morgan Securities plc.](#)<sup>\*</sup>

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<sup>†</sup> Previously filed as Exhibit C to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2022, filed on June 30, 2023.

<sup>††</sup> Previously filed as Exhibit C-1 to Amendment No. 1 to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2022, filed on January 4, 2024.

<sup>†††</sup> Previously filed as Exhibit C-3 to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024.

<sup>††††</sup> Previously filed as Exhibit D to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024.

<sup>†††††</sup> Previously filed as Exhibit D-1 to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on February 11, 2025.

<sup>\*</sup> Filed herewith.

<sup>\*\*</sup> Previously filed as Exhibit E to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024, and relating to the State of Israel Bonds offered pursuant to Registration Statement No. 333-257576, as filed on June 30, 2021 and declared effective on August 25, 2021.

<sup>\*\*\*</sup> Previously filed as Exhibit F to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024, and relating to the State of Israel Bonds offered pursuant to Registration Statement No. 333-257576, as filed on June 30, 2021 and declared effective on August 25, 2021.

<sup>\*\*\*\*</sup> Previously filed in connection with Registration Statement No. 333-184134.

<sup>\*\*\*\*\*</sup> Previously filed on January 7, 2016 as Exhibit G to Amendment No. 1 to the Annual Report of the State of Israel for year ended December 31, 2014 (file no. 002-94917).

<sup>##</sup> Certain information contained in this agreement has been omitted because it is not material and is the type of information that the registrant treats as private or confidential.

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in Jerusalem, Israel on February 19, 2025.

STATE OF ISRAEL

By: /s/ Gil Cohen

Name: Gil Cohen

Title: Senior Deputy Accountant General, Ministry of Finance

By: /s/ Saar Elimelech

Name: Saar Elimelech

Title: Head of Global Debt Capital Markets and FX Transactions, Ministry of Finance

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STATE OF ISRAEL  
MINISTRY OF FINANCE

## OFFICE OF THE LEGAL ADVISOR

State of Israel  
Ministry of Finance  
Jerusalem, Israel

February 19, 2025

Re: Registration Statement of  
the State of Israel on Schedule B  
Registration Statement No. 333-238245

Ladies and Gentlemen:

I, the Legal Advisor to the Ministry of Finance of the State of Israel ("Israel"), have reviewed the above-referenced Registration Statement (the "Registration Statement"), the Prospectus dated May 20, 2020 (the "Prospectus"), the Prospectus Supplement dated February 11, 2025 (the "Prospectus Supplement"), the Fiscal Agency Agreement dated as of March 13, 2000, as amended by Amendment No. 1 to the Fiscal Agency Agreement dated as of February 24, 2004 and as amended by Amendment No. 2 to the Fiscal Agency Agreement dated as of January 5, 2016 (as so amended, the "Fiscal Agency Agreement"), between Israel and Citibank, N.A., as the fiscal agent, and the Underwriting Agreement dated February 11, 2025 (the "Underwriting Agreement" and, together with the Fiscal Agency Agreement, the "Agreements") by and among Israel and BofA Securities, Inc., Citigroup Global Markets Inc., Deutsche Bank Aktiengesellschaft, Goldman Sachs & Co. LLC and J.P. Morgan Securities plc (collectively, the "Underwriters"), pursuant to which Israel has issued and offered for sale U.S.\$ 2,500,000,000 aggregate principal amount of Israel's 5.375% bonds due 2030 (the "2030 Bonds") and U.S.\$ 2,500,000,000 aggregate principal amount of Israel's 5.625% bonds due 2035 (the "2035 Bonds" and, together with the 2030 Bonds, the "Offered Securities"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Underwriting Agreement.

The issuance of the Offered Securities has been authorized pursuant to the State Property Law of Israel.

It is my opinion that when the Offered Securities have been duly authorized, executed and delivered by Israel, authenticated in accordance with the Agreements and delivered to and paid for by the Underwriters as contemplated by the Registration Statement and the Agreements, the Offered Securities will constitute valid and legally binding direct and unconditional obligations of Israel under and with respect to the present laws of Israel.

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It is also my opinion that the principal anticipated Israeli tax consequences of the purchase, ownership and disposition of the Offered Securities are as set forth in that section of the Prospectus Supplement entitled “Taxation – Israeli Taxation”.

I consent to the filing of this opinion as an exhibit to the Annual Report of the State of Israel on Form 18-K for the fiscal year ended December 31, 2023, and to the use of my name and title under the headings “Validity of the Bonds” in the Prospectus Supplement and “Validity of the Debt Securities” in the Prospectus. In giving the foregoing consent, I do not thereby admit that I am in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission (the “SEC”) thereunder. I also consent to the reliance on this opinion by Arnold & Porter Kaye Scholer LLP as to any matter relating to the laws of Israel, in connection with any opinion required to be filed with or delivered to the SEC.

Very truly yours,

/s/ Asi Messing

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Asi Messing  
The Legal Advisor  
Ministry of Finance

*[Legal Advisor Opinion - Validity]*

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[Letterhead of Arnold &amp; Porter Kaye Scholer LLP]

February 19, 2025

Ministry of Finance  
Government of Israel  
1 Kaplan Street  
Hakirya, Jerusalem 91008  
ISRAEL

Ladies and Gentlemen:

We have acted as special United States counsel for the Government of Israel ("Israel") in connection with the issuance and offering for sale of U.S.\$ 2,500,000,000 aggregate principal amount of its 5.375% bonds due 2030 (the "2030 Bonds") and U.S.\$ 2,500,000,000 aggregate principal amount of its 5.625% bonds due 2035 (the "2035 Bonds" and, together with the 2030 Bonds, the "Bonds") in the form of a takedown from Israel's Registration Statement No. 333-238245 under Schedule B (the "Registration Statement"). The issuance and offering for sale of the Bonds are collectively referred to herein as the "Offering". In connection with the Offering we have reviewed the Registration Statement, the Prospectus dated May 20, 2020 (the "Prospectus"), the Prospectus Supplement dated February 11, 2025 (the "Prospectus Supplement"), the Fiscal Agency Agreement dated as of March 13, 2000, as amended by Amendment No. 1 to Fiscal Agency Agreement dated as of February 24, 2004 and as amended by Amendment No. 2 to Fiscal Agency Agreement dated as of January 5, 2016 (as so amended, the "Fiscal Agency Agreement") between Israel and Citibank, N.A., as the fiscal agent, and the Underwriting Agreement dated February 11, 2025 (the "Underwriting Agreement") by and among Israel and BofA Securities, Inc., Citigroup Global Markets Inc., Deutsche Bank Aktiengesellschaft, Goldman Sachs & Co. LLC and J.P. Morgan Securities plc. We have also reviewed Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, as amended (the "Amendment"), filed with the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended. The Underwriting Agreement and the Fiscal Agency Agreement are collectively defined herein as the "Agreements".

In rendering the opinion expressed below, we have examined such certificates of public officials, government documents and records and other certificates and instruments furnished to us, and have made such other investigations, as we have deemed necessary in connection with the opinion set forth herein. Furthermore, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the authority of Israel to enter into the Agreements and cause the issuance of the Bonds, and the conformity to authentic originals of all documents submitted to us as copies. As to any document originally prepared in any language other than English and submitted to us in translation, we have assumed the accuracy of the English translation.

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This opinion is limited to the federal laws of the United States and the laws of the State of New York, and we do not express any opinion herein concerning the laws of any other jurisdiction. Insofar as the opinion set forth herein relates to matters of the laws of Israel, we have relied upon the opinion of the Legal Advisor to the Ministry of Finance of the State of Israel, a copy of which is being filed as an exhibit to the Amendment, and our opinion herein is subject to any and all exceptions and reservations set forth therein.

Based upon and subject to the foregoing and assuming (x) the due authorization of the Bonds by Israel and (y) that when the Bonds have been duly authorized, issued, and executed by Israel and authenticated, delivered, and paid for as contemplated by the Agreements, the Prospectus and any amendment and supplement thereto, the Bonds will constitute valid and legally binding direct and unconditional obligations of Israel under and with respect to the laws of Israel, we are of the opinion that when the Bonds have been duly authorized, issued, and executed by Israel and authenticated, delivered, and paid for as contemplated by the Agreements, the Prospectus and any amendment and supplement thereto, the Bonds will constitute valid and legally binding obligations of Israel under the laws of the State of New York.

The foregoing opinions as to enforceability of obligations of Israel are subject to (i) bankruptcy, insolvency, receivership, conservatorship, liquidation, reorganization, fraudulent transfer, moratorium or other laws affecting the enforcement of creditors' rights generally, and by the application of general principles of equity (whether applied by a court in equity or at law) and the discretion of the court before which any proceedings therefor may be brought (such principles of equity are of general application, and in applying such principles, a court may include a covenant of good faith and fair dealing and apply concepts of reasonableness, mutuality and materiality); (ii) requirements that a judgment for money damages rendered by a court in the United States be expressed only in U.S. dollars; and (iii) governmental authority to limit, delay or prohibit the making of payments outside the United States or in foreign currency or composite currency.

We are also of the opinion that the material anticipated U.S. federal income tax consequences of the purchase, ownership, and disposition of the Bonds are as set forth in that section of the Prospectus Supplement entitled "Taxation – U.S. Taxation".

We hereby consent to the filing of this opinion as an exhibit to the Amendment and to the reference to this firm under the heading "Validity of the Bonds" in the Prospectus Supplement and under the heading "Validity of the Debt Securities" in the Prospectus. In giving the foregoing consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Commission thereunder.

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Ministry of Finance  
Government of Israel  
February 19, 2025  
Page 3

The opinions set forth in this letter are effective as of the date hereof only. We assume no responsibility to update this opinion letter for, or to advise you of, any fact or circumstance occurring, or of which we become aware, subsequent to the date of this opinion letter, including, without limitation, legislative and other changes in the law or changes in circumstances affecting any party.

The opinions expressed above are limited to the matters stated in this opinion letter, and no opinion is implied or may be inferred beyond those expressly stated in this opinion letter.

Very truly yours,

/s/ Arnold & Porter Kaye Scholer LLP

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STATE OF ISRAEL

Underwriting AgreementNew York, New York  
February 11, 2025BofA Securities, Inc.  
Citigroup Global Markets Inc.  
Deutsche Bank Aktiengesellschaft  
Goldman Sachs & Co. LLC  
J.P. Morgan Securities plcc/o Deutsche Bank Aktiengesellschaft  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

Ladies and Gentlemen:

The Government of Israel on behalf of the State of Israel (“Israel”) proposes, upon the terms and conditions set forth in this agreement (the “Agreement”), to issue and sell to you (the “Underwriters”) \$2,500,000,000 aggregate principal amount of its 5.375% Bonds due 2030 (the “2030 Bonds”) and \$2,500,000,000 aggregate principal amount of its 5.625% Bonds due 2035 (the “2035 Bonds” and, together with the 2030 Bonds, the “Offered Securities”) pursuant to the provisions of a Fiscal Agency Agreement dated as of March 13, 2000, as amended by Amendment No. 1 to Fiscal Agency Agreement dated as of February 24, 2004 and Amendment No. 2 to Fiscal Agency Agreement dated as of January 5, 2016 (as so amended, the “Fiscal Agency Agreement”), in each case between Israel and Citibank, N.A., as fiscal agent (the “Fiscal Agent”).

The terms that follow, when used in this Agreement, shall have the meanings indicated:

“Act” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Basic Prospectus” means the prospectus included in the Registration Statement in the form filed with the Commission, which prospectus, pursuant to Rule 429 of the Act, relates to the Registration Statement, as such prospectus is amended or supplemented to the date of this Agreement, but excluding any amendments or supplements related solely to an offering of a series of debt securities other than the Offered Securities.

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“Commission” means the U.S. Securities and Exchange Commission.

“Effective Date” shall mean each date that the Registration Statement and any post-effective amendment or amendments or deemed amendment or amendments thereto became or becomes effective.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Execution Time” shall mean 4:55 p.m. New York City time on the date of this Agreement.

“free writing prospectus” has the meaning set forth in Rule 405.

“issuer free writing prospectus” has the meaning set forth in Rule 433.

“preliminary prospectus” means any preliminary form of the Prospectus used in connection with the offering of the Offered Securities that omits Rule 430A Information, including, without limitation, the Basic Prospectus and any preliminary prospectus supplement.

“Prospectus” means the Basic Prospectus together with the prospectus supplement.

“prospectus supplement” means the final prospectus supplement filed with the Commission pursuant to Rule 424, specifically relating to the Offered Securities.

“Registration Statement” means the registration statement filed on Schedule B with the Commission on May 14, 2020 (Registration Statement File No. 333-238245), which Registration Statement was declared effective by the Commission on May 20, 2020. To the extent any post-effective amendment or deemed amendment to the Registration Statement has (or, prior to the Closing Date (as defined below), does) become effective, the term “Registration Statement” shall mean the registration statement as so amended or deemed amended. The term “Registration Statement” shall also include any Rule 430A Information deemed to be included in the Registration Statement at the Effective Date as provided by Rule 430A.

“Release” means Release No. 33-6424 under the Act relating to delayed offerings by foreign governments or political subdivisions thereof.

“Rule 164”, “Rule 405”, “Rule 415”, “Rule 424”, “Rule 429”, “Rule 430A” and “Rule 433” refer to such rules under the Act as applicable to registration statements subject to Schedule B under the Act in accordance with the Release and, to the extent any such rule is not directly applicable, mean the provisions thereunder as made applicable by the Release.

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“Rule 430A Information” means information with respect to the Offered Securities and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A.

“Time of Sale Prospectus” means the preliminary prospectus and the free writing prospectuses, if any, and other information, in each case identified in Schedule II hereto.

As used herein, the terms “Registration Statement”, “Basic Prospectus”, “Prospectus”, “preliminary prospectus” and “Time of Sale Prospectus” shall include in each case the material, if any, incorporated by reference therein.

1. Representations and Warranties. Israel represents and warrants to, and agrees with, each Underwriter as set forth in this Section 1.

(a) Israel meets the requirements for use of Schedule B under the Act, is a “seasoned foreign government” within the meaning of the Release and has filed with the Commission the Registration Statement, including the Basic Prospectus, for registration under the Act of the offering and sale of the Offered Securities. Israel may have filed with the Commission one or more amendments to the Registration Statement and may have used a preliminary prospectus, each of which has previously been furnished to the Underwriters. Such Registration Statement, as so amended, has become effective. Although the Basic Prospectus may not include all the information with respect to the Offered Securities and the offering thereof required by the Act and the rules thereunder to be included in the Prospectus, the Basic Prospectus included all such information required by the Act and the rules thereunder as applicable pursuant to the Release to be included therein as of each Effective Date. Israel will hereafter file with the Commission pursuant to the Release and Rules 415 and 424(b)(2) or (5) either (x) a prospectus supplement to the Basic Prospectus or (y) an amendment to such Registration Statement, including such prospectus supplement. In the case of clause (x), Israel has included in such Registration Statement, as amended as of the latest Effective Date, the information required for such procedure pursuant to the Release. As filed, such prospectus supplement or such amendment and prospectus supplement shall include all such required information with respect to the Offered Securities and the offering thereof and, except to the extent the Underwriters shall agree in writing to any modification thereof, shall be in all substantive respects in the form furnished to the Underwriters prior to the Execution Time or, to the extent not completed at the Execution Time, shall be in such form with only such specific additional information and other changes (beyond those contained in the Basic Prospectus and any preliminary prospectus) as Israel has advised the Underwriters, prior to the Execution Time, will be included or made therein and to which the Underwriters shall have agreed.

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(b) (i) On the Effective Date of any part of the Registration Statement, such part of the Registration Statement did or will, (ii) on the date filed, each preliminary prospectus did or will, and (iii) when the Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date, the Prospectus (as supplemented in the case of the Closing Date) will, in each case, comply in all material respects with the applicable requirements of the Act, the rules thereunder and the Release; on the Effective Date of any part of the Registration Statement, such part of the Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; the Registration Statement as of the date hereof does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Time of Sale Prospectus does not, and at the time of each sale of the Offered Securities in connection with the offering and at the Closing Date, the Time of Sale Prospectus, as then amended or supplemented by Israel, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Prospectus does not contain and, as amended or supplemented, if applicable, at the Closing Date will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that Israel makes no representations or warranties as to the information contained in or omitted from the Registration Statement, the Time of Sale Prospectus or the Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing to Israel by or on behalf of any Underwriter specifically for inclusion in the Registration Statement, the Time of Sale Prospectus or the Prospectus (or any supplement thereto), it being understood and agreed that the only such information is that described as such in the last sentence of Section 9(b) hereof.

(c) Israel is not an “ineligible issuer” in connection with the offering of the Offered Securities pursuant to Rules 164, 405 and 433. Any free writing prospectus that Israel is required to file pursuant to Rule 433(d) has been, or will be, filed with the Commission in accordance with the requirements of the Act. Each free writing prospectus that Israel has filed, or is required to file, pursuant to Rule 433(d) or that was prepared by or on behalf of or used or referred to by Israel complies or will comply in all material respects with the requirements of the Act. Except for (i) the free writing prospectuses, if any, identified in Schedule II hereto, and (ii) the electronic roadshow (the “Roadshow”), if any, in each case, furnished to the Underwriters before first use, Israel has not prepared, used or referred to, and will not, without the prior consent of the Underwriters, prepare, use or refer to, any free writing prospectus. The Roadshow, if any, when taken together with the Time of Sale Prospectus at the time of each sale of the Offered Securities in connection with the offering thereof, does not, and at the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that Israel makes no representations or warranties as to the information contained in or omitted from the Time of Sale Prospectus in reliance upon and in conformity with information furnished in writing to Israel by or on behalf of any Underwriter specifically for inclusion therein, it being understood and agreed that the only such information is that described as such in the last sentence of Section 9(b) hereof.

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(d) The issuance and sale of the Offered Securities have been duly authorized, and, when duly executed, authenticated, issued and delivered as provided in the Fiscal Agency Agreement and paid for in accordance with the terms hereof, will be duly and validly issued and outstanding, and will constitute valid and binding obligations of Israel for the payment and performance of which the full faith and credit of Israel will be pledged; the Offered Securities will rank without preference among themselves and equally with all other unsecured and unsubordinated “external indebtedness” (as defined in the Offered Securities) of Israel (it being understood that Israel will not be required to make payments under the Offered Securities ratably with payments being made under any other “external indebtedness” (as defined in the Offered Securities) of Israel); and the Offered Securities, when issued and delivered, will conform to the description thereof contained in the Prospectus.

(e) Israel is a member of the International Monetary Fund and the International Bank for Reconstruction and Development.

(f) Israel is not a party to any agreement with the United States of America relating in any way to the immunity of Israel from jurisdiction of courts, suit, execution upon a judgment, attachment prior to judgment or in aid of execution upon a judgment or any other legal process. Israel is, under the law of Israel, subject to civil and commercial law with respect to its obligations under this Agreement, the Fiscal Agency Agreement and the Offered Securities and has agreed, to the extent set forth in Section 13 herein, not to assert the defense of immunity, on the grounds of sovereignty or otherwise, in respect of any suit, action or proceeding arising out of or relating to claims under this Agreement, the Fiscal Agency Agreement or the Offered Securities, except any such suit, action or proceeding instituted by a holder of the Offered Securities (other than an Underwriter instituting such suit, action or proceeding in its capacity as an Underwriter under this Agreement) arising out of or based on United States Federal or state securities laws.

(g) None of Israel nor, to the best of Israel’s knowledge, any minister, official, agent, employee or affiliate of Israel, is currently a target of any economic sanctions or trade embargoes administered by the Office of Foreign Assets Control of the United States Department of Treasury, any other United States, European Union, United Nations, United Kingdom or other relevant economic sanctions or trade embargoes that are applicable to Israel (collectively, “Sanctions” and each such target, a “Sanctions Target”) and will not directly or indirectly lend, invest, contribute or otherwise make available the proceeds of the offering of the Offered Securities to or for the benefit of any then-current Sanctions Target, or for any purpose or any activity that would cause any person participating in the offering of the Offered Securities to be in violation of any Sanctions; provided, however, that Israel’s representations and warranties in this Section 1(g) shall not apply and shall not be sought by, or made to, Deutsche Bank Aktiengesellschaft, if and to the extent that it is or would be unenforceable by reason of breach of, or would result in a violation of, or conflict with, any provision of (i) Council Regulation (EC) No. 2271/96, as amended from time to time, or (ii) Section 7 of the German Foreign Trade Ordinance (AWV) (*Außenwirtschaftsverordnung*).

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(h) (i) Neither Israel nor, to the best of Israel's knowledge, any minister, official, agent, employee, affiliate of or person acting on behalf of Israel, has engaged in any activity or conduct or taken any action, directly or indirectly, that would result in a violation by such persons of any applicable provision of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, the UK Bribery Act 2010 or any other applicable anti-bribery or anti-corruption law or regulation, which would be material in the context of the issue of the Offered Securities and (ii) Israel has instituted, maintains and will continue to maintain and enforce policies and procedures designed to prevent violation of such laws, regulations and rules by Israel and by persons associated with Israel.

(i) The operations of Israel have been conducted at all times in compliance with applicable financial record keeping and reporting requirements and money laundering statutes, rules and regulations to which Israel is subject (collectively, "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Israel with respect to Money Laundering Laws is pending and, to the best of Israel's knowledge, no such actions, suits or proceedings are threatened or contemplated.

2. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, Israel agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from Israel, at a purchase price of 99.071% of the principal amount thereof with respect to the 2030 Bonds and at a purchase price of 97.886% of the principal amount thereof with respect to the 2035 Bonds, plus accrued interest on the Offered Securities from February 19, 2025 to the Closing Date (as defined below), the principal amount of the Offered Securities set forth opposite such Underwriter's name in Schedule I hereto.

3. Delivery and Payment. Delivery of and payment for the Offered Securities shall be made at 10:00 a.m., New York City time, on February 19, 2025, which date and time may be postponed by agreement between the Underwriters and Israel or as provided in Section 10 hereof (such date and time of delivery and payment for the Offered Securities being herein called the "Closing Date"). Delivery of the Offered Securities shall be made to the Underwriters through the facilities of The Depository Trust Company for the respective accounts of the several Underwriters against payment by the several Underwriters of the purchase price thereof to or upon the order of Israel by certified or official bank check or checks drawn on or by a New York Clearing House bank and payable in next day funds. Delivery of the Offered Securities shall be made at such location as the Underwriters shall reasonably designate at least one business day in advance of the Closing Date, and payment for the Offered Securities shall be made at the offices of Cravath, Swaine & Moore LLP, Two Manhattan West, 375 Ninth Avenue, New York, New York 10001. Certificates for the Offered Securities shall be registered in such names and in such denominations as the Underwriters may request not less than two full business days in advance of the Closing Date.

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Israel agrees to have the Offered Securities available for inspection, checking and packaging by the Underwriters in New York, New York, not later than 1:00 p.m., New York City time, on the business day prior to the Closing Date.

4. Offering by Underwriters. Each Underwriter, severally and not jointly, represents, warrants and agrees that (a) it will only communicate or cause to communicate an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of any Offered Securities in circumstances in which Section 21(1) of FSMA does not apply to Israel and (b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Offered Securities in, from or otherwise involving the United Kingdom. Each Underwriter severally covenants with Israel not to take any action that would, but for the action of such Underwriter, result in Israel being required to file with the Commission under Rule 433(d) a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not be required to be filed by Israel.

5. Agreements. Israel agrees with the several Underwriters that:

(a) Israel will use its best efforts to cause the Registration Statement, if not effective at the Execution Time, and any amendment thereto, to become effective as soon as reasonably practicable thereafter. Prior to the termination of the offering of the Offered Securities, Israel will not file any amendment of the Registration Statement or supplement (including the Prospectus or any preliminary prospectus) to the Basic Prospectus or the Time of Sale Prospectus unless Israel has furnished the Underwriters a copy of such amendment or supplement for their review prior to filing and will not file any such proposed amendment or supplement to which the Underwriters reasonably object, unless Israel is otherwise advised by its U.S. counsel that such filing is required under the Act. Subject to the foregoing sentence, Israel will cause the Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed by such Rule and will promptly provide evidence satisfactory to the Underwriters of such timely filing. Israel will promptly advise the Underwriters (i) when the Registration Statement, if not effective at the Execution Time, and any amendment thereto, shall have become effective, (ii) when the Prospectus, and any supplement thereto, shall have been filed with the Commission pursuant to Rule 424(b), (iii) when, prior to termination of the offering of the Offered Securities, any amendment to the Registration Statement shall have been filed or become effective, (iv) of any request by the Commission for any amendment to the Registration Statement or supplement to the Prospectus or for any additional information, (v) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (vi) of the receipt by Israel of any notification with respect to the suspension of the qualification of the Offered Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. Israel will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued or suspended, to obtain as soon as possible the withdrawal thereof.

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(b) Israel will furnish to the Underwriters a copy of each proposed free writing prospectus related to the Offered Securities to be prepared by or on behalf of, used by, or referred to by Israel and will not use or refer to any proposed free writing prospectus to which the Underwriters reasonably object.

(c) Israel will not take any action that would result in an Underwriter or Israel being required to file with the Commission pursuant to Rule 433(d) a free writing prospectus prepared by or on behalf of such Underwriter that such Underwriter otherwise would not have been required to file thereunder.

(d) If the Time of Sale Prospectus is being used to solicit offers to buy the Offered Securities at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if any event shall occur or condition shall exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, Israel shall forthwith prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(e) If, at any time when a prospectus relating to the Offered Securities is required to be delivered under the Act, any event occurs as a result of which the Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it shall be necessary to amend the Registration Statement or supplement the Prospectus to comply with the Act or the respective rules thereunder, Israel promptly will (i) prepare and file with the Commission, subject to the second sentence of paragraph (a) of this Section 5, an amendment or supplement that will correct such statement or omission or effect such compliance and (ii) supply any supplemented Prospectus to the Underwriters in such quantities as they may reasonably request.

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- (f) Subject to Section 6, Israel will endeavor to qualify the Offered Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Underwriters shall reasonably request and to pay all expenses (including reasonable fees and disbursements of counsel) in connection with such qualification and in connection with the determination of the eligibility of the Offered Securities for investment under the laws of such jurisdictions as the Underwriters may reasonably designate; provided, however, that Israel shall not be obligated to file any general or unlimited consent to service of process in any jurisdiction.
- (g) Israel will make generally available to holders of the Offered Securities, as soon as practicable, a statement in the English language of revenues and expenditures of Israel covering the first full fiscal year of Israel beginning after the date of this Agreement that will satisfy the provisions of Section 11(a) of the Act; it is understood that this undertaking shall be deemed satisfied if Israel has filed its Annual Report on Form 18-K for the year ended December 31, 2026.
- (h) So long as any of the Offered Securities are outstanding, Israel will furnish to the Underwriters copies of all reports and financial and statistical data filed with the Commission in connection with the Offered Securities.
- (i) Until the business day following the Closing Date, Israel will not, without the consent of the Underwriters, offer or sell in the United States, or announce the offering in the United States of, any securities other than (i) the Offered Securities and (ii) normal course offers and sales of State of Israel bonds sold through the Development Corporation for Israel.
- (j) Israel will furnish to the Underwriters and counsel for the Underwriters, without charge, copies of the Registration Statement (including exhibits thereto) and, so long as delivery of a prospectus by an Underwriter or dealer relating to the Offered Securities may be required by the Act, as many copies of any preliminary prospectus, the Time of Sale Prospectus and the Prospectus and any supplement thereto as the Underwriters may reasonably request.
- (k) Israel will use its best efforts to cause the Offered Securities to be listed on the London Stock Exchange.
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6. Expenses. Whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, except as set forth in the next sentence and as provided in Section 8 hereof, the Underwriters will pay all costs and expenses incident to the performance of the obligations of Israel hereunder, including, without limiting the generality of the foregoing, (i) all of the Underwriters' costs and expenses related to the Roadshow, if any, (ii) all costs and expenses incident to the printing and distributing of any preliminary prospectus, the Time of Sale Prospectus, the Prospectus and any amendments thereof or supplements thereto, (iii) any costs and expenses, including fees of listing agents, in connection with the listing of the Offered Securities on the London Stock Exchange, (iv) all costs and expenses (including reasonable fees of counsel to the Underwriters and their disbursements) incurred in connection with "Blue Sky" qualifications, (v) any fees of the Fiscal Agent and (vi) all costs and expenses of the Underwriters' Israeli, United States and any other outside counsel. Notwithstanding the foregoing, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, Israel will pay (i) all costs and expenses incident to the filing with the Commission of the Registration Statement (including all exhibits thereto), any preliminary prospectus, the Prospectus and any amendments thereof or supplements thereto (including any issuer free writing prospectus), (ii) any fees charged by securities rating services for rating the Offered Securities, (iii) all of Israel's costs and expenses related to the Roadshow, if any, (iv) all costs and expenses related to the eligibility and acceptance of the Offered Securities for deposit with The Depository Trust Company and (v) all costs and expenses of Israel's Israeli, United States and any other outside counsel.

7. Conditions to the Obligations of the Underwriters. The obligations of the Underwriters to purchase the Offered Securities shall be subject to the accuracy in all material respects of the representations and warranties on the part of Israel contained herein as of the time of the execution of this Agreement and the Closing Date, to the accuracy in all material respects of the statements of Israel made in any certificates delivered pursuant to the provisions hereof, to the performance by Israel of its obligations hereunder and to the following additional conditions:

(a) If filing of the Prospectus or any supplement thereto is required pursuant to Rule 424(b), the Prospectus and any such supplement shall have been filed in the manner and within the time period required by Rule 424(b) and in accordance with Section 5(a) of this Agreement; no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened; and any request of the Commission for additional information shall have been complied with to the reasonable satisfaction of the Underwriters.

(b) Israel shall have furnished to the Underwriters the written opinion, reasonably satisfactory to the Underwriters, of the Legal Advisor to the Ministry of Finance of the State of Israel (the "Legal Advisor") dated the Closing Date, to the effect that:

(i) the Offered Securities have been duly and validly authorized and executed in accordance with the laws of Israel and, when duly authenticated in accordance with the terms of the Fiscal Agency Agreement and delivered and paid for in accordance with the terms of this Agreement, will be valid and binding obligations of Israel entitled to the benefits of the Fiscal Agency Agreement;

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(ii) the obligations of Israel under the Fiscal Agency Agreement, this Agreement and the Offered Securities are and will be direct, general, unconditional, unsecured and unsubordinated “external indebtedness” (as such term is defined in the Offered Securities) of Israel, and are, under the laws of Israel, subject to civil and commercial substantive and procedural law and to the procedural requirements relating to enforcement and recognition of foreign judgments. The Offered Securities will rank without preference among themselves and equally with all other unsecured and unsubordinated “external indebtedness” (as such term is defined in the Offered Securities) of Israel (it being understood that Israel will not be required to make payments under the Offered Securities ratably with payments being made under any other “external indebtedness” (as defined in the Offered Securities) of Israel); the full faith and credit of Israel has been pledged for the due and punctual payment of the principal of and interest on the Offered Securities and for the performance of the obligations of Israel with respect thereto;

(iii) Israel has the power and authority required for the execution and delivery of this Agreement, the issuance of the Offered Securities and the performance by Israel of its obligations thereunder and hereunder and under the Fiscal Agency Agreement; and none of the execution or delivery by Israel of this Agreement or the Offered Securities, the performance of its obligations hereunder or thereunder or under the Fiscal Agency Agreement, or the fulfillment by Israel of the terms hereof or thereof or under the Fiscal Agency Agreement requires, under Israeli law, any publication, waiver, consent, filing, registration, authorization or approval;

(iv) the Fiscal Agency Agreement has been duly authorized, executed and delivered by Israel in accordance with the laws of Israel and is a valid and binding agreement of Israel;

(v) this Agreement has been duly authorized, executed and delivered by Israel in accordance with the laws of Israel;

(vi) all statements in the Registration Statement, the Time of Sale Prospectus and the Prospectus with respect to or involving laws, statutes and regulations of or pertaining to Israel are accurate in all material respects and fairly present the information purported to be shown;

(vii) the provisions of Section 13 of this Agreement and the Offered Securities wherein Israel consents to the jurisdiction of certain courts in the United States and agrees not to assert the defense of immunity, subject to the exceptions set forth in Section 13 of this Agreement, are valid and binding; final judgment against Israel in any such suit, action or proceeding brought, in accordance with such provisions, in the courts of Israel or Federal or state courts in the City of New York would be conclusive and binding upon Israel and may be enforced in the courts of Israel, without retrial or reexamination but subject to the procedural requirements relating to enforcement and recognition of foreign judgments;

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(viii) under Israeli law in effect as of the date of such opinion, payments made under the Offered Securities to holders who are not residents of Israel will be exempt from Israeli taxation; and for the aforementioned holders there are no transfer, stamp or similar taxes or duties or other charges under the laws of Israel payable in connection with the issuance, transfer and sale of the Offered Securities or the execution and delivery of this Agreement;

(ix) the choice of New York law to govern the validity, construction and performance of this Agreement, the Offered Securities and the Fiscal Agency Agreement would be upheld by an Israeli court as a valid and effective choice of law under the laws of Israel;

(x) none of the execution or delivery by Israel of this Agreement or the Offered Securities, the performance by Israel of its obligations hereunder or thereunder or under the Fiscal Agency Agreement, or the fulfillment by Israel of the respective terms hereof or thereof or of the Fiscal Agency Agreement, will violate any constitutional or treaty provision, convention, statute, law, regulation, decree, court order or similar authority binding upon Israel or, to the best knowledge of the Legal Advisor after due inquiry, violate any order, rule or regulations of any Israeli court, regulatory body, administrative body or governmental body;

(xi) none of the execution or delivery by Israel of this Agreement or the Offered Securities, the performance by Israel of its obligations hereunder or thereunder or under the Fiscal Agency Agreement, or the fulfillment of the respective terms hereof or thereof or of the Fiscal Agency Agreement by Israel, will, to the best knowledge of the Legal Advisor after due inquiry, violate, or result in a breach of, the terms of, or cause a default under, any note, note agreement, bank loan or any other agreement or instrument for money borrowed to which Israel is a party;

(xii) there is no action, suit or proceeding pending, or to the best knowledge of the Legal Advisor after due inquiry, threatened against or affecting Israel, before any court or administrative agency in Israel challenging the validity or enforceability of this Agreement, the Fiscal Agency Agreement or the Offered Securities or the transactions contemplated hereby or thereby;

(xiii) the Registration Statement, as amended, any preliminary prospectus supplement, and the Prospectus, and their filing with the Commission have been duly authorized by and on behalf of Israel, and the Registration Statement has been duly executed on behalf of Israel; and

(xiv) the appointment of the Authorized Agent in Section 13 below and any waiver in that section by Israel with respect thereto are legal, valid and binding in accordance with their respective terms under the laws of Israel.

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The Legal Advisor shall further confirm that appropriate officials in the Ministry of Finance have been apprised of the disclosure standards applicable to the offering described in this Agreement and have reviewed the Registration Statement, Time of Sale Prospectus and the Prospectus. Based on such review, the results of which have been discussed with the Legal Advisor, the Legal Advisor shall confirm that, although the Legal Advisor shall not have made an independent investigation or verification of the correctness and completeness of the information included in the Registration Statement, Time of Sale Prospectus or the Prospectus, nothing has come to the Legal Advisor's attention that would lead the Legal Advisor to believe that (except as to the financial and statistical data contained therein, as to which the Legal Advisor need not express any belief) (1) the Registration Statement, as of the Effective Date or as of the date of this Agreement, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make statements therein not misleading, (2) the Time of Sale Prospectus, as of the Execution Time, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (3) the Prospectus, as amended or supplemented, as applicable, as of its date or as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, the Legal Advisor may rely without independent investigation on the opinion pursuant to paragraph (c) below as to matters of New York State and United States Federal law, and such opinion shall be subject to any limitations and exceptions contained in the opinion so relied upon. References to the Prospectus in this paragraph (b) include any supplements thereto at the Closing Date.

(c) The Underwriters shall have received an opinion and 10b-5 letter, reasonably satisfactory to the Underwriters, of Arnold & Porter Kaye Scholer LLP, special United States counsel to Israel, dated the Closing Date, with respect to the issuance and sale of the Offered Securities, the Fiscal Agency Agreement, the Registration Statement, the Time of Sale Prospectus, the Prospectus (together with any supplement thereto) and other related matters as the Underwriters may reasonably require. In giving the opinion referred to in the preceding sentence, Arnold & Porter Kaye Scholer LLP may (i) assume that the Fiscal Agency Agreement, the Offered Securities and this Agreement have been duly authorized, executed and delivered by the appropriate party or parties thereto and that each such party has adequate power and authority to enter therein and (ii) rely without independent investigation on the opinion delivered pursuant to paragraph 7(b) above as to matters governed by the laws of Israel, and such opinion shall be subject to any limitations and exceptions contained in the opinion delivered pursuant to paragraph 7(b) above.

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(d) The Underwriters shall have received from (i) Cravath, Swaine & Moore LLP, counsel for the Underwriters, such opinion and 10b-5 letter, dated the Closing Date, with respect to the issuance and sale of the Offered Securities, the Fiscal Agency Agreement, the Registration Statement, the Time of Sale Prospectus, the Prospectus (together with any supplement thereto) and other related matters as the Underwriters may reasonably require and (ii) Meitar Law Offices, special counsel for the Underwriters, such opinion, dated the Closing Date, with respect to the issuance and sale of the Offered Securities, the Fiscal Agency Agreement and other related matters as the Underwriters may reasonably require; and, in each case, Israel shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In giving the opinion referred to in clause (i) of the preceding sentence, Cravath, Swaine & Moore LLP may rely without independent investigation on the opinion delivered pursuant to paragraph 7(b) above as to the matters governed by the laws of Israel and such opinion shall be subject to any limitations and exceptions contained in the opinion delivered pursuant to paragraph 7(b) above.

(e) Israel shall have furnished to the Underwriters a certificate of Israel, signed by two authorized signatories of the Ministry of Finance, dated the Closing Date, to the effect that each signer of such certificate has carefully examined the Registration Statement, the Time of Sale Prospectus, the Prospectus, any supplement to the Prospectus and this Agreement and that:

(i) the representations and warranties of Israel in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date, and Israel has complied in all material respects with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to Israel's knowledge, threatened; and

(iii) there has been no material adverse change or any development involving a prospective material adverse change in the condition (financial, economic or political) of Israel from that set forth in the Time of Sale Prospectus and the Prospectus (exclusive of any supplement thereto dated after the Execution Time) that was not disclosed to the Underwriters prior to the Execution Time.

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(f) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the Registration Statement (exclusive of any amendment thereof dated after the Execution Time), the Time of Sale Prospectus and the Prospectus (exclusive of any supplement thereto dated after the Execution Time), there shall not have been any change or any development involving a prospective change in the condition (financial, economic or political) of Israel from that set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus (in each case exclusive of any amendment thereof or supplement thereto dated after the Execution Time) that, in the judgment of the Underwriters, is material and adverse and makes it impractical or inadvisable to proceed with the offering or delivery of the Offered Securities as contemplated by the Registration Statement, the Time of Sale Prospectus and the Prospectus (in each case exclusive of any amendment thereof or supplement thereto dated after the Execution Time).

(g) Subsequent to the Execution Time, there shall not have been any decrease in the rating of any of Israel's debt securities by the rating agencies listed on Schedule III hereto (or any successor to the rating agency business thereof) or any written notice given of any intended or potential change in any such rating that is not an upward change.

(h) Subsequent to the Execution Time, no proceeding shall be pending or threatened to restrain or enjoin the issuance, sale or delivery of the Offered Securities or in any manner to question the laws, proceedings, directives, resolutions, approvals, consents or orders under which the Offered Securities are to be issued or to question the validity of the Offered Securities, and none of such laws, proceedings, directives, resolutions, approvals, consents or orders shall have been repealed, revoked or rescinded in whole or in part.

(i) Subsequent to the Execution Time, Israel shall not have ceased to be a member of the International Monetary Fund and the International Bank for Reconstruction and Development.

(j) Prior to the Closing Date, Israel shall have made an application for the Offered Securities to be listed on the London Stock Exchange.

(k) Prior to the Closing Date, Israel shall have furnished to the Underwriters such further information, certificates, opinions and other documents as the Underwriters may reasonably request.

If any of the conditions specified in this Section 7 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Underwriters and to counsel for the Underwriters, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the Underwriters. Notice of such cancellation shall be given to Israel in writing or by telephone or facsimile confirmed in writing.

The documents required to be delivered by this Section 7 shall be delivered at the office of Cravath, Swaine & Moore LLP, counsel for the Underwriters, at Two Manhattan West, 375 Ninth Avenue, New York, New York 10001, at the Closing Date.

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8. Reimbursement of Underwriters' Expenses. If the sale of the Offered Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 7 hereof is not satisfied, because of any termination pursuant to Section 11 hereof or because of any refusal, inability or failure on the part of Israel to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Underwriters, Israel will reimburse the Underwriters severally upon demand for all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the Offered Securities.

9. Indemnification and Contribution.

(a) Israel agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act, against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement as originally filed or in any amendment thereof or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Time of Sale Prospectus, the Roadshow (if any), any issuer free writing prospectus or the Prospectus, or in any amendment thereof or supplement thereto, or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that Israel will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to Israel by or on behalf of any Underwriter specifically for inclusion therein, it being understood and agreed that the only such information is that described as such in the last sentence of Section 9(b) hereof. This indemnity agreement will be in addition to any liability which Israel may otherwise have to any Underwriter. Israel further agrees to indemnify and hold harmless each Underwriter against any requirement under the laws of Israel to pay any stamp or similar taxes in connection with the issuance of the Offered Securities to such Underwriter by Israel.

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(b) Each Underwriter severally agrees to indemnify and hold harmless Israel, to the same extent as the foregoing indemnity from Israel to each Underwriter, but only with reference to written information relating to such Underwriter furnished in writing to Israel by or on behalf of such Underwriter specifically for inclusion in the documents referred to in such foregoing indemnity. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have to Israel. Israel acknowledges that, for all purposes of this Agreement, each Underwriter's name, solely with respect to such Underwriter, on the cover page of the prospectus supplement and each Underwriter's name and principal amount of Offered Securities purchased, solely with respect to such Underwriter, the third, fourth and fifth sentences of the second paragraph and the fifth and sixth paragraphs under the heading "Underwriting" in the prospectus supplement constitute the only information furnished in writing by or on behalf of the several Underwriters for inclusion in the documents referred to in such foregoing indemnity, and the Underwriters confirm that such statements are correct.

(c) Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve the indemnifying party from liability under paragraph (a) or (b) above unless and to the extent such indemnifying party did not otherwise learn of such action and such failure results in the forfeiture by such indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve such indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be reasonably satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party, and the indemnified party shall have reasonably concluded that there may be legal defenses available to such indemnified party and/or other indemnified parties that are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. It is understood and agreed that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to local counsel) for all such indemnified parties and that such fees and expenses shall be reimbursed as they are incurred. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. An indemnifying party shall not be liable for any settlement, compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding, in each case effected without its written consent, but if settled or compromised with such consent or if there be a final judgment for the plaintiff in any such action, the indemnifying party shall indemnify the indemnified party from and against any loss or liability by reason of such settlement or compromise with respect to which consent was provided or such final judgment.

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(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 9 is unavailable or insufficient (unless such indemnity is unavailable or insufficient by operation of the provisos set forth therein) to hold harmless an indemnified party for any reason, Israel and the Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively, "Losses") to which Israel and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by Israel and by the Underwriters from the offering of the Offered Securities; provided, however, that in no case shall any Underwriter (except as may be provided in any agreement among the Underwriters relating to the offering of the Offered Securities) be responsible for any amount in excess of the underwriting discount or commission applicable to the Offered Securities purchased by such Underwriter hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, Israel and the Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of Israel and of the Underwriters in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by Israel shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses), and benefits received by the Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set forth on the cover page of the Prospectus. Relative fault shall be determined by reference to whether any alleged untrue statement or omission relates to information provided by Israel or the Underwriters. Israel and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 9, each person who controls an Underwriter within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the same rights to contribution as such Underwriter, and each official of Israel who shall have signed the Registration Statement shall have the same rights to contribution as Israel, subject in each case to the applicable terms and conditions of this paragraph (d).

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10. Default by an Underwriter. If any one or more Underwriters shall fail to purchase and pay for any of the Offered Securities agreed to be purchased by such Underwriter or Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions that the principal amount of Offered Securities set forth opposite their names in Schedule I hereto bears to the aggregate principal amount of Offered Securities set forth opposite the names of any remaining non-defaulting Underwriters) the Offered Securities that the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that (i) the remaining non-defaulting Underwriters shall not be obligated to purchase any of the Offered Securities if the aggregate principal amount of Offered Securities that the defaulting Underwriter or Underwriters agreed but failed to purchase exceeds 9.09% of the aggregate principal amount of Offered Securities set forth in Schedule I hereto and (ii) any remaining non-defaulting Underwriter shall not be obligated to purchase more than 110% of the aggregate principal amount of Offered Securities set forth opposite its name in Schedule I hereto. If the foregoing maximums are exceeded, the remaining non-defaulting Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Offered Securities, and if such non-defaulting Underwriters do not purchase all the Offered Securities, this Agreement will terminate without liability to any non-defaulting Underwriter or Israel. In the event of a default by any Underwriter as set forth in this Section 10, the Closing Date shall be postponed for such period, not exceeding seven days, as the Underwriters shall determine in order that the required changes in the Registration Statement and the Prospectus or in any other documents or arrangements may be effected. As used in this Agreement, the term "Underwriter" includes, for all purposes of this Agreement unless the context requires otherwise, any underwriter, other than the Underwriters, who purchases Offered Securities which a defaulting Underwriter agreed but failed to purchase. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to Israel and any non-defaulting Underwriter for damages occasioned by its default hereunder.

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11. Termination. This Agreement shall be subject to termination in the absolute discretion of the Underwriters, by notice given to Israel prior to delivery of and payment for the Offered Securities, if prior to such time but after the date hereof (i) trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such exchange or settlement of securities trading generally shall have been materially disrupted, (ii) a banking moratorium shall have been declared either by Federal or New York State authorities or Israeli authorities or (iii) there shall have occurred (x) any outbreak or escalation of hostilities in which the United States or Israel is involved or declaration by the United States or Israel of a national emergency or war or other calamity or crisis or (y) a material adverse change in the general economic, political or financial conditions in Israel or the United States the effect of which on financial markets is such as to make it, in the judgment of the Underwriters, impracticable or inadvisable to proceed with the offering or delivery of the Offered Securities as contemplated by this Agreement and the Prospectus.

12. Representations and Indemnities To Survive. The respective agreements, representations, warranties, indemnities and other statements of Israel and of the Underwriters set forth in or made in writing pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or Israel or any of the officers, directors or controlling persons referred to in Section 9 hereof, and will survive delivery of and payment for the Offered Securities. The provisions of Sections 8 and 9 hereof shall survive the termination or cancellation of this Agreement.

13. Submission to Jurisdiction; Agent for Service of Process. Israel and the Underwriters agree that the Federal courts of the United States sitting in the Southern District of New York, the courts of the State of New York sitting in the City of New York and the courts of Israel shall have exclusive jurisdiction in respect of any legal action or proceeding brought against Israel and arising out of or relating to this Agreement. In respect of any such proceeding which may be brought hereunder, Israel irrevocably submits to the jurisdiction of the Federal courts of the United States in the Southern District of New York, the courts of the State of New York sitting in the City of New York and the courts of Israel and waives any right of objection to the laying of venue in any such court, including, without limitation, any objection on the basis of inconvenient forum. Israel irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Agreement from which no appeal has been taken or is available.

Israel hereby appoints the Head of Israel Economic Mission – Western Hemisphere of the Ministry of Finance of the Government of Israel, whose office address is presently at 800 Second Avenue, 17th Floor, New York, New York 10017, as its authorized agent ("Authorized Agent") to receive on its behalf service of process in any proceeding that may be brought under the immediately preceding paragraph of this Section 13 in a Federal court of the United States in the Southern District of New York or in a New York State court in the City of New York. Israel may nominate a substitute or replacement for its Authorized Agent in the State of New York by giving notice thereof to the Underwriters, but such appointment shall not be effective until the successor to the Authorized Agent accepts appointment as such. Israel agrees that it will at all times maintain an Authorized Agent to receive such service, as above provided. The failure of the Authorized Agent to give Israel notice of the service of any process shall not affect the validity of any proceeding based on that process or any judgment obtained pursuant to it. Israel will take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment or appointments in full force and effect as aforesaid. Service of process upon the Authorized Agent at the address indicated in this Section 13, or at such other address in the Borough of Manhattan in the City of New York, as may be the office of the Authorized Agent at the time of such service, and written notice of such service to Israel (mailed or delivered to Israel at the address set forth in Section 14 hereof) shall be deemed, in every respect, effective service of process upon Israel.

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In respect of any proceeding which may be brought under this Agreement, Israel irrevocably agrees not to assert the defense of immunity, on the grounds of sovereignty or otherwise, from jurisdiction, execution or attachment in aid of execution, personally and in respect of its property, except as set forth in the following paragraph.

Neither the submission to jurisdiction, the appointment of the Authorized Agent or the agreements with respect to immunity in this Section 13 shall be interpreted to include actions brought under the United States Federal securities laws or any state securities laws (other than any legal action or proceeding instituted by an Underwriter in its capacity as an Underwriter under this Agreement). Furthermore, the waiver of immunity set forth in this Section 13 shall not extend to the execution or attachment of any property of the Government of Israel or its political subdivisions, agencies, or instrumentalities that constitutes diplomatic or consular assets or that relates in any respect to national security.

14. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Underwriters, will be mailed or delivered to BofA Securities, Inc., 114 West 47th Street, NY8-114-07-01, New York, New York 10036, Attention: High Grade Transaction Management/Legal, Fax: (212) 901-7881; Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013, Attention: General Counsel, Fax: (646) 291-1469; Deutsche Bank Aktiengesellschaft, Mainzer Landstr. 11-17, 60329 Frankfurt am Main, Germany, Attention: DCM Debt Syndicate, Telephone: +49(69)910-30725, Fax: 49(69)910-34758, Email: grs.fft-admin@db.com; Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Registration Department, Fax: (212) 902-9316; and J.P. Morgan Securities plc, 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom, Attention: Head of Debt Syndicate and Head of EMEA Debt Capital Markets Group, Fax: +44 20 3493 0682; or, if sent to Israel, will be mailed or delivered to it at:

Government of Israel  
Ministry of Finance  
800 Second Avenue  
17th Floor  
New York, New York 10017  
Attn: Head of Israel Economic Mission – Western Hemisphere

with a copy to:

Government of Israel  
Ministry of Finance  
1 Kaplan Street  
Hakiria, Jerusalem 91008  
ISRAEL  
Attn: Accountant General

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15. English Documents. All documents to be delivered under this Agreement by Israel shall be in the English language or accompanied by a certified English translation.

16. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 9 hereof, and no other person will have any right or obligation hereunder. No purchaser of any Offered Securities from any Underwriter shall be deemed to be a successor or assign merely by reason of such purchase.

17. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of law principles of such State, except with respect to its authorization and execution by and on behalf of Israel, which shall be governed by the law of Israel.

18. Counterparts. This Agreement may be signed in two or more counterparts, which together shall constitute one and the same instrument.

19. No Fiduciary Duty. Israel acknowledges that in connection with the offering of the Offered Securities: (i) the Underwriters have acted at arm's length, are not agents of, and owe no fiduciary duties to, Israel or any other person; (ii) the Underwriters owe Israel only those duties and obligations set forth in this Agreement or in any prior written agreement between the Underwriters and Israel entered into in connection with the offering of the Offered Securities (to the extent not superseded by this Agreement), if any; and (iii) the Underwriters may have interests that differ from those of Israel. Israel waives to the full extent permitted by applicable law any claims it may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Offered Securities.

20. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

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As used in this Section 20:

“BHC Act Affiliate” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

*[Signature pages follow]*

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this Agreement and your acceptance shall represent a binding agreement among Israel and the Underwriters.

Very truly yours,

THE GOVERNMENT OF ISRAEL, ON BEHALF OF STATE OF ISRAEL,

By: /s/ Yali Rothenberg

Name: Yali Rothenberg

Title: Accountant General, Ministry of Finance of the State of Israel

By: /s/ Gil Cohen

Name: Gil Cohen

Title: Senior Deputy Accountant General, Ministry of Finance of the  
State of Israel

*[Signature page to the Underwriting Agreement]*

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The foregoing Agreement is  
hereby confirmed and accepted  
as of the date first above written.

By: **BofA Securities, Inc.**

By: /s/ Jon Klein

Name: Jon Klein

Title: Managing Director

By: **Citigroup Global Markets Inc.**

By: /s/ Adam D. Bordner

Name: Adam D. Bordner

Title: Managing Director

By: **Deutsche Bank Aktiengesellschaft**

By: /s/ Viet Le

Name: Viet Le

Title: Managing Director

By: /s/ Claes Homenius

Name: Claes Homenius

Title: Managing Director

By: **Goldman Sachs & Co. LLC**

By: /s/ Adam T. Greene

Name: Adam T. Greene

Title: Managing Director

By: **J.P. Morgan Securities plc**

By: /s/ Natalia Lutova

Name: Natalia Lutova

Title: Managing Director

*[Signature page to the Underwriting Agreement]*

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SCHEDULE I

Underwriters	Principal Amount of the 2030 Bonds to be Purchased	Principal Amount of the 2035 Bonds to be Purchased
BofA Securities, Inc.	\$ 500,000,000	\$ 500,000,000
Citigroup Global Markets Inc.	\$ 500,000,000	\$ 500,000,000
Deutsche Bank Aktiengesellschaft	\$ 500,000,000	\$ 500,000,000
Goldman Sachs & Co. LLC	\$ 500,000,000	\$ 500,000,000
J.P. Morgan Securities plc	\$ 500,000,000	\$ 500,000,000
<b>Total:</b>	<b>\$ 2,500,000,000</b>	<b>\$ 2,500,000,000</b>

## SCHEDULE II

1. Prospectus, dated May 20, 2020.
  2. Preliminary Prospectus Supplement, dated February 11, 2025 relating to the Offered Securities.
  3. Final Term Sheet, dated February 11, 2025, a copy of which is included as Annex A hereto.
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ANNEX A to SCHEDULE II

FINAL TERM SHEET ATTACHED

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**5.375% BONDS DUE 2030**  
**5.625% BONDS DUE 2035**

<b>Issuer:</b>	State of Israel
<b>Securities Offered:</b>	5.375% Bonds due 2030 (the “2030 Bonds”) 5.625% Bonds due 2035 (the “2035 Bonds” and, together with the 2030 Bonds, the “Bonds”)
<b>Principal Amount:</b>	US\$2,500,000,000 for the 2030 Bonds US\$2,500,000,000 for the 2035 Bonds
<b>Maturity Date:</b>	February 19, 2030 for the 2030 Bonds February 19, 2035 for the 2035 Bonds
<b>Trade Date:</b>	February 11, 2025
<b>Original Issue Date (Settlement):</b>	Expected February 19, 2025 (T+5) <sup>1</sup> through the book-entry facility of The Depository Trust Company
<b>Issue Price (Price to Public):</b>	2030 Bonds: 99.146%, plus accrued interest from February 19, 2025 if settlement occurs after that date 2035 Bonds: 98.011%, plus accrued interest from February 19, 2025 if settlement occurs after that date
<b>Net Proceeds to Issuer (before expenses):</b>	2030 Bonds: US\$2,476,775,000 (99.071%) 2035 Bonds: US\$2,447,150,000 (97.886%)
<b>Coupon:</b>	2030 Bonds: 5.375% 2035 Bonds: 5.625%
<b>Yield to Maturity:</b>	2030 Bonds: 5.573% 2035 Bonds: 5.891%
<b>Benchmark Treasury:</b>	2030 Bonds: 4.250% due January 31, 2030 2035 Bonds: 4.250% due November 15, 2034
<b>Benchmark Treasury Price and Yield:</b>	2030 Bonds: 99-14+; 4.373% 2035 Bonds: 97-23; 4.541%
<b>Spread to Benchmark Treasury:</b>	2030 Bonds: +120 basis points 2035 Bonds: +135 basis points

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<b>Interest Payment Period:</b>	Semi-annually
<b>Interest Payment Dates:</b>	2030 Bonds: Each February 19 and August 19, commencing August 19, 2025 2035 Bonds: Each February 19 and August 19, commencing August 19, 2025
<b>Denominations:</b>	US\$200,000 and multiples of US\$1,000 above that amount
<b>Business Day:</b>	New York
<b>CUSIP:</b>	2030 Bonds: 46514Y8A8 2035 Bonds: 46514Y8B6
<b>ISIN:</b>	2030 Bonds: US46514Y8A80 2035 Bonds: US46514Y8B63
<b>Joint Bookrunners:</b>	BofA Securities, Inc. (20%); Citigroup Global Markets Inc. (20%); Deutsche Bank Aktiengesellschaft (20%); Goldman Sachs & Co. LLC (20%); J.P. Morgan Securities plc (20%)
<b>Issuer Ratings:</b>	<i>[intentionally omitted]</i> *
<b>Expected Issue Ratings:</b>	<i>[intentionally omitted]</i> *

\*Note: A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Each rating should be evaluated independently of each other rating.

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This pricing term sheet relates only to the securities described above and should be read in conjunction with the Preliminary Prospectus Supplement, dated February 11, 2025 (the “Preliminary Prospectus Supplement”), and the accompanying Base Prospectus, dated May 20, 2020 (the “Base Prospectus” and, together with the Preliminary Prospectus Supplement, including the documents incorporated by reference in the Preliminary Prospectus Supplement and the Base Prospectus, the “Prospectus”). The information in this pricing term sheet supplements and supersedes the information in the Prospectus to the extent it is inconsistent with the information contained therein.

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The Preliminary Prospectus Supplement and accompanying Base Prospectus are available under the following link:

[https://www.sec.gov/Archives/edgar/data/52749/000110465925011201/tm255845-1\\_424b5.htm](https://www.sec.gov/Archives/edgar/data/52749/000110465925011201/tm255845-1_424b5.htm)



<sup>1</sup> We expect that delivery of the bonds will be made to investors on or about February 19, 2025, which will be the fifth business day, accounting for federal holidays as observed in the United States, following the date of this pricing term sheet. Since trades in the secondary market generally settle in one business day, purchasers who wish to trade the bonds any date prior to the first business day before delivery will be required, by virtue of the fact that the bonds initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of bonds who wish to trade bonds on any date prior to the first business day before delivery should consult their own advisor.

The issuer has filed a registration statement (including a prospectus) with the U.S. Securities and Exchange Commission (“SEC”) for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may obtain these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus, any prospectus supplement or free writing prospectus for this offering if you request it by calling BofA Securities, Inc. toll-free at 1-800-294-1322, Citigroup Global Markets Inc. at 1-800-831-9146, Deutsche Bank Aktiengesellschaft at +49(69)910-30725, Goldman Sachs & Co. LLC toll-free at 1-866-471-2526 or J.P. Morgan Securities plc at +44-20-7134-2468.

MiFID II and UK MiFIR – professional investors/ECPs only/No PRIIPs or UK PRIIPs KID: Manufacturer target market (MiFID II and UK MiFIR product governance) is eligible counterparties and professional clients (all distribution channels). No PRIIPs or UK PRIIPs key information document (KID) has been prepared as the bonds are not available to retail investors in the EEA or UK.

### SCHEDULE III

Rating Agencies referred to in Section 7(g):

Fitch Ratings, Ltd., a division of Fitch Inc.

Moody's Investors Service, Inc.

S&P Global Ratings, a division of S&P Global Inc.

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 18-K/A

For Foreign Governments and Political Subdivisions Thereof

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AMENDMENT NO. 1  
TO  
ANNUAL REPORT OF  
**THE STATE OF ISRAEL**  
(Name of Registrant)

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Date of end of last fiscal year: December 31, 2023

**SECURITIES REGISTERED\***  
(As of the close of the fiscal year)

TITLE OF ISSUE	AMOUNTS AS TO WHICH REGISTRATION IS EFFECTIVE	NAMES OF EXCHANGES ON WHICH REGISTERED
N/A	N/A	N/A

Names and addresses of persons authorized to receive notices  
and communications from the Securities and Exchange Commission

**Elinor Azani**  
**Head of Israel Economic Mission — Western Hemisphere**  
**Ministry of Finance**  
**of the State of Israel**  
**800 Second Avenue, 17th Floor**  
**New York, New York 10017**  
**United States**

Copy to:

**David Menchel, Esq.**  
**Arnold & Porter Kaye Scholer LLP**  
**250 West 55th Street**  
**New York, New York 10019**  
**United States**

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\* The Registrant is filing this annual report on a voluntary basis.

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**THE STATE OF ISRAEL (THE “STATE”)**

The sole purpose of this Amendment No. 1 is to file with the Securities and Exchange Commission the Recent Developments in the State as of February 11, 2025, which is included as Exhibit D-1 hereto and which updates and amends the Current Description of the State previously filed as Exhibit D on July 1, 2024.

## EXHIBIT INDEX

### Exhibit Number

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- A: None.  
B: None.  
C-1: [Copy of the State Budget for Fiscal Years 2023 – 2024 \(in Hebrew\).](#)†  
C-2: [Copy of the Additional Budget Bill for Fiscal Year 2023 \(in Hebrew\).](#)††  
C-3: [Copy of the Additional Budget Bill for Fiscal Year 2024 \(in Hebrew\).](#)†††  
D: [Current Description of the State of Israel.](#)††††  
D-1: [Recent Developments in the State of Israel as of February 11, 2025.](#)\*  
E: [Second Amended and Restated Master Fiscal Agency Agreement, dated May 22, 2024 by and among the State of Israel, Computershare Inc. and Computershare Trust Company, N.A.](#)\*\*##  
F: [Form of Bonds](#)\*\*\*
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- † Previously filed as Exhibit C to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2022, filed on June 30, 2023.  
†† Previously filed as Exhibit C-1 to Amendment No. 1 to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2022, filed on January 4, 2024.  
††† Previously filed as Exhibit C-3 to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024.  
†††† Previously filed as Exhibit D to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024.  
\* Filed herewith.  
\*\* Previously filed as Exhibit E to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024, and relating to the State of Israel Bonds offered pursuant to Registration Statement No. 333-257576, as filed on June 30, 2021 and declared effective on August 25, 2021.  
\*\*\* Previously filed as Exhibit F to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2023, filed on July 1, 2024, and relating to the State of Israel Bonds offered pursuant to Registration Statement No. 333-257576, as filed on June 30, 2021 and declared effective on August 25, 2021.  
## Certain information contained in this agreement has been omitted because it is not material and is the type of information that the registrant treats as private or confidential.

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in Jerusalem, Israel on February 11, 2025.

### STATE OF ISRAEL

By: /s/ Gil Cohen

Name: Gil Cohen

Title: Senior Deputy Accountant General, Ministry of Finance

By: /s/ Saar Elimelech

Name: Saar Elimelech

Title: Head of Global Debt Capital Markets and FX Transactions, Ministry of Finance

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## SUMMARY INFORMATION AND RECENT DEVELOPMENTS

*The following information in this section supplements the information about the State contained in the State's Annual Report for 2023 on Form 18-K filed with the SEC on July 1, 2024 (as amended from time to time, the "Annual Report for 2023"). To the extent the information in this section is inconsistent with the information contained in the Annual Report for 2023, the information in this section supersedes and replaces such information. In particular, certain GDP-based figures and related economic data in the Annual Report for 2023 have been updated herein to reflect new data that has become available which resulted in changes to prior calculations, and as such the amounts set forth herein may deviate from previously reported amounts. Capitalized terms used but not defined in this section have the meanings ascribed to them in the Annual Report for 2023. This section is not complete and may not contain all the information that you should consider. You should read the entire Annual Report for 2023 and any supplement thereto carefully. Unless otherwise specified, amounts in NIS or US\$ are presented in current prices without adjustment for inflation. Figures in this section are as of February 11, 2025, except as otherwise indicated.*

**October 7, 2023 Attack on Israel, the War in Gaza and Other Related Military Conflicts**

On October 7, 2023, Hamas, a terrorist group, launched an unprecedented terror attack on Israel from the Gaza Strip. Following the attack, Israel's Minister of Defense declared a special home front situation in the region, which was later extended to the entire country. Subsequently, Israel's Ministerial Committee for National Security Affairs decided to undertake military action, which enabled the drafting of more than 300,000 reservists, launching the war in Gaza with the aim of negating Hamas' political and military capabilities in Gaza and releasing all hostages. In light of these developments, leaders from opposition parties joined the government as part of an emergency unity government, which was in place until June 9, 2024, when the National Unity Party departed from the government.

In northern Israel, Israel shares borders with Syria and Lebanon, where Hezbollah, another terrorist group, is active. From the beginning of the war in Gaza, Hezbollah has launched a myriad of aerial attacks into northern Israel, which forced many residents to relocate from their homes. In October 2024, Israel launched a limited ground operation in the border villages of southern Lebanon, intending to prevent a potential imminent incursion by Hezbollah terrorists. A 60-day ceasefire began on November 26, 2024, which has largely remained in effect and was extended until February 18, 2025.

On April 13, 2024, Iran attacked Israel with more than 300 drones, cruise missiles, and ballistic missiles. The Israel Defense Forces, together with an international and regional military coalition, intercepted 99% of the missiles and drones. This demonstrated the strength of the regional and international partnership in the region. On October 1, 2024 Iran launched an additional attack of 181 ballistic missiles toward Israel which were thwarted nearly in full. Israel responded against Iran with limited military action.

The Houthis, an Iranian-backed terrorist militia based in Yemen, carried out multiple missile and drone strikes on Israel during the Gaza war as part of a resistance effort against Israel. On July 20, 2024, Israel initiated its first significant strike on Houthi infrastructure. This action followed a February 2024 intervention by a coalition of U.S. and U.K. forces, who took military action against the Houthis due to the disruption of Red Sea trade caused by Houthi terrorism. Israel conducted additional strikes on Houthi targets in September and December 2024.

In December 2024, the Assad regime in Syria was overthrown by rebel groups. Recent developments in Syria have brought about significant changes, prompting Israel to take military action to protect its security interests in the region. These actions are aimed at addressing emerging threats and preserving Israel's strategic position amidst growing instability nearby.

On January 19, 2025, a three-phase framework for the release of hostages and a ceasefire in Gaza was initiated following U.S.-led negotiations and international mediation, with 33 Israeli hostages set to be returned to Israel in the first phase in exchange for the release of Palestinian prisoners.

Although Israel, together with the United States and other allies, is striving to prevent further escalation of the war, there remains a risk that a wider regional conflict may yet occur.

### *Economic Effects of the War and Related Military Conflicts*

The war in Gaza and military conflict in Lebanon resulted in a disruption to the Israeli economy, particularly in the fourth quarter of 2023, and continue to impact various sectors. The construction industry and tourism were particularly impacted. There was a significant decrease in demand in the construction industry and, since the start of the war in Gaza, the number of flights and airlines arriving in Israel has been limited. The war in Gaza and the military conflict in Lebanon negatively affected growth drivers such as private consumption; however, public consumption increased as war costs increased defense expenditure and civil expenditure rose as the government financed accommodations of civilians that were displaced within Israel and undertook certain other measures to support households and businesses. See, “— Economic Developments” below.

### *International Reaction*

Since the start of the war in Gaza, Israel has received support from key members of the international community, including many grassroots organizations and the Jewish diaspora. However, some other notable changes have taken place since the start of the war in Gaza. Nicaragua and Belize severed their diplomatic relations with Israel and other countries (including Brazil, Honduras, Chile, Colombia, South Africa, Turkey, Jordan and Chad) recalled their ambassadors for consultation. Israel has recalled its ambassadors to Turkey, Norway, Ireland, and Spain due to statements made by the leaders of those countries that Israel considers inappropriate. However, other countries have expressed support for Israel and, since the start of the war in Gaza, more than 70 country leaders and foreign ministers have visited Israel.

On December 29, 2023, South Africa instituted proceedings against Israel in the International Court of Justice (the “ICJ”), requesting that the ICJ rule that Israel is violating the Convention on the Prevention and Punishment of the Crime of Genocide in the war in Gaza. The ICJ issued provisional measures on January 26, 2024, March 28, 2024, and May 24, 2024, relating to Israel’s conduct in the war in Gaza and related reporting. The case is pending, and Israel maintains that it continues to act in full compliance with applicable law.

On November 21, 2024, the International Criminal Court seated in The Hague (the “ICC”) announced the issuance of arrest warrants against Prime Minister Netanyahu and former Minister of Defense Yoav Gallant for war crimes and crimes against humanity. However, Israel is not a member of the court, and Israel’s position is that the warrants violate Israel’s right to defend itself and carry out actions vital to any democratic state that operates according to the rule of law and fights against terror. On December 13, 2024, Israel filed two appeals against the decision of the ICC. The effects of the ICC’s issuance of the warrants (including whether they will be enforced by an ICC member state) on Israel’s foreign relations, if any, are not clear.

If the ceasefire in Gaza does not continue and the war in Gaza or other related military conflicts escalate, or the level of instability and violence increases, including through the involvement of additional actors in attacks against Israel, this may lead to adverse military, social, and economic implications.

### **Economic Developments**

Developments in the global economy often influence the Israeli economy, particularly with respect to exports and the high-tech sector. In recent years, the Israeli economy has performed well in terms of macroeconomic and fiscal outcomes. In 2020, however, the global outbreak of the COVID-19 pandemic had a negative impact on the Israeli economy and Israel’s growth rate contracted by 1.5% in 2020. In 2021, the economy recovered robustly, with strong increases in private consumption, investments and exports, with export growth spearheaded by Israel’s active high-tech sector. In total, Israel’s GDP increased by 9.3% in 2021. In 2022, the economy continued its high level of growth, led by strong private consumption, investments and exports, while public consumption moderated. The high-tech sector continued the trend of high growth in the first half of 2022. In the second half of 2022, high inflation, which led to high interest rates, led to moderation of investments in the high-tech sector and private consumption. In total Israel’s GDP increased by 6.5% in 2022.

In the first quarter of 2023, GDP increased by 4.2% (annual rate, seasonally adjusted quarter-on-quarter). A decrease in private consumption and low growth of exports were the factors behind the moderate growth,



despite strong growth of investments. High inflation rates that peaked in January 2023 and rising interest rates also contributed to the moderation of GDP. In the second quarter, private consumption continued to moderate, as GDP grew by 2.7% (annual rate, seasonally adjusted quarter-on-quarter). This growth could be attributed to investments and public consumption. In the third quarter, GDP decreased moderately by 0.1%, as private consumption and investments increased moderately, with the growth attributed to public consumption and exports. In the fourth quarter of 2023, GDP contracted by 20.8%, largely attributable to the outbreak of the war in Gaza on October 7, 2023, which significantly affected the Israeli economy. The war in Gaza has led to a decrease in private consumption, investments, foreign trade, and the disruption of several industries (including construction, agriculture and tourism). Public consumption (annual rate, seasonally adjusted quarter-on-quarter), however, had increased to a higher level than prior to the war by the third quarter of 2024, thus mitigating to some extent the negative effects on growth.

In total, Israel's GDP increased 2% in 2023 compared to 2022. The budget deficit rose to 4.1% of GDP in 2023 and the general government debt-to-GDP ratio, or public debt-to-GDP ratio, for 2023 increased to 61.3%. The central government debt-to-GDP ratio for 2023 rose to 59.9%.

For the first quarter of 2024, GDP increased by 16.7% (annual rate, seasonally adjusted quarter-on-quarter). A decrease in private consumption and low growth of exports were the factors behind the moderate growth, despite strong growth of investments. High inflation rates that peaked in January 2023 and rising interest rates also contributed to the moderation of GDP. In the second quarter of 2024, private consumption continued to moderate, as GDP decreased moderately by 0.3% (annual rate, seasonally adjusted quarter-on-quarter). This change can be attributed to the decrease in investments and public consumption. In the third quarter of 2024, GDP grew by 4.0%, as private consumption and investments increased moderately, with the growth attributed to public consumption and exports.

In December 2023, the Knesset approved an increase to the 2023 budget in the amount of approximately 3.5% of GDP to support increased civil and defense expenditure. On March 13, 2024, the Knesset approved the FY 2024 Additional Budget. The FY 2024 Additional Budget included increases in the debt-to-GDP ratio and the deficit relative to the initial 2024 budget passed in 2023. The updated budget also included additional revenue-raising policies. The Knesset approved two additional FY 2024 budget increases — in September and December of 2024 — resulting in an increase to the FY 2024 budget of approximately 1.7% of GDP. As of the current time, the Knesset is in the process of finalizing for approval a budget for FY 2025, under which taxes — including on retained corporate profits and value-added taxes (VAT) — are expected to rise in an effort to fund war-related expenditures and stem the growth of the budget deficit. Under this proposed FY 2025 budget, public expenditure, including for civil and defense purposes, is expected to continue to rise.

In October 2023, following the outbreak of the war in Gaza, Standard & Poor's Global Ratings ("S&P") changed its outlook on Israel's credit rating from "Stable" to "Negative". In April 2024, S&P downgraded Israel's credit rating to A+ from AA- and placed Israel's outlook on "Negative", and in October 2024, S&P further downgraded Israel's credit rating to A, with a "Negative" outlook.

In April 2023, Moody's Investor Services ("Moody's") changed its rating outlook for Israel from "Positive" to "Stable". In October 2023, Moody's placed Israel on "Rating Under Review," and in February 2024, Moody's downgraded Israel's credit rating to A2 from A1, with a "Negative" outlook. In September 2024, Moody's further downgraded Israel's credit rating to Baa1, with a "Negative" outlook.

In October 2023, following the outbreak of the war in Gaza, Fitch Ratings ("Fitch") placed Israel on "Rating Watch Negative". In August 2024, Fitch downgraded Israel's credit rating to A from A+, with a "Negative" outlook.

### **Balance of Payments and Foreign Trade**

Israel had a current account surplus of 4.4% of GDP in 2023, which was the 21<sup>st</sup> consecutive year in which a positive surplus in Israel's current account was recorded. In the first quarter of 2024, the current account surplus amounted to 4.3% of GDP. In the second quarter of 2024, the current account surplus amounted to 3.7% of GDP. In the third quarter of 2024, the current account surplus amounted to 4.0% of GDP. Israel's net exports have grown significantly in recent years from \$9.1 billion in 2019 to \$15 billion

in 2022, with an increase in 2023 to \$18 billion. The growth in net exports in recent years has mostly been driven by the export of services. In the first and second quarters of 2024, the net exports surplus amounted to \$4.2 billion (on a seasonally adjusted basis). In the third quarter of 2024 the net exports surplus amounted to \$5 billion.

In 2023, 29.9% of Israel's exported goods (excluding aircrafts, ships and diamonds) were to the EU (an increase from 27.3% in 2022), 24.0% were to the United States (an increase from 21.7% in 2022), 20.5% were to Asia (a decrease from 22.8% in 2022) and 25.6% were to other markets (a decrease from 28.3% in 2022).

In 2023, 34.0% of Israel's imported goods (excluding aircrafts, ships and diamonds) originated from the EU (an increase from 31.5% in 2022), 27.1% from Asia (a decrease from 27.7% in 2022), 9.4% from the United States (an increase from 8.7% in 2022) and 29.5% from other countries (a decrease from 32.1% in 2022).

From January 2, 2019 to December 29, 2023, the NIS/USD exchange rate averaged 3.45 NIS to 1.00 USD, fluctuating between a high of 4.08 (recorded on October 27, 2023) and a low of 3.0740 NIS/USD (recorded on November 17, 2021). The exchange rate as of December 31, 2024 stood at 3.6470 NIS/USD.

Foreign currency reserves at the Bank of Israel ("BoI") at the end of 2023 stood at \$204.6 billion, which was 40% of GDP. In the last quarter of 2023, during the early days of the war in Gaza, the BoI sold \$8.5 billion of foreign currency reserves in an effort to stabilize the NIS and offset its depreciation. The foreign currency reserves at the end of 2024 stood at \$214.6 billion.

The level of foreign currency reserves has been maintained above 30% of GDP since late 2010. Following a concentrated effort by the BoI to raise the level of reserves in 2008 and 2009, during which the BoI made daily purchases of foreign currency, the BoI's policy has been to intervene in the foreign currency market on a discretionary basis when there have been unusual movements in the exchange rate that the BoI believes to be inconsistent with underlying economic conditions or when conditions in the foreign exchange market are disorderly.

Israel is a party to free trade agreements with its major trading partners and is one of the few nations that has signed free trade agreements with both the United States and the EU.

### **Fiscal Policy**

Budget proposals in Israel are constrained by two parameters. The first is a deficit ceiling that sets the maximum deficit-to-GDP ratio, which has been modified several times. The second is an expenditure ceiling that sets a maximum year-to-year growth in government expenditure. Under the current formula prescribed by Israeli law, the expenditure ceiling is based on the average population growth rate over the three years prior to the submission of the budget, plus the ratio of the medium-term debt-to-GDP target (50%) to the current debt-to-GDP ratio.

In connection with the continuation of the Government's debt reduction policy, general government debt-to-GDP, also known as "public debt-to-GDP" (including local authorities' debt), decreased to 59.3% in 2019, a decrease of 0.9% from 2018. In 2020, however, as a result of COVID-19-related expenditures and lower than expected revenues, the deficit rose to 11.3% of GDP, which was significantly above the deficit target set for the year and, similarly, the public debt-to-GDP ratio for 2020 increased to 70.9%. In 2021, the deficit decreased to 4.4% of GDP, which was lower than the deficit target as state revenues exceeded expectations and there were lower than expected COVID-19-related expenditures, and the public debt-to-GDP ratio in 2021 decreased to 67.8%. In light of higher than expected revenues and lower than expected expenditure, as a result of the COVID-19 recovery, a cumulative budget surplus of approximately NIS 9.8 billion (0.6% of GDP) was measured in 2022, resulting in a debt-to-GDP ratio of 60.5%. In May 2023, a budget for the years 2023-2024 was approved by the Knesset. In light of the Israel-Gaza war, the budgets for 2023 and 2024 were revised at the end of 2023 and at the beginning of 2024, and the budget for 2024 was revised twice more in 2024, as government expenditure increased significantly due to the war in Gaza. In addition, tax revenues moderated since the beginning of 2023 and declined in comparison to the previous year. As a result, the budget deficit rose to 4.1% of GDP in 2023 while the debt-to-GDP ratio increased to 62.0%. In 2024, the budget deficit is initially estimated to have risen to 6.9% of GDP, while the debt-to-GDP ratio is initially estimated to have increased to 69.0%.

## **Inflation and Monetary Policy**

The average annual inflation rate over the period from 2014 to 2023 was approximately 1.1%, which is within the Government's target range of 1%-3%. The changes in the Consumer Price Index ("CPI") reflect a rise in prices of commodities, housing and agricultural products in Israel. The average annual CPI growth rate was 0.8% in 2019 and decreased by 0.6% in 2020. In 2021, the CPI increased by 1.5%, which was within the target of the BoI for the first time since 2013. In 2022, the CPI increased by an annual average of 4.4%, as inflation rose worldwide. In 2023 the CPI increased by an annual average of 4.2%, and the year-end inflation rate stood at 3%, as inflation returned to within the target range of the Bank of Israel. In 2024 the CPI increased by 3.2% (December 2024 compared to December 2023).

Since April 2022, due to rising inflation, the BoI increased the interest rate ten times from 0.10% to 4.75% in May 2023. In January 2024, the BoI lowered the interest rate by 0.25% to 4.50%. However, inflation returned to being outside the target range at 3.2% as of December 2024. The real interest rate (nominal interest rate less inflation expectations) averaged -0.8%, 0.1%, -1.8%, -1.7% and 1.8% in, 2019, 2020, 2021, 2022 and 2023 respectively.

## **Labor Market**

Prior to the outbreak of COVID-19, the annual labor force participation rate, which is the labor force as a percentage of the population over the age of 15, averaged 63.5% in 2019. Unemployment averaged 3.8% in 2019. After the outbreak of COVID-19, unemployment increased significantly as a result of lockdowns and other restrictions to reduce the spread of COVID-19. In 2023, the labor force participation rate averaged 63.5%, similar to pre-pandemic levels, while the official unemployment rate decreased to 3.4%, as a result of the recovered demand for labor. In the last quarter of 2023, the number of those absent from work due to economic reasons rose significantly due to the effects of the war in Gaza. This rise contributed an additional 1.5% yearly average to the unemployment rate. In addition, the effect of those missing from work due to military duty during the war added an additional 0.8% to the yearly unemployment rate. During the initial months of the war, primarily in October, those absent from work due to other reasons connected to the war added another 0.7% to the yearly unemployment rate in 2023. The labor force participation rate stood at 61% and the unemployment rate stood at 2.7% as of November 2024.

## **Capital Markets**

The BoI, together with other governmental authorities and regulators, monitors Israeli banks and financial institutions on an ongoing basis, supervising the banking system's conditions and operations as a whole. In addition, the BoI cooperates with the Ministry of Finance and the Israel Securities Authority to achieve comprehensive regulation and supervision of Israel's financial markets, to ensure coordination among the various entities in the financial sector and to set policies and measures that will be implemented and enforced with respect to such entities.

According to estimates from the Bank of Israel (BoI), the total value of the public's financial assets — excluding those of the government, the BoI, nonresident investments, commercial banks, and mortgage banks — reached NIS 5,971 billion at the end of the third quarter of 2024. This represents a 10.3% increase over the previous three quarters. In previous years, the value of the public's financial assets grew by 6.2% in 2023, decreased by 2.0% in 2022, and increased by 15.8% in 2021. The Tel Aviv Stock Exchange (the "TASE") is Israel's sole stock exchange and the Tel Aviv 125 ("TA-125") and Tel Aviv 35 ("TA-35") are its main indices and primary indicators of the stock price performance of companies publicly trading on the TASE. The TA-125 and TA-35 measure the 125 and 35 companies listed on the TASE, respectively, with the highest market capitalization. In 2023, the TA-35 and TA-125 indices increased by 3.8% and 4.1%, respectively, compared to increases in the S&P 500 of 24.2% and in the NASDAQ Composite of 43.4% over the same period. In 2024, the TA-35 and TA-125 increased by 27.1% and 26.4%, respectively, compared to increases in the S&P 500 and the NASDAQ Composite of 24.0% and 30.8%, respectively, over the same period. After an initial negative impact from the attack by Hamas on Israel on October 7, 2023, the Israeli capital markets recovered in 2024 to surpass pre-war levels.

## **Gold Reserves**

The State has not maintained gold reserves since 1992.

## Global Issuances

In recent years, Israel has been active in the global sovereign debt markets. Most recently, in March 2024, Israel completed a triple-tranche issuance in the global markets, issuing an aggregate of \$2.0 billion principal amount of 5.375% bonds due 2029, an aggregate of \$3.0 billion principal amount of 5.5% bonds due 2034 and an aggregate of \$3.0 billion principal amount of 5.75% bonds due 2054. In January 2023, Israel completed its first green bond issuance, issuing an aggregate of \$2 billion principal amount of 4.500% bonds due 2033.

## Political Situation

*Overview of Israel's Political Structure.* The State of Israel was established in 1948 as a parliamentary democracy. It functions on a set of foundational laws, titled “Basic Laws”, which have a special status that grants exclusive judicial review jurisdiction to the Israeli Supreme Court. Israel’s constitutional jurisprudence is grounded in judicial decisions and in the State’s Declaration of Independence.

Israel’s governmental powers are divided amongst its legislative, executive and judiciary branches. The Supreme Court is the highest court of Israel, and also sits as a High Court of Justice. Any Israeli citizen has the right to appeal a lower court’s decision to the Supreme Court. Approximately 10,000 proceedings are initiated in the Supreme Court annually. The legislative power of the State resides in the Knesset, a unicameral parliament that consists of 120 members from multiple political factions elected by Israel’s citizens under a system of proportional representation.

The executive power of the State of Israel is held by a democratically elected government. A proposed government requires approval by the Knesset, which is presented with a coalition supported by a majority of the Knesset members, even if not all supporting parties are members of the proposed government. A proposed government is usually made up of a coalition of different political parties. The Prime Minister serves as the head of government and as the chief executive of the state. The President serves as the “Head of State” and plays an important role in leading the process of forming a government. The functions of the President are defined in the Basic Law of 1964: President of the State. The President assigns the task of forming a new government to a member of Knesset, who is usually the leader of the party that received the most Knesset seats in the latest general elections. In addition, the President assumes public functions and activities. Among the President’s formal functions are signing laws, opening the first session of a new Knesset, receiving the credentials of new Ambassadors from foreign states, pardoning prisoners or commuting their sentences and approving the appointment of civil and religious judges, the State Comptroller and the Governor of the Bank of Israel.

Israel’s most recent general elections were held on November 1, 2022. Following this election, the President selected Benjamin Netanyahu to form a coalition government and on December 29, 2022, the Knesset voted in favor of the new coalition government led by Prime Minister, Benjamin Netanyahu. The political parties that were members of the coalition at the time of its formation were: Likud, Shas, United Torah Judaism, Religious Zionism, Otzma Yehudit and Noam. Following the October 7, 2023 attack by Hamas on Israel, leaders from opposition parties joined the government as part of an emergency unity government, which was in place until June 9, 2024, when the National Unity Party led by Benny Gantz resigned from the unity government. In September 2024, Knesset Member Gideon Sa’ar joined the coalition government and cabinet to support its actions during the war.

On January 19, 2025, National Security Minister Itamar Ben-Gvir and members of his “Otzma Yehudit” party submitted their resignation letters from the government and coalition. Their resignation stems from opposition to the three-phase Israel-Hamas war ceasefire framework.

*Proposed Legislative Changes to the Judicial System.* In 2023, the Knesset’s Constitution, Law and Justice Committee (the “Constitution Committee”) started promoting a number of bills regarding the Israeli judicial system, which were approved in the first reading by the Knesset plenum. Since the start of the war in Gaza, the proposed Legislative changes have been put on hold.

*Israel and Gaza.* In 2005, Israel withdrew completely from the Gaza Strip (“Gaza”), dismantling all Israeli communities and military bases in Gaza, as well as four Israeli settlements in the northern West Bank. Despite this, there has been ongoing tension at the border between Israel and Gaza, often characterized

by Hamas rocket attacks and other acts of violence by individual Palestinians and responsive Israeli military campaigns commenced with the goal of suppressing the violence.

On October 7, 2023, Hamas launched an unprecedented terror attack on Israel from the Gaza Strip killing approximately 1,200 people and kidnapping 251 people. See “— October 7, 2023 Attack on Israel, the War in Gaza, and Other Related Military Conflicts” above.

*Israel-United States Relations.* In July 2022, President Joe Biden visited Israel. During his meeting with then-Prime Minister, Yair Lapid, in Jerusalem on July 14, 2022, the leaders of the United States and Israel adopted the Joint Declaration on the U.S.-Israel Strategic Partnership. In the declaration, the United States and Israel reaffirmed the unbreakable bond between the two countries and the enduring commitment of the United States to Israel’s security and qualitative military edge, as well as the foundation of the strategic U.S.- Israel partnership based on a bedrock of shared values, interests and a true friendship. The declaration also addressed the Iranian nuclear program, committing both countries to “use all elements of national power” to prevent Iran from acquiring a nuclear weapon. Since the October 7, 2023 attack by Hamas against Israel and the commencement of the war in Gaza, the US has expressed its support for Israel in a variety of actions and statements. On October 18, 2023, President Joe Biden visited Israel to show his support and approved an additional foreign aid package for Israel totaling \$26.4 billion (which was approved by the House and signed by the President in April 2024). In addition, President Joe Biden supported Israel’s efforts to bring a hostage deal to international forums, including at the UN Security Council.

The re-election of Donald J. Trump as U.S. president in 2024 is expected by Israel to further solidify U.S.-Israel ties, with a focus on advancing pro-Israel policies and regional security cooperation. Israel believes that President Trump’s return to office may also intensify pressure on Iran, potentially influencing Israel’s strategy in the Middle East.

*Abraham Accords.* In August 2020, an agreement for the normalization of relations between Israel and the United Arab Emirates (the “UAE”) was reached, and in September 2020 the Abraham Accords Peace Treaty was signed at the White House. The Abraham Accords officially established diplomatic relations between Israel and the UAE. This was shortly followed by an agreement for the normalization of ties between Israel and the Kingdom of Bahrain, which was signed in a Joint Communique between Israel and Bahrain in November 2020. In December 2020, Israel and Morocco established full diplomatic relations and in January 2021, Sudan acceded to the Abraham Accords during the visit of then-U.S. Treasury Secretary Steven Mnuchin to Khartoum. As of December 2024, there have been reports of an advancement in the negotiations toward an accord with other countries in the region.

*Israel-Turkey Relations.* In August 2022, Israel and Turkey agreed to resume normal diplomatic relations with the announcement that the two countries will return their ambassadors after years without senior diplomatic representation. The decision to reinstate ambassadors was the culmination of a positive trend in the relations between the countries during 2022, which included President Isaac Herzog’s visit to Ankara, mutual visits of the foreign ministers in Jerusalem and Ankara, and visits by the Ministers of Commerce and Defense to Turkey.

Israel was the first country to deploy a search and rescue mission to Turkey, following the devastating earthquake that hit Southern Turkey in February 2023. The delegation was instrumental in rescuing 19 individuals from the rubble and assisted in providing humanitarian and medical assistance to the Turkish authorities on the ground.

Following the attack by Hamas on Israel and the commencement of the war in Gaza, in December 2023 Turkey recalled its ambassador in Israel for consultation and Israel did the same with its ambassador in Turkey. Additionally, in March 2024, Turkey announced sanctions on trade with Israel, significantly reducing economic exchange between the two countries. In November 2024, Turkish Prime Minister, Recep Tayyip Erdoğan, announced that Turkey had unilaterally halted diplomatic relations with Israel. Tensions continue to escalate as both Israel and Turkey remain actively involved in Syria following the collapse of the Syrian government in December 2024.

*Israel-Ukraine Relations.* In February 2023, then-Foreign Minister Eli Cohen was the first Israeli official to visit Kiev and meet with the Ukrainian President, Volodymyr Zelenskyy, since the Russian offensive in Ukraine began in 2022.

*Recent Developments in Relations with Certain other Countries.* In February 2023, an official Israeli delegation, led by then-Foreign Minister Eli Cohen, visited Khartoum to further advance normalization of relations between Israel and Sudan. In April 2023, the Azerbaijani Foreign Minister attended the official opening of Azerbaijan's embassy in Israel. In the same month, the foreign ministers of Israel and Poland signed an agreement to reinstate youth study visits between the countries. Additionally, Poland announced that a Polish ambassador would be reinstated to Israel.

In July 2023, Israel recognized Moroccan sovereignty over the territory of Western Sahara. In September 2023, Papua New Guinea opened an embassy in Jerusalem.

For a discussion of the impact of the October 7, 2023 attacks and the war in Gaza on Israel's foreign relations, see “— October 7, 2023 Attack on Israel, the War in Gaza, and Other Related Military Conflicts” above.

### **Privatization**

In the past several decades, privatization has been an essential element of broader Government-initiated market reforms, which aim to promote the growth of the private sector, mainly by enhancing competition. Israel has made substantial progress in recent years, resulting in the privatization of many enterprises previously owned by the State of Israel and the reduction of state subsidization of several business enterprises. In total, between 1986 and 2023, 99 Government-owned companies became partially or fully privatized. The proceeds stemming from privatizations between 2005 and 2023 totaled \$5.3 billion. The Government plans to continue with the process of privatizing its interests in financial institutions, as well as in state-owned land and seaports, the Postal Company, energy and transportation utilities, and parts of the defense industry.

### **Public Debt**

As of December 31, 2024, the internal funded debt of the State of Israel totaled NIS 1,114 billion. Of this amount, internal short-term indebtedness (debts due in less than 12 months) totaled NIS 96.5 billion.

As of December 31, 2024, the external funded debt of the State of Israel totaled NIS 199.3 billion. Of this amount, external short-term indebtedness (debts due in less than 12 months) totaled NIS 8.24 billion. Of the State's external foreign debt, approximately 70% is repayable in U.S. Dollars, approximately 24% is repayable in Euros, and approximately 6% is repayable in other currencies.

### **Loan Guarantee Program**

On January 3, 2023, the U.S. Congress approved an extension of the loan guarantee program until September 2028.

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 18-K

For Foreign Governments and Political Subdivisions Thereof

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ANNUAL REPORT  
OF  
**THE STATE OF ISRAEL**  
(Name of Registrant)

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Date of end of last fiscal year: December 31, 2023

**SECURITIES REGISTERED\***  
(As of the close of the fiscal year)

TITLE OF ISSUE	AMOUNTS AS TO WHICH REGISTRATION IS EFFECTIVE	NAMES OF EXCHANGES ON WHICH REGISTERED
N/A	N/A	N/A

Names and addresses of persons authorized to receive notices  
and communications from the Securities and Exchange Commission

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\* The Registrant is filing this annual report on a voluntary basis.

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**THE STATE OF ISRAEL (THE "STATE")**

1. In respect of each issue of securities of the registrant registered, a brief statement as to:
  - (a) The general effect of any material modifications, not previously reported, of the rights of the holders of such securities.

No such modifications.
  - (b) The title and the material provisions of any law, decree or administrative action, not previously reported, by reason of which the security is not being serviced in accordance with the terms thereof.

No such provisions.
  - (c) The circumstances of any other failure, not previously reported, to pay principal, interest, or any sinking fund or amortization installment.

No such circumstances.
2. A statement as of the close of the last fiscal year of the registrant giving the total outstanding of:
  - (a) Internal funded debt of the registrant. (Total to be stated in the currency of the registrant. If any internal funded debt is payable in a foreign currency it should not be included under this paragraph (a), but under paragraph (b) of this item).

Reference is made to pages D-93 – D-101 of Exhibit D.
  - (b) External funded debt of the registrant. (Totals to be stated in the respective currencies in which payable. No statement needs to be furnished as to intergovernmental debt).

Reference is made to pages D-93 – D-101 of Exhibit D.
3. A statement giving the title, date of issue, date of maturity, interest rate and amount outstanding, together with the currency or currencies in which payable, of each issue of funded debt of the registrant outstanding as of the close of the last fiscal year of the registrant.

Reference is made to pages D-93 – D-101 of Exhibit D.
4. (a) As to each issue of securities of the registrant which is registered, there should be furnished a break- down of the total amount outstanding, as shown in Item 3, into the following:
  - (i) Total amount held by or for the account of the registrant.

As of December 31, 2023, the registrant held none.
  - (ii) Total estimated amount held by nationals of the registrant (or if registrant is other than a national government by the nationals of its national government); this estimate need be furnished only if it is practicable to do so.

Information would not be practicable to provide.
  - (iii) Total amount otherwise outstanding.

Not applicable.
- (b) If a substantial amount is set forth in answer to paragraph (a)(i) above, describe briefly the method employed by the registrant to reacquire such securities.

Not applicable.
5. A statement as of the close of the last fiscal year of the registrant giving the estimated total of:
  - (a) Internal floating indebtedness of the registrant. (Total to be stated in the currency of the registrant).

Reference is made to pages D-93 – D-101 of Exhibit D.



- (b) External floating indebtedness of the registrant. (Total to be stated in the respective currencies in which payable).

Reference is made to pages D-93 – D-101 of Exhibit D.

6. Statements of the receipts, classified by source, and of the expenditures, classified by purpose, of the registrant, for each fiscal year of the registrant ended since the close of the latest fiscal year for which such information was previously reported. These statements should be so itemized as to be reasonably informative and should cover both ordinary and extraordinary receipts and expenditures; there should be indicated separately, if practicable, the amount of receipts pledged or otherwise specifically allocated to any issue registered, indicating the issue.

Reference is made to pages D-93 – D-101 of Exhibit D.

7. (a) If any foreign exchange control, not previously reported, has been established by the registrant (or if the registrant is other than a national government, by its national government), briefly describe the effects of any such action not previously reported.

Not applicable.

- (b) If any foreign exchange control previously reported has been discontinued or materially modified, briefly describe the effect of any such action, not previously reported.

Not applicable.

8. Brief statements as of a date reasonably close to the date of the filing of this report, (indicating such date) in respect of the note issue and gold reserves of the central bank of issue of the registrant, and of any further gold stocks held by the registrant.

Reference is made to pages D-64 – D-78 of Exhibit D.

9. Statements of imports and exports of merchandise for each year ended since the close of the latest year for which such information was previously reported. The statements should be reasonably itemized so far as practicable as to commodities and as to countries. They should be set forth in terms of value and of weight or quantity; if statistics have been established in terms of value, such will suffice.

Reference is made to Tables 16 – 20 of Exhibit D.

10. The balances of international payments of the registrant for each year ended since the close of the latest year for which such information was previously reported. The statements of such balances should conform, if possible, to the nomenclature and form used in the “Statistical Handbook of the League of Nations.” (These statements need to be furnished only if the registrant has published balances of international payments).

Reference is made to Table 15 of Exhibit D.

**The annual report comprises:**

- (a) Pages numbered 1 to 5 consecutively.

- (b) The following exhibits:

Exhibit A: None.

Exhibit B: None.

Exhibit C-1: Copy of the State Budget for Fiscal Years 2023 — 2024 (in Hebrew).

Exhibit C-2: Copy of the Additional Budget Bill for Fiscal Year 2023 (in Hebrew).

Exhibit C-3: Copy of the Additional Budget Bill for Fiscal Year 2024 (in Hebrew).

Exhibit D: Current Description of the State of Israel.

Exhibit E: Second Amended and Restated Master Fiscal Agency Agreement, dated May 22, 2024 by and among the State of Israel, Computershare Inc. and Computershare Trust Company, N.A.

Exhibit F: Form of Bonds.

This annual report is filed subject to the Instructions for Form 18-K for Foreign Governments and Political Subdivisions Thereof.

## EXHIBIT INDEX

Exhibit Number	Page Number
A: None.	
B: None.	
<a href="#">C-1: Copy of the State Budget for Fiscal Years 2023 – 2024 (in Hebrew).</a> <sup>†</sup>	
<a href="#">C-2: Copy of the Additional Budget Bill for Fiscal Year 2023 (in Hebrew).</a> <sup>††</sup>	
<a href="#">C-3: Copy of the Additional Budget Bill for Fiscal Year 2024 (in Hebrew).</a> <sup>*</sup>	
<a href="#">D: Current Description of the State of Israel.</a> <sup>*</sup>	D-1
<a href="#">E: Second Amended and Restated Master Fiscal Agency Agreement, dated May 22, 2024 by and among the State of Israel, Computershare Inc. and Computershare Trust Company, N.A.</a> <sup>**##</sup>	
<a href="#">F: Form of Bonds</a> <sup>**</sup>	

<sup>†</sup> Previously filed as Exhibit C to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2022, filed on June 30, 2023.

<sup>††</sup> Previously filed as Exhibit C-1 to Amendment No. 1 to the State of Israel's Annual Report on Form 18-K for the fiscal year ended December 31, 2022, filed on January 4, 2024.

<sup>\*</sup> Filed herewith.

<sup>\*\*</sup> Filed herewith and relating to the State of Israel Bonds offered pursuant to Registration Statement No. 333-257576, as filed on June 30, 2021 and declared effective on August 25, 2021.

<sup>##</sup> Certain information contained in this agreement has been omitted because it is not material and is the type of information that the registrant treats as private or confidential.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in Jerusalem, Israel on July 1, 2024.

STATE OF ISRAEL

By: /s/ Gil Cohen

Name: Gil Cohen

Title: Senior Deputy Accountant General, Ministry of Finance

By: /s/ Saar Elimelech

Name: Saar Elimelech

Title: Head of Global Debt Capital Markets and FX Transactions, Ministry of Finance

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רשומות

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י"א באדר ב' התשפ"ד 3188 21 במרץ 2024

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730	תקציב משרד מבקר המדינה לשנת 2024

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## חוק תקציב נוסף לשנת הכספים 2024, התשפ"ד-2024\*

### פרק א': פרשנות

1. הנדרות (א) בחוק זה –
- "חוק יסודות התקציב" – חוק יסודות התקציב, התשמ"ה-1985;
- "סעיף תקציב" – סעיף בתוספת הראשונה או בתוספת השנייה הקובע את ההוצאות של משרד ממשלתי, של רשות ציבורית או של גוף ציבורי או של נושא בעל היקף או חשיבות המצדיקים את קביעתו בסעיף נפרד, המחולק לתחומי פעולה לפי הצורך;
- "שנת הכספים 2024" – התקופה המתחילה ביום כ' בטבת התשפ"ד (1 בינואר 2024) ומסתיימת ביום ל' בכסלו התשפ"ה (31 בדצמבר 2024);
- "תחום פעולה" – חלק של סעיף תקציב המוקצה לעניין מסוים, המחולק לתוכניות לפי הצורך;
- "תוכנית" – חלק של תחום פעולה המוקצה לעניין מסוים.
- (ב) לכל מונח אחר בחוק זה תהיה המשמעות הנודעת לו בחוק יסודות התקציב.

### פרק ב': התקציב לשנת הכספים 2024

2. תקציב ההוצאה לשנת הכספים 2024 (א) הממשלה רשאית להוציא בשנת הכספים 2024 סכום של 724,047,992,000 שקלים חדשים (להלן – תקציב ההוצאה לשנת 2024), המורכב מתקציב רגיל בסך 520,813,466,000 שקלים חדשים ומתקציב פיתוח וחשבון הון בסך 203,234,526,000 שקלים חדשים.
- (ב) חלוקת תקציב ההוצאה לשנת 2024 לסעיפי תקציב, לתחומי פעולה ולתוכניות, תהיה כמפורט בתוספת הראשונה, בטור שכותרתו "הוצאה".
3. תקציב ההוצאה המותנית בהכנסה לשנת הכספים 2024 (א) נוסף על תקציב ההוצאה לשנת 2024, רשאית הממשלה להוציא בשנת הכספים 2024, כהוצאה מותנית בהכנסה כמשמעותה בסעיף 5(א) ו-(ב) לחוק יסודות התקציב (להלן – תקציב ההוצאה המותנית בהכנסה לשנת 2024), סכום של 108,113,929,000 שקלים חדשים, המורכב מתקציב רגיל בסך 95,937,245,000 שקלים חדשים ומתקציב פיתוח וחשבון הון בסך 12,176,684,000 שקלים חדשים.
- (ב) חלוקת תקציב ההוצאה המותנית בהכנסה לשנת 2024 לסעיפי תקציב, לתחומי פעולה ולתוכניות, תהיה כמפורט בתוספת הראשונה, בטור שכותרתו "הוצאה מותנית בהכנסה".
4. הרשאה להתחייב (א) הממשלה רשאית להתחייב בשנת הכספים 2024, בגבולות הסכומים הנקובים בתוספת הראשונה ביחס לכל סעיף תקציב, תוכנית ותחום פעולה, בטור שכותרתו "הרשאה להתחייב".

\* התקבל בכנסת ביום ג' באדר ב' התשפ"ד (13 במרץ 2024) [בישיבה שהחלה ביום ב' באדר ב' התשפ"ד (12 במרץ 2024)]; הצעת החוק ודברי הסבר פורסמו בהצעות חוק הממשלה – 1714, מיום כ"ז בשבט התשפ"ד (5 בפברואר 2024), עמ' 548.

<sup>1</sup> ס"ח התשס"ה, עמ' 60.

שיא כוח אדם לשנת הכספים 2024	5.	(א) הממשלה רשאית, בשנת הכספים 2024, למלא משרות עד לשיא כוח אדם של 96,229.5 משרות.  (ב) חלוקת שיא כוח האדם האמור בסעיף קטן (א) לסעיפי תקציב, לתחומי פעולה ולתוכניות, תהיה כמפורט בתוספת הראשונה, בטור שכותרתו "שיא כוח אדם" ובטור שכותרתו "משרות עב"צ (עבודה בלתי צמיתה)".
מפעלים עסקיים – תקציב, הרשאה להתחייב, שיא כוח אדם ותחזית תקבולים לשנת הכספים 2024	6.	(א) נוסף על תקציב ההוצאה לשנת 2024 ועל תקציב ההוצאה המותנית בהכנסה לשנת 2024, רשאית הממשלה להוציא בשנת הכספים 2024 במסגרת תקציב מפעלים עסקיים סכום של 37,493,278,000 שקלים חדשים; חלוקת הסכום האמור לסעיפי תקציב, לתחומי פעולה ולתוכניות, תהיה כמפורט בתוספת השנייה, בטור שכותרתו "הוצאה".  (ב) נוסף על ההרשאה להתחייב כאמור בסעיף 4, רשאית הממשלה בשנת הכספים 2024 להתחייב במסגרת תקציב מפעלים עסקיים, בגבולות הסכומים הנקובים בתוספת השנייה ביחס לכל סעיף תקציב, תחום פעולה ותוכנית, בטור שכותרתו "הרשאה להתחייב".  (ג) נוסף על מספר המשרות שהממשלה רשאית למלא בשנת הכספים 2024 לפי סעיף 5(א), רשאית הממשלה בשנת הכספים 2024 למלא משרות במפעלים עסקיים עד לשיא כוח אדם של 36,390 משרות; חלוקת שיא כוח האדם האמור לסעיפי תקציב, לתחומי פעולה ולתוכניות, תהיה כמפורט בתוספת השנייה, בטור שכותרתו "שיא כוח אדם" ובטור שכותרתו "משרות עב"צ (עבודה בלתי צמיתה)".  (ד) תחזית התקבולים לכיסוי תקציב המפעלים העסקיים בשנת הכספים 2024, היא כמפורט בתוספת השנייה.
<b>פרק ג': הוראות שונות</b>		
תחולת חוק יסודות התקציב	7.	אין בהוראות חוק זה כדי לגרוע מהוראות חוק יסודות התקציב, וכל שינוי בסכומים הנקובים בחוק זה ובאופן חלוקתם ייעשה בהתאם להוראות החוק האמור.
תחילה	8.	תחילתו של חוק זה ביום כ' בטבת התשפ"ד (1 בינואר 2024).
פרסום	9.	חוק זה יפורסם ברשומות בתוך שלושה חודשים מיום קבלתו.
החלפת חוק התקציב לשנת הכספים 2024	10.	חוק זה הוא חוק תקציב נוסף לפי סעיף 3(ג) לחוק-יסוד: משק המדינה <sup>2</sup> , והוראותיו של חוק זה יבואו במקום הוראותיו של חוק התקציב לשנת הכספים 2024, התשפ"ג-2023 <sup>3</sup> .

<sup>2</sup> ס"ח התש"ל"ה, עמ' 206.

<sup>3</sup> ס"ח התשפ"ג, עמ' 732.



**הצעת התקציב לשנת הכספים 2024**  
(באלפי ש"ח)

ריכוז התוספת הראשונה	הוצאה	הוצאה מותנית בהכנסה	הרשאה להתחייב	שיא כוח אדם
<b>סך-הכול כלי</b>	<b>724,047,992</b>	<b>108,113,929</b>	<b>215,799,734</b>	<b>96,229.5</b>
=====	=====	=====	=====	=====
התקציב לחישוב מגבלת ההוצאה *	584,097,733			
תשלום חובות למעט תשלום חובות לביטוח הלאומי	139,950,259			
חלק א: תקציב רגיל	520,813,466	95,937,245	128,481,452	96,229.5
חלק ב: תקציב הפיתוח וחשבון הון	203,234,526	12,176,684	87,318,282	
<b>חלק א: תקציב רגיל</b>	<b>520,813,466</b>	<b>95,937,245</b>	<b>128,481,452</b>	<b>96,229.5</b>
=====	=====	=====	=====	=====
<b>משרדי המטה</b>	<b>24,987,917</b>	<b>25,216,230</b>	<b>3,695,102</b>	<b>23,585</b>
=====	=====	=====	=====	=====
01 נשיא המדינה ולשכתו	74,210	1,829	76.5	
02 הכנסת **	992,116	180	935	1,428,000
04 משרד ראש הממשלה	3,081,348	15,570	1,770	755,539
05 משרד האוצר	4,045,284	23,280,985	6,618	
06 משרד הפנים	1,403,066	400,000	735.5	12,652
08 משרד המשפטים	4,730,399	1,238,011	9,148	573,000
09 משרד החוץ	1,793,286	69,184	978	
10 המטה לביטחון לאומי	56,572		79.5	
11 מבקר המדינה ***	421,068		604	
14 בחירות ומימון מפלגות	221,697	25,000	33	
18 הרשויות המקומיות	6,619,148		747,223	
22 המשרד לשירותי דת	789,937	13,535	500	55,896
68 רשות האוכלוסין, ההגירה ומעברי הגבולות	759,786	171,936	122,792	2,107.5
<b>הביטחון והסדר הציבורי</b>	<b>160,899,733</b>	<b>51,987,977</b>	<b>96,831,168</b>	<b>47,477</b>
=====	=====	=====	=====	=====
07 המשרד לביטחון הפנים	25,111,908	812,116	44,637.5	2,909,325
15 משרד הביטחון	117,527,156	50,560,200	2,336	87,453,000
16 הוצאות חירום אזרחיות	1,250,184	59,519	37.5	3,021,942
17 תיאום הפעולות בשטחים	124,964	278,142	330	
31 הוצאות ביטחוניות שונות	14,287,904	278,000	136	3,446,901
35 הועדה לאנרגיה אטומית	147,927			
46 חוק ח"לים משוחררים	2,449,690			
<b>השירותים החברתיים</b>	<b>241,965,609</b>	<b>12,156,870</b>	<b>4,989,471</b>	<b>15,727</b>
=====	=====	=====	=====	=====
19 משרד המדע הטכנולוגיה והחלל, משרד התרבות והספורט	2,481,351	58,500	250	422,008
20 משרד החינוך	84,071,785	4,452,195	2,602.5	1,839,246
21 ההשכלה גבוהה	13,906,485			
23 משרד הרווחה	11,543,973	2,908,245	3,622	209,148

**הצעת התקציב לשנת הכספים 2024**  
(באלפי ש"ח)

שיא כוח אדם	הוצאה מונתית בהכנסה	הוצאה מונתית בהכנסה	הוצאה	ריכוז התוספת הראשונה	
7,413	870,024	4,599,149	54,346,794	משרד הבריאות	24
98.5		94,490	5,136,737	הרשות לזכויות ניצולי שואה	25
			64,747,133	ביטוח לאומי	27
462.5	628,808	6,000	1,777,146	המשרד לקליטת העליה	30
1,278.5	1,020,237	38,291	3,954,205	תעסוקה	36
<b>2,094.5</b>	<b>1,313,558</b>	<b>300,645</b>	<b>4,976,249</b>	<b>תשתיות</b>	
=====	=====	=====	=====		
530	33	39,493	300,259	משרד הבינוי	29
300	1,109,422	12,773	578,951	משרד האנרגיה והמים	34
				משרד התחבורה והבטיחות בדרכים	40
870.5	118,365	232,379	515,506	הרשות הממשלתית למים וביוב	41
192			105,253	מענקי בינוי ושיכון	42
	75,000		3,364,709	המרכז למיפוי ישראל	43
202	10,738	16,000	111,571		
<b>2,792</b>	<b>5,828,915</b>	<b>1,906,440</b>	<b>9,904,973</b>	<b>ענפי משק</b>	
=====	=====	=====	=====		
536.5	2,042,408	895,750	394,999	המשרד להגנת הסביבה	26
1,346	805,412	269,588	1,963,979	משרד החקלאות ופיתוח הכפר	33
174	209,128	4,282	2,925,088	משרד התיירות	37
584	2,767,167	604,551	4,539,043	כלכלה ותעשייה	38
151.5	4,800	132,269	81,864	משרד התקשורת	39
<b>4,554</b>	<b>15,823,238</b>	<b>4,369,083</b>	<b>29,758,834</b>	<b>הוצאות אחרות</b>	
===	=====	=====	=====		
		785,197	23,049,769	גמלאות ופיצויים	12
		3,000,000	2,521,992	הוצאות שונות	13
3,469.5	9,860,000			רזרבה כללית	47
1,084.5	5,963,238	583,886	4,187,073	רשויות פיקוח	54
			<b>48,320,151</b>	<b>החזרי חוב</b>	
			=====		
			48,320,151	תשלום ריבית ועמלות	45
	<b>87,318,282</b>	<b>12,176,684</b>	<b>203,234,526</b>	<b>חלק ב: תקציב הפיתוח וחשבון הון</b>	
	-----	-----	-----		
	<b>87,318,282</b>	<b>12,176,684</b>	<b>45,094,267</b>	<b>תקציב הפיתוח</b>	
	-----	-----	-----		
	<b>4,737,868</b>	<b>1,388,227</b>	<b>1,444,615</b>	<b>משרדי המטה</b>	
	=====	=====	=====		
	4,737,868	1,388,227	1,444,615	דיוור ממשלתי	51
				משפטים ובתי משפט	53
	<b>397,987</b>	<b>15,028</b>	<b>320,025</b>	<b>הביטחון והסדר הציבורי</b>	

ספר החוקים 3188, י"א באדר ב' התשפ"ד, 21.3.2024

הצעת התקציב לשנת הכספים 2024  
(באלפי ש"ח)

ריכוז התוספת הראשונה	הוצאה	הוצאה מותנית בהכנסה	הרשאה להתחייב	שיא כוח אדם
52	המשטרה ובתי הסוהר	320,025	15,028	397,987
	השירותים החברתיים	2,487,646	1,401,238	6,839,312
60	חינוך	1,584,734	1,297,370	5,222,252
67	בריאות	902,912	103,868	1,617,060
	תשתיות	37,533,958	8,128,861	72,896,163
70	שיכון	2,221,880	3,867,767	12,781,666
73	מפעלי מים	545,032	100,000	916,972
79	פיתוח התחבורה	34,767,046	4,161,094	59,197,525
	ענפי משק	266,499	251,130	705,928
76	תעשייה	28,455	150,268	383,166
78	פיתוח תיירות	238,044	100,862	322,762
	הוצאות אחרות	3,041,524	992,200	1,741,024
83	הוצאות פיתוח אחרות	3,041,524	992,200	1,741,024
	החזר חובות	158,140,259		
84	תשלום חובות	158,140,259		
	מזה: תשלום חובות לביטוח הלאומי	18,190,000		

- \* התקציב נטו (724,047,992) בניכוי תשלום חובות (158,140,259) למעט תשלום חובות לביטוח הלאומי (18,190,000)
- \*\* הצעת התקציב השנתי של הכנסת מוגשת לאישור ועדת הכנסת על ידי יו"ר הכנסת, ומהווה חלק מחוק התקציב.
- \*\*\* תקציב משרד מבקר המדינה נקבע בידי ועדת הכספים של הכנסת ומהווה חלק מחוק התקציב. פירוט של תקציב זה מתפרסם בנפרד לפי חוק יסודי: מבקר המדינה.

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 01 נשיא המדינה ולשכתו
	76.5 ==		1,829 =====	74,210 =====	01 נשיא המדינה ולשכתו =====
	76.5 -.-.-		1,829 -.-.-	71,237 -.-.-	51 נשיא המדינה ומוסדותיו -.-.-
	76.5		1,829	71,237	51 01 נשיא המדינה
				2,973 -.-.-	52 רזרבה -.-.-
				2,973	52 01 רזרבה
					99 חשבון מעבר -.-.-
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עבי"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 02 הכנסות
68.0 =====	935.0 =====	1,428,000 =====	180 ==	992,116 =====	02 הכנסות =====
				213,100 =====	02 חברי הכנסת =====
				92,680	02 01 מרכיבי שכר חברי הכנסת
				120,420	02 02 תנאי חברי הכנסת
68.0 =====	935.0 =====	19,000 =====	180 =====	647,425 =====	03 מעלות הכנסת =====
				39,074	03 01 שירותים מקצועיים
			180	5,930	03 02 קשרי חוץ טקסים וקרנות
				8,000	03 03 שכר צוות פרלמנטי - סיעות
60.0	677.0			294,996	03 04 הוצאות עובדי הכנסת
				133,615	03 05 אמרכלות
8.0	258.0	19,000		130,293	03 06 ביטחון
				35,517	03 07 ניהול מערכות מחשב
				18,081 =====	04 רזרבה =====
				18,081	04 01 רזרבה
		1,400,000 =====		25,310 =====	05 תוספת מבנה =====
		1,400,000		25,310	05 01 תוספת מבנה
				100 =====	07 שירותי משרד ליו"ר כנסת לשעבר =====
				100	07 01 שירותי משרד ליו"ר כנסת לשעבר
				63,000 =====	08 גימלאות חברי כנסת =====
				63,000	08 01 גימלאות חברי כנסת
		9,000 =====		25,100 =====	09 מוזיאון הכנסת =====
		9,000		25,100	09 01 מוזיאון הכנסת
					99 חשבון מעבר =====
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלני שקלים חדשים)

משרות ע"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף משרד ראש הממשלה
617.0	1,770.0	755,539	15,570	3,081,348	04 משרד ראש הממשלה
112.5	673.5		2,000	1,106,842	51 משרד ראשי
112.5	378.0			717,355	51 01 מטה המשרד
	43.5			72,577	51 03 מערך הגיוור
				40,506	51 04 תמיכות בארגוני הנצחה
	52.0			48,118	51 07 ארכיון המדינה
	171.0			185,894	51 08 מערך הסייבר הלאומי
				22,971	51 10 מריוקטים והחלטות ממשלה רוחביות
	29.0		2,000	19,421	51 11 לשכת העיתונות הממשלתית
					51 13 מרכז החסברה
	320.5	401,998	500	807,750	52 משרדי ממשלה ולשכות שרים
	34.0			33,189	52 01 חברי הממשלה
	37.0	93,405		34,194	52 03 משרד התמזנות
	23.0			10,551	52 04 המשרד לנושאים אסטרטגיים והסברה
	24.0			23,212	52 05 המשרד למודיעין
					52 06 משרד ההסברה
	15.0			5,312	52 09 לשכות שרים וסגני שרים במשרד ראש הממשלה
	44.0	1		26,313	52 11 משרד ירושלים ומסורת
	25.5	2		71,251	52 12 משרד מורשת
	30.0	32,058		331,045	52 13 משרד ההתיישבות
	88.0	276,532	500	272,683	52 15 מערך הדיגיטל הלאומי
428.0	328.5		12,070	379,841	53 סטטיסטיקה ממלכתית
373.0	281.0		12,070	285,476	53 01 הלשכה המרכזית לסטטיסטיקה
55.0	47.5			94,365	53 02 ביצוע סקרים חיצוניים

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות ע"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 04 משרד ראש הממשלה
58.5	207.0		1,000	114,883	55 נציבות שירות המדינה
	207.0		1,000	101,989	55 01 נציבות שירות המדינה
58.5				12,894	55 02 תכניות מיוחדות
	27.0			18,474	56 המשרד לשיתוף פעולה אזורי
	27.0			18,474	56 01 שיתוף פעולה אזורי
18.0	72.5	24,970		123,027	57 המשרד לשוויון חברתי
18.0	51.5	24,970		92,170	57 01 המשרד לשוויון חברתי
	7.0			3,473	57 02 הרשות לקידום מעמד האישה
	14.0			27,384	57 03 הרשות לפיתוח כלכלי של המיעוטים
	76.0			66,258	59 לשכת הקשר נתיב
	76.0			66,258	59 01 נתיב
	65.0	328,571		181,644	63 המשרד לפיתוח הנגב
	65.0			23,550	63 01 שכר
				8,098	63 02 תפעול
		328,571		149,996	63 03 פיתוח הנגב והגליל
				282,629	70 רורבות
				282,629	70 01 רורבה לעמידה במגבלה המיסקאלית
					99 חשבון מעבר
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 05 משרד האוצר
	6,618.0 =====		23,280,985 =====	4,045,284 =====	05 משרד האוצר =====
	759.0 -.-.-.-.-		97,685 -.-.-.-.-	670,374 -.-.-.-.-	51 משרד האוצר ראשי -.-.-.-.-
	189.0		2,500	231,411	51 01 מטה משרד האוצר
	69.0			21,257	51 02 אגף התקציבים
	308.0		15,000	147,337	51 04 החשב הכללי
	76.0			33,400	51 06 שכר והסכמי עבודה
	31.0			24,178	51 07 מחקר, כלכלה והכנסות המדינה
	2.0		3,100	138,325	51 08 פעולות בחו"ל
	8.0		7,335		51 09 הלשכה למיצויים אישיים
			4,650	38,719	51 11 מנהל הדיור והרכש הממשלתי
	54.0		15,100	35,747	51 12 רשות החברות הממשלתיות
	22.0		50,000		51 13 מנהל הרכב הממשלתי
	5,859.0 -.-.-.-.-		23,183,300 -.-.-.-.-	3,211,205 -.-.-.-.-	52 רשות המיסים -.-.-.-.-
	5,859.0		23,183,300	3,211,205	52 03 רשות המיסים ראשי
				163,705 -.-.-.-.-	53 רזרבה למשרד האוצר -.-.-.-.-
				163,705	53 01 רזרבה
					99 חשבון מעבר -.-.-.-.-
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה



# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

סעיף 06 משרד המניס	הוצאה	הוצאה מותנית בהכנסה	הרשאה להתחייב	שיא כח אדם	משרות עב"צי
06 משרד המניס	1,403,066	400,000	12,652	735.5	23.5
20 מטה ומעלות המשרד	192,831	-	2	328.5	3.0
20 01 מטה ומעלות המשרד	192,831	-	2	328.5	3.0
21 בחירות המקומיות	822,160	400,000	1,418	5.0	20.5
21 01 בחירות הבחירות כלליות	822,160	400,000	1,418	5.0	20.5
22 עדות לא יהודיות יהודיות וליהודים קראים	100,948	-	11,231	379.0	-
22 01 עדות לא יהודיות	100,948	-	11,231	379.0	-
23 הרשות למאגר ביומטרי	17,471	-	1	23.0	-
23 01 הרשות למאגר ביומטרי	17,471	-	1	23.0	-
29 רורבה	269,656	-	-	-	-
29 01 רורבה	269,656	-	-	-	-
99 חשבון מעבר	-	-	-	-	-
99 99 חשבון מעבר	-	-	-	-	-

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 07 המשרד לביטחון הפנים
1,214.5	44,637.5	2,909,325	812,116	25,111,908	07 המשרד לביטחון הפנים
23.0	532.0		7,000	1,079,010	50 המשרד לביטחון הפנים
23.0	532.0			500,311	50 01 שכר
			7,000	578,699	50 02 קניות
	113.5			100,595	55 הרשות להגנה על עדים
	113.5			51,077	55 01 שכר
				49,518	55 02 קניות
	3,571.0	90,000	11,000	1,541,863	60 כבאות והצלה
	3,571.0			1,203,142	60 01 שכר
		90,000	11,000	338,721	60 02 קניות
6.0	10,295.0	306,922	219,944	4,987,378	70 שירותי בטיחות
6.0	10,295.0			3,160,994	70 01 שכר
		306,922	219,944	911,311	70 02 קניות
				915,073	70 03 גמלאות
1,185.5	30,126.0	2,512,403	574,172	17,403,062	80 משטרת ישראל
30.0	29,950.0	157,177	24,000	10,106,235	80 01 שכר
		2,275,301	148,878	2,934,860	80 02 קניות
		79,925		433,537	80 03 רכישת שירותי כ"א
1,155.5	176.0		401,294	1,000	80 04 תקציב עקיף
				3,927,430	80 08 גמלאות
					99 חשבון מעבר
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

סעיף 08 משרד המשפטים	הוצאה	הוצאה מותנית בהכנסה	הרשאה להתחייב	שיא כח אדם	משרות עב"צ
08 משרד המשפטים	4,730,399	1,238,011	573,000	9,148.0	802.5
51 משרד ראשי	2,138,857	730,377	390,000	4,016.0	616.0
51 01 מטה המשרד	794,276	278,628	360,000	541.0	616.0
51 02 ייעוץ משפטי לממשלה	84,515	7,000	30,000	225.0	
51 03 פרקליטות המדינה	482,556	21,026		1,460.0	
51 04 הסניגוריה הציבורית	257,953	3,100		223.0	
51 05 הסיוע המשפטי	254,951	28,700		226.0	
51 07 הרשות ליישום חוק איסור הלבנת הון	18,469	17,582		50.0	
51 08 תלונות הציבור על שופטים	5,799			10.0	
51 09 מנהלת היחידות המקצועיות	5,161	37,500		45.0	
51 10 רישום והסדר המקרקעין	44,568	92,853		312.0	
51 11 רשות הפטנטים	27,022	47,671		188.0	
51 12 האמטרומוס הכללי וכונס הנכסים הרשמי	92,259	107,815		423.0	
51 14 רשות התאגידים	15,466	80,752		161.0	
51 16 נציבות שוויון זכויות	13,985	500		44.0	
51 18 נציבות הביקורת על התביעה	5,606			12.0	
51 19 בתי הדין שרעים ודרוזים	36,271	7,250		96.0	
54 מערכת בתי המשפט	2,118,290	276,042	183,000	4,306.0	140.5
54 01 הוצאות שכר	1,810,897	28,183		4,306.0	140.5
54 02 הוצאות תפעול	307,393	247,859	183,000		
55 רשות האכיפה והגבייה	295,982	231,592		826.0	46.0
55 01 מערכת ההוצאה למעל והמרכז לנביית קנסות	295,982	231,592		826.0	46.0
56 רזרבה	177,270				
56 01 רזרבות	177,270				

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שם כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 08 משרד המשפטים
					99 חשבון מעבר 99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 09 משרד החוץ
29.0 =====	978.0 =====		69,184 =====	1,793,286 =====	09 משרד החוץ =====
29.0 ",,.,.,.	978.0 ",,.,.,.		69,184 ",,.,.,.	1,718,875 ",,.,.,.,.,.	51 משרד החוץ ",,.,.,.,.,.
29.0	600.0			380,532	51 01 תפעול מטה בארץ
	378.0		69,184	1,338,343	51 02 תפעול הנציגויות בחו"ל
				74,411 ",,.,.,.	60 רורבות ",,.,.,.
				74,411	60 01 רורבה
					99 חשבון מעבר ",,.,.,.,.,.
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף מטת לביטחון לאומי
	79.5			56,572	10 מטת לביטחון לאומי
	79.5			54,322	51 מטת לביטחון לאומי
	79.5			54,322	51 01 מטת לביטחון לאומי
				2,250	52 רזרבות
				2,250	52 01 רזרבה

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 12 נמלאות ומיצויים
			785,197	23,049,769	12 נמלאות ומיצויים
			=====	=====	=====
			783,379	16,744,770	11 נמלאות
			-----	-----	-----
			512,742	15,653,311	11 01 נמלאות מקומות המדינה
			270,637	1,091,459	11 02 נמלאות עפ"י הסכמים
				6,282,761	12 הסדר קרנות הפנסיה
				-----	-----
				6,282,761	12 01 הסדר קרנות הפנסיה
			1,818	21,348	13 תפעול מנהלת הנמלאות
			-----	-----	-----
			1,818	21,348	13 01 תפעול מנהלת הנמלאות
				890	20 רורבה
				-----	-----
				890	20 01 רורבה
					99 חשבון מעבר
					-----
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 13 הוצאות שונות
			3,000,000	2,521,992	13 הוצאות שונות
			=====	=====	=====
				141,080	01 הוצאות שונות
				-----	-----
					01 05 הוצאות שונות
				141,080	01 30 רזרבה למעולות מיוחדות
			3,000,000	570,863	02 הוצאות ממשלתיות כלליות
			-----	-----	-----
			3,000,000	16,608	02 01 עובדי מדינה
				551,315	02 04 פעילות ממשלתית רוחבית
				2,940	02 05 פעילות מינסטית
				259,592	03 שלטון מקומי
				-----	-----
				53,191	03 01 אשראי לרשויות
					03 02 מרויקטים ברשויות מקומיות
				206,401	
				1,488,823	04 הוצאות מס
				-----	-----
				1,488,823	04 01 תשלומים באמצעות רשות המסים
				61,634	05 רזרבה מיסקאלית
				-----	-----
				61,634	05 01 רזרבה מיסקאלית

\* משרות עבודה בלתי צמיתה



# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף בחירות ומימון מפלגות
	33.0		25,000	221,697	14 בחירות ומימון מפלגות
	==		=====	=====	=====
			25,000	142,221	10 מימון מפלגות
			~.~.~.~.	~.~.~.~.	~.~.~.~.~.~.~.~.~.
			25,000	142,221	10 01 מימון מפלגות שוטף
					10 02 מימון מפלגות לבחירות
	33.0			70,797	20 הוצאות הבחירות לכנסת
	~.~.~.			~.~.~.~.	~.~.~.~.~.~.~.~.~.~.~.~.~.~.~.~.~.~.~.
					20 01 הכנות לקראת הבחירות לכנסת
	33.0			70,797	20 02 הוצאות הבחירות לכנסת ה-22
					20 03 הוצאות הבחירות לכנסת ה-23
					20 04 הוצאות הבחירות לכנסת ה-24
				8,679	90 רזרבות
				~.~.~.~.	~.~.~.~.~.~.~.~.~.
				8,679	90 01 רזרבה להתייקרויות + רזרבה לעמידה במגבלה המיסקאלית
					99 חשבון מעבר
					~.~.~.~.~.~.~.~.~.
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בוכנסה	הוצאה	סעיף 15 משרד הביטחון
73.0	2,336.0	87,453,000	50,560,200	117,527,156	15 משרד הביטחון
73.0	2,336.0			33,444,105	10 כח אדם
73.0	2,336.0			24,515,806	10 01 הוצאות כח אדם
				8,928,299	10 02 גמלאות
		87,453,000	50,560,200	76,410,412	11 הוצאות ביטחון
		87,453,000	50,560,200	76,175,352	11 01 הוצאות ביטחוניות
				235,060	11 02 הרשות לפינוי שדות מוקשים
					11 03 עתודה להסכמים קואליציוניים
				7,672,639	12 אנפי שיקום ומשפחות
				7,672,639	12 01 שיקום משפחות והנצחה
					13 קורונה - משרד הביטחון
					13 01 קורונה - משרד הביטחון

יחסיקת תקציב הביטחון לשנת 2024 לתחומי פעולה ולתכניות, תהיה לפי החלטת הוועדה המשותפת בסעיף 18(א) לחוק יסודות התקציב, ובהתאם להוראות סעיף זה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ*	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 16 הוצאות חירום אורחיות
	37.5	3,021,942	59,519	1,250,184	16 הוצאות חירום אורחיות
					13 מינון אוכלוסיה -סומת
		103,560		85,057	חול
					13 03 מענה לאיום בלתי
		103,560		85,057	גילוי וזיהוי
		2,883,862	59,519	1,041,747	16 מרכיבי ביטחון
					והתנגדות אורחיות
		1,775,371		867,851	16 02 הקמת ואחזקת מרכיבי
		9,863	59,519	17,729	16 03 ביטחון והתנגדות אורחיות
		1,098,628		156,167	מינון
					16 05 מינון העורף
					16 06 קורונה - פעילות פקע"ר
	37.5	34,520		81,773	17 רשות חירום לאומית
					17 03 מרוקטי רשות חירום
	37.5	34,520		81,773	לאומית
				41,607	18 רורבה
				41,607	18 01 רורבה

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 17 תאום הפעולות בשטחים
	330.0 =====		278,142 =====	124,964 =====	17 תאום הפעולות בשטחים =====
	297.0 -.-.-.-.-		265,342 -.-.-.-.-	45,719 -.-.-.-.-	31 המנהל האזרחי -.-.-.-.-
			13,000	17,009	31 01 מטה צבאי
	205.0		66,509		31 02 שכר אזרחים
			58,950	1,397	31 03 מטה אזרחי
			3,000		31 04 תמיסות ומיקדונות
	25.0		20,150		31 05 ארכיאולוגיה
			10,984		31 06 מים
	67.0		3,000	27,313	31 08 יחידת הפיקוח
			89,749		31 09 פיתוח האזור
					31 10 השתתפויות משרד הביטחון
			300 -.-.-.-.-	63,889 -.-.-.-.-	32 מנהלת תיאום הפעולות בשטחים -.-.-.-.-
			300	63,889	32 01 מפקדה
	33.0 -.-.-.-.-		2,500 -.-.-.-.-	15,356 -.-.-.-.-	33 מת"ק עזה -.-.-.-.-
			2,500	5,728	33 01 מטה
	33.0			9,628	33 02 שכר אזרחים
					33 03 פעולות
			10,000 -.-.-.-.-		50 מחצבות -.-.-.-.-
			10,000		50 01 מחצבות
					99 חשבון מעבר -.-.-.-.-
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

חוק התקציב לשנת הכספים 2024  
(באלפי שקלים חדשים)

סעיף	הוצאה	הוצאה מותנית בהכנסה	הרשאה להתחייב	שיא כח אדם	משרות עב"צ*
18 הרשויות המקומיות	6,619,148		747,223		
11 העברות לרשויות המקומיות	5,783,066		747,223		
11 02 מענקים אזוריים	248,147		41,852		
11 03 מענקים שוטפים	5,146,496		190,889		
11 04 מענקי פיתוח	344,513		510,482		
11 05 איגוד ערים כנרת	43,910		4,000		
12 קרן לצמצום פערים	544,995				
12 01 קרן לצמצום פערים ברשויות המקומיות	544,995				
90 רזרבות	291,087				
90 01 רזרבה להתייקרויות + רזרבה לעמידה ביעד ההוצאה	291,087				

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 19 מדע, תרבות וספורט
	250.0 =====	422,008 =====	58,500 =====	2,481,351 =====	19 מדע, תרבות וספורט =====
		157,008 ",,.,.,.,.	50,000 ",,.,.,.	389,433 ",,.,.,.	40 משרד המדע ",,.,.,.,.
		157,008	50,000	389,433	40 01 פעילות משרד המדע
	250.0 ",,.,.,.			132,579 ",,.,.,.	41 מטה המשרדים ",,.,.,.,.
	241.0			71,638	41 01 שכר
				42,700	41 02 תפעול
	9.0			18,241	41 03 מרכז הסברה
			1,500 ",,.,.,.	858,606 ",,.,.,.	42 מינהל התרבות ",,.,.,.,.
				37,500	42 01 רשות העתיקות
			1,500	821,106	42 02 מינהל התרבות
		265,000 ",,.,.,.	7,000 ",,.,.,.	989,527 ",,.,.,.	43 מינהל הספורט ",,.,.,.,.
			4,000	690,220	43 03 פעילות ספורט
		265,000	3,000	299,307	43 04 תשתיות ספורט
				111,206 ",,.,.,.	44 רזרבות מיסקאליות ",,.,.,.,.
				111,206	44 01 רזרבות מיסקאליות
					99 חשבון מעבר ",,.,.,.,.
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף משרד החינוך 20
	2,602.5	1,839,246	4,452,195	84,071,785	20 משרד החינוך
	=====	=====	=====	=====	=====
	2,243.5	117,246	23,110	1,990,024	60 יחידות מטה
	-----	-----	-----	-----	-----
	2,243.5	117,246	23,110	1,990,024	60 01 מעילויות מטה מרכזיות - משלוח ושכר
				13,882,639	61 חינוך מיוחד
				-----	-----
				13,882,639	61 01 חינוך מיוחד
			2,405,090	8,792,392	62 קדם יסודי
			-----	-----	-----
			2,405,090	8,608,128	62 01 קדם יסודי
				184,264	62 02 הגיל הרך
			1,084,975	23,174,660	63 יסודי וחטיבות ביניים 2000
			-----	-----	-----
			1,077,775	19,658,414	63 01 יסודי וחטיבת ביניים
				1,825,885	63 02 החינוך העצמאי
			7,200	999,372	63 03 מעין החינוך התורני
				398,035	63 04 מוכר שאינו רשמי
				292,954	63 05 מוסדות המטור
				13,311,138	64 חטיבה עליונה
				-----	-----
				13,311,138	64 01 חטיבה עליונה
			1,600	4,194,076	65 שירותי עזר, הסעות ומענקים לפיתוח
			-----	-----	-----
			1,600	4,194,076	65 01 שירותי עזר, הסעות ומענקים לפיתוח
	359.0		241,647	4,648,710	66 חינוך התיישבותי
	-----		-----	-----	-----
	359.0		241,647	4,648,710	66 01 המינהל חינוך התיישבותי ועליית הנוער

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות ע"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 20 משרד החינוך
		1,722,000	695,770	5,622,983	67 מעולות משלימות לקידום המערכת
		330,000	145,770	3,691,164	67 01 מעילויות ומריוויקטים לקידום מערכת החינוך
		1,392,000	550,000	1,789,762	67 02 הארכת יום הלימודים וחופשות
				142,057	67 03 מינהל החינוך הדתי
				1,743,055	68 מינהל עובדי הוראה
				1,743,055	68 01 תנאי שירות והכשרת עובדי הוראה
			3	1,863,628	69 תמיכה בנושאי יהדות
			3	149,995	69 01 תרבות יהודית
				1,713,633	69 02 מוסדות תורניים
				4,848,480	70 רורבות
				3,673,068	70 01 רורבה להתייכריות
				1,175,412	70 02 רורבה לעמידה במגבלה הפיסקלית
					99 חשבון מעבר
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה



# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שם כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 21 ההשכלה הגבוהה
				13,906,485	21 ההשכלה הגבוהה
				=====	
				13,906,485	11 השכלה גבוהה
				13,906,485	11 01 השכלה גבוהה
					12 רזרבה
					12 01 רזרבה

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 22 המשרד לשירותי דת
25.0 =====	500.0 =====	55,896 =====	13,535 =====	789,937 =====	22 המשרד לשירותי דת =====
18.0 ",,.,.,.	87.0 ",,.,.,.	55,896 ",,.,.,.	4,897 ",,.,.,.	557,395 ",,.,.,.	01 המשרד לשירותי דת ",,.,.,.,.,.,.,.,.,.,.,.,.,.,.,.
				357,647	01 01 מועצות דתיות
		49,017	4,897	79,967	01 02 תמיכה בשירותי דת
		5,869		28,210	01 03 בתי עלמין
18.0	87.0			57,060	01 05 שכר ותפעול
		1,010		34,511	01 08 רזרבה
7.0 ",,.,.,.	70.0 ",,.,.,.		5,063 ",,.,.,.	28,305 ",,.,.,.	02 הרבנות הראשית ",,.,.,.,.,.,.,.,.,.,.,.,.,.,.,.
7.0	70.0		5,063	28,305	02 01 הרבנות הראשית
	343.0 ",,.,.,.		3,575 ",,.,.,.	204,237 ",,.,.,.	03 בתי הדין הרבניים ",,.,.,.,.,.,.,.,.,.,.,.,.,.,.,.
	343.0		3,575	204,237	03 01 בתי הדין הרבניים
					99 חשבון מעבר ",,.,.,.,.,.,.,.,.,.
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 23 משרד הרווחה
20.0	3,622.0	209,148	2,908,245	11,543,973	23 משרד הרווחה
20.0	3,622.0		46,827	1,704,471	01 מטה ושירותים מרכזיים
20.0	3,622.0		7,929	1,093,490	01 01 מטה המשרד - כוח אדם
			38,898	610,981	01 20 שירותי משרד מרכזיים
			211,400	517,236	02 אזרחים ותיקים
			148,150	179,090	02 42 טיפול חוץ ביתי לאזרחים ותיקים
			63,250	338,146	02 43 שירותים קהילתיים לאזרחים ותיקים
			349,160	1,136,335	05 רשויות מקומיות - ארגון, מנהל ופיתוח
			349,160	1,136,335	05 13 מחלקות לשירותים חברתיים ברשויות המקומיות - ארגון, מנהל וכ"א
			1,592,723	4,172,661	07 אנשים עם מוגבלויות
			1,028,363	2,465,784	07 21 טיפול חוץ ביתי באנשים עם מוגבלויות
			564,360	1,706,877	07 22 טיפול קהילתי באנשים עם מוגבלויות
					08 אנף לטיפול באדם עם מוגבלות שכלית התפתחותית (פיגור שכלי)
					08 56 טפול חוץ ביתי
				499,255	09 רורבה
				499,255	09 02 רורבה
			625,712	2,542,020	10 שירותים אישיים וחברתיים
			351,172	1,184,851	10 38 טיפול חוץ ביתי - שירותים אישיים וחברתיים

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף משרד הרווחה
			274,540	1,357,169	10 39 שירותים קהילתיים - שירותים אישיים וחברתיים
			82,423	883,554	11 תקון וסיוע לבתי משפט
			23,645	437,115	11 65 טיפול חוץ ביתי - תקון וסיוע לבתי משפט
			58,778	446,439	11 75 טיפול קהילתי - תקון וסיוע לבתי משפט
		209,148		88,441	12 פיתוח, בינוי ושיפוצים
				1,425	12 02 תמיכה במוסדות רווחה
		209,148		87,016	12 03 מוסדות ולשכות
					99 חשבון מעבר
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

סעיף 24 משרד הבריאות	הוצאה	הוצאה מותנית בהכנסה	הרשאה להתחייב	שיא כח אדם	משרות עב"צ
24 משרד הבריאות	54,346,794	4,599,149	870,024	7,413.0	790.0
02 משרד ראשי	1,498,370	245,668	89,804	1,487.0	8.0
02 01 שכר מטה	469,483			1,392.0	8.0
02 05 תפעול מטה	982,414	223,188	89,804		
02 18 מכונים	46,473	22,480		95.0	
07 רכש שירותי בריאות	6,779,623	814,524	50,000	234.0	782.0
07 01 הכשרות צוותים רפואיים	500,399	84,612	50,000	134.0	782.0
07 09 פעולות מרכזיות	804,345	24,000		100.0	
07 10 גריאטריה	1,836,743	693,000			
07 14 בריאות הנפש	3,638,136	12,912			
16 שירותי בריאות הציבור	1,624,264	82,273	338,220	3,396.0	
16 03 רפואה מונעת	861,443	19,100	338,220		
16 89 מעבדות בריאות הציבור	37,614	20,689		143.0	
16 90 לשכות הבריאות	725,207	42,484		3,253.0	
20 קומות חולים ובתי חולים	44,101,175	2,959,740	392,000		
20 03 קומות ובתי חולים – העברות ותמיכות	44,101,175	2,959,740	392,000		
20 04 רורבה					
22 כספי עזבונו		15,000			
22 10 כספי עזבונו		15,000			
40 מרכזים לבריאות הנפש	21,215	25,108		155.0	
40 09 מרכז קהילתי יפו	21,215	25,108		155.0	
50 מרכזים רפואיים גריאטריים	322,147	456,836		2,141.0	
50 01 מרכז גריאטרי נתניה	88,528	82,026		450.0	
50 02 מרכז גריאטרי מלימן	42,098	67,428		266.0	
50 03 מרכז גריאטרי מרדס חנה	89,546	132,769		676.0	

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 24 משרד הבריאות
	527.0		137,289	65,919	50 04 מרכז גריאטרי שמואל הרומא
	222.0		37,324	36,056	50 05 מרכז גריאטרי ראשון לציון
					99 חשבון מעבר "....."
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף הרשות לניצולי השואה
	98.5		94,490	5,136,737	25 הרשות לניצולי השואה
	98.5			94,195	01 תגמולים לנכים
	98.5			26,345	01 01 שכר ונלוות
	98.5			67,850	01 02 אמרכלות
			94,490	4,821,346	02 תגמולים ישירים וטיפול רפואי
			65,000	3,639,180	02 01 תגמולים ישירים
			29,490	1,182,166	02 02 טיפול רפואי ושירותים
				221,196	03 רורבה
				221,196	03 01 רורבה לתגמולים, להתיקרויות שכר ולעמידה ביעד ההוצאה
					99 חשבון מעבר
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 26 המשרד להגנת הסביבה
	536.5 =====	2,042,408 =====	895,750 =====	394,999 =====	26 המשרד להגנת הסביבה =====
	507.5 -.-.-.-.-	30,001 -.-.-.-.-		253,473 -.-.-.-.-	11 שכר ותפעול -.-.-.-.-
	507.5	30,001		253,473	11 01 שכר ותפעול
		109,999 -.-.-.-.-	98,800 -.-.-.-.-	128,039 -.-.-.-.-	12 פעולות -.-.-.-.-
		109,999	98,800	128,039	12 01 פעולות יחידות המשרד
	29.0 -.-.-.-.-	1,902,408 -.-.-.-.-	796,950 -.-.-.-.-		13 קרנות -.-.-.-.-
	6.0	1,902,408	647,000		13 01 הטמנה - הקרן לשמירת הניקיון
			64,000		13 02 חשבון כללי - הקרן לשמירת הניקיון
			47,550		13 03 חשבון מקדון - הקרן לשמירת הניקיון
	23.0		38,400		13 04 קרן למנועת זיהום ים, צער בעלי חיים ושיקום מחצבות
					14 מריוויקטים מקק"ל -.-.-.-.-
					14 01 מריוויקטים סביבתיים מקק"ל
				13,487 -.-.-.-.-	26 רזרבות -.-.-.-.-
				13,487	26 01 רזרבות
					99 חשבון מעבר -.-.-.-.-
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה



# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 27 הקצבות לביטוח לאומי
				64,747,133	27 הקצבות לביטוח לאומי
				=====	=====
				48,419,579	11 השתמות אוצר המדינה לפי חוק
				48,419,579	11 01 השתמות בגבייה
				13,322,496	12 תשלומי העברה במימון אוצר המדינה
				13,322,496	12 01 קצבאות וחוקים ייעודיים
				491,777	13 השתמות בהוצאות מינהל
				491,777	13 01 השתמות בהוצאות מינהל
				2,513,281	14 רזרבה
				2,513,281	14 01 רזרבה

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 29 משרד הבינוי והשיכון
	530.0 =====	33 ==	39,493 =====	300,259 =====	29 משרד הבינוי והשיכון =====
	530.0 -,.,.,.,.	33 -,.	39,493 -,.,.,.,.	295,264 -,.,.,.,.	01 משרד ראשי -,.,.,.,.,.
	530.0			168,562	01 01 שכר
		33	39,493	126,702	01 02 תפעול
				4,995 -,.,.,.	04 רורבות -,.,.,.,.
				4,995	04 01 רורבה לעמידה ביעד ההוצאה
					99 חשבון מעבר -,.,.,.,.,.
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף משרד העלייה והקליטה 30
22.0 =====	462.5 =====	628,808 =====	6,000 =====	1,777,146 =====	30 משרד העלייה והקליטה =====
22.0 -----	462.5 -----	8,075 -----		266,421 -----	11 מינהל -----
22.0	462.5			133,020	11 01 שכר
		8,075		133,401	11 02 מינהל ואמרכלות
		620,733 -----	1,000 -----	901,529 -----	12 שירותי קליטה -----
		563,733		511,672	12 01 דיור
		57,000		191,540	12 02 חטיבת המרט
			1,000	127,507	12 04 חטיבת רשויות, ארגונים וקהילה
				70,810	12 08 עידוד עלייה
			5,000 -----	536,356 -----	13 תשלומים ישירים -----
			5,000	536,356	13 01 סל קליטה ראשוני
				72,840 -----	14 רורבה -----
				72,840	14 01 רורבה
					99 חשבון מעבר -----
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 31 הוצאות ביטחוניות שונות
	136.0 =====	3,446,901 =====	278,000 =====	14,287,904 =====	31 הוצאות ביטחוניות שונות =====
	136.0 -----	3,446,901 -----	278,000 -----	14,287,904 -----	01 הוצאות ביטחון שונות -----
	136.0	3,446,901	278,000	14,287,904	01 01 הוצאות ביטחוניות

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

סעיף 33 משרד החקלאות	הוצאה	הוצאה מותנית בהכנסה	הרשאה להתחייב	שיא כח אדם	משרות עב"צ
33 משרד החקלאות	1,963,979	269,588	805,412	1,346.0	215.5
01 הוצאות שוטפות לפעילות המשרד	411,131	120,461	50,501	851.0	102.0
01 02 הוצאות שוטפות לפעילות משרד החקלאות	411,131	120,461	50,501	851.0	102.0
02 מנהל המחקר החקלאי	267,398	123,127	49,501	495.0	113.5
02 02 הוצאות שוטפות לפעילות מנהל המחקר החקלאי	267,398	123,127	49,501	495.0	113.5
03 רזרבות	78,020				
03 01 רזרבה להתייקריות בתקציב המשרד	78,020				
06 תמיכות בחקלאות	1,141,097	26,000	705,406		
06 02 תמיכות ומחקרים בחקלאות	1,132,097	26,000	705,406		
06 03 תמיכות צער בעלי חיים	9,000				
09 מנהלת תנופה	66,333		4		
09 01 פעולות	66,333		4		
99 חשבון מעבר					
99 99 חשבון מעבר					

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 34 משרד האנרגיה
	300.0 =====	1,109,422 =====	12,773 =====	578,951 =====	34 משרד האנרגיה =====
	201.0 -,-,-,-,-	1,109,422 -,-,-,-,-	200 -,-,-	496,005 -,-,-,-,-	30 מטה המשרד -,-,-,-,-
	201.0			66,268	30 01 הוצאות שכר
				29,773	30 02 תפעול ופעולות
		1,109,422	200	399,964	30 03 יחידות מקצועיות
	99.0 -,-,-,-,-		12,573 -,-,-,-,-	60,317 -,-,-,-,-	31 מכון גיאולוגי -,-,-,-,-
	99.0			38,979	31 01 הוצאות שכר
			12,573	21,338	31 02 תפעול ופעולות
				22,629 -,-,-,-,-	32 רזרבות -,-,-,-,-
				22,629	32 01 רזרבה להתייקריות
					99 חשבון מעבר -,-,-,-,-
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צי	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 35 הועדה לאנרגיה אטומית
				147,927 =====	35 הועדה לאנרגיה אטומית =====
				147,927 -----	01 הועדה לאנרגיה אטומית -----
				147,927	01 01 הועדה לאנרגיה אטומית

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף תעסוקה
	1,278.5 =====	1,020,237 =====	38,291 =====	3,954,205 =====	36 תעסוקה
	718.0 -.-.-.-.-		500 -.-.-.-.-	307,510 -.-.-.-.-	30 שכר ותפעול
	718.0			210,478	30 01 שכר
			500	97,032	30 02 תפעול
		5,654 -.-.-.-.-	9,201 -.-.-.-.-	26,316 -.-.-.-.-	40 רגולציה, מחקר ואכיפה - שוק העבודה
		5,654	9,201	26,316	40 01 רגולציה, מחקר ואכיפה
		194,864 -.-.-.-.-		1,723,629 -.-.-.-.-	41 עידוד תעסוקת הורים באמצעות סביסוד מעונות, משפחתונים וצהרונים
		194,864		1,723,629	41 01 סביסוד שהות ילדי הורים עובדים במעונות יום, משפחתונים וצהרונים
		148,475 -.-.-.-.-		199,682 -.-.-.-.-	42 עידוד תעסוקת אוכלוסיות ייעודיות
		148,475		199,682	42 01 עידוד תעסוקת אוכלוסיות ייעודיות לרבות חרדים, ערבים, אנשים עם מוגבלות, הורים יחידים ועולי אתיופיה
	527.0 -.-.-.-.-		5,000 -.-.-.-.-	250,731 -.-.-.-.-	43 שירות התעסוקה
	527.0			126,358	43 01 שכר
			5,000	124,373	43 02 תפעול ופעולות
		671,244 -.-.-.-.-	23,590 -.-.-.-.-	1,136,738 -.-.-.-.-	44 הכשרה מקצועית - מבוגרים, בתי ספר מקצועיים ומכללות להנדסאים וטכנאים
		41,929	10,800	54,141	44 03 הכשרה מקצועית, לרבות מימון קורסים והכשרות, מרכזי הכשרה ממשלתיים והוצאות תפעול
		12,976		610,287	44 05 הכשרת נוער - בתי ספר מקצועיים לנוער

\* משרות עבודה בלתי צמיתה



# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף תעסוקה
		616,339	12,790	472,310	44 06 הכשרת הנדסאים וטכנאים
				176,512	45 רזרבה
				24,529	45 01 עתודה ליישום מדיניות הממשלה לעידוד תעסוקה
				151,983	45 02 רזרבה
	33.5			133,087	60 מנהלת השירות האזרחי-לאומי
	33.5			133,087	60 01 מנהלת השירות האזרחי-לאומי
					99 חשבון מעבר
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צי	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 37 משרד התיירות
	174.0 =====	209,128 =====	4,282 =====	2,925,088 =====	37 משרד התיירות =====
	174.0 -.-.-.-.-			89,401 -.-.-.-.-	01 מינהל ושירותים כלליים -.-.-.-.-
	174.0			61,315	01 01 שכר
				28,086	01 02 מנהלה, אסטרטגיה ותכנון
		200,000 -.-.-.-.-	1,258 -.-.-.-.-	2,771,056 -.-.-.-.-	02 פיתוח המוצר התיירותי -.-.-.-.-
		200,000	1,258	2,771,056	02 08 הכשרת כח אדם ושירותי תיירות בישראל
		9,128 -.-.-.-.-	3,024 -.-.-.-.-	57,683 -.-.-.-.-	03 המינהל לשיווק התיירות לישראל -.-.-.-.-
		9,128	3,024	57,683	03 16 פעולות שיווק תיירות
				6,948 -.-.-.-.-	06 רזרבה -.-.-.-.-
				6,948	06 01 רזרבה
					99 חשבון מעבר -.-.-.-.-
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף כלכלה ותעשייה
	584.0 =====	2,767,167 =====	604,551 =====	4,539,043 =====	38 כלכלה ותעשייה =====
		1,844,207 ~.~.~.~.~.~.~.	499,000 ~.~.~.~.~.~.~.	1,511,448 ~.~.~.~.~.~.~.	30 המדען הראשי ~.~.~.~.~.~.~.
			1,000	137,470	30 01 הפעלת הרשות לחדשנות
		1,844,207	498,000	704,762	30 02 מענקי מחקר ומיתוח מוקדמים
				669,216	30 04 מו"מ בין-לאומי
		922,960 ~.~.~.~.~.~.~.	90,398 ~.~.~.~.~.~.~.	2,695,825 ~.~.~.~.~.~.~.	40 עידוד המגזר העסקי ~.~.~.~.~.~.~.
					40 01 קידום השקעות ועידוד התעסוקה
				1,939,920	40 04 קידום הייצוא ועידוד עסקים קטנים וביוניים
		181,591	45,398	686,180	40 09 מעולות כלליות לקידום התעשייה
		95,002	45,000	69,725	
	534.0 ~.~.~.~.~.~.~.		15,153 ~.~.~.~.~.~.~.	315,023 ~.~.~.~.~.~.~.	70 שכר ותפעול המשרד ~.~.~.~.~.~.~.
	534.0			210,425	70 01 שכר
			15,153	104,598	70 02 תפעול
	50.0 ~.~.~.~.~.~.~.			16,747 ~.~.~.~.~.~.~.	90 רשות הרגולציה ~.~.~.~.~.~.~.
	50.0			16,747	90 01 שכר ומעולות
					99 חשבון מעבר ~.~.~.~.~.~.~.
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף משרד התקשורת
3.0 ==	151.5 =====	4,800 =====	132,269 =====	81,864 =====	39 משרד התקשורת =====
3.0 -.-.-.-	151.5 -.-.-.-	4,800 -.-.-.-	132,269 -.-.-.-	78,832 -.-.-.-	11 משרד התקשורת -.-.-.-
3.0	141.0		132,269	69,607	11 01 פעילות משרד התקשורת
	10.5	4,800		9,225	11 05 המועצה לשידורי הכבלים והלווין
				3,032 -.-.-.-	12 רורבה -.-.-.-
				3,032	12 01 רורבה
					99 חשבון מעבר -.-.-.-
					99 99 חשבון מעבר

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# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף משרד התחבורה
	870.5 =====	118,365 =====	232,379 =====	515,506 =====	40 משרד התחבורה
	624.5 "....."	92,050 "....."	148,991 "....."	341,076 "....."	50 משרד ראשי
	564.5	89,390	148,991	311,870	50 01 משרד התחבורה - ראשי
	60.0	2,660		29,206	50 02 השירות המטאורולוגי
	55.0 "....."	2,404 "....."	43,790 "....."	23,048 "....."	51 תחבורה ימית
	55.0	2,404	43,790	23,048	51 01 רשות הסמנות והנמלים
	111.0 "....."	1,900 "....."	38,598 "....."	37,350 "....."	52 תעופה
	111.0	1,900	38,598	37,350	52 01 רשות התעופה האזרחית
		18,050 "....."	1,000 "....."	62,774 "....."	53 בטיחות בדרכים
		18,050	1,000	62,774	53 01 הרשות לבטיחות בדרכים
	75.0 "....."			27,432 "....."	54 תחבורה ציבורית
	75.0			27,432	54 01 רשות תחבורה ציבורית
	5.0 "....."	3,961 "....."		4,423 "....."	55 רשות המטרו
	5.0	3,961		4,423	55 01 רשות המטרו
				19,403 "....."	59 רורבה
				19,403	59 01 רורבה
					99 חשבון מעבר
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף רשות ממשלתית למים וביוב 41
5.0 ==	192.0 =====			105,253 =====	41 רשות ממשלתית למים וביוב =====
5.0 -,.-,.-	192.0 -,.-,.-			101,372 -,.-,.-	30 שכר ופעולות -,.-,.-,.-,.-,.-
5.0	192.0			101,372	30 01 שכר ופעולות
				3,881	31 רזרבה -,.-,.-
				3,881	31 01 רזרבה
					99 חשבון מעבר -,.-,.-,.-,.-,.-
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 42 מענקי בינוי ושיכון
		75,000 =====		3,364,709 =====	42 מענקי בינוי ושיכון =====
				909,376 -.-.-.-.-	01 סבסוד ריבית להלוואות ומענקים -.-.-.-.-
				299,375	01 01 מענקים וסבסוד ריבית
				610,001	01 03 אשראי לדיוור
				2,248,642 -.-.-.-.-	02 סיוע בשכר דירה -.-.-.-.-
				2,248,642	02 01 סיוע בשכר דירה
		75,000 -.-.-.-.-		95,872 -.-.-.-.-	03 עמלות ניהול הסיוע -.-.-.-.-
		75,000		95,872	03 01 עמלות ניהול הסיוע
				110,819 -.-.-.-.-	04 רזרבות -.-.-.-.-
				106,545	04 01 רזרבה להתייקרויות
				4,274	04 02 רזרבה לעמידה ביעד המיסקלי

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 43 המרכז למיפוי ישראל
	202.0 =====	10,738 =====	16,000 =====	111,571 =====	43 המרכז למיפוי ישראל =====
	202.0 -,.,.,.,.			76,662 -,.,.,.,.	02 שכר ותפעול -,.,.,.,.,.
	202.0			76,662	02 01 שכר ותפעול
		10,738 -,.,.,.,.	16,000 -,.,.,.,.	30,355 -,.,.,.,.	03 מעולות מיפוי -,.,.,.,.,.
		10,738	16,000	30,355	03 01 מערכות ומריוקטים
				4,554 -,.,.,.,.	04 רזרבה -,.,.,.,.
				2,723	04 01 רזרבה להתייקריות
				1,831	04 02 רזרבה לעמידה ביעד המיסקלי
					99 חשבון מעבר -,.,.,.,.,.
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה



# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 45 תשלום ריבית ועמלות
				48,320,151	45 תשלום ריבית ועמלות
				38,989,335	05 מלואת פנים
				8,434,530	05 01 ביטוח לאומי
				14,208,704	05 02 מלואת סחירים
				2,848,341	05 03 מלואת לא סחירים
				13,497,760	05 04 סבסוד אגרות חוב מיועדות
				7,771,442	06 מלואת חוץ
				877,992	06 01 מלואת העצמאות והפיתוח
				2,320,000	06 02 מלואת באמצעות ערבויות
				4,573,450	06 03 מלואת אחרים
				1,559,374	07 השלמת הבטחת תשואה לקרנות המנסיה
				1,559,374	07 01 השלמת הבטחת תשואה לקרנות המנסיה

\* משרות עבודה בלתי צמיתה

**חוק התקציב לשנת הכספים 2024**  
(באלפי שקלים חדשים)

משרות עב"צי	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 46 חוק חיילים משוחררים
				2,449,690	46 חוק חיילים משוחררים
				=====	=====
				2,449,690	01 חוק חיילים משוחררים
				-----	-----
				948,075	01 01 מענקי שיחרור
				1,076,416	01 02 קרן פקדון
				142,211	01 03 קרן לסיוע נוסף
				97,988	01 08 רזרבה להתייקריות
				85,000	01 10 קרן לעידוד רכישת השכלה
				100,000	01 11 ממדים ללימודים

\* משרות עבודה בלתי צמיתה

(באלפי שקלים חדשים)

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 51 דיור ממשלתי
		4,737,868	1,388,227	1,444,615	51 דיור ממשלתי
		=====	=====	=====	=====
		190,000	100,000	106,812	07 בינוי משרדי ממשלה ובתי משפט
		~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.
		190,000	100,000	75,862	07 01 בינוי קריות ומשרדי ממשלה
				30,950	07 02 בינוי בתי משפט
		2,186,868	32,000		08 שכר דירה ותשלומים שוטפים
		~.~.~.~.~.~.	~.~.~.~.~.~.		~.~.~.~.~.~.
		2,186,868	32,000		08 01 גבייה ותשלומי שכר דירה
				4,450	09 רזרבות
				~.~.~.~.~.~.	~.~.~.~.~.~.
				4,450	09 01 רזרבה לעמידה במגבלה המיסקאלית
		2,361,000	1,256,227	1,333,353	10 מריוויקטי משרד הביטחון
		~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.
		2,361,000	1,256,227	1,333,353	10 02 שיווק ומינוי מחנות צה"ל צה"ל

\* משרות עבודה בלתי צמיתה

(באלפי שקלים חדשים)

• **משורות עבודה בלתי צמיתה**

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף רשויות מיקוח 54
	1,084.5	5,963,238	583,886	4,187,073	54 רשויות מיקוח
	119.5		366	70,304	10 רשות התחרות
	119.5			43,444	10 01 שכר
			366	24,102	10 02 תפעול
				2,758	10 80 רורבה
	51.5			31,441	11 הרשות להגנת הצרכן ולסחר הוגן
	51.5			19,011	11 01 שכר
				11,188	11 02 תפעול
				1,242	11 80 רורבה
				6,042	12 המועצה הישראלית לצרכנות
				6,028	12 01 פעילות המועצה הישראלית לצרכנות
				14	12 80 רורבה
				319,157	13 רשות הטבע והגנים
				319,157	13 01 רשות הטבע והגנים
	80.0	91,852		60,814	30 רשות החשמל
	80.0	91,852		60,814	30 01 שכר ופעולות
	34.5			52,019	31 רשות הנז הטבעי
	34.5			13,493	31 01 שכר
				38,526	31 02 הוצאות תפעול ופעילות הרשות
	321.5	248,511	10,000	330,599	33 יחידת סמך מינהל התכנון
	321.5			100,213	33 01 שכר וכוח אדם
		248,511	10,000	217,735	33 02 פעולות
				12,651	33 03 רורבה

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף רשויות מיקוח 54
	116.5 ~.~.~.~.	50,885 ~.~.~.~.	2,000 ~.~.~.~.	68,968 ~.~.~.~.	34 היחידה הארצית למיקוח על הבנייה ~.~.~.~.~.~.~.
	116.5			37,589	34 01 שכר וכח אדם
		50,885	2,000	28,879	34 02 תפעול ומעולות
				2,500	34 03 רזרבות
	30.0 ~.~.~.~.	571,988 ~.~.~.~.	50,000 ~.~.~.~.	122,919 ~.~.~.~.	35 הרשות להתחדשות עירונית ~.~.~.~.~.~.~.
	30.0	571,988	50,000	122,919	35 01 הרשות להתחדשות עירונית
	181.0 ~.~.~.~.		20,500 ~.~.~.~.	97,373 ~.~.~.~.	36 רשות שוק ההון ~.~.~.~.~.~.~.
	181.0		20,500	97,373	36 01 רשות שוק ההון
	86.0 ~.~.~.~.	2 ~.~.~.~.	1,020 ~.~.~.~.	908,237 ~.~.~.~.	40 השקעה בתשתיות מיעוטים ~.~.~.~.~.~.~.
	78.0	1	1,020	66,392	40 01 הרשות למיתוח והתיישבות הבדואים בנגב
	8.0	1		12,329	40 02 היחידה לשילוב האוכלוסייה הבדואית בנגב
				829,516	40 03 יישום החלטות ממשלה רוחביות
	64.0 ~.~.~.~.	5,000,000 ~.~.~.~.	500,000 ~.~.~.~.	2,119,200 ~.~.~.~.	50 מנהלת תקומה לשיקום חבל התקומה ~.~.~.~.~.~.~.
	64.0	5,000,000	500,000	2,119,200	50 01 מנהלת תקומה
					99 חשבון מעבר ~.~.~.~.~.~.~.
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 60 חינוך
		5,222,252 =====	1,297,370 =====	1,584,734 =====	60 חינוך =====
		5,222,252 "....."	1,297,370 "....."	1,525,627 "....."	02 תכנית פיתוח חינוך "....."
		5,222,252	1,297,370	1,525,627	02 10 בניית כיתות לימוד
				59,107 "....."	08 רורבה "....."
				59,107	08 01 רורבה לעמידה ביעדים

\* משרות עבודה בלתי צמיתה



# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 67 בריאות
		1,617,060 =====	103,868 =====	902,912 =====	67 בריאות =====
		1,617,060 ",,.,.,.,.,.,.,.	103,868 ",,.,.,.,.,.,.	902,912 ",,.,.,.,.,.,.	25 בינוי ומיתוח ",,.,.,.,.,.,.,.
		1,617,060	103,868	902,912	25 03 בינוי ומיתוח

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף רשות האוכלוסין
	2,107.5 =====	122,792 =====	171,936 =====	759,786 =====	68 רשות האוכלוסין
	967.0 -.-.-.-.-	122,792 -.-.-.-.-	54,436 -.-.-.-.-	543,582 -.-.-.-.-	11 מטה, תפעול ולשכות אוכלוסין
	967.0		1,500	340,182	11 01 מטה ולשכות אוכלוסין
					11 02 מחשוב, תפעול וטיפול בזרים השוהים בישראל שלא כחוק
	514.0 -.-.-.-.-	122,792	52,936	203,400	12 טיפול בזרים ומעסיקים
	340.0		9,000	156,978 -.-.-.-.-	12 01 מינהל האכיפה
	174.0			111,863	12 03 מינהל היתרים למעסיקים וזרים
	626.5 -.-.-.-.-		108,500	45,115	13 ביקורת גבולות
	626.5		108,500	30,544 -.-.-.-.-	13 01 שכר ופעולות
				28,682 -.-.-.-.-	90 רזרבה
				28,682	90 01 רזרבה
					99 חשבון מעבר
					99 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 70 שיכון
		12,781,666	3,867,767	2,221,880	70 שיכון
		=====	=====	=====	
		8,067,696	3,205,500	1,129,105	10 מיתוח תשתיות דיור
		~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.
		4,900,176	2,989,500		10 01 משקים סגורים בנייה חדשה
		3,167,520	216,000	1,129,105	10 02 בנייה חדשה
		680,077	15,067	675,792	20 מרקם ותיק ופעולות תומכות
		~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.
		680,077	15,067	675,792	20 01 מרקם ותיק ופעולות תומכות
		4,033,893	647,200	331,428	30 דיור ציבורי הציבורי
		~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.	~.~.~.~.~.~.
		323,778	55,200	331,428	30 01 נכסים וניהול ציבורי
		3,352,384	262,000		30 02 משק דיור ציבורי
		357,731	330,000		30 03 חוק מכר דירות
				85,555	70 רובה
				~.~.~.~.~.~.	~.~.~.~.~.~.
				85,555	70 01 רובה ליעדים מיסקלים

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שם כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 73 מפעלי מים
		916,972 =====	100,000 =====	545,032 =====	73 מפעלי מים =====
		916,972 "....."	100,000 "....."	528,182 "....."	30 פעולות במשק המים והביוב "....."
		130,420		114,684	30 01 פעולות שונות במשק המים והביוב
		686,552	100,000	369,430	30 02 פיתוח מפעלי ביוב וקולחין
		100,000		44,068	30 03 מענקים לתאגידי מים
				16,850 "....."	34 רזרבה "....."
				16,850	34 01 רזרבה

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 76 תעשייה
		383,166 =====	150,268 =====	28,455 =====	76 תעשייה =====
		383,166 -,.,.,.,.,.	150,268 -,.,.,.,.,.	28,455 -,.,.,.,.,.	10 השקעה במיתוח תשתיות -,.,.,.,.,.,.,.,.,.,.,.,.,.,.,.
		383,166	150,268	28,455	10 01 השקעה במיתוח תשתיות

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 78 תיירות
		322,762 =====	100,862 =====	238,044 =====	78 תיירות =====
		227,762 ",.,.,.,.,.	15,000 ",.,.,.,.	122,468 ",.,.,.,.	01 מיתוח תשתיות ",.,.,.,.,.
		227,762	15,000	122,468	01 04 מיתוח תשתיות תיירותיות על פי מודל הקצאה
		84,000 ",.,.,.,.		39,576 ",.,.,.,.	02 השקעות במיתוח אכסון מלונאי ",.,.,.,.
		84,000		39,576	02 01 מענקים
		11,000 ",.,.,.,.	85,862 ",.,.,.,.	76,000 ",.,.,.,.	03 ים המלח ",.,.,.,.
		11,000	85,862	76,000	03 01 החברה להגנות ים המלח

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 79 תחבורה
		59,197,525	4,161,094	34,767,046	79 תחבורה
		=====	=====	=====	
		23,114,525	850,000	10,557,973	50 תחבורה ציבורית
		~.~.~.~.~.~.~.~.	~.~.~.~.~.	~.~.~.~.~.~.~.	
		6,600,000		4,761,320	50 01 רכבות כבדות
		15,514,525	850,000	5,348,894	50 02 תחבורה ציבורית והסעת המונים
		1,000,000		447,759	50 03 מטרו
		13,000,000	470,000	6,929,647	51 כבישים
		~.~.~.~.~.~.~.~.	~.~.~.~.~.	~.~.~.~.~.~.~.	
		8,000,000	400,000	4,417,695	51 01 כבישים בין-עירוניים
		3,000,000	70,000	1,355,496	51 02 כבישים עירוניים
		2,000,000		1,156,456	51 03 כבישים לתחבורה ציבורית ציבורית
		120,000		122,880	52 בטיחות בדרכים
		~.~.~.~.~.~.~.~.		~.~.~.~.~.~.~.	
		120,000		122,880	52 01 הרשות הלאומית לבטיחות בדרכים
		22,963,000	2,841,094	16,382,493	55 תמיכות בתחבורה
		~.~.~.~.~.~.~.~.	~.~.~.~.~.~.~.	~.~.~.~.~.~.~.	
		22,963,000	2,841,094	16,382,493	55 01 תמיכות בתחבורה ציבורית
				774,053	60 רזרבה
				~.~.~.~.~.~.~.	~.~.~.~.~.~.~.
				774,053	60 01 רזרבה

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף הוצאות פיתוח אחרות
		1,741,024	992,200	3,041,524	83 הוצאות פיתוח אחרות
		=====	=====	=====	=====
			600,000	511,026	01 הלוואות לעובדים
			-----	-----	-----
			600,000	511,026	01 12 הלוואות לעובדי מדינה ומורים
		152,098		485,729	02 פיתוח משרד האוצר
		-----		-----	-----
		152,098		485,729	02 01 משרד האוצר מריוקטים
		807,302	7,200	921,287	03 פיתוח משרד ראש הממשלה
		-----	-----	-----	-----
		475,633	7,200	600,247	03 01 דיגיטל וסייבר
		85,968		118,435	03 04 ירושלים ומורשת - פיתוח
		245,701		202,605	03 05 יהדות התמזגות
		665,276	385,000	583,410	04 מריוקטי פיתוח
		-----	-----	-----	-----
		271,498	235,000	277,338	04 02 מריוקטים בתכנון ואיכות סביבה
		370,570	150,000	129,550	04 03 פיתוח ההתישבות הבדואית
		23,208		176,522	04 04 מריוקטי תקשורת
		116,348		540,072	06 השקעות
		-----		-----	-----
				188,963	06 03 השקעות בטחונות
		116,348		230,778	06 04 נופים בינלאומיים ושיתוף סקטור פרטי
				120,331	06 05 עתודה להסכמים קואליציוניים

\* משרות עבודה בלתי צמיתה



# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף תשלום חובות
				158,140,259 =====	84 תשלום חובות
				122,888,104 .,.,.,.,.,.,.	05 מלונות מנים .,.,.,.,.,.,.
				18,190,000	05 01 ביטוח לאומי
				92,202,106	05 02 מלונות סחירים
				12,495,998	05 03 מלונות לא סחירים
				35,252,155 .,.,.,.,.,.,.	06 מלונות חוץ .,.,.,.,.,.,.
				7,101,600	06 01 מלונות העצמאות והפיתוח
				8,189,472	06 02 מלונות באמצעות ערבויות ממשלת ארה"ב
				19,961,083	06 03 מלונות אחרים

\* משרות עבודה בלתי צמיתה

תוספת שנייה

(סעיפים 1 ו-6)

הצעת תקציב המפעלים העסקיים לשנת הכספים 2024

(באלפי ש"ח)

ריכוז התוספת השנייה			שיא	הכנסה/הוצאה		הרשאה להתחייב	כח אדם
סך-הכול הכנסות				37,493,278			
=====				=====			
89	מפעלי משרד ראה"מ והאוצר*			707,367			
91	פיתוח לאומי						
93	בתי חולים לבריאות הנפש			1,449,076			
94	בתי חולים ממשלתיים			12,425,579			
95	נמל חדרה			31,994			
98	רשות מקרקעי ישראל			22,879,262			
סך-הכול הוצאות				37,493,278		12,450,000	36,390
=====				=====		=====	=====
89	מפעלי משרד ראה"מ והאוצר*			707,367			101
91	פיתוח לאומי						
93	בתי חולים לבריאות הנפש			1,449,076			4,721
94	בתי חולים ממשלתיים			12,425,579			30,757
95	נמל חדרה			31,994			7
98	רשות מקרקעי ישראל			22,879,262		12,450,000	804

\* לשכת הפרסום הממשלתית והמדפיס הממשלתי

(באלפי שקלים חדשים)

“ משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	ש"א כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף 89 מפעלי משרד ראה"מ והאוצר
				707,367 == == == ==	70 הכנסות מפעלי משרד ראש הממשלה ומשרד האוצר == == == ==
				105,831 -.-.-.-.-	89 הכנסות המדפיס -.-.-.-.-
				105,831	89 01 הכנסות המדפיס
				601,536 -.-.-.-.-	90 הכנסות לשכת הפרסום הממשלתית -.-.-.-.-
				601,536	90 01 הכנסות
					99 כיסוי גירעון המדפיס -.-.-.-.-
					99 99 כיסוי גירעון המדפיס

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף בתי חולים לבריאות הנפש
	4,721.0 =====			1,449,076 =====	93 בתי חולים לבריאות הנפש
	552.5 -.-.-.-.			123,982 -.-.-.-.	01 מרכז רפואי מזור
	552.5			123,982	01 01 מרכז רפואי מזור
	443.5 -.-.-.-.			98,595 -.-.-.-.	02 מרכז רפואי מעלה הכרמל
	443.5			98,595	02 01 מרכז רפואי מעלה הכרמל
	648.0 -.-.-.-.			170,171 -.-.-.-.	03 מרכז רפואי שער מנשה
	648.0			170,171	03 01 מרכז רפואי שער מנשה
	495.0 -.-.-.-.			111,397 -.-.-.-.	04 מרכז רפואי לב השרון
	495.0			111,397	04 01 מרכז רפואי לב השרון
	503.5 -.-.-.-.			125,505 -.-.-.-.	05 מרכז רפואי בת ים
	503.5			125,505	05 01 מרכז רפואי בת ים
	711.0 -.-.-.-.			159,352 -.-.-.-.	06 מרכז רפואי באר יעקב
	711.0			159,352	06 01 מרכז רפואי באר יעקב
	653.5 -.-.-.-.			142,348 -.-.-.-.	07 מרכז רפואי ירושלמי
	653.5			142,348	07 01 מרכז רפואי ירושלמי
	613.5 -.-.-.-.			122,754 -.-.-.-.	08 מרכז רפואי באר שבע
	613.5			122,754	08 01 מרכז רפואי באר שבע
	100.5 -.-.-.-.			394,972 -.-.-.-.	20 מאגר הכנסות מרכזיות
	100.5			394,972	20 01 תכנית מאגר הכנסות

\* משרות עבודה בלתי צמיתה

(באלפי שקלים חדשים)

\* משרות עבודה בלתי צמיחה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף בתי חולים ממשלתיים 94
	30,757.0 =====			12,425,579 =====	94 בתי חולים ממשלתיים =====
	4,853.5 -.-.-.-.-			2,130,617 -.-.-.-.-	01 מרכז רפואי ע"ש ד"ר שיבא תל-השומר -.-.-.-.-
	4,853.5			1,467,321	01 01 מרכז רפואי ע"ש ד"ר שיבא תל-השומר הוצאות שכר
				663,296	01 02 מרכז רפואי ע"ש שיבא תל השומר - קניות
	3,567.0 -.-.-.-.-			1,440,106 -.-.-.-.-	02 בי"ח ע"ש רמב"ם חיפה -.-.-.-.-
	3,567.0			1,048,065	02 01 בי"ח ע"ש רמב"ם חיפה הוצאות שכר
				392,041	02 02 קניות בי"ח רמב"ם חיפה
	2,318.0 -.-.-.-.-			1,017,245 -.-.-.-.-	03 בית חולים נהריה -.-.-.-.-
	2,318.0			778,744	03 01 בי"ח נהריה - הוצאות שכר
				238,501	03 02 קניות בי"ח נהריה
	2,261.0 -.-.-.-.-			862,614 -.-.-.-.-	04 בי"ח ע"ש וולפסון חולון -.-.-.-.-
	2,261.0			665,881	04 01 בי"ח ע"ש וולפסון חולון הוצאות שכר
				196,733	04 02 בי"ח ע"ש וולפסון חולון קניות
	3,044.0 -.-.-.-.-			1,138,059 -.-.-.-.-	05 בי"ח ע"ש אסף הרופא צריפין -.-.-.-.-
	3,044.0			873,346	05 01 בי"ח אסף הרופא צריפין הוצאות שכר
				264,713	05 02 בי"ח ע"ש אסף הרופא צריפין - קניות
	1,810.5 -.-.-.-.-			795,661 -.-.-.-.-	06 בית חולים ע"ש הלל יפה חדרה -.-.-.-.-
	1,810.5			589,109	06 01 בי"ח הלל יפה חדרה - הוצאות שכר
				206,552	06 02 בי"ח הלל-יפה חדרה - קניות

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

סעיף בתי חולים ממשלתיים	הוצאה	הוצאה מותנית בהכנסה	הרשאה להתחייב	שיא כח אדם	משרות עב"צ
07 מרכז רפואי ע"ש ברזילי אשקלון	842,341			2,174.0	
07 01 מרכז רפואי ע"ש ברזילי אשקלון - הוצאות שכר	656,100			2,174.0	
07 02 מרכז רפואי ע"ש ברזילי אשקלון - קניות	186,241				
08 בי"ח חולים מוריה טבריה	493,794			1,289.5	
08 01 הוצאות שכר בי"ח מוריה	378,820			1,289.5	
08 02 קניות	114,974				
09 בית חולים ע"ש זיו צפת	597,589			1,391.5	
09 01 בי"ח זיו-צפת - הוצאות שכר	457,664			1,391.5	
09 02 קניות בי"ח - צפת	139,925				
10 בית חולים עירוני ממשלתי בני ציון בחיפה	686,215			2,226.5	
10 01 בי"ח עירוני ממשלתי חיפה הוצאות שכר	538,038			2,226.5	
10 02 בי"ח עירוני ממשלתי חיפה קניות	148,177				
11 מרכז רפואי עירוני ממשלתי תל-אביב - יפו ע"ש שוראסקי	2,232,278			4,329.0	
11 01 מרכז רפואי עירוני ממשלתי תל אביב יפו הוצאות שכר	1,709,231			4,329.0	
11 02 מרכז רפואי עירוני ממשלתי תל אביב יפו - קניות	523,047				
12 העברת הכנסות בתי חולים ממשלתיים למאגר הכנסות מרכזיות	189,060				
12 05 העברת הכנסות בתי חולים ממשלתיים למאגר הכנסות מרכזיות	189,060				

\* משרות עבודה בלתי צמיתה



# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף בתי חולים ממשלתיים 94
					20 מאגר הכנסות מרכזיות .....
	1,492.5 .....				20 03 תכנית מאגר הכנסות
					50 התיקויות .....
					50 04 מימון הסכמי תקינה
	1,492.5				50 05 פיתוח שירותים
					50 07 פיתוח שירותים בגין תכנית אשמוז לאומית

\* משרות עבודה בלתי צמיתה

## חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף בתי חולים ממשלתיים 94
				12,425,579	70 הכנסות בתי חולים ממשלתיים
				2,130,617	71 הכנסות מרכז רפואי ע"ש ד"ר שיבא תל-השומר
				2,130,617	71 01 הכנסות מרכז רפואי ע"ש ד"ר שיבא תל-השומר
				1,440,106	72 הכנסות רמב"ם
				1,440,106	72 01 הכנסות רמב"ם
				862,614	73 הכנסות בי"ח וולפסון תל-גיבורים
				862,614	73 01 הכנסות בי"ח וולפסון תל גיבורים
				1,017,245	74 הכנסות בי"ח נהריה
				1,017,245	74 01 הכנסות בי"ח נהריה -
				1,138,059	75 הכנסות בי"ח ע"ש אסף הרופא צריפין
				1,138,059	75 01 הכנסות בי"ח ע"ש אסף הרופא צריפין
				795,661	76 הכנסות בי"ח הלל יפה חדרה
				795,661	76 01 הכנסות בי"ח הלל יפה חדרה
				842,341	77 הכנסות מרכז רפואי ע"ש ברזילי אשקלון
				842,341	77 01 הכנסות מרכז רפואי ע"ש ברזילי אשקלון
				493,794	78 הכנסות בי"ח מוריה
				493,794	78 01 הכנסות בי"ח מוריה
				597,589	79 הכנסות בי"ח צפת
				597,589	79 01 הכנסות בי"ח צפת

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צי	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף בתי חולים ממשלתיים 94
				686,215 ..,.,.,.,.,.	80 הכנסות בי"ח עירוני ממשלתי חיפה ..,.,.,.,.,.
				686,215	80 01 הכנסות בי"ח עירוני ממשלתי בני-ציון, חיפה
				2,232,278 ..,.,.,.,.,.	81 הכנסות מרכז רפואי עירוני ממשלתי ת"א יפו ..,.,.,.,.,.
				2,232,278	81 01 הכנסות מרכז רפואי עירוני ממשלתי ת"א יפו
				189,060 ..,.,.,.,.,.	82 השלמת הכנסות בתי חולים ..,.,.,.,.,.
				189,060	82 01 השלמת הכנסות בתי חולים

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף נמל חדרה 95
	7.0 ==			31,994 =====	95 נמל חדרה =====
	7.0 -,.-,.-			31,994 -,.-,.-,.-,.-	10 הוצאות -,.-,.-,.-,.-
	7.0			31,994	10 01 הוצאות
					69 חשבון מעבר -,.-,.-,.-,.-,.-,.-
					69 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צי	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף נמל חדרה 95
				31,994 =====	70 הכנסות נמל חדרה =====
				31,994 -.-.-.-.-	72 הכנסות נמל חדרה -.-.-.-.-, -.-.-.-.-, -.-.-.-.-
				31,994	72 01 הכנסות נמל חדרה

\* משרות עבודה בלתי צמיתה

# חוק התקציב לשנת הכספים 2024

(באלפי שקלים חדשים)

משרות עב"צ	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף רשות מקרקעי ישראל
	804.0 =====	12,450,000 =====		22,879,262 =====	98 הוצאות מינהל מקרקעי =====
	804.0 ",,.,.,.,.	295,001 ",,.,.,.,.		583,953 ",,.,.,.,.	20 שכר תפעול ושירות לאזרח ",,.,.,.,.,.,.,.,.,.,.,.,.,.,.,.
	804.0	295,001		583,953	20 01 שכר ותפעול
		121,501 ",,.,.,.,.		144,000 ",,.,.,.,.	21 שמירה על הקרקע ",,.,.,.,.,.,.,.,.,.
		121,501		144,000	21 01 שמירה על הקרקע
		11,883,498 ",,.,.,.,.,.,.,.,.		12,341,250 ",,.,.,.,.,.	22 פעולות עסקיות ופיננסיות ",,.,.,.,.,.
				4,750,000	22 07 הנחות בקרקע
		11,519,497		7,398,250	22 10 פעולות עסקיות
		364,001		193,000	22 11 תכנון
				9,610,059 ",,.,.,.,.,.	23 העברות לבעלים ",,.,.,.,.,.,.,.,.,.
				7,897,582	23 01 העברות לבעלים
				1,712,477	23 02 העברות בגין הסכמים ביטחוניים
		150,000 ",,.,.,.,.		200,000 ",,.,.,.,.	26 הרשות להסדרת הבדואים ",,.,.,.,.,.,.,.,.,.
		150,000		200,000	26 01 הרשות להסדרת הבדואים
					69 חשבון מעבר ",,.,.,.,.,.
					69 99 חשבון מעבר

\* משרות עבודה בלתי צמיתה

**חוק התקציב לשנת הכספים 2024**  
(באלפי שקלים חדשים)

משרות עב"צי	שיא כח אדם	הרשאה להתחייב	הוצאה מותנית בהכנסה	הוצאה	סעיף רשות מקרקעי ישראל
				22,879,262	70 הכנסות מינהל מקרקעי ישראל
				1,348,000	72 הכנסות שוטפות
				32,000	72 01 הכנסות מהשכרת נכסים
				340,000	72 11 דמי חכירה שנתיים
				976,000	72 21 הכנסות שונות
				21,531,262	73 הכנסות הון
				700,000	73 01 דמי היתר
				26,000	73 02 דמי הסכמה
				12,955,262	73 13 דמי חכירה מהוונים מהקצאת קרקע במכרזים
				4,100,000	73 14 דמי חכירה מהוונים אחרים
				650,000	73 15 מכירת מקרקעין
				400,000	73 31 הכנסות שונות
				2,700,000	73 32 הכנסות מפדיון קטנים

\* משרות עבודה בלתי צמיתה

בנימין נתניהו      בצלאל סמוטריץ'  
ראש הממשלה      שר האוצר

יחזקאל הרצוג      אמיר אוחנה  
נשיא המדינה      יושב ראש הכנסת

תקציב משרד מבקר המדינה לשנת 2024

(באלפי שקלים חדשים)

סעיף	2024			תקציב מקורי 2023	ההוצאה למעשה בשנת 2022	ביצוע 2022 כולל התחייבויות
	הצעת תקציב	הרשאה להתחייב	שיא כוח אדם			
11 משרד מבקר המדינה	420,000	-	604	409,000	367,627	482,904
01 ניהול ומטה	42,100	-	77	41,180	37,596	43,833
02 ביצוע הביקורת	172,500	-	359	162,170	149,091	153,042
03 נציבות תלונות הציבור	51,100	-	112	48,420	47,794	48,167
06 אמרכלות וחשבות	133,630	-	56	132,030	118,979	178,030
04 הוצאות חד-פעמיות	12,670	-	-	17,200	14,167	59,832
05 רזרבה	8,000	-	-	8,000	-	-
01 ניהול ומטה	42,100	-	77	41,180	37,596	43,833
01 01 הנהלה	9,500		19	9,150	9,377	9,377
01 02 תכנון, תמיכה מקצועית, ייעוץ משפטי ודוברות	25,315		49	24,100	22,458	25,703
01 03 שת"פ בי"ל ובקרת עמיתים	500			500	114	313
01 04 הדרכה	6,785		9	7,430	5,647	8,440
02 ביצוע הביקורת	172,500	-	359	162,170	149,091	153,042
02 01 ביקורת משרדי ממשלה	84,100		180	82,800	73,571	75,253
02 02 ביקורת מערכת הבטחון	30,300		62	26,000	25,238	25,238
02 03 ביקורת השלטון המקומי	38,000		74	35,400	34,096	34,096
02 05 ביקורת פעולות ענ"א וסי"בר	20,100		43	17,970	16,186	18,455
03 נציבות תלונות הציבור	51,100	-	112	48,420	47,794	48,167
03 01 הנהלה	5,100		8	4,870	5,671	5,671
03 02 הטיפול בתלונות	46,000		104	43,550	42,123	42,496
06 אמרכלות וחשבות	133,630	-	56	132,030	118,979	178,030
06 01 אמרכלות וחשבות - כ"א	28,700		56	26,830	27,833	27,833
06 02 אמרכלות רכישות	104,930			105,200	91,146	150,197
04 הוצאות חד-פעמיות	12,670	-	-	17,200	14,167	59,832
04 04 פיתוח המחשוב	11,370			11,500	9,666	37,354
04 08 ביקורת מימון בחירות	-			2,700	3,491	3,797
04 10 ביטחון ואבטחת מידע	300			-	-	-
04 13 בינוי	1,000			3,000	1,010	18,681



סעיף	2024			תקציב מקורי 2023	ההוצאה למעשה בשנת 2022	ביצוע 2022 כולל התחייבויות
	הצעת תקציב	הרשאה להתחייב	שיא כוח אדם			
05 רזרבה	8,000	-	-	8,000	-	-
05 01 רזרבה לשכר	5,250			5,250	-	-
05 02 רזרבה לעמידה ביעדי הגרעון	2,750			2,750	-	-

- מבקר המדינה רשאי להעביר כל סכום של הוצאה מתוכנית אחת לתוכנית אחרת בתקציב משרד מבקר המדינה (להלן - המשרד), או לתוכנית חדשה שתיוסף לתקציב המשרד ובלבד שהוא לא ישנה בדרך זו תוכנית בסכום העולה על הסכום שנקבע מפעם לפעם לעניין סעיף 11 (א) לחוק יסודות התקציב, התשמ"ה 1985, ועל 15% מהתוכנית המקורית, אלא באישורה המוקדם של ועדת הכספים של הכנסת (להלן - הוועדה).
- מבקר המדינה רשאי להעביר כל מספר משרות, ביחד עם סכום ההוצאה הדרוש להן, או בלעדיו, מתוכנית אחת לתוכנית אחרת בתקציב המשרד, או לתוכנית חדשה שתיוסף לתקציב המשרד, ובלבד שהוא לא ישנה בדרך זו תוכנית במספר העולה על 50 משרות ועל 20% ממספר המשרות בתוכנית המקורית, אלא באישורה המוקדם של הוועדה.
- נותר סכום עודף בתקציב המשרד לשנת הכספים 2023, רשאי מבקר המדינה, בהודעה לוועדת הכספים של הכנסת, להתיר את השימוש באותו סכום בשנת 2024 לתוכנית שבה נכלל או לתוכנית אחרת שבאותו תקציב. הותר שימוש בסכום עודף כאמור, יתווסף הסכום לתקציב של שנת הכספים 2024 בהתאמה כאילו היה חלק ממנו.

ח' בטבת התשפ"ד (20 בדצמבר 2023)

משה גפני  
יושב ראש ועדת הכספים



# STATE OF ISRAEL



This description of the State of Israel is dated as of July 1, 2024 and appears as Exhibit D to the State of Israel's Annual Report on Form 18-K to the U.S. Securities and Exchange Commission for the fiscal year ended December 31, 2023.

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The delivery of this document at any time does not imply that the information is correct as of any time subsequent to its date. This document (other than as part of a prospectus contained in a registration statement filed under the U.S. Securities Act of 1933) does not constitute an offer to sell or the solicitation of an offer to buy any securities of or guaranteed by Israel.

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### Currency Protocol

Except as otherwise expressed herein, all amounts in this annual report (the “Annual Report”) are expressed in New Israeli Shekels (“NIS” or “shekel”) or in U.S. dollars (“\$,” “dollars,” or “USD”). Any amount stated in dollars in this Annual Report as of a stated date or for a stated period that was converted from NIS into dollars, was converted at either (i) the representative foreign exchange rate for dollars on such date, or (ii) at the average of the representative foreign exchange rates for dollars for each day during such period, as published by the Bank of Israel. The Bank of Israel representative rates are indicative exchange rates of foreign currencies versus the shekel and are based on the average buying and selling prices published by banks around the time that the representative rate is set. The representative NIS/USD exchange rates as of the following dates and for the following periods were:

**Table No. 1**

#### NIS/U.S. Dollar Exchange Rates

	2019	2020	2021	2022	2023
December 31 <sup>st</sup>	3.456	3.215	3.110	3.519	3.627
Yearly Average	3.565	3.442	3.230	3.358	3.690

*Source:* Bank of Israel.

On December 31, 2023, the Bank of Israel representative foreign exchange rate for USD was NIS 3.627 per USD 1.00. The average exchange rate for 2023 was NIS 3.690 per USD 1.00.

Totals in certain tables in this Annual Report may differ from the sum of the individual items in such tables due to rounding. Unless otherwise specified, amounts in NIS or USD are given in current prices without adjustment for inflation.

### Fiscal Year

The fiscal year of the Government of Israel (the “Government”) ends on December 31. The twelve-month period which ended on December 31, 2023 is referred to in this Annual Report as “2023” and other years are referred to in a similar manner.



## FORWARD-LOOKING STATEMENTS

Forward-looking statements are statements that are not historical facts, including statements about the Government's beliefs and expectations. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "continue," "could," "should," "would" or similar terminology. These statements are based on Israel's current plans, estimates, assumptions and projections. Therefore, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and Israel undertakes no obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks. Israel cautions you that many factors could affect the future performance of the Israeli economy. These factors include, but are not limited to:

- External factors, such as:
  - the effects of the coronavirus (COVID-19) and/or other global or regional pandemics;
  - interest rates in financial markets outside Israel;
  - the impact of changes in the credit rating of Israel;
  - the security situation, including but not limited to the war in Gaza;
  - the economic growth and stability of Israel's major trading partners, including the United States and the European Union (the "EU");
  - the global high-tech market; and
  - regional economic and political conditions.
- Internal factors, such as:
  - general economic and business conditions in Israel;
  - present and future exchange rates of the Israeli currency;
  - foreign currency reserves;
  - the level of domestic debt;
  - domestic inflation;
  - the level of budget deficit;
  - the level of foreign direct and portfolio investment; and
  - the level of Israeli domestic interest rates.

## SUMMARY INFORMATION AND RECENT DEVELOPMENTS

*The following summary highlights information contained elsewhere in this Annual Report and is qualified in its entirety by the more detailed information appearing elsewhere in this Annual Report. This section is not complete and may not contain all the information that you should consider. You should read the entire Annual Report and any supplement carefully.*

### October 7, 2023 Attack on Israel and the War in Gaza

On October 7, 2023, Hamas, a terrorist group, launched an unprecedented terror attack on Israel from the Gaza Strip. Following the attack, Israel's Minister of Defense declared a special state in the region, which was later extended to the entire country. Subsequently, Israel's Ministerial Committee for National Security Affairs decided to undertake military action, which resulted in drafting more than 300,000 reservists, launching the war in Gaza with the aim of negating Hamas' political and military capabilities in Gaza and releasing all hostages. In light of these developments, leaders from opposition parties joined the government as part of an emergency unity government, which was in place until June 9, 2024, until the departure of the National Unity Party from the government.

In the north, Israel has borders with Syria and Lebanon, where Hezbollah, another terrorist group, is active. Tensions have risen on these borders, necessitating Israel to take limited military action. Although Israel, together with the United States and other allies, is striving to prevent escalation of the war, there remains a risk that a wider regional conflict may yet occur.

On April 13, 2024, Iran attacked Israel with more than 300 drones, cruise missiles, and ballistic missiles. The Israel Defense Forces, together with an international and regional military coalition, intercepted 99% of the missiles and drones. This demonstrated the strength of the regional and international partnership in the region.

### *Economic Effects of the War*

The war in Gaza resulted in a disruption to the Israeli economy particularly in the fourth quarter of 2024 and continues to impact various sectors. The construction industry and tourism were particularly impacted. There was a significant decrease in demand in the construction industry and, since the start of the war, the number of flights and airlines arriving in Israel has been limited. The war in Gaza negatively affected growth drivers such as private consumption, however, public consumption, increased as war costs increased defense expenditure and civil expenditure rose as the government-financed accommodations of civilians that were displaced within Israel and undertook certain other measures to support households and businesses. See, "— Economic Developments" below.

### *International Reaction*

Israel has received support from key members of the international community, including many grassroots organizations and the Jewish diaspora.

Since the start of the war, some notable changes have taken place. Nicaragua and Belize severed their diplomatic relations with Israel and other countries (including Brazil, Honduras, Chile, Colombia, South Africa, Turkey, Jordan and Chad) recalled their ambassadors for consultation. In late 2023, South Africa brought a case against Israel in the International Court of Justice. Israel recalled its ambassadors to Turkey, Norway, Ireland, and Spain due to inappropriate statements by the leaders of these countries. However, Israel's international relations remain strong and continue to grow. Since the start of the war, more than 70 country leaders and foreign ministers have visited Israel, demonstrating their support.

It is currently unclear how long the war against Hamas in Gaza may continue. If the war escalates, or the level of instability and violence increases, including through the involvement of additional actors in attacks against Israel, this may lead to adverse military, social, and economic implications.

### **Economic Developments**

Developments in the global economy often influence the Israeli economy, particularly with respect to exports and the high-tech sector. In recent years, the Israeli economy has performed well in terms of

macroeconomic and fiscal outcomes. In 2020, however, the global outbreak of the COVID-19 pandemic had a negative impact on the Israeli economy and Israel's growth rate contracted by 1.5% in 2020. In 2021, the economy recovered robustly, with strong increases in private consumption, investments and exports, with export growth spearheaded by Israel's active high-tech sector. In total, Israel's GDP increased by 9.3% in 2021. In 2022, the economy continued its high level of growth, led by strong private consumption, investments and exports, as public consumption moderated. The high-tech sector continued the trend of high growth in the first half of the year. In the second half of 2022, high inflation which led to high interest rates led to moderation of investments in the high-tech sector and to private consumption. In total Israel's GDP increased by 6.5% in 2022.

In the first quarter of 2023, GDP increased by 2.3% (annual rate, seasonally adjusted quarter-on-quarter). A decrease in private consumption and low growth of exports were the factors behind the moderate growth, despite strong growth of investments. High inflation rates that peaked in January 2023 and rising interest rates also contributed to the moderation of GDP. In the second quarter, private consumption continued to moderate, as GDP grew by 3.6% (annual rate, seasonally adjusted quarter-on-quarter). This growth can be attributed to investments and public consumption. In the third quarter, GDP grew moderately by 2.3%, as private consumption and investments increased moderately, with the growth attributed to public consumption and exports. The outbreak of the war on October 7, 2023 has significantly affected the Israeli economy. The war has led to a decrease in private consumption, investments, foreign trade, and the disruption of several industries (including construction, agriculture and tourism). Public consumption, however, increased, thus mitigating to some extent the negative effects on growth. In the fourth quarter of 2023, GDP contracted by 21.2%.

In total, Israel's GDP increased 2% in 2023 compared to 2022. The budget deficit rose to 4.2% of GDP in 2023 and the general government debt-to-GDP ratio, or public debt-to-GDP ratio, for 2023 increased to 62.0%. The central government debt-to-GDP ratio for 2023 rose to 60.3%.

For the first quarter of 2024, GDP increased by 14% (annual rate, seasonally adjusted, quarter on quarter).

In December 2023, the Knesset approved an increase to the 2023 budget in the amount of approximately 1.4% of GDP to support increased civil and defense expenditure. On March 13, 2024, the Knesset approved the FY 2024 Additional Budget. The FY 2024 Additional Budget includes expected increases in the debt-to-GDP ratio and the deficit relative to the initial 2024 budget passed in 2023. Additionally, public expenditure, including for civil and defense purposes, is expected to rise. The updated budget also includes additional revenue-raising policies.

In May 2023, Standard & Poor's Global Ratings ("S&P"), reaffirmed Israel's AA- credit rating with a "Stable" outlook. In November 2023, following the outbreak of the war in Gaza, S&P reaffirmed the rating of the State of Israel at AA- and changed its outlook from "Stable" to "Negative". In April 2024, S&P downgraded Israel's credit rating to A+ from AA- and placed Israel's outlook on "Negative".

In April 2023, Moody's Investor Services ("Moody's"), reaffirmed Israel's credit rating at A1 but changed its rating outlook from "Positive" to "Stable". In October 2023, Moody's placed Israel on "Rating Under Review" ("RUR"), and in February 2024, for the first time since Israel first received a credit rating, Moody's downgraded Israel's credit rating to A2, with a "Negative" outlook.

In March 2023, Fitch Ratings ("Fitch"), reaffirmed Israel's A+ credit rating and left its "Stable" outlook. In October 2023, Fitch reaffirmed Israel's credit rating at A+ but placed Israel on "Rating Watch Negative" ("RWN") due to the possible market impacts of the war. In April 2024, Fitch affirmed Israel rating at A+ and lifted the RWN but placed Israel's outlook on "Negative".

#### **Balance of Payments and Foreign Trade**

Israel had a current account surplus of 4.9% of GDP in 2023, which was the 21st consecutive year in which a positive surplus in the current account was recorded. In the first quarter of 2024, the current account surplus amounted to 5.2% of GDP (on a seasonally adjusted basis). Israel's net exports have grown significantly in recent years from \$9.1 billion in 2019 to \$15.5 billion in 2022, with an increase in 2023 to

\$18.9 billion. The growth in net exports in recent years has mostly been driven by the export of services. In the first quarter of 2024, the net exports surplus amounted to \$3.9 billion (on a seasonally adjusted basis).

In 2023, 29.9% of Israel's exported goods (excluding aircrafts, ships and diamonds) were to the EU (an increase from 27.3% in 2022), 24.0% were to the United States (an increase from 21.7% in 2022), 20.5% were to Asia (a decrease from 22.8% in 2022) and 25.6% were to other markets (a decrease from 28.3% in 2022).

In 2023, 34.0% of Israel's imported goods (excluding aircraft, ships and diamonds) originated from the EU (an increase from 31.5% in 2022), 27.1% from Asia (a decrease from 27.7% in 2022), 9.4% from the United States (an increase from 8.7% in 2022) and 29.5% from other countries (a decrease from 32.1% in 2022).

Over the past five years (measured from January 2, 2019 to December 29, 2023), the NIS/USD exchange rate has averaged at 3.45 NIS to 1.00 USD, fluctuating between a high of 4.08 (recorded on October 27, 2023) and a low of 3.0740 NIS/USD (recorded on November 17, 2021). The exchange rate as of June 3, 2024 stood at 3.66 NIS/USD.

Foreign currency reserves at the Bank of Israel ("BoI") at the end of 2023 stood at \$204.6 billion, which was 39.5% of GDP. In the last quarter of 2023, during the early days of the war in Gaza, the BoI sold \$8.5 billion of foreign currency reserves in an effort to stabilize the NIS and offset its depreciation.

The level of foreign currency reserves has been maintained above 25% of GDP since late 2009. Following a concentrated effort by the BoI to raise the level of reserves in 2008 and 2009, during which the BoI made daily purchases of foreign currency, the BoI's policy has been to intervene in the foreign currency market on a discretionary basis when there have been unusual movements in the exchange rate that the BoI believes to be inconsistent with underlying economic conditions or when conditions in the foreign exchange market are disorderly.

Israel is a party to free trade agreements with its major trading partners and is one of the few nations that has signed free trade agreements with both the United States and the EU.

### **Fiscal Policy**

Budget proposals in Israel are constrained by two parameters. The first is a deficit ceiling that sets the maximum deficit-to-GDP ratio, which has been modified several times. The second is an expenditure ceiling that sets a maximum year-to-year growth in government expenditure. Under the current formula prescribed by Israeli law, the expenditure ceiling is based on the average population growth rate over the three years prior to the submission of the budget, plus the ratio of the medium-term debt target (50%) to the current debt-to-GDP ratio.

In connection with the continuation of the Government's debt reduction policy, general government debt-to-GDP, also known as "public debt-to-GDP" (including local authorities' debt), decreased to 59.3% in 2019, a decrease of 0.9% from 2018. In 2020, however, as a result of COVID-19-related expenditures and lower than expected revenues, the deficit rose to 11.3% of GDP, which was significantly above the deficit target set for the year and similarly, the public debt-to-GDP ratio for 2020 increased to 70.9%. In 2021, the deficit decreased to 4.4% of GDP, which was lower than the deficit target as state revenues exceeded expectations and there were lower than expected COVID-19-related expenditures, and the public debt-to-GDP ratio in 2021 decreased to 67.8%. In light of higher than expected revenues and lower than expected expenditure, as a result of the COVID-19 recovery, a cumulative budget surplus of approximately NIS 9.8 billion (0.6% of GDP) was measured in 2022, resulting in a debt-to-GDP of 60.5%. In May 2023, a budget for the years 2023-2024 was approved by the Knesset. In light of the Israel-Gaza war, the budgets for 2023 and 2024 were revised at the end of 2023 and at the beginning of 2024 as government expenditure increased significantly due to the war in Gaza. In addition, tax revenues moderated since the beginning of 2023 and declined in comparison to the previous year. As a result, the budget deficit rose to 4.1% of GDP in 2023 while the debt-to-GDP ratio increased to 62.0%.

### **Inflation and Monetary Policy**

The average annual inflation rate over the last decade (2014 to 2023) was approximately 1.1%, which is within the Government's target range of 1%-3%. The changes in the Consumer Price Index ("CPI") reflect a

rise in prices of commodities, housing and agricultural products in Israel. The average annual CPI growth rate was 0.8% in 2019 and decreased by 0.6% in 2020. In 2021, the CPI increased by 1.5%, which was within the target of the BoI for the first time since 2013. In 2022, the CPI increased by an annual average of 4.4%, as inflation rose worldwide. In 2023 the CPI increased by an annual average of 4.2%, and the year-end inflation rate stood at 3%, as inflation returned to within the target range of the Bank of Israel.

Since April 2022, due to rising inflation, the BoI increased the interest rate ten times from 0.10% to 4.75% in May 2023. In January 2024, the BoI lowered the interest rate by 0.25% to 4.50%, as inflation returned to within the target range. The real interest rate (nominal interest rate less inflation expectations) averaged -0.8%, 0.1%, -1.8%, -1.7% and 1.8% in, 2019, 2020, 2021, 2022 and 2023 respectively.

### **Labor Market**

Prior to the outbreak of COVID-19, the annual labor force participation rate, which is the labor force as a percentage of the population over the age of 15, averaged 63.5% in 2019. Unemployment averaged 3.8% in 2019. Since the outbreak of COVID-19, unemployment increased significantly as a result of lockdowns and other restrictions to reduce the spread of COVID-19. In 2023, the labor force participation rate stood at 63.5%, similar to pre-pandemic levels, while the official unemployment rate decreased to 3.4%, as a result of the recovered demand for labor. In the last quarter of 2023, the number of those absent from work due to economic reasons rose significantly due to the effects of the war in Gaza. This rise contributed an additional 1.5% yearly average to the unemployment rate. In addition, the effect of those missing from work due to military duty during the war added an additional 0.8% to the yearly unemployment rate. During the initial months of the war, primarily in October, those absent from work due to other reasons connected to the war, added another 0.7% to the yearly unemployment rate in 2023.

### **Capital Markets**

The BoI, together with other governmental authorities and regulators, monitors Israeli banks and financial institutions on an ongoing basis, supervising the banking system's conditions and operations as a whole. In addition, the BoI cooperates with the Ministry of Finance and the Israel Securities Authority to achieve comprehensive regulation and supervision of Israel's financial markets, to ensure coordination among the various entities in the financial sector and to set policies and measures that will be implemented and enforced with respect to such entities.

According to the BoI's estimates, the value of the public's total financial assets, which excludes assets of the Government, the BoI, nonresidents' investments, commercial banks and mortgage banks, reached NIS 5,420.7 billion at the end of 2023 and grew by 6.2%, -2.0%, and 15.8% in 2023, 2022 and 2021, respectively.

The Tel Aviv Stock Exchange (the "TASE") is Israel's sole stock exchange and the Tel Aviv 125 ("TA-125") and Tel Aviv 35 ("TA-35") are its main indices and primary indicators of the stock price performance of companies publicly trading on the TASE. The TA-125 and TA-35 measure the 125 and 35 companies listed on the TASE, respectively, with the highest market capitalization. In 2023, the TA-35 and TA-125 indices increased by 3.8% and 4.1%, respectively, compared to increases in the S&P 500 of 24.2% and in the NASDAQ Composite of 43.4% over the same period. Between December 31, 2023 and May 31, 2024, the TA-35 and TA-125 increased by 7.2% and 5.6%, respectively, compared to increases in the S&P 500 and the NASDAQ Composite of 10.6% and 11.5%, respectively, over the same period. After an initial negative impact of the attack by Hamas on Israel on October 7, 2023, the Israeli capital markets recovered surpassing pre-war levels as of June 2024.

### **Global Issuances**

In recent years, Israel has been active in the global sovereign debt markets. Most recently, in March 2024, Israel completed a triple-tranche issuance in the global markets, issuing an aggregate of \$2.0 billion principal amount of 5.375% bonds due 2029, an aggregate of \$3.0 billion principal amount of 5.5% bonds due 2034 and an aggregate of \$3.0 billion principal amount of 5.75% bonds due 2054. In January 2023, Israel completed its first green bond issuance, issuing an aggregate of \$2 billion principal amount of 4.500% bonds due 2033.

### ***Green Bond Framework***

In November 2022, Israel published its Green Bond Framework (the “Framework”) in order to support achieving Israel’s climate and broader environmental goals. The Framework has been developed to be aligned with best sustainable practices and has been favorably evaluated by CICERO Shades of Green, an internationally recognized Second Party Opinion (“SPO”) provider for green bonds. In the SPO delivered to Israel and published in November 2022, CICERO Shades of Green assigned the Framework an overall shading of “Dark Green” (its highest rating) and a governance score of “Good”.

Israel’s Framework is aligned with the International Capital Market Association’s 2021 Green Bond Principles (the “ICMA Green Bond Principles”), as was indicated by the SPO. The Framework is structured in accordance with the ICMA Green Bond Principles’ four core components, which include: (i) use of proceeds, (ii) process for project evaluation and selection, (iii) management of proceeds and (iv) reporting.

The Framework also follows the recommendation of the Green Bond Principles with regard to external review. While the EU Taxonomy does not apply to Israel, Israel recognizes its importance and the Framework considers the Substantial Contribution Criteria of the EU Taxonomy, as well as the draft Israeli Taxonomy, to the extent possible.

The Framework may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and classification systems. Any updated version of the Framework will either maintain or improve the current level of transparency, reporting and disclosures, and will be subject to the same external review standards.

#### *Use of Proceeds*

Under the Framework, Israel can issue “Green Bonds” with an amount equivalent to the net proceeds from the issuance being used to finance or refinance, in part or in full, government expenditures providing distinct environmental benefits and which comply with the eligibility criteria outlined in the Framework (“Eligible Green Expenditures”). Eligible Green Expenditures are limited to government expenditures that occurred no earlier than two budget years prior to the issuance of the Green Bonds, the budget year of issuance of the Green Bonds and the two budget years following the issuance of the Green Bonds.

Eligible Green Expenditures may include investment expenditures, operating expenditures, fiscal expenditures, and subsidies, as all such expenditures can be deployed to meet Israel’s environmental goals and policies. Eligible Green Expenditures will exclude any State disbursements to a local agency or local authority that participates in capital markets to raise financing, such as the issuance of Green Bonds. For the avoidance of doubt, expenditures already financed via external dedicated funding sources will not be eligible under the Framework in order to avoid any double counting. Where projects are partially funded by Israel, the proportion funded by the State can be considered as eligible, so long as underlying criteria are met.

Under the Framework, the Eligible Green Expenditure categories include the following: clean transportation, renewable energy, energy efficiency, green buildings, sustainable water and wastewater management, pollution prevention and control and circular economy, environmentally sustainable management of living natural resources and land use, and climate change adaptation.

Expenditures related to the following activities are explicitly excluded from being financed through Israel’s Green Bonds: fossil fuel energy, waste to landfill, investments related to pure internal combustion engines, gambling, tobacco, alcohol and weapons.

#### *Process for Project Evaluation and Selection*

Israel has established a Sustainable Finance Working Group (the “SFWG”) to ensure appropriate evaluation and selection of Eligible Green Expenditures in line with its use of proceeds criteria. The SFWG’s responsibilities include: (i) reviewing and assessing the proposed expenditures to determine their compliance with the Framework; (ii) annually monitoring the compliance of the selected Eligible Green Expenditures; (iii) in the event of an expenditure postponement, cancellation, divestment or ineligibility, identifying a new Eligible Green Expenditure; and (iv) supporting and facilitating impact and allocation reporting.

### *Management of Proceeds*

In accordance with the Framework, the proceeds of each Green Bond will be deposited in general funding accounts. The Ministry of Finance will oversee the allocation and tracking of an amount equivalent to the net proceeds from all outstanding Green Bonds to Eligible Green Expenditures through a “Green Bond Register”. Proceeds of the Green Bonds will be managed on an aggregated basis for multiple Green Bonds (portfolio approach).

### *Reporting*

For each Green Bond, Israel commits to publish on its website an annual allocation report until full allocation of the proceeds. In January 2024, Israel published its allocation report with respect to its \$2 billion 4.500% green bonds due 2033 with full allocation of the proceeds. Impact reporting will be published between one and three years following the respective issuance and at least once in the bond’s lifetime.

### **Political Situation**

*Overview of Israel’s Political Structure.* The State of Israel was established in 1948 as a parliamentary democracy. It functions on a set of foundational laws, titled “Basic Laws”, which have a special status that grants exclusive judicial review jurisdiction to the Israeli Supreme Court. Israel’s constitutional jurisprudence is grounded in judicial decisions and in the State’s Declaration of Independence.

Israel’s governmental powers are divided amongst its legislative, executive and judiciary branches. The Supreme Court is the highest court of Israel, and also sits as a High Court of Justice. Any Israeli citizen has the right to appeal a lower court’s decision to the Supreme Court. Approximately 10,000 proceedings are initiated in the Supreme Court annually. The legislative power of the State resides in the Knesset, a unicameral parliament that consists of 120 members from several political factions elected by Israel’s citizens under a system of proportional representation (see “*State of Israel—Form of Government and Political Parties*,” below).

The executive power of the State of Israel is held by a democratically elected government. A proposed government requires approval by the Knesset, which is presented with a coalition supported by a majority of the Knesset members, even if not all supporting parties are members of the proposed government. A proposed government is usually made up of a coalition of different political parties. The Prime Minister serves as the head of government and as the chief executive of the state. The President serves as the “Head of State” and plays an important role in leading the process of forming a government. The functions of the President are defined in the Basic Law of 1964: President of the State. The President assigns the task of forming a new government to a member of Knesset, who is usually the leader of the party that received the most Knesset seats in the latest general elections. In addition, the President assumes public functions and activities. Among the President’s formal functions are signing laws, opening the first session of a new Knesset, receiving the credentials of new Ambassadors from foreign states, pardoning prisoners or commuting their sentences and approving the appointment of civil and religious judges, the State Comptroller and the Governor of the Bank of Israel.

Israel’s most recent general elections were held on November 1, 2022. Following this election, the President selected Benjamin Netanyahu to form a coalition government and on December 29, 2022, the Knesset voted in favor of the new coalition government led by Prime Minister, Benjamin Netanyahu. The political parties that are members of the coalition are: Likud, Shas, United Torah Judaism, Religious Zionism, Otzma Yehudit and Noam. Following the October 7, 2023 attack by Hamas on Israel, leaders from opposition parties joined the government as part of an emergency unity government, which was in place until June 9, 2024, when the National Unity Party led by Benny Gantz resigned from the unity government.

*Proposed Legislative Changes to the Judicial System.* In 2023, the Knesset’s Constitution, Law and Justice Committee (the “Constitution Committee”) started promoting a number of bills regarding the Israeli judicial system, which were approved in the first reading by the Knesset plenum. Since the start of the war in Gaza, the proposed Legislative changes have been put on hold.

*Israel and Gaza.* In 2005, Israel withdrew completely from the Gaza Strip (“Gaza”), dismantling all Israeli communities and military bases in Gaza, as well as four Israeli settlements in the northern West Bank

(see “*State of Israel — International Relations*”). Despite this, there has been ongoing tension at the border between Israel and Gaza, often characterized by Hamas rocket attacks and other acts of violence by individual Palestinians and responsive Israeli military campaigns commenced with the goal of suppressing the violence.

For example, in the beginning of May 2019, there was a wave of Hamas rocket attacks from Gaza with over 700 rockets launched into Israeli territory, killing four Israeli civilians and two Palestinians. Within three days, this wave of violence was suppressed and a ceasefire was agreed to. On May 10, 2021, Hamas and other terrorist organizations initiated an indiscriminate attack on civilian population centers in Israel, firing rockets at Jerusalem, Ashkelon and Israeli communities along the border with Gaza. This attack incited an 11-day conflict. In response to the continuous rocket fire from the Gaza Strip into Israeli territory, the IDF struck sites in the Gaza Strip that Hamas uses for its terrorist activities. A ceasefire was reached on May 21, 2021. On August 5, 2022, following a wave of deadly terrorist attacks, the IDF began “Operation Breaking Dawn” against the Islamic Jihad terror network in Gaza. The operation ended with a ceasefire brokered by Egypt on August 7, 2022.

On October 7, 2023, Hamas launched an unprecedented terror attack on Israel from the Gaza Strip killing approximately 1,200 people and kidnapping 251 people. See “— *October 7, 2023 Attack on Israel and the War in Gaza*” above.

*Israel-United States Relations.* In July 2022, President Joe Biden visited Israel. During his meeting with then-Prime Minister, Yair Lapid, in Jerusalem on July 14, 2022, the leaders of the United States and Israel adopted the Joint Declaration on the U.S.-Israel Strategic Partnership. In the declaration, the United States and Israel reaffirmed the unbreakable bond between the two countries and the enduring commitment of the United States to Israel’s security and qualitative military edge, as well as the foundation of the strategic U.S.- Israel partnership based on a bedrock of shared values, interests and a true friendship. The declaration also addresses the Iranian nuclear program, committing both countries to “use all elements of national power” to prevent Iran from acquiring a nuclear weapon. Since the October 7, 2023 attack by Hamas against Israel and the commencement of the war, the US has expressed its support for Israel in a variety of actions and statements. On October 18, 2023, President Joe Biden visited Israel to show his support and approved an additional foreign aid package for Israel totaling \$26.4 billion (which was approved by the House and signed by the President in April 2024). In addition, President Joe Biden supported Israel’s efforts to bring a hostage deal to international forums, including at the UN Security Council.

*Abraham Accords.* See “*State of Israel — International Relations — Abraham Accords*” for details on the normalization of Israel’s relations with the UAE, Bahrain, Morocco and Sudan and the Abraham Accords Peace Treaty.

*Israel-Turkey Relations.* In August 2022, Israel and Turkey agreed to resume normal diplomatic relations with the announcement that the two countries will return their ambassadors after years without senior diplomatic representation. The decision to reinstate ambassadors was the culmination of a positive trend in the relations between the countries during 2022, which included President Isaac Herzog’s visit to Ankara, mutual visits of the foreign ministers in Jerusalem and Ankara, and visits by the Ministers of Commerce and Defense to Turkey.

Israel was the first country to deploy a search and rescue mission to Turkey, following the devastating earthquake that hit Southern Turkey in February 2023. The delegation was instrumental in rescuing 19 individuals from the rubble and assisted in providing humanitarian and medical assistance to the Turkish authorities on the ground.

Following the attack by Hamas on Israel and the commencement of the war in Gaza, as of December 2023, Turkey has recalled its ambassador for consultation and Israel had done the same. Additionally, in March 2024, Turkey announced sanctions on trade with Israel, significantly reducing economic exchange between the two countries.

*Israel-Ukraine Relations.* In February 2023, then-Foreign Minister, Eli Cohen, was the first Israeli official to visit Kiev and meet with the Ukrainian President, Volodymyr Zelenskyy, since the Russian offensive in Ukraine began in 2022.



*Recent Developments in Relations with Certain other Countries.* In February 2023, an official Israeli delegation, led by then-Foreign Minister Eli Cohen, visited Khartoum to further advance normalization of relations between Israel and Sudan. In April 2023, the Azerbaijani Foreign Minister attended the official opening of Azerbaijan’s embassy in Israel. In the same month, the foreign ministers of Israel and Poland signed an agreement to reinstate youth study visits between the countries. Additionally, Poland announced that a Polish ambassador would be reinstated to Israel.

In July 2023, Israel recognized Moroccan sovereignty over the territory of Western Sahara.

In September 2023, Papua New Guinea opened an Embassy in Jerusalem.

For a discussion of the impact of the October 7, 2023 attacks and the war in Gaza on Israel’s foreign relations, see “— *October 7, 2023 Attack on Israel and the War in Gaza — International Reaction*” above.

#### **Privatization**

In the past several decades, privatization has been an essential element of broader Government-initiated market reforms, which aim to promote the growth of the private sector, mainly by enhancing competition. Israel has made substantial progress in recent years, resulting in the privatization of many enterprises previously owned by the State and the reduction of State subsidization of several business enterprises. In total, between 1986 and 2023, 99 Government-owned Companies (as defined in “*The Economy — Role of the State in the Economy*,” below) became partially or fully privatized. The proceeds stemming from privatizations between 2005 and 2023 totaled \$5.3 billion. The Government plans to continue with the process of privatizing its interests in financial institutions, as well as in State-owned land and seaports, the Postal Company, energy and transportation utilities, and parts of the defense industry (see “*The Economy — Role of the State in the Economy*,” below).

#### **Loan Guarantee Program**

On January 3, 2023, the U.S. Congress approved an extension of the loan guarantee program until September 2028. For further information on the U.S. loan guarantee program, see “*Public Debt — External Government Debt*”.

Table No. 2

**Selected Economic Indicators**  
(In Billions of NIS Unless Otherwise Noted)

	2019	2020	2021	2022	2023
<b>Main Indicators</b>					
GDP (at constant 2015 prices)	1,383.1	1,362.9	1,490.2	1,586.6	1,618.3
Real GDP growth	3.8%	-1.5%	9.3%	6.5%	2.0%
GDP per capita (in NIS, at constant 2015 prices)	152,812	147,908	159,085	166,123	165,871
GDP per capita, percentage change	1.8%	-3.2%	7.6%	4.4%	-0.2%
Inflation (change in CPI – annual average)	0.8%	-0.6%	1.5%	4.4%	4.2%
Industrial production	2.9%	6.3%	5.9%	15%	1.3%
Business sector product (at constant 2015 prices)	1,035.4	1,016.5	1,132.4	1,219.3	1,233.4
Permanent average population (thousands)	9,054	9,215	9,367	9,551	9,765
Unemployment rate	3.8%	4.3% <sup>(1)</sup>	5.0% <sup>(2)</sup>	3.8% <sup>(3)</sup>	3.4% <sup>(4)</sup>
Foreign direct investment (inflows, in billions of dollars)	17.4	21.0	19.0	23.0	15.1
<b>Trade Data</b>					
Exports (F.O.B) of goods and services (NIS, at constant 2015 prices)	429.0	418.6	481.1	552.6	518.4
Imports (F.O.B) of goods and services (NIS, at constant 2015 prices)	425.4	391.6	474.3	531.3	469.0
<b>External Debt</b>					
External debt liabilities (in millions of dollars, at year-end)	103,202	129,931	160,328	155,903	144,766
Net external debt (in millions of dollars, at year-end)	-170,256	-204,115	-225,656	-209,228	-250,564
<b>Central Government Debt</b>					
Total gross central government debt (at end-of-year current prices)	823.2	983.9	1,044.1	1,037.1	1,127.3
Total gross central government debt as percentage of GDP	57.8%	69.4%	66.0%	58.8%	60.3%
<b>Revenues and Expenditures (net)</b>					
Revenues and grants	325.4	317.9	392.9	447.9	424.4
Expenditures	492.1	563.1	587.6	570.0	621.4
Expenditures other than capital expenditures	354.8	426.4	426.9	403.5	456.0
Development expenditures (including repayments of debt)	137.3	136.7	160.7	166.5	165.4
Repayments of debt	104.9	97.4	119.8	126.6	122.8

- (1) A broader definition of unemployment used since the outbreak of COVID-19 totaled 15.3% in 2020, and included those absent from work due to reasons related to COVID-19 such as unpaid leave (9.5%) and those who left the labor force due to COVID-19 related reasons such as dismissal or closure of the workplace (1.4%).
- (2) In 2021 unemployment (as defined in footnote 1 above) amounted to 10.0% including those absent from work due to reasons related to COVID-19 such as unpaid leave (2.9%) and those who left the labor force due to COVID-19 related reasons such as dismissal or closure of the workplace (2.2%).
- (3) In 2022 unemployment (as defined in footnote 1 above) amounted to 5.0% including those absent from work due to reasons related to COVID-19 such as unpaid leave (0.4%) and those who left the labor force due to COVID-19 related reasons such as dismissal or closure of the workplace (0.9%).
- (4) In 2023 unemployment amounted to 6.4% including those absent from work due to economic reasons such as reduction in the scope of work or closure of a workplace (1.5%), those absent due to military duty (0.8%) and those absent during the war for other reasons (0.7%).

Source: Central Bureau of Statistics, Bank of Israel and Ministry of Finance.

## STATE OF ISRAEL

**Introduction**

Israel is a highly developed, industrialized democracy. The country has seen improvements in many economic and fiscal indicators in recent decades. GDP growth has remained steady and consistent, except for contractions experienced during the global slowdown of the early 2000s and fluctuating growth rates in the aftermath of global crises such as the 2008 financial crisis, the European debt crisis, and most recently, the COVID-19 pandemic. Between 2013 and 2023, real GDP increased at an average annual rate of 3.9%, and increased by 2.0% in 2023 compared to 2022. Additionally, in 2023, the outbreak of the Israel-Gaza war saw a negative impact on the private consumption, which experienced a decline of 0.7%, while public consumption increased by 7.9%.

In 2019 the budget deficit increased to 3.7%, above the set target of 2.9%. In 2020, the budget deficit amounted to 11.3% as public expenditure increased due to the Government's stimulus plan to support the economy during the COVID-19 crisis and the decrease in tax revenues. In 2021, the budget deficit shrunk to 4.4% of GDP, primarily as a result of the significant growth in revenue collection. In 2022, the trend of high tax revenues continued, leading to a budget surplus of 0.6%. In 2023, the budget deficit amounted to 4.1% due to increased government spending prompted by the war in Gaza.

Income inequality and poverty levels have decreased, in the recent decades, due to a strong labor market and steady growth in employment. The standard of living in Israel is steadily increasing, as demonstrated by the growth in GDP per capita. Israel's GDP per capita based on purchasing power parity, however, remains relatively low.

The unemployment rate has declined consistently throughout the past decade and this has been accompanied by an improvement in the labor participation rate. The labor participation rate was 63.5% in 2023, continuing the upward trend of incremental improvement from 61.8% in 2020. The growing employment rate in recent years has led to an increase in real wages and disposable income. There remains an increased demand for workers, particularly high-skilled workers, in the Israeli economy. In 2020, following the outbreak of COVID-19, unemployment increased sharply due to Government measures imposed to curtail the spread of COVID-19, including national lockdowns. While the unemployment rate declined in 2021, it remained relatively high due to the ongoing effects of COVID-19. The 2021 unemployment rate stood at 5.0%, with 2.9% having left the labor force as a consequence of the COVID-19 pandemic, and a further 2.1% who were absent from work due to reasons related to COVID-19. In 2022, the unemployment rate decreased to 3.8%, returning to pre-pandemic levels. In 2023, the unemployment rate decreased to 3.4%, as a result of the recovered demand for labor. While the unemployment rate has remained low throughout the war in Gaza, an additional 1.5% increase in unemployment can be attributed to the effects of the war (however this figure does not include reservists that were absent from work). In October 2023, approximately 764,000 people (18% of the employed population) were absent from work due to reasons related to the war of which 139,000 were reservists, which decreased to roughly 285,000 (7% of the employed population) by December 2023 of which 149,000 were reservists. One of Israel's most important resources is its highly educated work force. Based on OECD reports, in 2022, 51% of adults between the ages of 25 and 64 had attained tertiary education, compared to the OECD average of 40%. Between 1990 and 2003, approximately 1.1 million people immigrated to Israel, increasing Israel's population by approximately 23%. Most of the new immigrants were highly educated and possessed strong academic and professional backgrounds mainly in science, management, medicine and other technical and professional fields. This enabled them to successfully integrate into the economy.

Israel has made substantial progress in opening-up its economy since 1990, removing major trade barriers and tariffs. Israel has entered into free trade agreements with its major trading partners and is one of a handful of nations to maintain free trade agreements with both the United States and the EU. Israel also signed free trade agreements with the European Free Trade Association ("EFTA"), Turkey, Jordan, Egypt and Mexico.

**Geography**

Israel is located on the western edge of Asia bordering the Mediterranean Sea. It is bordered to the north by Lebanon and Syria, to the east by Jordan, to the west by the Mediterranean Sea and Egypt, and to the

south by Egypt and the Gulf of Eilat. Israel has a total land area, excluding Gaza and the West Bank, of approximately 21,500 square kilometers or 8,305 square miles. Jerusalem is the capital of Israel.

### **Population**

Israel's population (including Israeli citizens residing in the West Bank and excluding foreign nationals residing in Israel for employment purposes) is approximately 9.8 million as of the end of 2023. Between 1990 and 2021, Israel's population grew by 96%, with a significant part of the increase attributable to immigration from the former Soviet Union. In 2022, 12.4% of the Israeli population was 65 years of age or older, 31.5% was between the ages of 35 and 64, 28.3% was between the ages of 15 and 34, and 27.8% was under the age of 15. 91.7% of the population of Israel lives in urban areas with 18.1% of the population living in Israel's three largest cities: Jerusalem (population 981,700), Tel Aviv (population 474,500) and Haifa (population 290,300).

The Israeli population is comprised of a variety of ethnic and religious groups. In 2022, the ethnoreligious composition of the Israeli population was 74% Jewish, 18% Muslim, 1.9% Christian and 1.6% Druze. Israel's Declaration of Independence and various dicta of the Supreme Court of Israel guarantee freedom of religion for all Israeli citizens. Hebrew is the official language of Israel, while Arabic holds a special status and English is commonly used.

### **Immigration**

Israel has experienced a continuous flow of immigrants, in part due to its Law of Return, which provides that Jews and those of Jewish ancestry (their children, grandchildren and their spouses), have the right to immigrate and settle in Israel and gain citizenship. In 2018, 29,800 immigrants arrived in Israel, an increase of 2.5% compared to 2017. In 2019, 35,010 immigrants arrived in Israel, an increase of 17.5% compared to 2018. In 2020, 21,110 immigrants arrived in Israel, a decrease of 39.7% compared to 2019. In 2021, 27,982 immigrants arrived in Israel, an increase of 32.6% compared to 2020. In 2022, 74,474 immigrants arrived in Israel, an increase of 266% compared to 2021. In 2023, 46,590 immigrants arrived in Israel, a decrease of 37% compared to 2022. Despite this decrease, the number of immigrants is still significantly higher than in previous years, mainly as a result of the ongoing conflict between Russia and Ukraine, as approximately 74% of the immigrants that arrived in Israel in 2023 are citizens of Russia or Ukraine.

Israel, like many other developed countries, experienced an influx of individuals entering its territory illegally. Previously many migrants entered Israel by crossing the Israeli-Egyptian border (not through an official border crossing), in a period prior to the enactment of the Amendment to the Prevention of Infiltration Law (Offenses and Jurisdiction) 5714-1954 and the completion of constructing a major portion of a border fence in 2012-2013. Since 2013, there has been a drastic decrease in the number of illegal migrants. Since 2010, thousands of illegal migrants have voluntarily left Israel to other countries or returned to their countries of origin.

According to data from the Population and Immigration Authority, as of the end of 2023, there were approximately 23,081 illegal migrants (i.e., who did not enter through an official border crossing) in Israel (excluding births) and approximately 20,612 of whom originated from Eritrea and Sudan. Although Israel has refrained from returning citizens of Eritrea and Sudan to their home countries, the policy with respect to such migrants is subject to review from time to time.

Israel respects its international obligations and follows strict procedures consistent with the criteria and standards of international law codified by the 1951 Convention Relating to the Status of Refugees. Applicants for asylum by migrants, whether legal or illegal, are interviewed by the Refugee Status Determination Unit to determine whether a migrant fulfills the criteria set by the Convention, and those who are denied refugee status may appeal to the court system. From 2017 to 2023, Israel received approximately 55,644 requests for political asylum, some submitted by Eritrean and Sudanese nationals.

During 2023, there were several changes in the characteristics of asylum applicants. The most significant change can be attributed to the ongoing conflict between Russia and Ukraine. Due to the limited resources available for processing asylum applications, sometimes a decision is taken to prioritize populations whose cases can be advanced. Accordingly and due to the fact that currently all Ukrainian citizens are covered under a policy of non-removal as a result of the conflict taking place in their country (a policy which is subject to

review from time to time), the asylum applications of Ukrainian citizens in Israel are not prioritized at this time and are not included in the number of applications submitted in 2023.

#### **Form of Government and Political Parties**

Israel was established in 1948 as a parliamentary democracy with governmental powers divided among the legislative, executive and judicial branches. Israel has no formal written constitution but rather a number of basic laws which govern the fundamental functions of the state, including the electoral system, the government, the legislature and the judiciary system, and which guarantee the protection of fundamental rights, such as, among others, to property, life, bodily integrity, dignity, privacy and choice of occupation. These basic laws were recognized as having a distinctive status by the Israeli Supreme Court in comparison with other laws and, in certain instances, require an absolute majority vote of the Knesset to be amended. All citizens of Israel, regardless of race, religion, gender or ethnic background, are guaranteed their full democratic rights. Freedom of religion, speech, assembly, press and political affiliation are embodied in Israel's laws, judicial decisions and its Declaration of Independence.

The President of Israel is its Head of State. The President has an apolitical, figurehead role, with the operational executive power lying in the hands of the Prime Minister. Presidents are elected by the Knesset for a single seven-year term without possibility of reelection. The President has no veto powers and the duties of the office are mainly ceremonial. President Isaac Herzog took office in July 2021 as the successor of President Reuven Rivlin.

The legislative powers of the State reside in the Knesset, a unicameral parliament that consists of 120 members elected through nationwide proportional representation closed-list voting system. The Knesset is elected for a fixed four-year term, although most parliaments have not completed a full term, with premature dissolutions of parliament followed by fresh elections being frequent occurrences. Notably, in the span of approximately two and a half years between April 2019 and November 2022, Israel held five elections.

The legal voting age for Israeli citizens is eighteen. Elections are overseen by the Central Elections Committee and are held in accordance with Basic-Law: The Knesset and the Knesset Elections Law of 1969. Early elections can be called by a majority vote of Knesset members on a bill to dissolve the Knesset or by an edict of the Prime Minister approved by the President, and normally occur in situations of political stalemate or when the Government is unable to obtain the Knesset's support for its policies. Failure to form a government after elections or to obtain Knesset approval of the annual budget by March 31 (three months after the start of the fiscal year) may also trigger early elections.

Israel uses the closed list method of party-list proportional representation, whereby citizens vote for their preferred party-list and can only have influence over the position of individual candidates placed on the party list, if the party decides to hold primary elections, and the citizen is a member of such party. The 120 seats in the Knesset are assigned proportionally to each party that received votes, provided that the party meets or exceeds a 3.25% electoral threshold. Parties are permitted to form electoral alliances so as to gain enough collective votes to meet the threshold (the alliance as a whole must meet the threshold, not the individual parties) and thus be allocated a seat. Following the elections, and after consulting with different parties' representatives, the President selects a member of the new Knesset to form the Government. While the selected Knesset member typically is the leader of the party receiving the most seats, he or she is not required to be so, but is the member of Knesset who has the most chance of forming a government, based on the consultation with the parties. If the selected Knesset member successfully assembles a coalition, and the Knesset votes in favor of the proposed government, then this Knesset member becomes Prime Minister and a government is formed. In the event a party wins 61 or more seats in an election, such party can form a viable government without having to form a coalition. However, no party has ever won 61 seats in an election. Thus, a coalition has always been required to form a government, with those remaining outside the coalition comprising the opposition.

Israel's most recent general elections were held on November 1, 2022. Following this election, the President selected Benjamin Netanyahu to form a coalition government. On December 29, 2022, the Knesset voted in favor of the new coalition government led by Prime Minister, Benjamin Netanyahu. The political parties that are members of the coalition are: Likud, Shas, United Torah Judaism, Religious Zionism, Otzma Yehudit and Noam.

The following table sets forth the number of Knesset seats by political party as of June 30, 2024.

**Table No. 3**

**Distribution of Knesset Seats by Political Party  
(As of June 30, 2024)**

	Number of Seats
Likud	32
Yesh Atid	24
Shas	11
National Unity Party (Hamachne HaMamlacti)	8
United Torah Judaism	7
Religious Zionism	7
Otzma Yehudit	6
Israel Beitenu	6
Ra'am – United Arab List	5
Hadash-Ta'al	5
Labor (Haavoda)	4
The United Right (Hayamin HaMamlachti)	4
Noam	1
<b>Total</b>	<b>120</b>

*Source:* The Knesset.

**The Judiciary**

The Israeli judiciary, which functions independently from the executive and legislative branches, is comprised of several instances of law courts.

The court system consists of Magistrates' Courts, Labor Courts, District Courts and the Supreme Court (sitting also as the High Court of Justice). The courts, which have jurisdiction over civil, administrative and criminal matters (as well as the labor-related issues), are administered by the Directorate of Courts, which is a separate unit operating within the Ministry of Justice. Alongside this judicial "pyramid", religious tribunals operating under the Ministry of Religious Services have jurisdiction over certain matters of personal status, and military tribunals operating within the Israel Defense Forces are authorized to try soldiers for criminal and military offenses.

Israel has 32 Magistrates' Courts, which are courts of first instance that have jurisdiction over criminal matters relating to offenses carrying sentences of less than seven years' imprisonment, as well as over civil claims of less than NIS 2.5 million and claims involving the use and possession of real estate. The Magistrates' Courts also sit as specialized courts based on subject matter: Municipal Courts, Family Courts, Small Claims Courts, Traffic Courts, Rent Courts, Community Courts and Juvenile Courts.

Issues related to labor and social security are under the jurisdiction of the Labor Courts. The Labor Court system consists of Regional Courts and the National Labor Court, which serves both as an appellate court and as a court of first instance in certain matters.

The six District Courts — located in Jerusalem, Tel Aviv, Haifa, Be'er Sheva, Nof HaGalil-Nazareth, and Lod — are courts of first instance in matters that do not fall within the jurisdiction of Magistrates' Courts. District Courts are also courts of first instance in certain cases concerning corporations and partnerships, intellectual property, and administrative matters (*e.g.* tax matters, government tenders, planning

and building issues, and other petitions against decisions of government bodies and authorities). Additionally, the District Courts hear appeals of Magistrates' Court decisions.

The Jerusalem District Court has exclusive jurisdiction over certain matters, such as election appeals, extradition, and antitrust issues. The Haifa District Court also functions as the Maritime Tribunal and has exclusive jurisdiction over maritime matters. In addition, the Tel Aviv and Haifa District Courts have an "Economic Affairs Department" that has jurisdiction over certain financial matters, such as derivative actions and class actions related to securities.

The Supreme Court, located in Jerusalem, sits as an appellate court in review of the District Courts' decisions. The Supreme Court may also hold further hearings on its own decisions and can order a retrial in criminal matters. In addition, the Supreme Court sits as the High Court of Justice, which serves as the first and only instance on certain administrative and constitutional issues. The High Court of Justice is also authorized to review the decisions of the National Labor Court as well as religious and military tribunals. The Supreme Court is composed of fifteen Justices (with thirteen Justices currently serving), and its rulings are considered binding upon all lower courts in Israel.

Judges in Israel are selected by the Judicial Selection Committee, which is chaired by the Minister of Justice and comprised of three Supreme Court Justices (including the President of the Supreme Court), two government ministers (including the Minister of Justice), two members of the Knesset, and two members of the Israel Bar Association. Judges are appointed by the President of the State after being selected by the Judicial Selection Committee. According to a longstanding convention, the President of the Supreme Court is selected from amongst its Justices based on seniority in the Supreme Court; however, since no President has been selected to replace President (ret.) Esther Hayut since her retirement on October 17, 2023, the Supreme Court is currently headed by Acting President Uzi Vogelman.

On October 7, 2023, following Hamas' terror attack on Israel and due to additional security constraints, the Home Front Command (HFC) declared a "special situation" throughout the country. Consequently, the Minister of Justice implemented Special Emergency Regulations in Israeli courts, in cooperation with the President of the Supreme Court and later with the Acting President of the Supreme Court and the Administrator of the Courts. The Supreme Court heard all types of cases throughout the majority of the emergency period. Lower courts held oral hearings mainly on certain types of urgent matters, as specified by the Minister of Justice, while continuing to hand down written decisions and rulings in cases on their dockets. Gradually, oral hearings were permitted to be held in additional types of cases, as determined by the Minister of Justice, the President of the National Labor Court and the Administrator of the Courts. Additionally, each court's President could authorize holding hearings in individual cases not belonging to these specified case types. While some courts closed down for minimal periods due to security constraints, the Courts' Registries continued to provide services to the public throughout the emergency period. After several extensions, the special emergency period in the courts ended on November 30, 2023, and the Court System returned to regular operations.

See "*Political Situation — Proposed Legislative Changes to the Judicial System*" for a discussion of the proposed Judicial Reform.

#### **National Institutions**

Israel has four so-called "national institutions": The Jewish Agency for Israel, the World Zionist Organization, Keren Hayesod and the Jewish National Fund. These national institutions, which predate the formation of the State, perform a variety of non-governmental charitable functions. Each national institution is independent of the Government and finances its activities through private and public sources, including donations from abroad. These national institutions were responsible for a net unilateral transfer into Israel of \$0.211 billion in 2023, compared to \$0.11 billion in 2022.

#### **International Relations**

Israel currently maintains diplomatic relations with 166 countries, seeking to develop relations on a full range of issues including trade, cultural ties and building shared values of democracy and mutual respect. During the 1990s, Israel established or reestablished commercial, trade and diplomatic relations with all of the

republics of the former Soviet Union and Eastern Europe. Israel has seen significant growth of commercial, trade and diplomatic relations with key Asian countries, especially Japan, South Korea, China and India. Over the past three decades, Israel has encouraged efforts to increase relations with the region's Arab countries. Even with new and complex challenges in the Middle East, Israel remains committed to peaceful resolutions and to economic opportunities for regional development (see “*Abraham Accords*,” below).

*International Relations since October 7, 2023 Attacks* — Israel has received support from key members of the international community since the attack by Hamas against Israel on October 7, 2023, including from many grassroots organizations and the Jewish diaspora. Although some countries have recalled their ambassadors for consultation (including Brazil, Honduras, Chile, Colombia, South Africa, Turkey, Jordan, and Chad), and Nicaragua and Belize have severed their diplomatic relations with Israel, the country still enjoys strong relations and support from the international community. Since the start of the war, more than 70 country leaders and foreign ministers have visited Israel, demonstrating their support.

*Israel and the United States.* Israel maintains a close economic, diplomatic and military relationship with the United States.

Israel receives military assistance from the United States and has received economic assistance from the United States averaging approximately \$3 billion per year since 1987, including by way of loan guarantees.

U.S. foreign assistance to Israel has reduced by way of a phase-out of the U.S. Economic Support Fund, however, the level of its Foreign Military Financing assistance to Israel has increased. In 2016, the United States and Israel reached an agreement on a package of at least \$38 billion in U.S. military aid over the course of 10 years (\$3.8 billion per year). In April 2024, following the war in Gaza, an additional foreign aid package for Israel totaling \$26.4 billion was approved by the House and signed by President Biden. Israel and the United States share a commitment to seeking peace and economic development in the Middle East and developing a security framework that makes such progress possible. Cooperation on key defense projects such as the Iron Dome and Arrow missile defense programs has been a great success, highlighting the depth of cooperation between the two countries. In 2017, the President of the United States formally recognized Jerusalem as the capital of the State of Israel and announced plans to relocate the U.S. embassy from Tel Aviv to Jerusalem. In 2018, the U.S. officially inaugurated its new embassy in Jerusalem. In 2019, the President of the United States recognized Israeli sovereignty over the Golan Heights.

For the past several years, the prospect of Iran acquiring nuclear armament capability has been a central geopolitical concern both domestically and internationally. The JCPOA between the P5+1 group and Iran reached in July 2015 conditioned international economic sanctions relief, mainly United States and EU sanctions, on Iranian nuclear capabilities reduction and supervision by the International Atomic Energy Agency. Taking the position that the JCPOA would not prevent Iran from developing nuclear weapons, in May 2018, the United States announced its withdrawal from the JCPOA, reinstated economic sanctions, and imposed additional economic penalties. EU countries remain committed to the JCPOA, but the effect of the United States' withdrawal from the JCPOA on Iran and the region is not yet clear.

Since the October 7, 2023 attack by Hamas against Israel and the commencement of the war, the US has expressed its support for Israel in a variety of actions and statements. On October 18, 2023, President Joe Biden visited Israel to show his support. In April 2024, the US approve the additional foreign aid package for Israel described above. In addition, Prime Minister Benjamin Netanyahu is scheduled to address both houses of the U.S. Congress which is another sign of the strong bond between the countries.

*Israel and the Middle East.* Since 2011, there has been political instability and civil unrest in numerous Middle Eastern 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 this region, it closely monitors these events, aiming to protect its economic, political and security interests. The delicate relations between Israel and its neighbors could become even more fragile with the domestic turmoil and change in regimes. Instability in the Middle East and North Africa region have so far not materially affected Israel's financial or political situation, and countries that have signed peace agreements with Israel have remained committed to them, regardless of internal political developments.



Nevertheless, there can be no assurance that such instability in the region will not escalate in the future or will not spread to additional countries in the region. Military efforts have significantly decreased the presence of ISIS (Islamist State in Iraq and Syria) in Syria and Iraq, but there is growing concern regarding Shiite militias taking control over the relinquished territory and the creation of a land corridor from Tehran to the Mediterranean under Iranian influence. Israel monitors the situation and terror infrastructure in Syria very closely as well as the increased Iranian and radical presence in the area. Israel remains vigilant about security of its border with Syria, possible transfers of strategic weapons, and the possible spillover of radical forces along the border with Israel.

After years of hostility and wars between Egypt and Israel, intensive negotiations were held by the two countries with the close assistance of the United States. On March 26, 1979, Egypt and Israel signed a peace treaty. This was the first peace agreement signed between Israel and one of its neighboring countries and since then, peace with Egypt has been important to Israel's national security. Following the ousting of Egyptian President Hosni Mubarak in 2011, the relationship between Egypt and Israel has been strained, but the 2014 election of President Al-Sisi was accompanied by reassuring statements regarding common interests. Israel does not perceive a material change in the strategic stance of Egypt, and the peace treaty between the two states remains in force.

Israel and Jordan signed a peace treaty in 1994. After resolving issues relating to borders and water, Israel and Jordan entered into negotiations to promote economic cooperation between the two countries and to coordinate regional economic development initiatives. The peace treaty with Jordan and subsequent progress in Israel's negotiations with the Palestinians enabled Israel to initiate economic and political relations with other foreign countries bordering the region, as well as in North Africa and the Gulf region.

Relations between Israel and the Arabian Gulf States have been developing based on shared concerns over Iran's threat to stability in the region and other shared interests. These countries are seeking further cooperation with Israel in fields such as technology, infrastructure, healthcare and agriculture, as there has been a growing recognition of Israel's capabilities in these areas.

*Abraham Accords and Other Regional Developments.* In August 2020, an agreement for the normalization of relations between Israel and the United Arab Emirates (the "UAE") was reached and in September 2020, the Abraham Accords Peace Treaty was signed at the White House. The Accords officially established diplomatic relations between Israel and the UAE. This was shortly followed by an agreement for the normalization of ties between Israel and the Kingdom of Bahrain, which was signed in a Joint Communique between Israel and Bahrain in November 2020.

In December 2020, Israel and Morocco established full diplomatic relations and in January 2021, Sudan acceded to the Abraham Accords during the visit of then-U.S. Treasury Secretary Steven Mnuchin to Khartoum.

The Abraham Accords also led to the stationing of official diplomatic representatives from the UAE, Bahrain and Morocco in Israel, and Israeli representatives in the UAE, Bahrain and Morocco. Official delegations from the various countries have met many times since the signing of the Accords, which resulted in numerous bilateral or multilateral agreements, partnerships and cooperation efforts between governments and across sectors. For example, several partnerships and cooperation efforts have been set up in the finance, culture and tourism sectors. Direct flight routes have also been established between Israel and Morocco, the UAE and Bahrain.

In April 2022, Israel and the UAE completed negotiations on a bilateral free trade agreement, which was ratified in December 2022, representing the first comprehensive free trade agreement reached between Israel and an Arab country. In addition, free trade agreement discussions have begun with the Kingdom of Bahrain.

The Abraham Accords have enhanced regional cooperation. On November 24, 2021, Israel and Morocco signed a defense Memorandum of Understanding, which formalized defense relations between the countries and sets a foundation for future cooperation on intelligence and military training, among other areas. This represents a significant step in the deepening relations of Israel and the Kingdom of Morocco, which already benefit from increased economic cooperation and bilateral tourism. In addition, on November 22, 2021, the

governments of Jordan, Israel and the UAE signed a landmark declaration of intent to build renewable electricity and water desalination facilities to address the threat posed by climate change to energy and water security in the region.

On March 28, 2022, Israel hosted the Negev Summit and following its success, the founding document of the Negev Forum was adopted. The Negev Forum incorporated six working groups in the fields of Food Security, Health, Regional Security, Energy, Tourism and Tolerance. In January 2023, the Negev Summit's six working groups convened in Abu Dhabi, bringing together over 150 senior officials and experts from the six member countries of the Negev Forum (the United Arab Emirates, Bahrain, Egypt, Morocco, the USA, and Israel). This marked the largest gathering between Israel and Arab nations since the Madrid Conference in 1992.

In July 2022, Saudi Arabia approved the opening of its airspace to all aircrafts flying to and from Israel, which marked a significant decision for Israeli aviation, tourism and commerce. In parallel, Saudi Arabia received Israel's agreement to transfer the Tiran and Sanafir islands from Egyptian to Saudi sovereignty, which are to remain a demilitarized zone occupied by a U.S.-led multi-national force according to the peace agreement between Israel and Egypt. In February 2023, Oman joined Saudi Arabia in allowing overflight for Israeli airlines, by opening its airspace to all airlines, thus allowing a corridor for Israel to use on routes to Asia and Oceania.

A maritime agreement between Israel and Lebanon was agreed to in October 2022, which ended a protracted maritime dispute in the eastern Mediterranean. It delimited the maritime boundary between Israel and Lebanon and also functioned as the first de-facto recognition of Israel by Lebanon. This mutual recognition between the two states offers another example of the evolving political environment in the Middle East.

*Israel and Its Borders.* During July and August 2006, Israel became embroiled in a war, termed the 'Second Lebanon War,' with Hezbollah, a terror organization supported by Iran and based in Lebanon. In accordance with UN Security Council Resolution 1701, a United Nations-brokered ceasefire went into effect on August 14, 2006, calling on the Lebanese government to take full control of Lebanon and prohibiting the presence of paramilitary forces, including Hezbollah, south of the Litani River.

Since that conflict, Israel's border with Lebanon has remained mostly quiet and peaceful, but Hezbollah's military buildup of more sophisticated weapons with greater accuracy and longer ranges is one of Israel's main concerns. Iran, Hezbollah's main sponsor, has increased its support to Hezbollah since signing the JCPOA, specifically by supplying weapons and parts, know-how, money and training.

As mentioned above, Israel closely monitors security on its northern and southern borders, due to the presence of radical military and paramilitary organizations. Since 2015, Israel has observed a greater presence of Hezbollah forces in Syria in support of the Syrian President Assad. Israel views the entrenchment of Iranian forces in Syria as a growing threat to the region and has stated that it will not allow the further entrenchment of Iranian forces in Syria.

Since October 7, 2023, Hezbollah has increased the level of tension along the northern border and varying levels of cross-border exchanges of rocket fire persist. Despite the ongoing hostilities, this situation has not escalated into a full-scale war. The skirmishes, which include rocket attacks and retaliatory strikes, have kept tensions high along the border, but both sides have thus far refrained from broader military operations. Israel is engaging in diplomatic efforts to reach a solution that will bring stability to the area.

*The Israeli-Palestinian Conflict.* The signing of the Oslo Accords in 1993 between Israel and the Palestine Liberation Organization ("PLO"), and the commitments undertaken for mutual recognition was believed to be a turning point in the relations. This led to the introduction of a number of interim agreements that set the grounds for the establishment of the Palestinian Authority. As part of the 1994 Gaza Strip and Jericho Agreement signed in Cairo and the 1995 Interim Agreement on the West Bank and Gaza signed in Washington, DC, several rounds of negotiations were held between Israel and the PLO in 2000. This included a summit at Camp David in July 2000, aimed at achieving a permanent agreement and an end to the conflict.

In September 2000, relations between Israel and the Palestinian Authority deteriorated due to violence perpetrated by Palestinian terror organizations against Israeli targets and civilians, in violation of the bilateral agreements signed in 1993.

In 2004 and 2005, despite unsuccessful dialogue and increased violence, the Government unilaterally implemented the Gaza disengagement plan, fully withdrawing Israeli civilian and military presence from Gaza. The disengagement plan ended Israel's 38 years of military presence and authority over the Gaza territory. The Hamas terrorist organization's ascent to power and its violent takeover of Gaza in June 2007 increased instability in the region.

Hamas has held control over the Gaza strip since 2007. Palestinian terrorist organizations began launching locally-manufactured and smuggled rockets and mortar rounds from Gaza into Israel, as well as attempting to infiltrate by sea. Israel has engaged in several military operations with the goal of suppressing the violence.

In May 2018, Hamas organized violent protests along the fence between Gaza and Israel. Many protesters were armed with knives and guns, and many hurled Molotov cocktails and burning tires in an attempt to breach the fence. Some protesters caused fires along the Israeli side of the fence through use of incendiary balloons/kites. Hamas referred to these protests as part of its "March of Return" to claim Israeli territory. Some protesters linked the events to the relocation of the U.S. embassy to Jerusalem, and others associated the protests with the economic hardship in Gaza. The protests continue on a regular basis. Israeli security forces prevented any breaching of the fence and border. A few dozen violent protesters lost their lives in the process, many of whom were identified as Hamas militants. The Israel Defense Forces (the "IDF") have since launched an investigation into Israel's military response to the protests.

A wave of terror attacks, including drive-by shootings and ramming attacks, took place in the West Bank throughout November and December 2018. These attacks resulted in a few Israeli casualties and the IDF conducted special operations to apprehend the terrorists. In the beginning of May 2019, there was a wave of rocket attacks from Gaza and over 700 rockets were launched into Israeli territory. Four Israeli civilians and two Palestinians were killed by Hamas rocket fire. Within three days, this wave of violence was suppressed and a ceasefire was agreed to.

On May 10, 2021, Hamas and other terrorist organizations initiated an indiscriminate attack on civilian population centers in Israel, firing rockets at Jerusalem, Ashkelon and Israeli communities along the border with Gaza. This attack incited an 11-day conflict referred to in Israel as "Operation Guardian of the Walls". During the conflict, the Hamas terror organization launched thousands of rockets into Israel, targeting dense civilian populations in cities, towns and villages across Israel. The Israeli Iron Dome Aerial Defense System intercepted hundreds of these rockets. In response to the continuous rocket fire from the Gaza Strip into Israeli territory, the IDF struck sites in the Gaza Strip that Hamas uses for its terrorist activities, including the Hamas headquarters, underground tunnels, rocket launchers, military posts and other Hamas infrastructure. A ceasefire was reached on May 21, 2021.

On August 5, 2022, following a wave of deadly terrorist attacks, the IDF began "Operation Breaking Dawn" against the Islamic Jihad terror network in Gaza. During the 56 hours of the operation, terrorist forces from Gaza fired 1,100 missiles on Israel and the IDF hit 170 military targets of the group. The operation ended with a ceasefire brokered by Egypt on August 7, 2022.

On October 7, 2023, Hamas launched an unprecedented terror attack on Israel from the Gaza Strip killing approximately 1,200 people and kidnapping 251 people. See "*Summary Information and Recent Developments — October 7, 2023 Attack on Israel and the War in Gaza.*"

*Previous Israeli-Palestinian peace negotiations.* In July 2013, Israeli-Palestinian negotiations were reinitiated under the auspices of the U.S. Secretary of State. While some progress was made, prior to the last phase of implementation of a prisoner release by Israel for which government approval was imminent, the Palestinian Authority breached its commitments by submitting requests to accede to fifteen different international conventions. The different Palestinian factions subsequently announced their intentions to form a pact between Fatah and Hamas intended to serve as the foundation of the planned national consensus government. No further progress has been made since.

In February 2020, then-U.S. President Donald Trump introduced his plan for a comprehensive peace treaty between Israel and the Palestinians, which Israel viewed favorably. Prime Minister Benjamin Netanyahu, at the time, declared that the plan would be reviewed in full cooperation with the United States, while maintaining all of Israel's peace agreements and strategic interests.

*Other diplomatic relations.* In recent years, Israel has further developed its diplomatic relations in Europe, Asia, Africa and Latin America, establishing cooperation in a wide range of fields.

Israel and the EU have a very close and deep-rooted relationship. In the 1950's, Israel was one of the first countries to establish relationships with the European Union. In 1976, the EU and Israel signed their first trade agreement and the EU remains Israel's largest trading partner. Since June 2013, the Open Skies Agreement has led to an increase in passenger traffic, making the EU a popular destination for Israelis to visit. The EU has supported and helped Israel's research and innovation sector over the past 20 years.

As part of the Horizon 2020 program, the EU funded over 1,245 projects in Israel totaling €713 million. Israel has also developed new regional alliances with European Countries such as the trilateral agreement with Greece and Cyprus, the Visegrad (Hungary, Czech Republic, Slovakia and Poland), as well as relations with the Baltics and Balkans. This new form of cooperation termed "geometric diplomacy" has led to an unprecedented amount of summit gatherings of the regional leaders with Israel.

In February 2021, Israeli Minister of Foreign Affairs Gabi Ashkenazi and Kosovo Minister of Foreign Affairs Meliza Haradinaj, signed an agreement establishing diplomatic relations between Israel and Kosovo. The two foreign ministers also signed a memoranda of understanding for policy consultations and an agreement for cooperation with MASHAV-Israel's Agency for International Development Cooperation.

In recent years, Israel has significantly increased its activity in Africa, and new Israeli aid projects were developed with several African countries. In early 2019, Israel opened an embassy in Rwanda, its 11th African embassy, in and renewed its diplomatic relations with Chad. These events mark the strengthening ties between Israel and the continent. The President of Israel visited Ethiopia in May 2018, and the Prime Minister made official visits to several African countries, including Kenya and Liberia.

Israel has also increased its diplomatic activity in Asia. In 2018, relations between Israel and India deepened and agreements were signed between the two countries covering activity in various industries, including cybersecurity, oil and gas and medicine. In 2018, eight cooperation agreements between Israel and China were signed in science and technology, life sciences, innovation, digital health, and agriculture. In December 2020, Bhutan and Israel established full diplomatic relations.

#### **Membership in International Organizations and International Economic Agreements**

Israel is a member of a number of international organizations, including the United Nations, the World Bank Group (including the International Finance Corporation), the International Monetary Fund ("IMF"), the European Bank for Reconstruction and Development, the Inter-American Development Bank and a full member of the OECD.

Israel has been a signatory to the General Agreement on Tariffs and Trade of 1947 since 1962, and is a founding member of the World Trade Organization. In addition, Israel is a member of initiatives conducted under the framework of the World Trade Organization, namely the Government Procurement Agreement and the Information Technology Agreement.

Israel has an extensive network of free trade agreements (FTAs) with most of its major trading partners; among these are the United States, EU, EFTA, Turkey, Canada, Mexico, MERCOSUR (Brazil, Argentina, Uruguay and Paraguay), Panama, Colombia, Ukraine, the United Kingdom, South Korea, the United Arab Emirates, and Guatemala. An FTA with Vietnam was signed in 2023, however this still needs to undergo ratification in Vietnam before entering into force. Approximately 67% of Israel's exports of goods in 2023 were conducted under its bilateral free trade agreements which provide duty-free access and other preferential treatment schemes. Israel is currently conducting free trade agreement negotiations with Bahrain and China, and is negotiating an upgrade of its free trade agreement with the United Kingdom and MERCOSUR. Negotiations that were previously held with the Euro-Asian Customs Union (Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan) and India are not progressing as of the date hereof.

In 1975, Israel signed a free trade agreement with the European Economic Community that provided for the gradual reduction and ultimate elimination of tariffs on manufactured goods and certain agricultural products. In July 1995, Israel signed an Association Agreement with the EU, which came into effect in June 2000, addressing issues related to competition, government procurement, and cooperation in several

areas, including research and development (“R&D”). It also expanded liberalization in agricultural products. Two additional agreements providing for further liberalization in agricultural trade were implemented, the most recent of which became effective as of January 1, 2010.

In 1985, Israel and the United States signed a free trade agreement that resulted in the elimination of tariffs on all industrial products, taking effect at the beginning of 1995. The free trade agreement with the United States also resulted in the elimination of certain non-tariff barriers to trade between the two countries. In addition to these agreements, Israel entered into three mutual recognition agreements in the area of standardization. Two of them, with the United States and Canada, cover telecommunication equipment; the third, with the EU, covers goods manufacturing processes in the area of pharmaceuticals.

Israel, with the assistance of the United States, developed regional trade agreements to facilitate economic cooperation between Israel and its neighbors in the Middle East. Israel signed a Qualified Industrial Zones (“QIZ”) agreement with Jordan in 1997 and a separate QIZ agreement with Egypt in 2004. These QIZ agreements allow Egypt and Jordan to export products to the United States, free of export duties, if the products contain inputs from Israel (8% input from Israel in the Israeli-Jordanian QIZ agreement and 10.5% input from Israel in the Israeli-Egyptian QIZ agreement). This trade initiative aims to support prosperity and stability in the Middle East by encouraging regional economic integration. However, the QIZ agreement with Jordan has not been active since Jordan signed a free trade agreement with the United States in 2010, which allows Jordanian-originated products to enter the United States duty-free.

#### **Membership in International Organizations and International Economic Agreements related to Research and Development**

Since 1996, Israel has been a participant in the EU Framework Programs for Research and Innovation (the “EU Framework Program”), which allows Israeli firms, academic institutions and other organizations to participate in EU-based R&D projects. Israel was the first country outside of Europe to enjoy this special status, a status granted to Israel largely in recognition of its key role in technology and innovation in the global arena. The EU Framework Program is the biggest R&D funding platform in the world involving industrial and academic research and innovation.

In December 2021, Israel signed an agreement with the European Commission to join the new Horizon Europe program, the ninth Framework Program for Research and Innovation (2021 – 2027) with a total budget exceeding €95.5 billion. In the first three years of Horizon Europe, 621 Israeli entities participated in 582 projects that were awarded funding in a total sum of €621 million. Since joining the EU Framework Program, more than 27,700 Israeli researchers have participated in 5,335 projects, totaling €3.14 billion in funding.

Israel is an active participant in the EUREKA Network, Europe’s leading platform for R&D entrepreneurs and industries. EUREKA is an inter-governmental public network that supports R&D-based businesses and institutions through funding and partner-matching services. Projects can be launched in a variety of fields and technological areas. Israel is among EUREKA’s most active participants; of EUREKA’s member and associated countries, Israeli companies have partnered in more than 10% of all EUREKA’s projects.

In 2023, Israeli companies submitted 44 proposals for R&D cooperation projects as part of the bilateral programs of the European Division of the Israel Innovation Authority. The countries with the most submissions were the U.K. Germany and Italy.

Over the years, Israel has signed many bilateral agreements for collaboration on research, development and innovation with foreign federal and local governments, as well as with other foreign entities. In addition, Israel has five bi-national R&D foundations with the United States, Canada, India, Singapore and South Korea.

## THE ECONOMY

### Overview

Israel has an industrialized and diversified economy. In 2021, the economy recovered from the COVID-19 pandemic, with GDP increasing by 8.6% and GDP per capita reaching \$52,166. In 2022, the positive trend from 2021 continued with a GDP growth rate of 6.5% and GDP per capita reaching \$54,999. The war in Gaza that started on October 7, 2023, has negatively affected various sectors of the Israeli economy and growth drivers such as private consumption. Subsequently, public consumption increased, somewhat mitigating the negative effects on growth. In the fourth quarter of 2023, GDP contracted by 19.4% (annual rate, seasonally adjusted, quarter on quarter). Overall, in 2023 the economy grew by 2% and GDP per capita decreased to \$51,938, as the Israel-Gaza war had a significant impact.

Israel's employment rate and average wages have increased significantly in the years prior to the COVID-19 pandemic. However, the overall contraction of the domestic economy in 2020 was reflected in the labor market as the unemployment rate grew significantly. That being said, the participation rate remained stable and at a high level relative to historical and international rates. In 2021, the participation rate maintained the same level as in 2020 (61.8%), and in 2022, it slightly increased nearing pre-pandemic levels (63.3%). The increase in the participation rate is attributable to overall economic growth and the successful implementation of the Government's policies to cut transfer payments and lower taxation on labor. The labor force participation rate stood at 63.5% in 2023, similar to pre-pandemic levels while the official unemployment rate decreased to 3.4%, as a result of the recovered demand for labor. In the last quarter of 2023, the number of those absent from work due to economic reasons rose significantly due to the effects of the war. This rise added an additional 1.5% to the yearly unemployment rate. In addition, the effect of those missing from work due to military duty during the war added an additional 0.8% to the yearly unemployment rate. Furthermore, during the months of the war, primarily in October 2023, those absent from work due to other reasons connected to the war added another 0.7% to the yearly unemployment rate.

Due to recent wage agreements in the public sector, real wages experienced a 1.9% increase in 2023 versus 2022, with a 2.2% increase in the private sector and a 2.0% increase in the public sector.

The high-tech sector in Israel includes industrial sectors such as the electronics, pharmaceuticals and aircraft sectors as well as software and R&D. Employment in the high-tech industry increased rapidly, and the sector's share of GDP has grown and contributed to the economy's development in the past few decades. These developments have also benefited exports, half of which are in high-tech goods and services.

Since 2010, the composition of Israel's exports has shifted, with the growth in export of services outpacing that of export of goods. In 2021, the share of export of services within Israel's total exports was greater than that of goods for the first time in the country's history and has remained so since. In 2023, exports of services performed moderately, posting a growth of 1.5%, while exports of goods decreased by 3.3%. In total, exports grew by 0.85% in 2023.

In recent years, natural gas has contributed to the energy independence of the Israeli economy. From 2006 to 2023, Israel experienced a major shift in fuel components used for electricity generation. In 2006, electricity production was comprised of 18% natural gas and 71% coal. In 2023, electricity production was comprised of 63% natural gas and 37% coal.

In the last two decades, a central goal of the Government's economic policy has been to reduce its role in the economy and to promote private sector growth. In order to advance this goal, the Government pursued a policy of privatizing State-owned enterprises, including banks, ports and the electricity sector. The Government also pursued stability-oriented monetary and fiscal policies. Fiscal discipline has kept Israel's Public debt-to-GDP ratio on a declining trend since 2009, decreasing to 59.3% in 2019. The debt-to-GDP ratio increased to 70.9% in 2020 as government expenditure rose due to the COVID-19 pandemic and the measures taken to mitigate its impact. In 2021, while government expenditure remained high due to the ongoing effects of the COVID-19 pandemic, the debt-to-GDP ratio decreased to 67.8% and in 2022, as COVID-19 measures were relieved, the debt-to-DGP ratio decreased to 60.5%. In 2023, as government expenditure grew due to the war in Gaza, the debt to debt-to-GDP ratio increased to 62.0%

The Government is committed to price stability with an inflation target between 1% and 3%. Over the last ten years, prices have risen by an average of 0.8% annually — lower than the target range. In 2019 and 2020, average rates of inflation have remained low, with rates of 0.8% in 2019 and -0.6% in 2020. In 2021, the inflation rate increased to 1.5% as prices reached the inflation target range for the first time since 2013. In 2022, as inflation rose worldwide, the average rate of inflation in Israel reached 4.4%. In 2023, the average inflation rate decreased to 4.2% as rising interest rates led by the Bank of Israel helped mitigate inflation.

#### **Gross Domestic Product**

GDP is defined as gross national product minus the income of Israeli residents from investments abroad, earnings of Israeli residents who work abroad, and other income from work and leases abroad, less corresponding payments made abroad (after deduction of payments to foreign companies with respect to production facilities located in Israel). From 2016 to 2019, the average annual growth in GDP was 4.1%. Since 2016, national accounts were generally characterized by overall growth across all components of GDP, including private consumption, investments and trade. In 2019, GDP grew by 3.8%, reflecting lower unemployment rates. In 2020, however, GDP contracted by 1.9%, largely as a consequence of decreases in private consumption and investments due to the COVID-19 pandemic. In 2021, the economy recovered from the pandemic and GDP grew by 9.3%, largely as a result of the recovery in private consumption and the high levels of exports and investments. In 2022, GDP grew by 6.5%, mainly due to the continued growth of private consumption and the high levels of exports and investments.

In 2023, GDP grew by 2.0%, lower than the growth rate of 2022 and 2021. The moderate growth can be attributed to a decline in low private consumption in the first three quarters and the effects of the war in the last quarter of the year. In contrast, the public consumption grew rapidly, mainly due to the high expenses of the war which offset the total decline of the other GDP components throughout the year. During the first and second quarters of 2023, GDP increased by the same rate of 2.8% (annual rate, seasonally adjusted, quarter on quarter). In the third quarter of 2023, growth in the economy further moderated, with GDP growing by 1.8% (annual rate, seasonally adjusted, quarter on quarter). In the fourth quarter of 2023, due to the implication of the war, GDP decreased by 21% (annual rate, seasonally adjusted, quarter on quarter).

In 2023, GDP amounted to NIS 1,870 billion and the business sector product amounted to NIS 1,394 billion (in each case, at current prices). Business sector product is calculated as GDP minus certain general government services (government operations executed through private companies are included in the business sector product), services of private non-profit institutions and housing services (representing the imputed value of the use of owner-occupied residential property). The Central Bureau of Statistics applies this methodology in accordance with international and national accounts practices. In 2023, government output and the product of services of private non-profit institutions amounted to NIS 290.3 billion, and housing services amounted to NIS 186.0 billion. These figures represent real growth of 2.9% for housing services in 2023, a slight increase from the rates seen in 2020 and 2021.

Table No. 4

**Main Economic Indicators**  
(In Billions of NIS Unless Noted Otherwise)

	2019	2020	2021	2022	2023
<b>Growth (percent change)</b>					
Real GDP growth	4.2%	-1.9%	8.6%	6.5%	2.0%
GDP growth per capita	2.2%	-3.6%	6.8%	4.4%	-0.2%
Inflation (change in CPI – annual average)	0.8%	-0.6%	1.5%	4.4%	4.2%
Industrial production	2.9%	6.3%	5.9%	15.0%	1.3%
<b>Constant 2015 prices</b>					
GDP	1,383	1,363	1,490	1,587	1,618
Business sector product	1,035	1,016	1,132	1,219	1,233
<b>Current Prices</b>					
GDP	1,425	1,417	1,582	1,764	1,870
Business sector product	1,047	1,033	1,187	1,342	1,394
<b>Permanent average population (thousands of people)</b>	<b>9,054</b>	<b>9,215</b>	<b>9,371</b>	<b>9,557</b>	<b>9,756</b>

Source: Central Bureau of Statistics.

Table No. 5

**Resources and Use of Resources**  
(In Billions of NIS at Constant 2015 Prices)

	2019	2020	2021	2022	2023
<b>Resources</b>					
GDP	1,425	1,417	1,582	1,764	1,870
Imports of goods and services	391	334	407	508	507
<b>Total</b>	<b>1,815</b>	<b>1,751</b>	<b>1,989</b>	<b>2,271</b>	<b>2,377</b>
<b>Use of resources</b>					
Private consumption	744	687	775	868	901
Public consumption	316	330	350	369	419
Gross domestic capital formation	338	342	400	475	480
Exports of goods and services	417	391	464	560	577
<b>Total</b>	<b>1,815</b>	<b>1,751</b>	<b>1,989</b>	<b>2,271</b>	<b>2,377</b>

Source: Central Bureau of Statistics.



Table No. 6

**Gross Domestic Product**  
**(Percentage Change by Industry)**

	2019	2020	2021	2022	2023	Percent of Total Business Sector, 2023
Agriculture, forestry and fishing	0.6%	-3.9%	8.0%	2.7%	-6.0%	1.6%
Manufacturing; mining and quarrying	3.6%	9.0%	3.5%	5.3%	0.5%	16.2%
Construction	3.4%	-5.8%	9.7%	9.3%	-5.3%	8.1%
Electricity and water	7.6%	0.7%	4.8%	-1.2%	0.9%	2.3%
Wholesale & retail trade & repair of motor vehicles; accommodation & food service activities	2.3%	-8.2%	14.5%	8.9%	2.9%	16.1%
Transportation, storage, postal and courier activities	0.2%	-20.0%	20.2%	12.9%	-2.3%	4.5%
Information and communications	10.9%	9.2%	13.4%	8.3%	10.2%	19.2%
Financial & insurance; real estate; professional, scientific & technical; professional, scientific & technical; administrative & support service	4.0%	-2.3%	11.7%	6.1%	0.7%	23.8%
Education; human health & social work activities; arts, entertainment & recreation; other services	2.1%	-7.4%	15.2%	8.5%	0.5%	8.3%
Total Businesses sector	4.2%	-1.2%	11.1%	7.3%	1.9%	100%
<b>Gross Domestic Product</b>	<b>3.8%</b>	<b>-1.5%</b>	<b>9.3%</b>	<b>6.5%</b>	<b>2.0%</b>	

Source: Central Bureau of Statistics.

### Savings and Investments

Gross domestic capital formation, which is the sum of investments in fixed assets and the change in inventories, decreased by 3.5% in 2023, following growth rates of 13.3%, 14.3%, 1.4% and 5.4% in 2022, 2021, 2020 and 2019, respectively.

Israel's saving rate is higher than the OECD average. According to the OECD, "saving" is the difference between disposable income plus the change in net equity of households in pension funds and final consumption expenditure. Saving therefore reflects the residual income used to acquire financial and non-financial assets. Net saving is equal to saving less depreciation, and the "saving rate" is measured as a percentage of GDP. The saving rate in Israel stood at 16.3% in 2022, compared to 6.1% in the European Union and 4.7% in the Eurozone (as defined by the OECD).

### Business Sector Product

Relatively high growth rates in business sector product continued in 2019, as the business sector GDP grew by 4.3%, above the total GDP growth. In 2020, the business sector contracted by 1.8% below the total GDP contraction for the year. In 2021 and 2022, the business sector GDP recovered robustly and grew by 11.4% and 7.7%, respectively, higher than the total output growth for the year. In 2022, growth in the business sector increased by 1.2%, lower than total GDP growth.

### Trade and Services

The trade and services sector consists of retail and wholesale sales, professional services, banking, hotels and other services. In 2019, the trade and services sector expanded by 3.1%. In 2020, the sector contracted by 5.1% due to the impact of the COVID-19 pandemic. In 2021 and 2022, the growth rate for the sector increased by 13.1% and 7.4%, respectively, outpacing total GDP growth. In 2022, the sector increased by 5.7%. In 2023, the sector increased by 1.3% and accounted for 47.8% of the business sector product.

Table No. 7

Manufacturing Index by Category (Annual Real Percentage Change)					
	2019	2020	2021	2022	2023
Mining	-4.0%	34.8%	18.6%	25.0%	11.5%
Food, beverages and tobacco	3.1%	1.6%	3.8%	3.5%	-0.3%
Textiles and clothing	-2.5%	-13.1%	8.4%	-0.4%	-6.5%
Shoes, Leather and leather products	-8.3%	-26.6%	17.0%	16.7%	1.5%
Wood and wood products	-0.2%	-2.8%	8.9%	3.1%	-7.7%
Paper and paper products	0.8%	-3.3%	4.4%	0.7%	-2.1%
Printing and reproduction	-1.3%	-20.4%	7.6%	5.9%	-6.1%
Chemical products and refined petroleum	-4.0%	-3.1%	-9.9%	11.8%	-5.0%
Rubber and plastic products	-1.7%	1.4%	1.7%	-0.4%	-4.0%
Non-metallic mineral products	-3.1%	0.5%	1.0%	12.3%	-7.9%
Basic metal	1.6%	2.8%	-12.3%	4.0%	-2.0%
Metal products	1.2%	-8.0%	7.2%	-2.1%	1.6%
Electronic equipment and components	15.5%	16.7%	7.8%	11.12%	-4.9
Communication equipment	2.4%	-9.7%	0.2%	22.4%	37.6%
Electric motors	-4.9%	-4.4%	13.9%	0.5%	3.3%
Machinery and equipment	-0.3%	-0.2%	9.4%	7.9%	-6.2%
Transport equipment	3.5%	-3.0%	1.5%	7.5%	10.0%
Other	0.3%	-0.5%	14.1%	6.4%	-1.7%
<b>Total (excluding diamonds)</b>	<b>2.9%</b>	<b>6.3%</b>	<b>5.9%</b>	<b>15.0%</b>	<b>1.3%</b>

Source: Bank of Israel.

Table No. 8

Industrial Production Index (Base Year: 2011 = 100)					
	2019	2020	2021	2022	2023
Index Level <sup>(1)</sup>	121.4	129.0	136.6	156.9	159.1
Annual Real Percentage Change	2.9%	6.3%	5.9%	15.0%	1.3%

(1) Excludes diamonds.

Source: Central Bureau of Statistics.

### Transportation

High population and economic growth rates have led to rapidly increasing demand for public transport services in Israel. In response, the Government has earmarked the development of transportation infrastructure and systems as one of its top priorities. Israel's transport network currently encompasses (i) over 20,000 kilometers of roads, including highways that link the major urban centers of Tel Aviv, Jerusalem, Haifa and Be'er-Sheva, and (ii) 1,500 km of railways, which link many of Israel's large population centers, including Nahariya and Karmiel in northern Israel to the central hubs of Tel Aviv and Jerusalem and onto Be'er Sheva and Dimona in the south of the country. In August 2023, the light rail transit line in the Tel Aviv metropolitan area was opened for commercial activity, and connects Tel Aviv, Petah Tikva and Bat Yam. Further light rail lines are in the process of being built in Tel Aviv and Jerusalem.

As part of its plan to strengthen Israel's core infrastructure framework, the Government increased its annual investment in transportation from NIS 20 billion in 2019 to NIS 36.4 billion in 2023. This increase in investment has contributed to the accelerated development of new roads, railways, light rail, metro rail, new paths for bikes and other transportation infrastructure and systems.

The Government plans to continue its strategic investment in pin point transport projects, including (i) the development of new light rail routes within the Jerusalem and Tel Aviv urban areas, (ii) the construction of light rail infrastructure connecting Nazareth and Haifa, (iii) laying additional rail tracks along the Israeli coastal plain and the eastern railway in central Israel (iv) the development of public transport lanes and public transport-designated roads and (v) a metro system with a total length of 150 km within Tel Aviv metropolitan. Total government investment in the above projects is currently estimated at over NIS 270 billion.

In 2023, a strategic intercity roads plan for the next five years commenced, at a total cost of approximately NIS 24.4 billion. The plan includes unprecedented investment in public transportation routes, aiming to improve the infrastructures that enable fast, reliable and high-quality public transportation. Moreover, the plan aims to improve road safety and the connection between the periphery and central areas. Furthermore, a plan to improve transportation infrastructure in urban areas is to be executed at a total cost of approximately NIS 11.3 billion. According to the plan, urban public transportation routes, bicycle paths and provisions for bus parking would be constructed.

The current investment of the Government in mass transit projects includes (i) NIS 150 billion in favor of the establishment of a metro system, accompanied by the Metro Act enacted in 2021, (ii) NIS 29 billion allocated for the construction of two lines of the Tel Aviv light rail (the green and purple lines), (iii) NIS 27.5 billion allocated for the construction of a light rail line in Jerusalem (J-Net line and the blue line), (iv) NIS 8.1 billion allocated for the inter-city Eastern Railway, (v) NIS 7.5 billion allocated for the Haifa — Nazareth light rail, (vi) NIS 2.6 billion allocated for the expansion of the public transit system in Haifa and, (vii) NIS 300 million allocated for a cable car route in Haifa

The Israel Railways 2040 strategic development plan, aims to encourage use of public transport and in particular to increase the number of passengers using mass transit systems in the main corridors connecting Israel's four major urban centers. The plan also aims to increase speed, fleet size, train frequencies, and to improve railway accessibility by adding more tracks to the existing Ayalon corridor and other congested areas. The steps taken over the next eight years to execute the Israel Railways 2040 strategic development plan are estimated to require NIS 46 billion in investment.

Israel has two international airports. The Israel Airports Authority (IAA) is responsible for maintaining, developing and operating the airports and their security in accordance with the directives of the Minister for Transport. Israel's main airport is Ben Gurion Airport near Lod, which sits approximately 40 kilometers from Jerusalem and 20 kilometers from Tel Aviv. Ben Gurion Airport served approximately 21.9 million passengers in 2023, and approximately 20 million passengers in 2022, with flights to and from most major cities in the world. However, the number of flights arriving in and airlines flying to Israel has decreased again since October 2023 because of the war in Gaza. The number of passengers is expected to be 18 million during 2024.

In January 2019, the Ilan and Assaf Ramon Airport opened in Timna. This new airport serves as the international airport of southern Israel and replaces the Eilat Airport and the supplementary use of the military-operated Ovda Airport for civilian flights. In January 2024, the Israeli Government decided on the location of the two supplementary airports being developed to increase capacity for international flights to and from Israel, being Ramat David (in the northern districts) and Nevatim (in the southern districts).

### **Communications**

The telecommunications market comprises approximately 1.3% (NIS 19.6 billion in 2021) of Israel's gross national income. Israel's communications market is characterized by fundamental technological and regulatory changes, large investments in advanced infrastructure, rapid development and significant levels of competition. The market is comprised of five infrastructure-based domestic cellular operators ("MNOs") that in total

operate three networks via joint ventures<sup>1</sup>, with the most recent operator entering the market in 2018, and five resale-based operators (“MVNOs”). In addition, there are eight international telephone service providers and ten domestic communications operators (fixed broadband and/or telephone), two of which have universal service obligations over the copper networks. The telecommunications market is fully privatized and the Government does not hold a stake in any communications operators.

Israel’s five cellular network operators provide digital technology and modern third, fourth and, since September 2020, fifth generation services, using three shared networks in accordance with the Ministry of Communications network sharing policy. As of March 31, 2023, there were approximately 14.2 million cellular subscriptions, i.e., more than 1.46 cellular subscriptions per capita. Total revenues for the cellular market in 2022 were approximately NIS 9.2 billion. Competition in the mobile sector is strong, with customers enjoying low rates, while levels of usage (including the number of minutes used, mobile broadband use, etc.) are considered high by international standards. Smartphone use is widespread, and Israeli consumers and businesses continue to use mobile applications extensively.

On August 2020, the tender committee published the results of the fifth generation frequency tender. The frequencies were split between five operators who work over three shared networks. The state revenue from the tender was NIS 266 million, of which NIS 200 million had been assigned as a grant incentivizing networks to build a new 5G network. All the winning networks fulfilled the requirements of the grant. As of March 2024, the total number of 5G cellular antennas in Israel is estimated at 2,270.

The Israeli incumbent, Israel Telecommunications Corp. Ltd. (“Bezeq”), dominates the fixed line sector in Israel, controlling 54% of the fixed line infrastructure, whereas Hot Telecommunication Systems Ltd. (“HOT”) controls 19% and other competitors control 27% (Partner Communications and IBC) (2023). In 2019, the total number of internet connections provided by Bezeq decreased for the first time in at least nine years due to the rollout of competitors’ fiber-based networks. Using the fixed line infrastructure, four major internet service providers and approximately ten smaller internet service providers serve approximately 2.8 million users in Israel, which include more than 95% of households and businesses, making broadband internet available throughout the country. Fixed broadband service in Israel is used in 99% of households that have internet service, and speeds of up to 1 gigabit per second are widely available. The average marketed speed for household users using the Bezeq infrastructure is 341 Mbps (2023), an increase of 55% from the average speed last year. Meanwhile, 71% of the households and businesses using HOTs infrastructure have download speeds of at least 200 Mbps (2023) and nearly 100% have download speeds of at least 100 Mbps. In addition, Partner Communications’ and IBC’s fiber networks provide up to 1 Gbps and, as a result, they provide internet access at speeds of 300 Mbps and above, and in most cases the speeds are 600 Mbps and above. As a result, Israel is at the forefront of high-speed internet access usage in the Western world.

The accessibility to fiber-based networks in Israel increased significantly from 9% at the end of 2018 to approximately 86% at the end of 2023, with a “take-up” rate (the rate of subscribers out of the households that have accessibility to fiber-based network) of over 42%. The accessibility to fiber-based networks in Israel is higher than the EU39<sup>2</sup> average of 69.9% (as of September 2023) and is expected to reach approximately 100% in the course of the next three years. This increase is primarily attributable to regulatory changes conducted by the Ministry of Communications, lowering the cost of rollouts of fiber-based networks, and the launch of Bezeq’s fiber network in March 2021, as further described below. A wholesale market in fixed communications, modeled on the practices of EU member states, has increased competition for the provision of fixed high-speed internet access, leading to lower retail rates and better quality of service. At the end of 2023, competitive wholesale operators provided 32% of the internet connection provided over the Bezeq network.

In 2019, Cellcom finalized a joint venture with the Israel Infrastructure Fund to obtain control of IBC, a fiber-based network company established by the Government in 2011, which has the exclusive right to deploy communication networks via the electricity grid. In January 2021, HOT purchased 23.3% of IBC’s stock. As

<sup>1</sup> PHI network is a JV of Partner Communications and Hot Mobile, CMG network is a JV of Cellcom and WeComm

<sup>2</sup> EU39 - 27 EU Member States, United Kingdom, 4 CIS countries, Iceland, Israel, North Macedonia, Norway, Serbia, Switzerland, Turkey

part of the regulatory permits for the purchase agreement, IBC was assigned to deploy “fiber to the home” to 1.7 million households, thus accelerating Israel’s fiber deployment. At the beginning of 2023, IBC’s board approved a rollout of “fiber to the home” to an additional 300,000 households, meaning that the company will provide access to 2 million households as of the next few years.

In November 2019, an inter-disciplinary governmental committee, comprised of representatives of the Ministry of Communications, the Ministry of Finance and the Competition Authority, published a new plan for cross-country fiber coverage. The committee’s recommendations aim to incentivize Bezeq to launch its fiber-based services and to subsidize fiber-based rollouts in rural areas, which are not as profitable for Bezeq compared to urban areas. In December 2020, following the committee’s recommendations, existing legislation was amended to establish a fund for the deployment of fiber network in areas where Bezeq declines to deploy fiber. Following the amendment, Bezeq accelerated its deployment of the fiber network, and launched fiber-based internet services on March 2021. In July 2021, Bezeq informed the Ministry of Communications of the areas in which it intends to deploy fiber, and the regulator in turn imposed a corresponding obligation on Bezeq to complete fiber deployment in the chosen areas. The scope of Bezeq’s deployment obligation is around 85% of the households in Israel. In March 2022, the results of the first tender to subsidize fiber-based rollouts in rural areas were published. Ten different fiber providers were granted a subsidy to deploy fiber to 287,000 households, amounting to a total of NIS 82 million. In January 2023, the second tender was conducted and eight fiber providers (some of them already won in the first tender) were granted a subsidy to deploy fiber to 130,000 more households, amounting to a total of NIS 77 million. As a result, the deployment obligation in Israel for “fiber to the home” networks is 99.5% of households.

Fixed telephone services were opened to competition in 2004, and since then cable companies and other alternative operators have gained about 40% of the fixed telephone market share, and 54% of the Primary Rate Interface (“PRI”) market share, as of September 2020 (market share is measured in terms of speculative normative income). Fixed telephone use is declining as internet-based and mobile services increase. The two incumbent fixed telephone operators, Bezeq and HOT, have universal access obligations in Israel for fixed telephone services.

On November 1, 2017, Israel’s main commercial television channel, Channel 2, was bifurcated into KESHET (Channel 12) and RESHET (Channel 13), with the latter having subsequently merged with another commercial license holder, Channel 10. Alongside one nationwide cable television operator and a single direct broadcast satellite operator, there are two television providers, which hold a market share of 25% of households. In addition, Netflix and other streaming platforms have notably penetrated the Israeli market, offering its customers an alternative to traditional television. These days, competition in the over-the-top (OTT) sector is increasing with new entrants into the Israeli OTT market.

#### **Agriculture**

In 2023, agricultural exports totaled NIS 4.9 billion. The agricultural value of production in 2022 was NIS 34.9 billion, of which livestock accounted for 44.7% and crops accounted for 55.3%. In 2023, the agricultural sector employed 1% of Israel’s work force. Investments in agriculture amounted to 0.9% of fixed gross capital formation in 2022.

The Government has implemented structural reforms to increase agricultural competition and productivity. In 2017, a tariff reduction plan commenced and has now been fully implemented, decreasing meat tariffs to 0%. In 2018, the shelf life of chilled meat was extended to 85 days. Moreover, as part of the agreements in the cow meat industry, a direct payment mechanism was implemented and at the same time, a fishery sector agreement was signed, allocating NIS 25 million per year as direct payments, and an additional NIS 25 million to R&D and marketing promotion of fresh fish for the years 2023 – 2025.

On June 15, 2022, a government agreement was ratified, expressing the aim of phasing out planning in the table egg sector over time. According to the agreement, the target price system within the egg sector is stated to conclude within 10 years. Furthermore, in 2023, once Israel completes the necessary legal processes, a significant duty-free quota for table eggs will be accessible to all WTO Members.

On June 28, 2022, another government agreement was signed regarding the dairy sector. As a result of this agreement, the customs duty on several dairy products was removed and the customs-free quota for other

dairy products increased. In addition, the price control mechanism for fresh milk and other price-controlled products changed so that price updates would become automatic.

On October 17, 2023, a government agreement was signed regarding the olive oil industry. As part of the agreement, the duty rate was reduced on a series of olive oil products and the production quotas in the industry were abolished. In addition, NIS 30 million will be budgeted each year in the Ministry of Agriculture's budget to directly support olive oil growers.

As a result of the Hamas attacks in October 2023 and the ensuing war in Gaza, the agricultural sector, like other parts of the Israeli economy, faces significant challenges, such as the mass departure of foreign workers, difficulty accessing breeding grounds due to combat zones, decreased local demand of agriculture products, mobilization of employees and business owners for reserve duty, and the destruction of infrastructure and mechanization.

To address these challenges and rehabilitate damaged areas, the State of Israel has earmarked a budget of over NIS one billion in support of the agricultural sector. The allocated funds are intended for the following purposes:

- Grants to encourage employment in the agriculture industry;
- Expansion of work visa quotas for foreign workers;
- Financial assistance for capital investments in agriculture;
- Funding for projects to reclaim land from combat zones;
- Investment in water infrastructure; and
- Promotion and development of agricultural technology ventures.

## Water

The scarcity of natural fresh water resources is a problem not only in Israel but across the Middle East. Since 2000, the Government has significantly increased investments in the water and electricity sectors. Israel has signed treaties with Jordan and the Palestinian Authority regarding water supply and does not exceed its agreed-upon quantities of allocated water. The primary natural sources of fresh water in Israel consist of the Sea of Galilee, the Eastern mountain region aquifer (partially situated in the West Bank) and the coastline region aquifer. To increase the availability and diversity of its fresh water sources, Israel developed large scale seawater desalination plants along the Mediterranean. Desalinated water produced in such plants is distributed through the national water system to most parts of Israel, including to arid areas in the south.

Approximately 77% of Israel's fresh water is distributed through Mekorot Water Co. Ltd., a Government company (see *"Role of the State in the Economy,"* below). The remaining 23% of Israel's fresh water is produced and supplied mainly by private water associations established by agricultural users and municipal entities that are regulated by the governmental water authority. In 2023, Mekorot designated approximately NIS 1.5 billion to capital investments relating to water distribution.

Approximately 50% of Israel's total water consumption and 30% of Israel's fresh water consumption is used by the agricultural sector. Israel is regularly investing resources to develop additional water sources, mainly from treated wastewater, desalinated brackish water and seawater, as most of its existing fresh water resources are already being utilized. Desalination plants are being built by both local and foreign private sector companies through build-operate-transfer projects. All of the plants are operational and can provide approximately 650 million cubic meters of desalinated seawater per year at an estimated annual cost of NIS 1.6 billion. In accordance with the law, the costs of purchasing desalinated seawater will be covered by water tariffs. In 2023, the Government purchased approximately 585 million cubic meters of desalinated seawater from desalination plants in Hadera, Ashdod and Sorek and the expanded existing plants in Ashkelon and Palmachim.

Further development of agriculture involves intensifying the yield from irrigated land and reuse of treated wastewater. In recent years, Israel maintained a water-recycling rate of approximately 82% (roughly 500 million cubic meters). To address the scarcity of water, Israeli companies have developed a number of sophisticated

irrigation systems, including micro-drip systems that maximize irrigation efficiency. Israel has also increased its investments in technologies for the purification and improvement of contaminated groundwater. Since 2000, the Government budgets have included provisions for grants to wastewater plants. The Government has also taken steps to facilitate the establishment of municipal water and sewage corporations — the goal being to promote the efficient management of municipal water and sewage systems and to direct the revenues from these services to investments in water and sewage infrastructure. As of the end of 2023, 56 regional companies were in operation, servicing approximately 8.0 million people.

### Electricity

The Israeli Electricity market includes roughly 22.2 GW of installed capacity, of which 4.8 GW are coal-based, 11.5 GW are natural gas-based and 4.8 GW are from renewable sources, as of the end of 2022.

In 2018, the Government passed decision no. 3859 regarding the reform of the electricity market. The decision stipulated that the Israeli Electricity Company (the “IEC”) should sell five major units: Alon Tavor, Ramat Hovav and Hagit East sites, which have since been sold to independent private power producers, and Riding and Eshkol, which are yet to be sold. Eshkol is expected to be sold to the private sector by June 2024.

Currently, most of the electric power in Israel is supplied by the IEC, a Government company that generates approximately 51% of the electricity used in Israel (see “*Role of the State in the Economy—Israel Electric Corporation Ltd.*,” below) and the remaining 49% is generated by private producers. The Israeli Electricity Authority (the “IEA”) supervises all the electric utility service companies and regulates tariffs associated with supplying electricity to consumers.

Under the Electricity Sector Law, a licensed independent system operator, a transmission operator or a distributor of electricity is required to purchase electricity from private generators and to enable other licensed generators to use the same transmission and distribution lines to supply electricity to their customers.

After the Electricity Sector Law was enacted, the Government passed several resolutions aimed at strengthening independent power production by enabling entrepreneurs in the free market to invest in the construction and operation of generation units. Accordingly, independent private producers of electricity may generate electricity and sell it directly to end-users, using IEC’s transmission and distribution network. In recent years, the Government has expanded its policy of encouraging competition through independent private producers. In 2017, the Government approved five independent private producers to begin planning new private power plants at fifteen potential sites.

The Government’s goal is to establish a competitive market in the generation and supply segments of the electricity sector. The year 2021 was a turning point in the implementation of the reform of the electricity sector, with the establishment of an Independent System Operator company (the “ISO”), which is in charge of system planning, trading and management.

To develop and increase competition in the sector and improve IEC’s efficiency, the Government, the IEC and the labor unions have an agreement to implement industry reforms over eight years, including reductions in IEC employee headcount, separation of the system operator from the distribution network planner and allowing for increased competition in residential electricity supply segment. In 2021, the IEA opened the supply segment for competition and in September 2022, it published a regulation that will enable bilateral trade in electricity. The bilateral market opened in January 2024. This is a further step towards liberalizing the electricity market. As a result, it is estimated that after completing the sale of Eshkol power plant, 60% of the electricity produced in Israel will be from independent power producers.

In October 2020, the Government set new targets for renewable energy sources of 20% by 2025 and 30% by 2030. To reach this goal, approximately 12,000 additional MW of renewables (mostly photovoltaic) and 3,000 MWh of electric storage are required. There are two active tenders for solar power plants using photovoltaic technology with a combined power capacity of 365 MW, which are expected to operate by 2027. There is currently an ongoing tender for electric storage. Its capacity is expected to be incorporated into the system until July 2027.

## Energy

Demand for energy in Israel is growing significantly as a result of Israel's high population growth, its increasing GDP and high standards of living. In addition, Israel is a small country with significant land scarcity and its production of renewable energy is limited and based almost entirely on solar energy. Israel's energy objectives, by 2050, are to ensure reliable and clean energy and to address Israel's constraints, including the lack of space, the limited connection to regional transmission, and the significant reliance on solar energy as the main renewable energy source out of the technologies that are known today.

Since 2018, Israel has been implementing a structural reform in its electricity sector. From a vertically integrated market under the Israeli Electric Company ("IEC"), the reform calls for the IEC to sell a significant portion of its generation assets to independent private producers ("IPPs") and to separate the grid management to an independent system operator ("ISO"). Today, the ISO is operational, 49% of the electricity in 2022 was generated by IPPs and the process of selling IEC power plants is in progress. In June 2024, the fourth power plant out of the five will be sold.

Despite its constraints, Israel has achieved its initial greenhouse gas ("GHG") emissions reduction targets set out in the Paris Agreement, and revised its targets before the 2021 UN Climate Change Conference in Glasgow. Israel's updated commitments include reducing its GHG emissions by 27% by 2030, and 85% by 2050 (both benchmarked against 2015 emission figures). In order to achieve a significant reduction in GHG emissions, Israel has set flexible goals that will enable the usage of the advanced technologies available. In addition, Israel is encouraging the energy sector to shift to electrification and the use of natural gas, and the transportation sector to shift to electric vehicles and cleaner fuels. Israel expects that these steps will lead to the reduction of GHG emissions in Israel. Israel has already reduced its pollutants by 85% and is exceeding its goals set in the Paris Agreement.

Israel is in the forefront of phasing out the use of coal. In 2022, Israel produced 22% of its electricity by coal, compared to 61% in 2012 and is planning to phase out coal completely in several years. Israel has increased its renewable energy use from 2% at the end of 2015 to above 10% at the end of 2022, and intends to meet the goal of 30% renewable energy by 2030. In an effort to increase its renewable energy production, Israel is seeking to promote projects of dual use of land with PV, including 130 pilot projects of PV above agricultural fields (Agro-Voltaic). In addition, the Government is working to enable vast establishment of commercial dual use PV plants, electrical storage, and the implementation of new technologies by enhancing regulation for planning, land management and electrical authority. The Government finalized these steps in February 2023. While some regulation, including the exemption from licensing for small PV production facilities, has already been settled, others are expected to be decided in the coming months. Furthermore, following the events of October 7, 2023, Israel has chosen to invest in renewable energy, particularly in photovoltaic and storage technologies, in the settlements near the Gaza Strip. This initiative aims to enhance energy security in the region.

Israel is investing in advanced energy technologies, and Israeli research centers, universities and startup companies are developing new and innovative technologies to contribute to the global efforts of climate change mitigation. In this context, Israel operates an investment plan to integrate hydrogen in the Israeli energy market allowing energy companies to implement hydrogen based technology.

Israel also continues to develop its natural gas resources to facilitate the transition from coal and oil to cleaner energy. Israel's off-shore natural gas fields provide more than 60% of Israel's energy. In 2017, Israel began to export natural gas to Jordan and, in 2020, it expanded its export of natural gas to Egypt. Israel has three active reservoirs: Tamar, Leviathan, and Karish which have been producing gas since 2013, 2019 and 2022, respectively. Israel has already launched three successful tender rounds and granted exploration licenses to a number of companies. In late 2023, the Ministry of Energy announced the winners of the fourth tender round, which includes leading, global energy companies that are not yet operating in Israel. Also the government is working to publish a fifth procedure with the aim of bringing additional exploration in Israel's waters.

In the transportation sector, Israel is taking a number of steps to drastically reduce dependence on pollutant fuels and encourage the transition to zero emission vehicles, such as electric vehicles and those fueled by hydrogen. Israel is establishing a nationwide network of electric charging points and has already installed



more than 5,800 new charging points. Furthermore, Israel is advancing regulations to facilitate installation of charging points in residential and public buildings to promote the use of electric, CNG or hydrogen powered buses, and to reduce taxes on imported zero emission vehicles.

### Tourism

Tourism plays an important role in the Israeli economy. Israel's notable tourist centers include Jerusalem, Tel Aviv, Eilat, the Dead Sea, the Mediterranean coast and various religious sites scattered throughout the country. Income derived from foreign tourism, excluding expenditures of foreign workers in Israel, has steadily increased in recent years, with the exception of those years in which tourism was negatively impacted by COVID-19 and the Israel-Gaza war. Foreign tourism revenues reached \$6.5 billion (1.6% of GDP) in 2019, \$1.5 billion (0.4% of GDP) in 2020, \$1.1 billion (0.2% of GDP) in 2021, \$4.4 billion (0.8% of GDP) in 2022 and \$5.0 billion (1% of GDP) in 2023. The significant decrease in revenue in 2020 and 2021 is primarily attributable to the COVID-19 pandemic and the closure of Israel's borders to non-nationals or non-residents as a countermeasure. Despite foreign tourism decreasing to COVID-19 levels in the last quarter of 2023 as a result of the outbreak of the Israel-Gaza war, the total foreign tourism revenues and number of tourists in 2023 surpassed the previous year.

Tourist arrivals have been on an upward trend, with the exception of recent periods affected by security concerns and the COVID-19 pandemic.

In 2019, the number of tourists increased by 10.5% to 4.55 million. In 2020, the number of tourists fell sharply by 81.7% compared to the previous year due to travel restrictions imposed to curtail the spread of the COVID-19 pandemic in Israel. Only 0.83 million individuals visited Israel in 2020. In 2021, due to continuing restrictions on foreign visitors, only 0.4 million individuals visited Israel, a 52.3% decrease from 2020. In 2022 as COVID-19 restrictions were lifted, the number of tourists increased by 575% compared to the previous year, totaling 2.7 million tourists. In 2023, the number of tourists increased by 12.5% to 3.1 million tourists. <sup>(1)</sup>

The total revenue generated in domestic hotels from foreign visitors amounted to \$1.5 billion, \$0.26 billion, \$0.14 billion, \$1.16 billion and \$1.21 billion in 2019, 2020, 2021, 2022 and 2023, respectively. Revenue decreased by 83.3% and 45.4% in 2020 and 2021, respectively, as a result of the COVID-19 pandemic and then recovered resulting in an increase of 727.3% in 2022 as COVID-19 restrictions were lifted. Revenue increased by 4.4% in 2023 over 2022.

Table No. 9

#### Arrivals of Tourists by Country of Citizenship and Exports of Tourism Services<sup>(2)</sup> (Arrivals in Thousands)

	2019	2020	2021	2022	2023
<b>Asia</b>	541.5	88.7	24.8	187.9	279.9
<b>Africa</b>	87.3	14.2	6.7	53.3	63.9
<b>Europe</b>	2,839.3	508.5	187.3	1,452.9	1,641.9
<b>America</b>					
United States	1,007.6	205.8	150.6	858.5	920.1
Other	355.9	59.4	22.1	258.1	278.6
<b>Oceania</b>	63.0	7.5	2.0	33.1	46.4
<b>Unclassified countries</b>	10.0	3.1	8.9	7.6	8.3
<b>Total Arrivals</b>	<b>4,904.6</b>	<b>887.1</b>	<b>402.3</b>	<b>2,851.3</b>	<b>3,239.1</b>
<b>Total Exports of tourism services (in USD Millions)</b>	<b>6,450.0</b>	<b>1,471.0</b>	<b>1,119.0</b>	<b>4,377.0</b>	<b>4,940</b>

(1) The tourist arrival figures in this paragraph exclude day visitors.

(2) Tourists and day visitors, excluding cruise passengers.

Source: Central Bureau of Statistics.

## Research and Development

The Government encourages investment in industrial R&D through advancing support and incentive programs created under the Law for the Encouragement of Industrial Research and Development. The Government's main objectives in supporting industrial R&D are to foster the development of technology-related industries, create employment opportunities for Israel's scientific and technological labor force, and improve Israel's balance of payments by increasing exports of high-tech products. Israel's Innovation Authority invested more than NIS 1.64 billion in high-tech R&D incentive programs in 2023 (growth, startup and innovation infrastructure companies), mostly focused on promoting cutting-edge technologies, which include a range of companies in terms of size and sector. Israel's Innovation Authority plans to invest more than NIS 1.0 billion in 2024. In addition, the Government supports the promotion of R&D infrastructure for technological advancements in fields such as quantum mechanics, AI and HealthTech. In 2021 (the most recent year for which civilian R&D data is currently available), the national expenditure on R&D reached approximately 5.6% of GDP, which is the highest level of R&D expenditure as a percentage of GDP in the OECD. Israel participates in more than 50 international and bi-national industrial R&D joint ventures, including with the United States (e.g., BIRD, BARD, USISTC, Florida, New York, California), the EU (e.g., EUREKA, Eurostars, Galileo, Enterprise Europe Network), Canada, India, Australia, Germany, China, France, Belgium, Italy, Ireland, Turkey, United Kingdom, Greece, Singapore, Portugal, South Korea, Sweden, Finland, Netherlands, Denmark, Czech Republic, Hungary, Brazil, Argentina, Japan, Lithuania, Austria and Uruguay.

## Prices

Between 2012 and 2022, the average annual rate of inflation was 0.9%, below the Bank of Israel's target range of 1% to 3%. In 2021, the annual inflation rate increased to 1.5%, within the target for the first time since 2013. The increase was primarily a result of the easing of Government measures to contain the COVID-19 pandemic and the ensuing recovery in domestic consumer demand. In 2022, the average annual rate of inflation increased to 4.4%, which was lower than the OECD average. In 2023, the average annual rate of inflation decreased to 4.2%, largely attributed to the proactive measures implemented by the Bank of Israel.

Since 1993, the Bank of Israel has adjusted its key interest rate on a monthly basis. Since late 2011, due to subsiding inflationary and appreciation pressures on the NIS, coupled with a slowdown in the global economy and moderate growth in the Israeli economy, the Bank of Israel gradually lowered the nominal interest rate, dipping to 0.1% in March 2015. The rate remained the same until December 2018 when the Bank of Israel increased it to 0.25%. In April 2020, due to COVID-19, the Bank of Israel lowered the rate to 0.1%. This rate was maintained until April 2022, when the Bank of Israel started raising the interest rate due to global inflationary pressures. By the end of 2022, the nominal interest rate of the Bank of Israel was 3.25%. The Bank of Israel has continued raising interest rates in 2023, with the rates reaching 4.75% in May 2023. In January 2024, the Bank of Israel decreased the interest rates, to 4.5%, in response to the decline in the inflation rate.

The real interest rate, derived from the Bank of Israel's key interest rate and inflation expectations (measured as the difference between the yields of indexed and non-indexed government bonds), was negative in 2018 and 2019, averaging -0.9% and -0.8%, respectively, mainly as a result of the Bank of Israel's low interest rates. Although the Bank of Israel lowered the key interest rate in April 2020, the decrease in inflation resulted in a positive real interest rate of 0.1% in 2020, breaking the five preceding years trend of negative interest rates. In 2021, the interest rate of the Bank of Israel remained unchanged while inflation increased, resulting in a negative real interest rate of -1.8%. In 2022, although the Bank of Israel started to gradually raise nominal interest rates, the average real interest rate remained negative at -1.7% due to rising inflation. In 2023, for the first time since 2008, the average real interest rate became positive by more than 1%, reaching 1.8%.

Table No. 10

**Selected Price Indices**  
(Percentage Change, Annual Average)

Period	CPI	CPI Excluding Housing, Fruits and Vegetables	Wholesale Price of Manufacturing Output
2019	0.8%	0.3%	-1.2%
2020	-0.6%	-1.3%	-4.9%
2021	1.5%	1.6%	6.8%
2022	4.4%	4.4%	13.1%
2023	4.2%	3.5%	0.9%

Source: Central Bureau of Statistics.

### Employment, Labor and Wages

Israel has a high employment rate and strong demand for workers. Wages have therefore increased significantly over the past decade. The increase in real wages combined with high labor participation rates (which is the labor force as a percentage of the population over the age of 15) have led to an increase in average household income. The increase in real wages reflects both the rise in nominal wages and the low inflation rates, while the increase in participation rate is attributable to overall economic growth and the successful implementation of the Government's policies to cut transfer payments and lower income tax.

Since 2015, real wages grew by approximately 2.4% per year. This increase is primarily attributable to the general high demand for workers and, in particular, the demand for high-skilled workers in the technology sector. This demand is driven by strong GDP growth, technological improvements and strong macroeconomic and fiscal conditions. Due to recent wage agreements in the public sector, real wages experienced a 1.9% increase in 2023, with a 2.2% increase in the private sector and a 2.0% increase in the public sector. In 2023, the labor force participation rate stood at 63.5%, similar to pre-pandemic levels, while the official unemployment rate decreased to 3.4%, as a result of the recovered demand for labor. In the last quarter of 2023, the number of those absent from work due to economic reasons rose significantly due to the effects of the war. This rise added an additional 1.5% to the yearly unemployment rate. In addition, the effect of those missing from work due to military duty during the war added an additional 0.8% to the yearly unemployment rate. Furthermore, during the months of the war, primarily in October 2023, those absent from work due to other reasons connected to the war added another 0.7% to the yearly unemployment rate.

Table No. 11

**Principal Labor Force Indicators<sup>(1)</sup>**  
(Annual Average — Figures In Thousands Unless Noted Otherwise)

	2019	2020	2021	2022	2023
Permanent average population	9,054.0	9,215.1	9,371.4	9,557.5	9,756.5
Population aged 15+	6,493.7	6,619.6	6,738.1	6,877.8	7,048.6
Civilian labor force <sup>(2)</sup>	4,123.7	4,090.4	4,163.3	4,350.4	4,477.3
Labor force participation rate <sup>(3)</sup>	63.5%	61.8%	61.8%	63.3%	63.5%
Unemployment rate	3.8%	4.3%	5.0%	3.8%	3.4%

(1) All figures are comparable with the Central Bureau of Statistics' new methodology for the monthly labor force survey.

(2) The sum of the number of workers and the number of job seekers.

(3) Civilian labor force as a percentage of the population over the age of 15.

Source: Central Bureau of Statistics.

Table No. 12

Unemployment Data by Demographic Group<sup>(1)</sup>

	2019	2020	2021	2022	2023
Men	3.7%	4.5%	5.0%	3.9%	3.6%
Women	3.9%	4.1%	4.9%	3.6%	3.2%
Population aged 25 – 64	3.4%	3.8%	4.6%	3.3%	3.0%

(1) All figures are comparable with the Central Bureau of Statistics' new methodology for monthly labor force survey.

Source: Central Bureau of Statistics.

Israel's total population by the end of 2023 was approximately 9.8 million, an increase of 2.1% from 2022. The population has grown at a steady annual rate of approximately 1.6%-2.2% in the years 2010-2023. The civilian labor force increased by 2.9% in 2023.

One of Israel's most important resources is its highly educated work force. Based on OECD reports, in 2022, 51% of adults between the ages of 25 and 64 had attained tertiary education, compared to the OECD average of 40%. Utilizing its highly-educated population, Israel has developed a technology-based and export-oriented economy. The employment qualifications of many recent immigrants have been in line with the high quality of the Israeli work force.

Table No. 13

Structure of Employment in Israel  
(Employed Persons by Industry, as Percent of Total Employees)

	2019	2020	2021	2022	2023
<b>Employment by Sector</b>					
Public Sector Employment	36.2%	37.4%	37.6%	36.7%	36.9%
Private Sector Employment	63.8%	62.6%	62.4%	63.3%	63.1%
<b>Employment by Industry</b>					
Agriculture	1.0%	0.9%	0.8%	0.8%	0.8%
Manufacturing	10.2%	9.7%	10.0%	9.6%	9.4%
Water and electricity <sup>(1)</sup>	0.7%	0.8%	0.8%	0.8%	0.8%
Construction	5.2%	5.1%	4.9%	5.1%	5.1%
Trade	10.7%	10.6%	10.3%	10.2%	10.2%
Transport	4.3%	4.2%	3.9%	4.2%	4.5%
Catering	4.4%	3.6%	3.4%	4.0%	4.0%
Banking and financial services	3.2%	3.2%	3.3%	3.2%	3.2%
Business services <sup>(2)</sup>	18.2%	18.6%	18.8%	19.4%	19.2%
Public administration	10.0%	10.4%	10.7%	10.0%	9.8%
Education	12.4%	12.5%	12.6%	12.2%	12.6%
Health, welfare and social work	11.1%	11.7%	11.5%	11.6%	11.6%
Personal and other services <sup>(3)</sup>	4.8%	4.7%	4.4%	4.4%	4.5%
Services for households by domestic personnel	1.5%	1.6%	1.9%	1.7%	1.6%
Other	2.4%	2.2%	2.4%	2.6%	2.7%
<b>Total Workers<sup>(4)</sup> (in Thousands)</b>	<b>3,967</b>	<b>3,913</b>	<b>3,957</b>	<b>4,187</b>	<b>4,324</b>

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- (1) “Water and electricity” includes “Electricity, gas, steam and air conditioning supply” and “Water supply; sewage, waste management and remediation activities.”
  - (2) “Business services” includes “Information and communication,” “Real estate activities,” “Professional, scientific and technical activities” and “Administrative and support service activities.”
  - (3) “Personal and other services” includes “Arts, entertainment and recreation” and “Other service activities.”
  - (4) Israeli workers only.

*Source:* Central Bureau of Statistics, Bank of Israel

### **Role of the State in the Economy**

Historically, the Government has been involved in nearly all sectors of the Israeli economy, and particularly in defense-related and monopolistic businesses and industries. Prior to the privatization process which started in the 1980s, the Government and the organization of trade unions (the “Histadrut”) owned large interests in several key industries. However, in recent decades, the Government has made progress towards the privatization of State-owned enterprises and introduced structural competitive changes throughout various sectors in the economy. As part of the privatization process, the Government implemented reforms intended to enhance competition in certain sectors which the Government had previously dominated, such as communications, oil refineries and ports, and introduce competition in other sectors and industries, including the electricity sector and capital markets.

The Government Companies Authority (“GCA”), established under the Government Companies Law of 1975, is a professional unit of the Ministry of Regional Cooperation charged with exercising the ownership function in State-owned enterprises, including overseeing privatizations and managing structural changes. As of December 2023, there were 109 State-owned enterprises, including business-oriented enterprises, funds established as investment vehicles, academic and educational institutions, real estate companies and social services providers.

State-owned enterprises are divided by law into two main categories: “Government-owned Companies” and “Mixed Companies.” In addition to State-owned enterprises, there are statutory corporations which are established pursuant to specific laws regulating their operations and governance structures.

Government-owned Companies are companies in which the Government owns more than 50% of the voting rights or has the right to appoint more than half of the members of the board of directors. Government-owned Companies are subject to the Israeli Government-owned Companies Law and the regulations promulgated thereunder (collectively, the “GCL”). Government-owned Companies play a significant role in the Israeli economy. In 2023, they employed approximately 57,000 employees (or 1.3% of the Israeli work force), accounted for NIS 21 billion of exports and owned assets amounting to NIS 265 billion (according to preliminary data). These companies include several public utilities, monopolies and defense companies.

Mixed Companies are companies in which the State owns 50% or less of the voting rights or has the right to appoint less than half of the members of the board of directors. Under the GCL, while Mixed Companies are not subject to the same degree of regulation as Government-owned companies, they are subject to certain provisions of the GCL, including qualifications and approvals required for the appointment of certain directors by the Government. Mixed Companies play a relatively minor role in the economy.

The Government has initiated a number of regulatory arrangements to increase competition in certain sectors. These arrangements focus on the introduction of privately-owned companies as competitors to State-owned enterprises in sectors in which the Government seeks to enhance competition. The pace of privatization is dependent upon further regulatory and structural reforms and the formulation of policies that will define the post-privatization environment in which these companies will operate. The development and implementation of some of these policies and reforms may take a considerable amount of time.

*Privatization.* Privatization is an essential element of the broader market reforms initiated by the Government over the past several decades that aim to promote the growth of the private sector, mainly by enhancing competition. Privatization efforts have included the full or partial sale of State-owned enterprises

and banks and the transfer of activities to private entities, which were previously performed by Government-owned companies or statutory corporations.

In total, between 2005 and 2023, 99 Government-owned companies became either Mixed Companies or fully privatized. The proceeds stemming from privatizations between 2005 and 2023 totaled approximately \$5.3 billion.

The implementation of privatization reforms includes a reduction of the State's holdings in Government-owned companies, as well as an increase in the number of Government-owned companies through the consolidation and transformation of various Government units and statutory authorities. In addition, the Government has implemented structural changes to the external controls system, aiming to implement high standards of accounting controls, improve civil services and increase competition in the infrastructure industry. For example, the Government enacted new legislation based on provisions of the U.S. Sarbanes-Oxley Act of 2002, which provides for, among other things, the accuracy and transparency of financial statements and the internal controls systems of Government-owned companies. Under this legislation (and similar to Section 404 of the Sarbanes-Oxley Act), Government-owned companies holding or managing assets in excess of NIS 400 million are required to submit statements regarding the scope, adequacy and effectiveness of their internal control procedures for financial reporting, attested to by their accountants.

**Table No. 14**

**Selected State-Owned Companies**  
(As of December 31, 2023)<sup>(1)</sup> (In Millions of Dollars, Except Percentages)

Company Name	Direct/Indirect		Long-Term Liabilities	Total Sales
	Government Ownership	Total Assets		
Israel Electric Corp. Ltd.	99.85%	28,485	15,077	6,690
Israel Aerospace Industries Ltd.	100.00%	7,727	294	5,327
Rafael-Advanced Defense Systems Ltd.	100.00%	7,043	505	3,806
Israel Ports Development and Assets Company Ltd. <sup>(2)</sup>	100.00%	4,194	1,348	360
Ashdod Port Company Ltd. <sup>(2)</sup>	100.00%	999	94	272
Israel Railways Ltd.	100.00%	10,982	10,171	978
Mekorot Water Company Ltd.	99.99%	5,813	3,350	1,422
Israel Postal Company Ltd.	100.00%	2,267	301	440
Israel Natural Gas Lines Company Ltd.	100.00%	2,021	1,248	309
Netivei Israel-National Transport Infrastructure Company Ltd.	100.00%	507	68	1,603
Petroleum & Energy Infrastructures Ltd.	99.99%	704	156	111

(1) Based on consolidated NIS-denominated financial statements prepared in accordance with either (i) Israeli generally accepted accounting principles or (ii) International Financial Reporting Standards. Amounts in dollars were converted from NIS at the applicable exchange rates for December 31, 2023, set forth in Table No. 1.

(2) Spun-off from the Ports Authority in 2004.

Source: GCA.

Below are summary descriptions of some of the State-owned companies set forth in the above table, including the specific steps planned or taken by the Government to prepare such companies for privatization or reform their structures and operations.

**Israel Electric Corporation Ltd.**

IEC generates, transmits, distributes and supplies most of the electricity in Israel. Since 1996, IEC has been regulated under the Electricity Sector Law and the regulations promulgated thereunder. The Electricity

Sector Law provides for, among other things, tariff supervision (including efficiency incentives), regulation of IEC's return on equity and the prices it can charge consumers, and licensing requirements. The IEC currently holds licenses to generate electricity at its 50 generation units.

Previously, under the Electricity Sector Law, the owner of a license for transmission or distribution is required to purchase electricity from other generators and to allow other licensed generators to use the same transmission and distribution channels to supply electricity to their own customers. However, the Government passed several resolutions aimed at strengthening independent electricity production by, among other things, enabling entrepreneurs in the free market to invest in the construction and operation of generation units. Pursuant to these Government resolutions, independent private producers of electricity may generate electricity and sell it directly to end-users using IEC's transmission and distribution network. In recent years, the Government has reaffirmed and expanded its policy of encouraging competition by means of independent private producers. The Government's goal is to achieve a competitive market in the generation segment of the electricity sector.

In May 2018, relevant government representatives and the IEC board of directors approved structural changes to the IEC (over a period of eight years) and an amendment to the Electricity Sector Law was enacted. Accordingly, the IEC would reduce its share of production and supply segments, maintain its role as a vital services supplier in the transmission and distribution segments, delegate its system management operations to a different government company and execute a re-organization plan with the aim of improving its financial condition.

#### **Defense Oriented Companies**

In 2018, the GCA completed the full privatization of Israel Military Industries Ltd. by establishing a new Government company to which the business-oriented activity of Israel Military Industries was transferred. The Government then sold its entire holding in Israel Military Industries, in a private sale, for NIS 1.8 billion. In accordance with the framework of this privatization, the Government received NIS 1.4 billion at the closing of the transaction in 2018, NIS 194.7 million in 2021 and the remaining balance was paid in 2022.

Currently, the Government holds 100% of Israel Aerospace Industries Ltd. and Rafael-Advanced Defense Systems Ltd, which are defense-oriented Government-owned companies. In November 2020, the Ministerial Privatization Committee decided to privatize up to 49% of the Government's holdings in Israel Aerospace Industries Ltd., via public offering on the Tel Aviv Stock Exchange. The GCA continues to promote the privatization process of Israel Aerospace Industries Ltd. Rafael-Advanced Defense Systems Ltd. owns or partially owns more than 35 subsidiaries in Israel and across the world with an investment value of over NIS 1 billion.

#### **Ports Companies**

The Ports Authority was one of Israel's strongest and most significant monopolies. It historically owned all port property and assets, and was responsible for all vessel and cargo handling operations in Israel's ports. However, in 2004, the Knesset passed a law abolishing the Ports Authority and divided its activities among three newly-formed Government-owned companies, each responsible for operating the ports of Haifa, Ashdod and Eilat, respectively. An additional Government-owned company was created to hold and manage the ports' assets and to lease them to these three port operating companies and other companies in the ports industry. An Administration of Shipping and Ports was also established under the jurisdiction of the Ministry of Transport and Road Safety. It was planned that portions of the three port operating companies would be sold to private investors. In 2007, Israel Shipyards Company received the approval to supply seaport services and became the first private seaport in Israel.

Over the years, attempts to gradually privatize companies by selling percentages of the Government's holdings did not succeed. In January 2020, the Ministerial Committee for Privatization decided to privatize 100% of the Government's holdings in the Haifa Port Company. Throughout 2022, the GCA continued to promote the privatization process of the Haifa Port Company. The GCA conducted a roadshow campaign among local and international potential investors, which resulted in 18 applications to participate in the tender process. In January 2023, the GCA concluded the privatization process of the port of Haifa, after closing the private sale of the port to the Adani-Gadot Group. Of the \$1.1 billion winning bid made by the Adani-Gadot

Group, roughly \$300 million will remain within the company for the purpose of infrastructure upgrading, while the remaining amount of approximately \$800 million was transferred to the State of Israel.

#### **Israel Postal Company Ltd.**

Israel Postal Company Ltd. and its subsidiary, the Postal Bank Ltd., were established in 2006 to replace the Postal Authority. These Government-owned companies were established as part of a comprehensive reform in the postal sector, which included, among other things, opening up the postal sector to competition, licensing the operations of postal companies and establishing fees for postal services.

In April 2022, following a decline in the company's financial performance and after extensive intra-governmental deliberations, the Ministerial Committee for Privatization decided to fully privatize the Israel Postal Company Ltd. In September 2022, the government signed a recovery deal with the company in order to stabilize the company and prepare it for a full privatization. In July 2023, after completion of the preparations for the privatization, the GCA published a procedure for selling 100% of the shares of the Israel Postal Company Ltd. and launched the privatization process. Eleven prospective investors were approved to participate in the due diligence process and the roadshow. Two investors filed offers in the tender which took place on May 19, 2024, and the winning offer was approved for NIS 461 million (linked to CPI change from the date of the tender and until the closing of the transaction). The closing of the transaction, which is subject to several approvals by governmental authorities and officials, is expected to occur by the end of June 2024.

#### **The Environment**

Since the establishment of the Ministry of Environmental Protection (the "MoEP") in 1989, Israel has enacted many laws and regulations to protect the environment. At the national level, the MoEP is responsible for the formulation of a nationwide integrated and inclusive policy for the protection of the environment. The MoEP also operates at the regional and local levels. The MoEP's current areas of focus are reduction of air pollution and other local nuisances, smart regulation and enforcement, advancing waste treatment, and creating long-term programs for climate change and biodiversity.

The State's environmental legislation encompasses laws targeting the protection of natural resources, abatement and prevention of environmental nuisances, and the safe treatment of certain contaminants and pollutants. Other comprehensive legislation such as the Planning and Building Law and the Licensing of Businesses Law provides a framework for controlling the use of resources and promoting sustainable development.

In April 2024, the Knesset approved the environmental licensing bill advanced by the MoEP and the Ministry of Finance. The new law consolidates the three main environmental permits, currently issuable by the MoEP, into one integrated permit that would be granted for a period ranging between seven to ten years, thus reducing the bureaucratic requirements placed on businesses and aligning Israel with the environmental standards of the European Union. The reform is expected to lead to increased investments in reducing pollution and carbon emissions.

Israel has ratified many of the key international conventions on environmental protection and aligns national legislation with such conventions, including on climate change, trans-boundary movements of hazardous waste and chemicals, ozone layer protection, biodiversity, wetlands protection, international trade in endangered species and protection of the Mediterranean Sea from pollution.

#### *Climate change*

Israel ratified the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the "UNFCCC") in 2004 and ratified the Paris Agreement in November 2016. Following governmental approval, Israel submitted its updated Nationally Determined Contribution ("NDC") to the Secretariat of the UNFCCC in July 2021, in which Israel committed to an economy-wide unconditional target of reducing its greenhouse gas emissions by 27% (compared to 2015) by 2030 and by 85% by 2050. In late 2021, Prime Minister Bennett declared that Israel would become climate-neutral by 2050.

In 2016, the Government passed Decision 1403 that included a National Plan to Reduce GHG Emissions and Increase Energy Efficiency. The plan included mitigation measures in key areas and set timetables for



review and formulation of additional measures. The National Plan allocated NIS 500 million in government guarantees for a ten-year period to leverage investment loans related to energy efficiency and the reduction of GHG emissions and the Government implemented several additional successful financial incentive programs for energy efficiency and GHG emissions reduction.

In 2022, the government approved a new multi-year national plan to reduce air pollution and to reduce greenhouse gas emissions (“The March 2022 Plan”). The plan includes measures for expanding use of renewable energy, improving energy efficiency, and promoting clean transportation. The total program budget is NIS 615 million. Total benefits derivable from the plan by 2030 are estimated at (i) NIS 4.2 billion relating to anticipated reduction in local air pollutants, and (ii) NIS 12.8 billion relating to anticipated reduction in greenhouse gases.

Israel submitted its second Biennial Update Report to the UNFCCC in March 2023. The report includes information on Israel’s GHG abatement measures and GHG inventory.

In January 2024, the Government adopted Resolution 1261 to tax carbon emissions, however the approval of the Knesset and implementation is still pending. The carbon tax suggested by the Ministry of Finance will raise the tax on natural gas to 33 NIS per ton and the tax on coal to 147 NIS per ton in 2025, with further gradual raises until 2029.

#### *Climate Law*

In April 2024, the Knesset approved in first reading Israel’s revised climate bill. The law aims to increase certainty among public and private institutions on Israel’s climate goals, standards and requirements. The bill enshrines the reduction target for 2030 in law and deepens it to 30% lower than the emissions in 2015. The climate law also targets a zero-net-emissions economy by 2050, aligning Israel’s climate ambitions with those of other developed nations.

Additional key features of the climate law include:

1. National GHG reduction plan: The climate law sets an obligation to prepare a multi-year national plan to reduce greenhouse gas emissions, which will be updated at least once every five years, and a report on its implementation will be submitted to the government once a year.
2. Ensuring climate change preparedness: The climate law seeks to ensure that government ministries and other bodies have climate change preparedness strategies in place, develop corresponding capabilities and improved climate resilience. The law also imposes an annual reporting obligation on governmental bodies. Climate change strategic plans submitted by ministries and other bodies are set to be approved within two years and are required to be updated every five years.
3. Establishment of an Advisory Committee on Climate Change, and an independent interdisciplinary committee of academic experts: the Advisory Committee on Climate change will help foster a more profound understanding of the challenges that are particular to Israel in the implementation of climate change policies. The multidisciplinary committee of experts from various fields, including health, finance, energy and climate change and the environment will aid in making scientific information on climate more accessible to policy decision makers.
4. Mandatory climate risk assessment process: The law establishes an obligation on public authorities to carry out detailed climate risk assessments when submitting plans for governmental approval if such plans could have a material impact on GHG emissions or climate change.

#### *Air pollution reduction*

In February 2022, the Knesset Interior and Environmental Protection Committee approved the Clean Air Regulations (Air Quality Values) (Temporary Order) (Amendment), (No. 5772-2022), pursuant to Section 6(d) of the Clean Air Law (No. 5768-2008), which updates target pollution values in accordance with the practice of developed countries worldwide and with recommendations and guidelines published by relevant international organizations. These include, amongst others, target values set by the WHO in September 2021.

In connection with the March 2022 Plan discussed above, air pollution reduction targets were determined based on emission predictions for 2030. The reduction targets are (i) a 48% reduction in sulfur dioxide, (ii) an 18% reduction in nitrous oxides, (iii) a 12% reduction in fine respiratory particles (PM 2.5), (iv) a 9% reduction in respiratory particles (PM 10), (v) an 8% reduction in volatile organic compounds and (vi) a 32% reduction in benzene.

In April 2024, the MoEP released a new program for local governments, which will promote transition to clean transportation and reduce local air pollution, while supporting Israel's carbon emission reduction goals. The ministry will allocate up to NIS 4 million to a participating local authority, to promote Low Emission Zones, green transport solutions to employment areas, zero-emission municipal vehicles and clean transport alternatives like biking and walking.

During COP28, Israel joined the global Memorandum of Understanding on ZE-MHDV (zero-emission medium and heavy-duty vehicles). The government decision of 2021 to promote clean and low-carbon transportation has set a goal for 100% procurement of zero-emission busses starting from 2026 and 50% procurement of zero-emission heavy-duty vehicles starting from 2035.

#### *Electricity sector*

The introduction of natural gas to the electricity sector (see "*The Economy—Energy*," above) is expected to have major consequences on pollution abatement in the electricity sector. The share of coal in the fuel mix of Israel's power sector has decreased from approximately 60% in 2010 to approximately 22% in 2022. Approximately 68% of electricity generation in 2022 came from natural gas, while 10% was from renewable energy. In 2024, the MoEP has updated power stations' emission permits in order to phase out coal-based production while supporting the transition to natural gas.

Market-based competitive tenders for renewable energy have been introduced, which have resulted in significantly lower prices for renewable energy. The Ashalim Solar Power Station became operational in April 2019.

In June 2020, the Ministry of Energy presented a plan to increase the proportion of power generated from renewable sources in Israel to 30% of the total power production by 2030, instead of the earlier target of 17%.

By 2026, coal is expected to be used as a reserve for emergency situations caused by a natural gas shortage but will otherwise be replaced with natural gas and renewable energy sources. The share of natural gas use is expected to increase significantly to about 83% in 2025, according to the Electricity Authority. On the other hand, the share of coal is expected to decrease to only about 3% in 2025.

At the UNFCCC (COP24) in 2018, Israel joined the Powering Past Coal Alliance, which aims to transition away from coal-powered electricity generation. The coalition supports the reduction of the use of coal in OECD countries by 2030 and the world by 2050.

#### *Additional supporting legislation*

The MoEP has set new target goals for reducing transport emissions by gradually phasing out polluting bus models operating in Israel and replacing those with zero-emissions models. The MoEP aims for all urban public transportation in Israel to be zero emissions by 2036. In 2021, the Ministry of Energy postponed the target set in 2019—to prohibit import of vehicles with fuel-burning engines starting from 2030—by another five years.

In 2020, the purchase tax on hybrid cars rose to 45% and continued to rise to 50% in 2021. According to the tax outline published in 2019, as of 2022 the purchase tax on hybrid cars is equal to the purchase tax of a regular vehicle, which is a rate of 83%. For plug-in hybrid electric vehicles, the purchase tax was 30% in 2021 and 40% in 2022; it rose to 55% in 2023 and will continue to rise in 2024 when it is expected to be on par with the purchase tax for a non-electric vehicle. The tax rate for fully electric cars was 10% until 2022, rose to 20% in 2023 and to 35% in 2024. It is expected to reach 45% in 2025, 52% in 2026 and 60% in 2027. In addition, by 2026, the Ministry of Finance plans to introduce a usage tax on electric cars of NIS 0.15 per km driven.

Other regulations have stiffened requirements around fuel content and emissions, with the aim of reducing pollution. The sulfur content of transport fuels has been limited to 10ppm since 2011. New vehicles are required to comply with the most updated European emission standards. All vehicles are required to go through strict annual emission tests.

A NIS 260 million pollution reduction program for old diesel vehicles has been operating since 2018. The program is largely based on subsidies for the installation of particulate filters, a scrapping program for old diesel vehicles in exchange for government remuneration, and the creation of new Low Emission Zones (“LEZ”) in some major metropolitan areas where polluting diesel vehicles are prohibited.

In December 2017, the Internal Affairs and Environment Committee of the Knesset approved regulations requiring gas stations throughout Israel to reduce fuel vapor emissions. The regulations require all gas stations to install vapor recovery systems. Gas stations that violate the regulations are fined.

Israel’s excise taxes on motor fuels are among the highest of OECD countries. However, other fossil fuels have so far been taxed at very low rates. Israel plans to gradually raise excise taxes on other fossil fuels, so that carbon pricing will cover about 80% of its greenhouse gas emissions. The tax rates correspond to the carbon content of the fuels.

Israel’s fossil fuel subsidies have increased over the past decade. While these should be abolished, in doing so the Government must also consider and address the impact of the energy tax and subsidy reforms on low-income households.

#### *Adaptation to Climate Change*

The National Program for Adaptation to Climate Change for 2022-2026 outlines more than 30 climate change-related action plans and policy measures to be implemented by the MoEP and 14 other government ministries. The program reflects advances in scientific knowledge and international agreements related to climate change and includes adjustments and understandings of the effects of climate change on Israel. The plan includes overarching policy steps for climate-related regulation and economic measures to support Israel’s climate goals, as well as mitigation and resilience-building measures in natural and urban environments, the education sector and food systems.

Resolution 1902, adopted by the Government in 2022, requires each Government body to form a climate change adaptation plan while referring to the climate scenarios developed by the National Emergency Authority. The MoEP has been advising each Government body in their planning process and will publish the national government adaptation plan, synchronizing the different plans, in 2024.

A comprehensive aid plan will also support local authorities in constructing and promoting climate change preparedness plans amounting to NIS 12.4 million. One track in this support is designated for local authorities from Israeli Arab societies. Following Government Resolution 550, the MoEP allocated NIS 6.2 million for the Israeli Arab, Bedouin and Druze societies to establish specific plans for climate change preparedness.

In January 2022, the Government adopted Resolution 1022. This resolution prompted coordinated action between governmental ministries and bodies to promote shading and cooling of urban spaces by planting trees in thoroughfares. The MoEP prepares a plan in consultation with various ministries and bodies to achieve the objectives outlined in Resolution 1022.

Another track in this support is for authorities from the general sector with more than 50,000 residents. The MoEP assigned them a budget of NIS 6.2 million. The budget is dedicated to the writing of a preparedness plan intended to map relevant risks, create an action plan to address the climate crisis and identify opportunities to improve the quality of life of the residents and their well-being.

The government has approved the establishment of a National Climate Calculation Center that will make it possible to predict in detail the effect of global warming on Israel. The MoEP is also developing Climate Risk Maps, part of a national climate risk portal which will present integrated information for specific authorities in three areas: exposure, sensitivity, and preparedness at a high spatial resolution level, including

forecasts. The Climate Risk Maps will also allow for knowledge-based determinations of priorities, optimize public and private investments in the preparation steps and improve the physical planning processes.

In January 2024, the MoEP released the first version of the climate risk maps, an interactive geoinformation tool for policymakers and the public. The site presents high-resolution maps of current extreme climate events and physical risks, like flooding, extreme heating and coastal storms, while also mapping out vulnerable population density. Future updates of the maps will include expected risks in accordance with the different scenarios of the IPCC.

To promote the sharing of knowledge and technologies accumulated in Israel with the world, as well as further development of solutions, the MoEP, Israeli Innovation Institute, Merage Foundation Israel and other partners established the “DeserTech” Climate and Desert Innovation Center. DeserTech acts as a hub for technological solutions to face the climate challenges in arid areas in fields such as agriculture, water and renewable energy. Emphasis is placed on supporting start-up companies that develop solutions to adapt to climate change in the desert, including cooperation with entities and companies from other countries. The intention is for DeserTech to be a leading international center. Connection has been established with international bodies, who have expressed interest in the initiative, including the United Nations Convention to Combat Desertification (UNCCD).

#### *Greening the financial sector*

In November 2020, the Bank of Israel joined the Network of Central Banks for Greening the Financial System (NGFS). Also in November 2020, the Tel-Aviv Stock Exchange (TASE) announced the launch of a new index — TA-125 Fossil-Fuel-Free Climate Index. The index is comprised of shares included in the TA-125 index, excluding those of corporations involved in the production chain of fossil fuels. The list of “fossil fuel corporations” will be determined by the Clean Money Forum of the Life and Environment organization, the umbrella for Israel’s environmental organizations. The TASE has also created the TA-Cleantech Index, comprised of 12 shares of clean-tech companies.

In 2021, the country’s Capital Market, Insurance and Savings Authority published instructions on implementing Environmental, Social and Governance (ESG) criteria by institutional investment firms. The same year, the Bank of Israel issued regulations on disclosure of ESG aspects in banks. The Israel Securities Authority is also developing voluntary ESG disclosure standards for public companies.

In July 2024, the MoEP will publish the Israeli Taxonomy of Economic Activities, reflecting their environmental impact and their alignment with Israel’s climate and environment goals. This taxonomy, as a policy tool, is intended to encourage investments in economic actions with positive environmental impact and to prevent greenwashing. The Israeli taxonomy is based on the EU taxonomy.

#### *Cleanliness and waste management*

The Reduction of Single Use Carrier Bags Law, which took effect in 2017, prohibits Israel’s largest supermarkets from distributing single use carrier bags and collecting a fee for others and, as a result, the number of plastic bags decreased substantially. Large retailers have quarterly reporting obligations to the MoEP and the funds collected from the fees are deposited in the MoEP’s Maintenance of Cleanliness Fund. The collected funds are used for encouraging the reduction of single-use carrier bags through education and conducting clean-up activities. The law is one of five Extended Producer Responsibility laws in Israel, imposing responsibility on manufacturers and importers for the entire life cycle of the products.

The average Israeli generates about 1.79 kg of waste per day (653 kg annually). In the last decade, the rate of waste growth in Israel has averaged about 1.8% per year as a result of population growth and increased consumption. About 80% of waste is buried in landfills, a figure that has not changed significantly in the last 20 years. Recycling percentages in Israel are significantly lower than in other OECD countries. The MoEP has presented a new strategy that prioritizes waste reduction and recycling over waste incineration or landfilling. Implementation of the new strategy is expected to enable the achievement of the following targets by 2030:

- 54% of municipal waste to be recycled.
- 100% infrastructure for sorting and separating organic waste at source.

- 0% landfill of untreated waste and 20% landfill of treated waste.
- 47% reduction in greenhouse gas emissions, compared to 2020.

In October 2020, the MoEP decided to expand deposit obligations to large beverage bottles to address the problem of disposable plastics in public spaces.

The environmental TAKDUM project in the amount of NIS 550 million is moving to the implementation phase. Within five years, 100% of the waste in the Israeli Arab authorities will be transferred to regulated treatment, and the volumes of circulation will be similar to that of the general population.

In October 2022, the government approved the establishment of a facility at Neot Hovav, which will handle the remains of municipal waste from the southern region that cannot be recycled. The facility, which will be the first of its kind in Israel, will be established through a public-private partnership, a solution for wide application in other infrastructure areas such as transportation, water, and energy. Additional waste sorting and treatment facilities are to be established over coming years.

In 2023, Israel joined the High Ambition Coalition to End Plastic Pollution and is taking an active part in developing an international legally-binding instrument to end plastic pollution by 2040.

In 2024, the MoEP, the Economy and Industry Ministry and the Investment Authority assigned NIS 400 million to support the recycling industry in Israel by establishing and expanding recycling infrastructure and industrial plants using recycled materials.

To combat the illegal dumping of construction waste, a new construction waste bill is currently being promoted and has passed first reading in the Knesset. The new bill will ensure construction waste is treated at licensed sites and that waste manufacturers, transporters and treatment facilities are registered and held accountable.

#### *Contaminated soils*

The Government has made lowering housing costs a central policy aim. One of the principal means to this aim is to increase the number of available housing units, especially in areas where demand is high but where availability of land is limited. Hence the Government is acting to clear considerable land reserves located in central Israel, that in the past have been utilized mainly by the military. This land is contaminated with hazardous material which has led, in many cases, to contamination of the soil, the subsoil and the groundwater. The MoEP has commissioned the Environmental Services Company, a government company, to implement the preliminary process of environmental remediation to enable large-scale marketing of these areas for residential building.

#### *Promotion of environmental awareness in the private sector*

Hundreds of Israeli companies are voluntarily adopting environmental management systems, such as ISO 14000, as they recognize their importance in creating international business opportunities. The Government has also taken steps to promote environmental quality, sustainable development, pollution prevention and waste reduction as a cost-effective strategy. The national green growth plan for the years 2012-2020, presented by the Government in 2012, assessed the economic potential of a transition to a green economy and recommended measures for implementation. The recommended measures include removing obstacles to green growth, encouraging the environmental technologies industry, promoting employment in environmentally sustainable sectors, and transitioning to sustainable industry, an environmentally-friendly business sector and green consumption. As of the date hereof, most of the measures envisioned under the national green growth plan for 2012-2020 have been successfully implemented.

#### *Green construction*

In 2011, the MoEP and the Israel Standards Institution launched a new voluntary green building standard which complies with international standards and considers issues of energy, land use and soil, water, conservation, materials, health and wellbeing, waste, transportation, and construction management. In 2018, the MoEP began to regulate the certification process of green buildings by establishing a legal framework for

authorizing certification organizations and publishing a register of buildings recognized as green. By 2020, more than 14,400 green building housing units have been completed, and over 60% of the approved housing units in the plans will meet the standard requirements for their construction, with a cumulative volume of approximately 200,000 units.

In August 2020, binding regulations were approved, requiring that, from 2022 all new buildings are to be built in accordance with the Israeli green building standards. Mandatory application would take effect for all new construction projects in two phases. The first phase applies to large-scale building applications, and will cover high-rise residential buildings, commercial construction of 5,000 square meters and public construction of 1,000 square meters. The second phase, which took effect in September 2023, applies to any residential construction project that contains six or more apartments, and for any commercial construction over 1,000 square meters in size. In addition, the regulations allow public planning institutions to specify advanced green construction requirements.

Since December 2022, there is an obligation to present an energy rating for new apartments in Israel. The rating allows new apartment buyers to check in advance if the apartment is energy efficient and to understand the possible savings potential. In doing so, Israel joins the 27 countries of the European Union that have also established a similar obligation in legislation.

#### *Supporting NGO'S*

The MoEP is supporting environmental organizations in Israel (to the extent of NIS 12 million in 2023) for a variety of activities in environmental content areas, including waste management, recycling, reducing air pollution and environmental innovation.

#### *Additional measures and green financing*

In January 2019, the MoEP, the Ministry of Finance and the Ministry of Economy and Industry (the "MoEI") set up a joint fund to support environmental projects in developing countries, in cooperation with the European Bank for Reconstruction and Development (EBRD). The one-million-euro fund is supporting projects that relate to water, energy and coping with climate change, mainly in Central and Eastern Europe and Central Asia.

In February 2019, the MoEP and the MoEI, along with the Innovation Authority announced funding of NIS 14 million for an innovation lab that will focus on environmental protection and sustainability. The MoEP and the Innovation Authority have also published several rounds of support for pilot facilities that test environmental technologies. Over seven rounds, a total of NIS 42 million has already been allocated, representing half of the project cost on average.

The MoEI and the MoEP promote the implementation of the National Israeli Action Plan for Circular Economy to facilitate the transition of the Israeli industry from resource-intensive and import-dependent production into competitive production, which is based on circularity, innovation, and resource efficiency. The action plan aims to facilitate this transition by adjusting regulation towards circularity, making relevant knowledge accessible and providing financial support where needed. The roadmap focuses upon three industrial sectors which have the largest potential to become circular and thus have a major effect on the environment: construction and infrastructure, packaging, chemistry, and pharma.

The MoEP, MoEI and Ministry of Finance established a Resource Efficiency Center which became operational in March 2020. The aim of this center is primarily to improve the environmental performance of Israeli industry and to increase the industry's competitiveness, mainly by funding and advising efficiency transitions of industrial plants.

The MoEI, together with the MoEP, is promoting an Industrial Symbiosis Pilot in Israel. The aim is to foster utilization of industrial waste, byproducts, and gaseous emissions from industrial plants as raw materials at other plants. Four companies competed in the pilot project, in different regions of the country, operating advanced technologies to aid the symbiosis transactions. The pilot project ended in March 2020, and, following its evaluation, the MoEI is working to promote a long-term national project to promote symbiosis through one or two of the companies.

*Environmental education*

In May 2022, the MoEP and Ministry of Education released a comprehensive curriculum on climate change intended for schools and youth movements. The curriculum will be integrated into the following disciplines: science and technology, geography, biology, agriculture, chemistry, philosophy, political science, visual arts, and civic education. The curriculum will involve field trips to river deltas, beaches, desert land and urban areas where the effects of climate change are visible. The incorporation of the curriculum into the activities of youth movements has been granted NIS 15 million in funding, and aims to develop environmental and sustainability leadership, as well as peer-led training and educational programs and encourage carbon footprint reduction activities in said movements.

*Biodiversity*

Israel completed the first national assessment of ecosystem services in 2021 and published its latest State of Nature report in 2022. It intends to adopt a new national biodiversity strategy and action plan in 2024 and set measurable biodiversity targets consistent with the framework of the Post-2020 Global Biodiversity Framework. Israel has achieved significant progress over the past decade, expanding terrestrial protected areas and creating marine protected areas. As of mid-2022, approximately 25% of the land area and 4% of territorial waters of the State of Israel were protected.

## BALANCE OF PAYMENTS AND FOREIGN TRADE

### Balance of Payments

Israel's balance of payments consists of: (i) the current account, which measures the trade balance (receipts and payments derived from the sale of goods and rendering of services), balance of primary income and balance of secondary income (current transfers) and (ii) the capital and financial accounts, which reflect borrowing by the Government and the private sector, foreign direct investment in Israel and investment by Israeli residents abroad, as well as assets and liabilities of commercial banks.

In 2023, the shekel depreciated in value, continuing the trend in real terms from 2022. The depreciation occurred despite Israel's surplus in the current account.

In recent years, exports of services as a share of Israel's total exports have been increasing as compared to exports of goods. After surpassing total export of goods in 2021, export of services in 2022 remained a majority of total exports. In 2023, exports of goods and of services constituted 46.9% and 53.1% of all exports, respectively, compared to 63.6% and 36.4%, respectively, in 2013.

In 2023, exports decreased by 0.8% and imports decreased by 6.6% compared to 2022. Exports comprised 30.9% of GDP and imports comprised 27.1% of GDP in 2023. The negative growth of exports in 2023 was driven by a decrease of export of goods by 3.3%. In contrast an increase in exports of services of 1.5% moderated the decrease of total exports. In the services sector, business services, namely high-tech services, grew by 0.1%. Revenues from tourism, with the return of normal activity after the pandemic, grew by 20% in 2023 compared to 2022, where it grew by 298.6% over revenues in 2021 due to the lifting of COVID-19 travel restrictions. Despite this significant growth, revenues from tourism are still lower than pre-pandemic levels in absolute terms.

Current transfers, which include financial assistance from the United States, German reparation payments and personal and institutional remittances, increased by 4.4% in nominal terms in 2023 to \$15.6 billion from \$14.9 billion in 2022.

Israel's net international investment position (foreign assets minus liabilities to foreigners) has been in surplus since 2006. At the end of 2023, the net international investment position stood at \$211.6 billion (41.7% of GDP), as compared to \$157.8 billion (30.1% of GDP) in 2022, \$154.5 billion (31.5% of GDP) in 2021 and \$184.8 billion (44.8% of GDP) in 2020.

Foreign currency reserves held at the Bank of Israel have increased significantly over the past decade, growing from \$81.8 billion at the end of 2013 to \$204.7 billion at the end of 2023, and \$206.1 billion as of May 2024 in nominal USD terms. In line with the change in the long-term trend of NIS appreciation, foreign reserves at the end of 2023 were approximately \$204.7 billion — an increase from December 2022 when reserves stood at approximately \$194.2 billion. From a long-term perspective, reserves grew significantly as a percentage of GDP from approximately 26% of GDP in 2013 (year average) to 41% as of December 2023.

Developments in currency reserves have been led in large part by Bank of Israel policy. Between March 2008 and August 2009, the Bank of Israel conducted daily purchases of foreign currency to raise the level of reserves. After the target level was achieved in August 2009, the Bank of Israel ended its scheduled purchasing policy and launched a policy of intervening in the foreign exchange market on a discretionary basis in events of unusual movements in the exchange rate that are inconsistent with underlying economic conditions or when conditions in the foreign exchange market are disorderly, which remains the Bank of Israel's policy. Due to the war, the shekel lost value and so the Bank of Israel sold foreign currency in the amount of \$8.5 million.



Table No. 15

<b>Balance of Payments<sup>(1)</sup></b> <b>(In Millions of Dollars)</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Current Account Receipts</b>					
Exports of goods and services	116,958	113,955	143,819	166,512	156,626
Income from abroad	14,623	11,668	17,765	19,690	20,834
Current transfers	12,405	11,956	14,715	14,978	15,642
<i>Total current account receipts</i>	<b>143,986</b>	<b>137,578</b>	<b>176,299</b>	<b>201,180</b>	<b>193,103</b>
<b>Payments</b>					
Imports of goods and services	109,590	97,083	126,153	151,011	137,725
Income to foreigners	16,568	15,521	25,283	24,263	24,980
Current transfers	4,195	4,946	5,468	5,306	5,532
<i>Total current account payments</i>	<b>130,354</b>	<b>117,550</b>	<b>156,904</b>	<b>180,580</b>	<b>168,237</b>
<b>Balances</b>					
Trade in goods and services	7,368	16,872	17,666	15,502	18,901
Net income	-1,946	-3,854	-7,518	-4,573	-4,145
Net current transfers	8,210	7,010	9,246	9,672	10,110
<i>Current account balance</i>	<b>13,632</b>	<b>20,029</b>	<b>19,395</b>	<b>20,601</b>	<b>24,866</b>
<b>Capital Account</b>					
<i>Capital account balance</i>	<b>1,614</b>	<b>1,714</b>	<b>2,176</b>	<b>2,671</b>	<b>2,391</b>
<b>Financial Account Investments abroad by Israelis</b>					
Direct investment	8,690	4,579	10,369	10,247	9,728
Portfolio investment	6,439	15,158	15,509	-1,708	8,501
Other investments	5,919	9,040	13,539	9,972	7,897
Financial derivatives (net)	-1,222	-1,361	-1,514	21,740	4,434
Reserves assets (net)	6,445	37,777	39,674	2,291	-223
<i>Total investments abroad</i>	<b>26,271</b>	<b>65,193</b>	<b>77,578</b>	<b>42,543</b>	<b>30,337</b>
<b>Investments by Foreigners in Israel</b>					
Direct investment	17,363	20,969	18,950	23,031	15,111
Portfolio investment	-26	18,887	30,476	4,893	-3,175
Other investments	4,019	843	9,429	-3,231	2,458
<i>Total investments in Israel</i>	<b>21,356</b>	<b>40,698</b>	<b>58,855</b>	<b>24,693</b>	<b>14,393</b>
<b>Net Financial Transactions</b>					
Direct investment	-8,673	-16,390	-8,581	-12,785	-5,382
Portfolio investment	6,465	-3,729	-14,967	-6,600	11,676
Other investments	1,900	8,198	4,110	13,203	5,439
Financial derivatives (net)	-1,222	-1,361	-1,514	21,740	4,434
Reserves assets (net)	6,445	37,777	39,674	2,291	-223
<i>Financial Transactions Balance</i>	<b>4,915</b>	<b>24,495</b>	<b>18,723</b>	<b>17,850</b>	<b>15,944</b>
<b>Statistical errors and omissions</b>	<b>-10,331</b>	<b>2,752</b>	<b>-2,848</b>	<b>-5,421</b>	<b>-11,312</b>

(1) Many of the Balance of Payments figures are based on temporary estimations and are therefore subject to significant adjustments over time.

Source: Central Bureau of Statistics.

## Foreign Trade<sup>1</sup>

Exports of goods<sup>2</sup> and services are crucial to the overall performance and competitiveness of Israel's economy. In 2023, Israeli exports of goods and services reached \$156.5 billion, and total imports of goods and services reached \$137.8 billion. 2022 concluded with a trade surplus of \$25.3 billion, following a trade surplus of \$20.6 billion and \$19.4 billion in 2022 and 2021, respectively. The annual growth rate of exports of goods and services in 2022 stood at 15.4% after an increase of 25.7% in 2021 and a decline of -2.9% in 2020. Services continue to represent a large share of Israel's exports. In 2022, services constituted 51.9% (\$86.3 billion) of total exports, while goods constituted 48.1% (\$80 billion). Exports of goods grew by 14.1%, and exports of services grew by 16.6% in 2022. Imports of goods and services increased by 19.7% in 2022, following an increase of 29.8% in 2021. Imports of goods grew by 15.6% and imports of services grew by 31.1% in 2022.

In 2022, the United States remained Israel's top export destination for goods, with a value of goods exported totaling \$18.6 billion. China is Israel's second top export destination, with \$4.6 billion worth of goods exported to China, followed by India as the third top export destination, with \$3.4 billion worth of goods exported to India, as of 2022. With respect to trading blocs, the European Union remains Israel's biggest export market. Israeli exports of goods to the European Union grew by 25% in 2022. The European Union is also the primary source for imports into Israel, amounting to \$27.1 billion in 2022.

In 2022, the composition of Israel's export of goods mainly included machinery products (23.6%), chemical products (21.4%), precious stones and metals (16.2%), and optical, medical and other equipment (11.3%). Israel's imports of goods in 2022 mainly included machinery (22.3%), minerals (14.4%), transportation products (10.5%), chemical products (9.5%), and agricultural products and foodstuff (9.4%).

Trade in services continues to constitute a large part of Israel's foreign trade. In 2022,<sup>3</sup> 45.9% or \$39.8 billion of Israeli service exports were computer programming, consultancy and other related activities. This sector grew by 13.8% in 2022, after increases of 28.6% and 15.4% in 2021 and 2020, respectively. The second largest sector of Israel's exports of services was transportation services, which reached \$13.2 billion in 2022 and grew by 20% and 136% in 2021 and 2020, respectively. This increase in transportation services was due to the global decline of transportation services in 2020 during the COVID-19 pandemic and the price increases in transportation services globally. In 2022, the United States remained Israel's top service exports destination with \$20.6 billion (27.8% of total exports of services), followed by the European Union with \$5.4 billion (7.7% of total export of services). In 2022, the United States was the largest provider of imported services to Israel (15.6%), followed by the European Union (9.5%).

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<sup>1</sup> Based on data from Israel's Central Bureau of Statistics.

<sup>2</sup> Trade of goods by country statistics in this section includes diamonds and are by country of origin.

<sup>3</sup> Latest data available.

Table No. 16

**Exports of Goods by Major Groups**  
(In Millions of Dollars, F.O.B.)

	2019	2020	2021	2022	2023
<b>Agriculture<sup>(1)</sup></b>					
Seasonal crops	438	356	454	371	382
Fruits	450	438	444	469	708
Other	236	246	254	251	246
<b>Total</b>	<b>1,125</b>	<b>1,039</b>	<b>1,152</b>	<b>1,092</b>	<b>1,337</b>
<b>Industrial (excl. polished diamonds)</b>					
Mining and quarrying	255	186	180	267	566
Food, beverages and tobacco	1,065	1,131	1,332	1,357	1,409
Textiles, clothing and leather	893	923	918	936	927
Wood, furniture, cork, paper and printing	431	434	562	536	551
Chemicals and refined petroleum	12,958	11,987	11,706	16,886	14,270
Pharmaceutical products	3,135	1,863	2,351	3,744	2,123
Rubber and plastics	2,229	2,252	2,735	2,726	2,346
Basic metal products	589	658	999	978	804
Metal manufacturing assembly, machinery and equipment	6,155	5,909	6,883	7,444	6,772
Electronic components and computers, medical and optical equipment	13,083	13,552	17,165	19,106	18,872
Electrical equipment	1,126	1,176	1,293	1,612	1,877
Transport equipment	2,930	2,578	2,796	3,603	3,401
Jewelry	691	554	796	881	854
Other non-metallic mineral products	366	306	324	344	273
Miscellaneous	165	132	189	175	205
<b>Total</b>	<b>46,070</b>	<b>43,640</b>	<b>50,228</b>	<b>60,592</b>	<b>55,045</b>
<b>Diamonds<sup>(1)</sup></b>	<b>11,314</b>	<b>5,474</b>	<b>8,779</b>	<b>10,881</b>	<b>7,175</b>
<b>Diamonds (net)<sup>(2)</sup></b>					
Polished	3,404	2,242	3,529	3,640	2,328
Rough	1,440	857	1,785	1,509	655
<b>Total</b>	<b>4,844</b>	<b>3,099</b>	<b>5,314</b>	<b>5,149</b>	<b>2,984</b>
<b>Total<sup>(2)</sup></b>	<b>52,039</b>	<b>47,778</b>	<b>56,694</b>	<b>66,833</b>	<b>59,187</b>
<b>Other goods<sup>(2)</sup></b>	<b>7</b>	<b>52</b>	<b>14</b>	<b>0.4</b>	<b>0.4</b>
<b>Returned goods</b>	<b>-142</b>	<b>-342</b>	<b>-340</b>	<b>-348</b>	<b>-383</b>
<b>Total (net)<sup>(2)(3)</sup></b>	<b>51,903</b>	<b>47,489</b>	<b>56,368</b>	<b>66,485</b>	<b>59,187</b>

(1) Gross exports.

(2) Net exports equal total gross exports less goods returned to Israeli exporters.

(3) Excludes trade with the West Bank and Gaza.

Source: Central Bureau of Statistics.

Table No. 17

Imports of Goods by Major Groups (In Millions of Dollars, C.I.F.) <sup>(1)</sup>					
	2019	2020	2021	2022	2023
<b>Consumer Goods</b>					
Transportation equipment	2,551	2,147	2,774	3,768	3,673
Furniture and electrical equipment	3,871	4,334	5,673	5,523	4,502
Other	494	506	646	658	596
<i>Durable goods (total)</i>	6,916	6,987	9,093	9,949	8,772
Food, beverages and medicines	4,306	4,766	5,589	5,880	5,703
Clothing and footwear	2,465	2,144	3,058	3,501	2,880
Household utensils	1,333	1,344	1,808	1,591	1,349
Other	2,161	2,720	3,882	4,442	4,044
<i>Non-durable goods (total)</i>	10,265	10,974	14,336	15,414	13,975
<b>Total</b>	<b>17,181</b>	<b>17,961</b>	<b>23,429</b>	<b>25,364</b>	<b>22,747</b>
Agriculture	1,227	1,298	1,638	1,889	1,445
Raw food products	2,698	2,797	3,566	4,222	3,840
Fabrics	639	661	744	777	651
Wood and related products	569	603	900	943	677
Chemical products	4,955	5,292	6,054	7,306	5,846
Rubber and plastics	2,535	2,476	3,543	3,870	2,884
Paper-making material	731	666	774	1,014	770
Iron and steel	2,703	2,511	3,690	4,489	3,645
Precious metals	147	145	290	273	262
Non-ferrous metals	825	839	1,105	1,252	1,041
Machines and electronics	11,952	11,465	13,668	16,020	14,674
Other industries	2,473	2,756	3,415	3,889	3,646
Fuels	9,174	5,528	9,010	14,461	10,753
<b>Total</b>	<b>40,627</b>	<b>37,036</b>	<b>48,397</b>	<b>60,405</b>	<b>49,917</b>
<b>Diamonds (net)</b>	<b>3,845</b>	<b>2,961</b>	<b>5,128</b>	<b>5,062</b>	<b>3,274</b>
<b>Investment Goods</b>					
Machinery and equipment	6,905	7,227	8,892	8,933	8,551
Transport vehicles <sup>(2)</sup>	4,339	3,617	4,900	5,303	5,483
Ships and aircraft	2,741	349	350	1,452	658
<b>Total</b>	<b>13,986</b>	<b>11,193</b>	<b>14,143</b>	<b>15,688</b>	<b>14,693</b>
<b>Other goods</b>	<b>212</b>	<b>249</b>	<b>0</b>	<b>7</b>	<b>0</b>
<b>Returned goods</b>	<b>-149</b>	<b>-124</b>	<b>-123</b>	<b>-200</b>	<b>-164</b>
<b>Total (net)<sup>(3)(4)</sup></b>	<b>75,703</b>	<b>69,276</b>	<b>90,975</b>	<b>106,326</b>	<b>90,467</b>

(1) Due to changes in classification, there are updates to figures reported in previous years.

(2) Excluding ships and aircraft.

(3) Net imports equal total gross imports less goods returned to the suppliers.

(4) Excludes trade with the West Bank and Gaza.

Source: Central Bureau of Statistics.

Table No. 18

Exports of Goods by Region (In Millions of Dollars, F.O.B., Except Percentages) <sup>(1)</sup>										
	2019		2020		2021		2022		2023	
<b>Americas</b>	<b>18,762</b>	<b>32.1%</b>	<b>15,638</b>	<b>31.2%</b>	<b>19,271</b>	<b>32.0%</b>	<b>22,893</b>	<b>31.5%</b>	<b>20,754</b>	<b>36%</b>
USA	15,964	27.3%	13,132	26.2%	16,319	27.1%	18,617	25.7%	17,583	27.6%
Other America	2,798	4.8%	2,506	5.0%	2,952	4.9%	4,277	5.9%	3,170	5%
<b>Europe</b>	<b>21,282</b>	<b>36.4%</b>	<b>17,575</b>	<b>35.0%</b>	<b>20,358</b>	<b>33.8%</b>	<b>26,045</b>	<b>35.9%</b>	<b>23,072</b>	<b>36.2%</b>
EU	17,329	29.6%	14,667	29.2%	16,490	27.4%	17,994	24.8%	17,905	28.1%
EFTA	1,145	2.0%	506	1.0%	812	1.3%	1,597	2.2%	737	1.2%
Other Europe	2,808	4.8%	2,403	4.8%	3,056	5.1%	6,454	8.9%	4,430	6.9%
<b>Asia</b>	<b>13,470</b>	<b>23.0%</b>	<b>11,403</b>	<b>22.7%</b>	<b>14,169</b>	<b>23.6%</b>	<b>16,658</b>	<b>22.9%</b>	<b>13,307</b>	<b>20.9%</b>
<b>Africa</b>	<b>731</b>	<b>1.2%</b>	<b>586</b>	<b>1.2%</b>	<b>735</b>	<b>1.2%</b>	<b>743</b>	<b>1.0%</b>	<b>953</b>	<b>1.5%</b>
<b>Oceania</b>	<b>590</b>	<b>1.0%</b>	<b>546</b>	<b>1.1%</b>	<b>637</b>	<b>1.1%</b>	<b>661</b>	<b>0.9%</b>	<b>562</b>	<b>0.9%</b>
Other	3,673	6.3%	4,405	8.78%	4,989	8.3%	5,565	7.7%	5,114	8%
<b>Total</b>	<b>58,508</b>	<b>100.0%</b>	<b>50,154</b>	<b>100.0%</b>	<b>60,158</b>	<b>100.0%</b>	<b>72,565</b>	<b>100%</b>	<b>63,761</b>	<b>100%</b>

(1) Gross exports (including diamonds returned by importers abroad and other returns to exporters in Israel).

Source: Central Bureau of Statistics.

Table No. 19

Imports of Goods by Region (In Millions of Dollars, C.I.F., Except Percentages) <sup>(1)</sup>										
	2019		2020		2021		2022		2023	
<b>Americas</b>	<b>13,110</b>	<b>17.1%</b>	<b>9,566</b>	<b>13.6%</b>	<b>10,190</b>	<b>11.1%</b>	<b>11,502</b>	<b>10.7%</b>	<b>10,601.2</b>	<b>11.5%</b>
USA	11,745	15.3%	8,327	11.8%	8,631	9.4%	9,639	8.9%	9,058.9	9.9%
Other America	1,365	1.8%	1,239	1.8%	1,559	1.7%	1,863	1.7%	1,542	1.7%
<b>Europe</b>	<b>37,492</b>	<b>48.9%</b>	<b>37,088</b>	<b>52.7%</b>	<b>47,014</b>	<b>51.0%</b>	<b>50,397</b>	<b>46.8%</b>	<b>43,888</b>	<b>47.8%</b>
EU	27,678	36.1%	27,475	39.1%	34,362	37.3%	37,510	34.8%	30,745	33.5%
EFTA	5,848	7.6%	5,466	7.8%	6,898	7.5%	6,542	6.1%	5,193	5.7%
Other Europe	3,967	5.2%	4,147	5.9%	5,753	6.2%	9,532	8.8%	7,950	8.7%
<b>Asia</b>	<b>17,296</b>	<b>22.6%</b>	<b>17,917</b>	<b>25.5%</b>	<b>25,382</b>	<b>27.5%</b>	<b>30,560</b>	<b>28.3%</b>	<b>25,880</b>	<b>28.2%</b>
<b>Africa</b>	<b>350</b>	<b>350</b>	<b>323</b>	<b>0.5%</b>	<b>331</b>	<b>0.4%</b>	<b>434</b>	<b>0.4%</b>	<b>748</b>	<b>0.8%</b>
<b>Oceania</b>	<b>259</b>	<b>259</b>	<b>201</b>	<b>0.3%</b>	<b>240</b>	<b>0.3%</b>	<b>265</b>	<b>0.2%</b>	<b>280</b>	<b>0.3%</b>
Other	8,168	8,168	5,230	7.4%	9,002	9.8%	14,596	13.5%	10,391	11.3%
<b>Total</b>	<b>76,675</b>	<b>100.0%</b>	<b>70,326</b>	<b>100.0%</b>	<b>92,159</b>	<b>100.0%</b>	<b>107,754</b>	<b>100.0%</b>	<b>91,787</b>	<b>100.0%</b>

(1) Gross imports (including un-worked diamonds returned to suppliers abroad and other returns to exporters abroad).

Source: Central Bureau of Statistics.

Table No. 20

Merchandise Trade Indices (Base Year: 2020 = 100)					
	2019	2020	2021	2022	2023
<b>Indices of Physical Volume</b>					
Exports	109.1	100	113.5	127.8	113.6
Imports	102.2	100	118.6	124.2	110.5
<b>Indices of Prices</b>					
Exports <sup>(1)(2)</sup>	106.8	100	104.7	108.9	107.8
Imports <sup>(1)(2)</sup>	103.5	100	111.5	123.3	118.5
<b>Terms of Trade</b>	103.3	100	93.9	88.3	91.0

(1) Gross imports (including un-worked diamonds returned to suppliers abroad and other returns to exporters abroad).

(2) Excluding ships and aircraft.

Sources: Ministry of Finance and Central Bureau of Statistics.

#### AML/CFT/CPF Regime

Israel is committed to maintaining its robust Anti-Money Laundering and Combating the Financing of Terrorism (“AML/CFT”) framework and has strong AML/CFT strategies in place. In 2002, Israel established the Israel Money Laundering and Terror Financing Prohibition Authority (“IMPA”), which is responsible for combatting money laundering and terror financing in Israel.

The Government has set the targeting of illicit proceeds as a primary objective in combatting serious and organized crime. Stemming from this, Government Decision no. 4618 (2006) was issued which requires all relevant agencies to co-operate and implement their activities on the basis of work plans adopted at the highest level by the Executive Steering Committee (the “ESC”). The ESC, headed by the Attorney General and comprised of the most senior representatives of law enforcement agencies (the Israel National Police, Israel Tax Authority, Israel Securities Authority, and IMPA) leads the country’s integrated AML/CFT strategy and policy to counter serious and organized crime, including the targeting of its proceeds.

The Inter Agency Implementation Committee (“IC”) is the main operational body that implements the ESC’s policies and directives. The IC is comprised of Israel’s key AML/CFT agencies, including law enforcement authorities (the Israel Police, Tax Authority and Securities Authority), the financial intelligence unit (“IMPA”), Israeli Prison Service, Bank of Israel, Ministry of Economy and Industry and Ministry of Justice.

The National Bureau for Counter Terror Financing (“NBCTF”), housed within the Ministry of Defense (“MoD”), is responsible for countering terror financing and is a combined inter-ministerial effort against terrorist financing. The NBCTF is responsible for outlining the national enforcement policy, conducting CFT risk assessment, and coordinating national CFT strategies and enforcement policies. The NBCTF also works to counter proliferation financing (“CPF”) and the Sanctions Bureau under the Ministry of Finance (“MoF”) co-ordinates the work regarding CPF strategy and CPF sanctions.

#### AML/CFT Legislation

##### *Anti-Money Laundering Law*

The Prohibition on Money Laundering Law (the “PMLL”) enacted in 2000 is the main act of legislation for Israel’s anti-money laundering (“AML”) regime. The PMLL covers four key elements of the AML regime:

- **Prevention:** The PMLL is the primary legal instrument setting out the preventive measures (including customer due diligence, reporting, and record-keeping) which apply to the covered financial and

designated non-financial business and professions (“DNFBP”) sectors in Israel. It empowers individual financial and DNFBP supervisors to enact rules for operational requirements of these preventive measures. In addition, where applicable, Israel relies on general sectoral-specific supervisory power to implement AML/ counter financing of terrorism (“CFT”) preventive measures. The regime covers all financial institutions required by the Financial Action Task Force (the “FATF”) and includes banks, portfolio managers, insurance companies and agents, members of the TASE, provident funds and companies managing provident funds, providers of currency services, trading platforms and the postal bank. For DNFBPs, lawyers and accountants are subject to licensing requirements and have some AML/CFT obligations, but are not required to report suspicious transactions. Real estate agents are subject to a market entry licensing regime. Dealers in precious stones are covered under Israel’s AML/ CFT system.

- **Criminal Sanctions:** The PMLL establishes money laundering as a criminal offence, punishable by imprisonment and large fines. It also establishes a list of money laundering associated predicate offences.
- **Confiscation:** The PMLL establishes both criminal and civil confiscation mechanism. Confiscation may be in addition to criminal sanctions.
- **IMPA:** The PMLL established IMPA as Israel’s financial intelligence unit. In its main capacity, IMPA is the national center for the receipt and analysis of unusual and currency transaction reports and disseminates the results of such analysis to various authorities, as prescribed by the PMLL.

Since the enactment of the PMLL, Israel has enacted legislative amendments to meet the FATF international standards and any updates thereto.

#### *Counter Terrorism Law*

Israel’s Counter Terrorism Law was enacted in 2016 with the purpose of providing government agencies with adequate criminal law and administrative law tools in order to counter the terror threats that Israel faces. The law ensures that Israel is on par with other countries leading the fight against terror and terror financing and that it meets the international standards set in this regard.

#### *Reporting Suspicious Activity*

The AML/CFT sector-specific Orders impose certain obligations on the financial institutions and DNFBPs. These Orders require obliged entities to report to IMPA two types of reports: (1) reports on transactions above a certain threshold and of a certain type (referred to as currency transaction reports), and (2) reports on unusual activities (referred to as unusual activity reports). In 2022, IMPA received more than 3.2 million currency transaction reports and over 170,000 unusual activity reports. IMPA disseminated these reports to the Israel National Police, Tax Authority, security agencies and to other financial intelligence units, all of which have been instrumental to Israel’s AML/CFT efforts. These have led to the successful investigation, prosecution and conviction of complex and significant money laundering and terrorist financing cases.

#### *International Cooperation and Evaluation*

Israel has been a full member of the FATF since 2018 (and was previously an observer state between 2016 and 2018). In addition, Israel is a member of Moneyval (Council of Europe’s Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism), a FATF-style Regional Body. The Israeli FIU (IMPA) is a member of the Egmont Group of Financial Intelligence Units.

In 2018, Israel underwent a rigorous and comprehensive mutual evaluation of its AML/CFT regime. In December 2018, with the publication of the FATF/Moneyval mutual evaluation report, Israel became a full member of the FATF. Following the successful outcomes of its evaluation, Israel was placed in the FATF’s regular follow-up process. In May 2022, the FATF published Israel’s first regular follow-up report (FUR). The FUR re-rated Israel’s technical compliance with the following: (i) Recommendation 2 on international cooperation — Israel retained its rating as compliant; (ii) Recommendation 15 on New Technologies and Virtual Asset obligations — Israel was re-rated as largely compliant; and (iii) Recommendation 16 on wire transfers — Israel was upgraded and re-rated as largely compliant. Israel’s satisfactory level of progress

qualifies it to remain within the scope of the FATF's regular follow-up process (as opposed to the enhanced follow-up process required of other countries). In October 2022, the FATF decided that the fourth round follow-up process of Israel is deemed concluded, and Israel would no longer be required to report back to the FATF in June 2024.

The results of Israel's 2018 mutual evaluation determined that Israel has successfully demonstrated its strong commitment to combating money laundering and terrorist financing, achieves good results in identifying and responding to the risks it faces and has a robust and effective AML/CFT regime. The report further determined that Israel has strong and comprehensive national mechanisms to coordinate the development and implementation of AML/CFT policies and activities.

The report notes that significant improvements are still needed to strengthen supervision and implementation of preventive measures. Additionally, the report found that with regards to technical compliance, Israel's legal framework is particularly strong, with only some areas in need of significant improvement such as measures related to wire transfers, internal controls and financial institutions' foreign branches and subsidiaries, and the full range of preventive measures and supervision for several DNFBPs.

The report also found that the respective licensing and supervising authorities of financial institutions are responsible for AML/CFT compliance as a matter of prudential supervision. Licensing procedures in the financial market are broadly in line with the relevant EU legislation and FATF recommendations, as are the arrangements for AML supervision for banking corporations, portfolio managers, insurers, provident funds, currency service providers, the postal bank and stock exchange members.

#### Foreign Investment

The volume of foreign direct investment in Israel totaled approximately \$16.4 billion in 2023, compared to \$23.0 billion in 2022. From 2019 to 2023, the total volume of net foreign direct investment in Israel was approximately \$52.9 billion. The volume of corresponding overseas direct investments by Israelis totaled approximately \$9.9 billion in 2023, compared to approximately \$10.2 billion in 2022.

**Table No. 21**

#### Nonresident Investment in Israel and Resident Investment Abroad (Net Transactions in Millions of USD)

	2019	2020	2021	2022	2023
<b>Nonresident Investment</b>	<b>21,356</b>	<b>40,698</b>	<b>58,855</b>	<b>24,693</b>	<b>14,794</b>
<b>By investment type</b>					
Direct Investment	17,363	20,969	18,950	23,032	16,422
Portfolio Investment	-26	18,886	30,476	4,892	-3,339
Other Investment	4,019	843	9,429	-3,231	1,711
<b>Resident Investment abroad</b>	<b>26,271</b>	<b>65,192</b>	<b>77,579</b>	<b>42,543</b>	<b>33,648</b>
<b>By investment type</b>					
Direct Investment	8,690	4,579	10,369	10,247	9,970
Portfolio Investment	6,439	15,158	15,509	-1,708	10,094
Other Investment	5,919	9,040	13,539	9,973	9,373
Reserve Assets	6,445	37,776	39,675	2,291	-223
Financial Derivatives	-1,222	-1,361	-1,513	21,740	4,434
<b>Net financial account</b>	<b>-4,915</b>	<b>-24,494</b>	<b>-18,724</b>	<b>-17,850</b>	<b>-18,854</b>

Source: Central Bureau of Statistics and Bank of Israel.



### Foreign Exchange Controls and International Reserves

In recent years, net external (debt instrument) assets (external assets minus external debt) have increased dramatically, reaching a record level of \$242.3 billion at the end of 2023. Foreign currency reserves grew from \$81.8 billion at the end of 2013 to \$204.7 billion at the end of 2023.

All activities and transactions in foreign currency between resident individuals, businesses and nonresidents have been permitted since January 2003.

The Bank of Israel and the Ministry of Finance took several measures in 2011, and again in 2017, to assist in facilitating the achievement of monetary and foreign exchange policy goals, which include increasing transparency and investor confidence, improving analytical abilities with respect to transactions in the foreign exchange market, and reducing short-term investments by foreign investors.

Reporting requirements established by the Bank of Israel apply to local banking entities (regardless of transaction volume), as well as financial intermediaries (including portfolio managers, TASE members, and certain foreign banks) and foreign residents that carried out a daily average of at least \$15 million in Shekel- denominated intraday transactions in foreign exchange swaps and forward contracts, interest rate swaps, and inflation swaps in the prior twelve months. The reporting requirements include a daily report on the details of every conversion transaction between Israeli currency and foreign currency and every transaction involving Israeli currency in foreign currency, index, and interest rate derivatives to be submitted not later than one trading day after the trade was executed, as well as a monthly report of the inventory of such open trades, which is to be submitted no later than one trading day after the end of each month being reported.

Table No. 22

External Assets and Liabilities (Debt Instruments) (End-year Balances in Millions of USD)					
	2019	2020	2021	2022	2023
<b>External Debt</b>					
Public sector	39,356	62,408	81,645	79,614	78,145
Private sector	49,998	50,914	58,628	56,891	51,747
Banking system	13,846	16,608	20,053	19,396	24,799
<b>Total</b>	<b>103,200</b>	<b>129,930</b>	<b>160,326</b>	<b>155,901</b>	<b>154,691</b>
<b>External Assets</b>					
Public sector	128,816	176,144	219,775	201,442	209,449
Private sector	104,925	117,740	115,891	108,263	122,088
Banking system	39,716	40,161	50,316	55,422	65,411
<b>Total</b>	<b>273,457</b>	<b>334,045</b>	<b>385,982</b>	<b>365,127</b>	<b>396,948</b>
<b>Net External Debt</b>	<b>-170,257</b>	<b>-204,115</b>	<b>-225,656</b>	<b>-209,226</b>	<b>-242,257</b>

Source: Bank of Israel

Table No. 23

### Foreign Currency Reserves at the Bank of Israel (Annual Average, Millions of Dollars)<sup>(1)</sup>

2019	2020	2021	2022	2023
119,548	147,777	197,051	197,713	199,800

(1) Includes the Allocation of Special Drawing Rights by the IMF to member countries and the balance of Israel's reserve tranche in the IMF (both of which were excluded in previous annual reports).

Source: Bank of Israel.

### Foreign Exchange Rates

The Bank of Israel Law, Section 4(3), stipulates that a function of the Bank of Israel is to support the orderly activity of the foreign currency market in Israel. In August 2009, the Bank of Israel announced that it would act in the foreign exchange market in the event of unusual movements in the exchange rate or abnormalities in the foreign exchange market that do not reflect economic fundamentals (see “*The Financial System — Bank of Israel*,” below).

Since March 2008 through January 2022, the Bank of Israel has purchased a total of approximately \$145.6 billion in the foreign exchange market.

At the outbreak of the war in Gaza in October 2023, the Bank of Israel sold, for the first time, \$8.5 billion in foreign exchange reserves. The sales were made as part of a program announced by the Bank of Israel with the goal of moderating the volatility in the shekel exchange rate and to provide the liquidity required for the continued proper functioning of the markets.

**Table No. 24**

Average Exchange Rates (NIS per Currency Unit)					
	2019	2020	2021	2022	2023
U.S. dollar	3.565	3.442	3.230	3.358	3.690
British pound sterling	4.554	4.413	4.446	4.151	4.589
Euro	3.992	3.923	3.822	3.536	3.990
Japanese yen	3.270	3.223	2.945	2.568	2.624

Source: Bank of Israel.

## THE FINANCIAL SYSTEM

### Bank of Israel

The Bank of Israel, established in 1954, is the country's central bank and functions independently of the Government. It is responsible for formulating and implementing Israel's monetary policy. The Bank of Israel also manages foreign exchange reserves, supports the orderly activity of the foreign currency market in Israel, regulates the Israeli payment and clearing systems, supervises and regulates Israel's banking system, and issues bank notes and coins. The Governor of the Bank of Israel, who is appointed by the President of the State after receiving the recommendation of the Government, acts as an economic advisor to the Government. The current Governor of the Bank of Israel is Professor Amir Yaron, appointed to a second term in December 2023, after having served in the United States as a Professor of Finance at The Wharton School, University of Pennsylvania.

According to the Bank of Israel Law, which came into effect on June 1, 2010, the central objective of the Bank of Israel is to maintain price stability. The range of price stability is determined by the Government, in consultation with the Governor of the Bank of Israel. Since 2003, the Government's target range for inflation has been 1% – 3% per annum. Additional objectives of the Bank of Israel are to support the stability and orderly activity of the Israeli financial system and to support other objectives of the Government's economic policy, especially growth, employment and reducing social gaps, provided that the support does not prejudice the attainment of price stability over the course of time.

The Bank of Israel is autonomous in its actions, including determining its policy tools and their uses. To attain its objectives and discharge its functions, the Bank of Israel may: issue its own securities; perform (on the stock exchange or in another regulated market or off-market) an action or transaction of any kind that is customary in the capital, money and foreign exchange markets, including in the derivatives market, all of which apply to securities, currency, gold or any other asset or instrument as are customary in such markets (provided the purchase or sale of Government debentures whose maturity date exceeds thirteen months from the purchase or sale date, as the case may be, with the exception of repurchase transactions in such debentures, shall be executed in consultation with the Minister of Finance and in such manner that does not materially prejudice the ability to raise local debt to finance the Government's activity); receive deposits from banking corporations; grant credit to banking corporations; under exceptional circumstances, grant credit to financial entities that are not banking corporations; and take any other action the Bank of Israel deems necessary.

As stipulated in the Bank of Israel Law, the Bank of Israel is not allowed to finance budget deficits or to lend money to the Government to finance its expenditures, including via direct purchase of Government debentures at issuance, except for temporary advances to bridge a gap in the Government's cash flow in executing its budget (provided that the outstanding amount of such temporary advances at any time does not exceed NIS 10 billion and will not be extended for more than 150 days per year). The amount of such permissible temporary advances is updated on January 1 of each year, based on year-over-year changes in the CPI.

The Bank of Israel is the sole banker of the Government in its banking activity in Israeli currency. The Government may, however, obtain certain services (as agreed in a memorandum of understanding dated March 9, 2010 between the Government and the Bank of Israel) from others, provided this is done only to manage the Government's debt and fiscal activity. The Bank of Israel is subject to internal limitations on the amount of investments it may make in a single country or financial institution. The majority of the Bank of Israel's reserves are held in debt securities issued by foreign sovereign issuers.

As of October 2011, monetary policy and decisions on actions required to achieve the Bank of Israel's objectives are determined by the Bank of Israel Monetary Committee as mandated by the Bank of Israel Law. The Monetary Committee is composed of three members who represent the Bank of Israel (the Governor of the Bank of Israel, as chairperson, the Deputy Governor, and a member of the Bank of Israel staff who is appointed by the Governor), and three members who represent the public and are appointed by the Government.

The Supervisory Council, whose duties are to supervise the orderly and efficient management of the Bank of Israel, was also appointed in late 2011. The Supervisory Council is composed of the Governor, the

Deputy Governor and five members appointed by the Government as representatives of the public. The Government also appoints one of the public representatives as the chairperson of the council.

### Monetary Policy

*Monetary Framework.* At the end of 1991, the Bank of Israel and the Ministry of Finance began publicly announcing annual inflation targets, with the intention of reducing inflation gradually from the 15% – 20% range that had prevailed since the Economic Stabilization Program was introduced in 1985 to the low single-digit levels typical in developed countries. In 1994, the Bank of Israel implemented more restrictive monetary measures to prevent inflation from reverting to its pre-1992 levels. This tight monetary policy and the effective abandonment of exchange rate management in 1997 were the key factors in attaining the current stable inflation environment in Israel. Between 1998 and 2003, the inflation target range was brought down gradually and has been set at the current range of 1% to 3% since 2003. From 2003 until 2008, actual inflation averaged 1.5%, towards the middle of the target range, with considerable year-to-year variation due primarily to short-term exchange rate pass-through effects and foreign price shocks, especially in the food and energy sectors.

Since 2008, monetary policy has been conducted against the backdrop of the global financial crisis which began in the summer of 2007 and worsened during 2008. The global financial crisis that began in the summer of 2007 and worsened during 2008 significantly affected Israel's monetary policy. At the start of the crisis, domestic economic activity was robust, but concerns over the worsening financial situation abroad, led to expectations of a recession. The Bank of Israel reduced the interest rate at the beginning of 2008. In the third quarter of 2008, as expectations for deterioration of the Israeli economy did not materialize and inflationary pressures increased, the Bank of Israel raised the monetary interest rate back to its previous level of 4.25%. By the end of 2008, in view of the escalating global crisis and growing signs of a major downturn in real activity, the interest rate was cut to 2.5%, followed by a further decrease of 0.5% in April 2009. In retrospect, the acute effects of the global financial crisis on the real economy in Israel lasted only two quarters (the fourth quarter of 2008 and the first quarter of 2009), but this was not known at the time. Only towards the end of 2009 did concerns of continued severe recession abate.

The terror attack launched by Hamas on October 7, 2023 and the war in Gaza which followed caused a significant disruption to the Israeli economy in the fourth quarter of 2023. In view of the war, the Monetary Committee's policy has focused on stabilizing the markets and reducing uncertainty, alongside price stability and supporting economic activity. The Bank of Israel also sold \$8.3 billion in October 2023 in order to moderate the volatility of the shekel.

Key trends in economic indicators and monetary policy since the global financial crisis and their development in recent years, including the impact of COVID-19 and the war in Gaza, among others, are as follows:

1. Steady and significant improvement in key labor market indicators, including higher labor force participation rates and significantly lower unemployment. In 2021, when economic activity began to recover from the effects of the COVID-19 pandemic and the special assistance to the unemployed was discontinued, employment began to recover. The expansion of demand in the economy continued in 2022 and was reflected in the continued tightening of the labor market, as the annual average job vacancy rate increased, and unemployment declined. This led the labor market to converge to a full employment environment, with the labor participation rate and the employment rate surpassing their 2019 levels. This process continued in the first three quarters of 2023, with the 3.6% rate of unemployment and the 61.5% employment rate. In the fourth quarter of 2023, the wide unemployment rate (which considers absentees as unemployed) rose to 7.9% and the wide employment rate dropped to 57.7%, while in January-February 2024 they had begun to recover, dropping to 4.6% and rising to 59.7%, respectively. The initial drop in employment was due to the school system being shut down for most of October 2023 due to Hamas's rocket attacks and the extensive reservist call up. Employment rebounded once the school system reopened at the end of 2023 and as many reservists were released in early 2024.

2. A continued increase in real output growth relative to most other OECD countries. GDP rose by 3.9% in the first three quarters of 2023 (relative to the same period in 2022). It dropped by 5.7% in the fourth quarter (relative to the previous quarter), reducing the annual growth rate for 2023 to 2%.
3. A sharp increase in housing prices, in part due to a shortage of apartments relative to the rate of increase of new families and to the low level of returns on financial investments during the global financial crisis and thereafter. Between December 2007 and December 2022, home prices increased by approximately 209% and by 144% in real terms (adjusted for the CPI). In 2022, housing prices increased by 14.6% compared to 2021. However, in 2023, housing prices decreased by 0.7% compared to 2022.
4. Continuous declines in the Government debt-to-GDP ratio from 2009 to 2017 alongside more expansionary fiscal policies in the areas of healthcare and education since 2016, which reflect the Government's response to social needs. The public debt-to-GDP ratio rose slightly in 2018, but declined again and reached 59.2% in 2019. In 2020, the Government implemented economic rescue plans in response to the COVID-19 pandemic, which increased unemployment and other transfer payments and supported businesses. This expenditure, along with the reduction in tax revenues due to the reduced economic activity in 2020, caused the public debt-to-GDP ratio to rise to 70.9%. In 2021, the economic recovery was reflected in buoyant tax revenues, which, together with the decline in pandemic-related expenditure, reduced the debt-to-GDP ratio to 67.8%. In 2022, the total deficit of the general government declined sharply, to just 1.6% of GDP, following two years of high deficits due to the pandemic. Accordingly, and with the rapid growth of GDP, public debt declined in 2022 to 60.8% of GDP at the end of the year. This decline in the debt to GDP ratio was also due to the acceleration of inflation, which eroded the unindexed part of debt (which is about half of the Government's debt) relative to nominal GDP. In 2023, largely due to high government expenditure relating to the aftermath of the October 7, 2023 attacks and the war in Gaza in the fourth quarter, the total deficit of the general government rose to 6.7% of GDP and the debt-to-GDP ratio rose to 61.9%.
5. In recent years, there was a current account surplus. The surplus was 4.0% of GDP in 2021 and decreased slightly to 3.9% in 2022. It remained at that level in the first three quarters of 2023, but increased sharply in the fourth quarter, bringing the annual surplus for 2023 to 5.0%.
6. In late 2012 the nominal effective exchange rate began an appreciation trend which largely continued until mid-2022. This culminated with annual shekel appreciation rates of 5.1% in 2020 and 7.9% in 2021, and was followed by a 6.6% depreciation in 2022 and a 1.5% depreciation in 2023. Since the social protests in 2011, consumer awareness has increased in Israel, and with it the desire to lower the cost of living. In parallel with the measures adopted by the Government to achieve this goal, there have been changes in consumer behavior patterns in Israel reflected by exposure to online purchasing through domestic and international websites, which has increased competition in the domestic tradable goods market and lowered prices.
7. Relatively high inflation in 2009-2011, then moving to within the target range in 2011 – 2013, and then dropping from the second half of 2013 until the first half of 2020. Actual CPI inflation was negative or close to zero between 2015 and 2020. The low inflation rate in those years was mainly due to the appreciation of the shekel and increased competition against the background of technological improvements. In contrast, the demand side remained strong. Inflation has been on a rising trend since mid-2020. It crossed the lower bound of the target range (1%) in the first half of 2021 and the upper bound (3%) in the beginning of 2022. Inflation was 5.3% at the end of 2022 (measured at year-end), and 3.0% at the end of 2023. In 2023, the inflation rate in Israel was lower than in most OECD member countries.

Developments in inflation, real output growth and interest rates since the global financial crisis may be grouped into seven periods:

1. Mid-2009 to mid-2011, a period of strong real GDP growth (5% annual average) along with relatively high inflation (over 4% in 2011) due to increases in global energy and food prices. In response to the increased inflation, the Bank of Israel increased the key policy rate gradually from the exceptionally low level of 0.5% to 1% by December 2009, to 2% by December 2010, and to a peak of 3.25% in mid-2011.
2. Mid-2011 through mid-2013, a period of slower GDP growth (2% annual average) and inflation within the target range, due in part to the continued lack of recovery by Israel's major trading partners and the prolonged Eurozone crisis. However, during this period, Israel's growth consistently exceeded the growth of major advanced economies. In light of the slowdowns in both inflation and growth, the Bank of Israel reduced its key interest rate several times beginning in September 2011 from a level of 3.25% to a level of 1.75% by January 2013, and maintained a 1.75% level until mid-May of 2013. Another key feature of the mid-2011 to mid-2013 period was the development of Israel's natural gas fields and the start of local production of natural gas.
3. Mid-2013 to 2015, a period of slower GDP growth of approximately 3%, reflecting accelerated growth in private consumption alongside stagnant investment and a slowdown in exports, with sharply declining inflation.
4. 2016 to 2019, a period in which GDP growth stabilized around 3.5% (near the long term rate of growth), and the inflation rate was below the lower bound of the inflation target most of the time. The key policy rate which had been reduced to 0.1%, a near-zero level, in March 2015, remained there until December 2018, when it was raised to 0.25%. Inflation reached the target range in June 2018 and stayed slightly above the lower bound of 1% for 11 of the next 12 months. However, starting in the second half of 2019, the expected interest rate path changed from upward to downward, in view of the worsening global conditions, monetary accommodation in the US and Europe, and the significant decline in annual inflation to below the target range.
5. 2020, the year the COVID-19 pandemic broke out globally, was characterized by a 1.9% decrease in real output and a negative rate of inflation. The interest rate was reduced back to 0.1% in April 2020. Inflation remained negative throughout most of the year and totaled -0.7% as of December 31, 2020. The main catalysts for the low inflation rates in 2020 included declines in global energy and food prices, as well as significantly reduced activity and demand in the global economy.
6. 2021 – 2022, a period characterized by a quick economic recovery from the COVID-19 crisis, in which real output increased quickly, and inflation rose above the target.
7. 2023, a year in which inflation decreased throughout the year (compared to 2022), and GDP growth slowed. The fourth quarter of 2024 was characterized by a significant decrease in GDP growth rate due to the war.

In 2021, global energy and other commodity prices increased sharply and global market demand posted a strong recovery. However, the appreciation of the shekel moderated the resulting inflation. In 2022, Israel's GDP increased by 6.5% due to the recovery from the effects of the COVID-19 pandemic and the lifting of policies implemented in response. In 2023, Israel's GDP increased by only 2.0% due to political changes, and, in large part, to the war in Gaza. Private consumption dropped by 0.7%, investment by 2.9%, and government consumption rose by 7.2%. Despite the war, exports rose by 0.1%, due in large part to the strength of Israel's high-tech services exports. In total, domestic uses were unchanged.

In 2022, the Consumer Price Index increased by 5.3% (measured at year-end) — above the inflation target of 1 – 3%. This increase continued the acceleration in the pace of inflation that began in 2021. As a result, the Bank of Israel increased the interest rate markedly — from 0.1% to 3.25% — during the year. In 2023, the Consumer Price Index rose by 3.0% (measured at year-end), and returned to the upper boundary of the inflation target in Israel, a moderation in the pace of inflation following prior increases. The increased inflation that began in 2021 and its moderation in 2023 were influenced by both domestic and global factors. The Bank

of Israel continued raising the interest rate until mid-2023, from 3.25% to 4.75%. In early 2024, the Bank of Israel reduced the interest rate to 4.5%.

*Foreign exchange market interventions since the global financial crisis:*

In 2008, the Bank of Israel resumed foreign exchange intervention after a ten-year hiatus. This began with a plan to increase its foreign exchange reserves through direct purchases in the foreign exchange market. Although the objectives of foreign exchange interventions have varied depending on the circumstances, they have included increasing the level of foreign exchange reserves (in the early stages of the intervention), moderating the effects of the substitution of domestic natural gas for imported oil on the exchange rate from 2013 to 2019, and occasionally limiting local currency appreciation when the Bank determines that the exchange rate is not in line with macroeconomic fundamentals.

In January 2021, as a result of several factors, including (a) a sharp appreciation of the shekel at the beginning of the year, (b) the implementation of market-curbing governmental measures in response to additional COVID-19 outbreaks, which led to a sharp increase in the unemployment rate, and (c) the negative inflation environment, the Bank of Israel announced its intention to purchase \$30 billion of foreign currency over the course of the year. After the shekel posted a sharp upward trend toward the end of 2021, the Bank of Israel further increased its foreign currency purchase commitments. In total, the Bank of Israel purchased approximately \$35 billion in 2021, thereby moderating the appreciation of the shekel. During 2021, the shekel appreciated by 7.9%. In 2022, the shekel depreciated by 6.6% in terms of the nominal effective exchange rate, following a trend of appreciation that lasted for about a decade. The depreciation was supported by foreign exchange purchases by institutional investors due to the decline in equity prices abroad, as well as by the expansion of the monetary interest rate gap with the United States. In 2023, the shekel depreciated by 1.5% in terms of the nominal effective exchange rate, following a trend of appreciation that lasted for about a decade. The depreciation was influenced by political changes in Israel, and by the war in Gaza.

On October 9, 2023, the Bank of Israel announced that it would sell up to \$30 billion in order to moderate the volatility of the shekel and provide necessary liquidity for the continued proper functioning of the markets after the October 7 attacks. \$8.5 billion was sold under this program.

*Implementation of Monetary Policy.* The Bank of Israel's principal instruments of monetary control are auctioned time deposits for banks, sales of Central Bank bills ("Makam"), and a discount window facility. Auctions for interest-bearing deposits are currently the main tools for implementing monetary policy and are similar to reverse repurchase agreements. The interest rates received by the banks are determined in such auctions. Maturities are overnight or one week. The auction of overnight funds and deposits of various maturities and the rates of interest determined in connection therewith are the key determinants of very short-term interest rates in Israel. The Bank of Israel utilizes the daily auctions primarily to offset flows, to and from the monetary base, of Governmental activities and foreign exchange market intervention. In the past, when the banking system was in a fundamental liquidity deficit, the Bank of Israel injected liquidity using monetary collateralized loans, which were allocated to the banking system by periodic auctions of a predetermined amount and were used in a manner similar to repurchase agreements. Since the resumption of foreign exchange intervention at the start of the global financial crisis in 2008, the banking system has been in a fundamental liquidity surplus so the Bank of Israel has been absorbing liquidity rather than injecting it.

The Bank of Israel may also absorb liquidity by selling Makam, formally a liability of the Government but issued by the Bank of Israel for monetary purposes. Unlike Bank of Israel's other monetary instruments, Makam securities are traded in the secondary market and are accessible by the investing public. Since the mid-1990s, the Bank of Israel has expanded the use of Makam issuances as a monetary instrument to absorb excess liquidity in the banking system. Since March 2007, the Makam market has enabled the Bank of Israel to actively increase liquidity in the banking system by reducing the issuance of Makam.

The discount window facility enables banks to obtain, at any time during the day, overnight loans to fill temporary funding needs (against suitable collateral) at a premium above the key policy rate or to deposit excess funds at a rate below the key policy rate. The key function of the discount window is to establish a rate "corridor" within which the rate on auctioned deposits is determined. This function is similar to the system used by the European Central Bank and a number of other central banks.

In view of the risks embodied in the rapid rise of home prices and the expansion of housing credit, the Bank of Israel's Banking Supervision Department has implemented macro prudential measures with regard to banks' mortgage loans in order to support financial stability. These measures included: (i) redefining housing credit extended to organized purchasing groups as credit extended to the construction industry instead of households' mortgages, thus requiring banks to meet stricter credit standards; (ii) increasing the capital provision requirement against high loan-to-value mortgages; (iii) requiring the re-examination of risk management in the housing credit portfolio; (iv) demanding a higher capital provision against variable-interest loans; (v) in 2011, limiting variable-rate mortgages to one-third of the total housing loan granted to a borrower; and (vi) in 2012, limiting the loan-to-value ratio of mortgages.

In November 2015, the Monetary Committee began using forward guidance, an unconventional monetary policy tool, announcing that the monetary interest rate would remain accommodative for a considerable time. At the same time, the Committee determined that there was no room to utilize other monetary tools (including negative interest rates or bond purchases); the decision was based on assessed economic health and uncertainty regarding the effectiveness and unexpected repercussions of using such tools. In April 2017, the Committee significantly changed the text of the forward guidance and announced that the accommodative monetary policy will continue as long as necessary in order to bring the inflation environment within the target range.

During 2020, against the backdrop of the COVID-19 pandemic and the associated economic challenges, the Monetary Committee implemented several measures aimed at coping with the resulting turmoil, including mitigating the adverse economic impact of the COVID-19 pandemic, ensuring the continued orderly functioning of the financial markets, enhancing the pass-through from the Bank of Israel interest rate to market interest rates, encouraging market demand and mitigating inflation through easing credit conditions. This was done primarily through the purchase of government bonds and the provision of loans to the commercial banks to facilitate the advancement of credit from commercial banks to small and micro businesses.

**Table No. 25**

**Selected Interest Rates<sup>(1)</sup>**

	Short Term Credit to the Public in Local Currency		Average Interest on Daily Commercial Bank Deposits at the Bank of Israel <sup>(3)</sup>	SROs <sup>(2)(4)</sup>	Yield to Maturity of 12-month Treasury Bills
	Line of Credit <sup>(2)</sup>	Term Credit <sup>(2)</sup>			
2019	7.1%	3.5%	0.2%	0.1%	0.3%
2020	7.2%	3.2%	0.1%	0.0%	0.1%
2021	7.3%	3.0%	0.1%	0.0%	0.0%
2022	7.1%	2.9%	1.2%	0.0%	1.7%
2023	7.1%	2.9%	4.5%	0.0%	4.5%

(1) Effective interest rate (percent per year).

(2) The data reflects the gross balance of all banking corporations registered in Israel.

(3) The interest rate on daily deposits auctioned by the Bank of Israel.

(4) Self-renewing overnight local currency interest-bearing bank deposits ("SROs"), excluding large negotiable SROs.

Source: Bank of Israel.



Table No. 26

Monetary Indicators (Percentage Change over Previous Period) <sup>(1)</sup>					
	2019	2020	2021	2022	2023
<b>Monetary Aggregates<sup>(2)</sup></b>					
M1 (in millions of NIS annual average) <sup>(3)</sup>	421,417	508,658	633,845	693,764	537,173
M2 (in millions of NIS annual average) <sup>(4)</sup>	860,197	1,011,363	1,212,395	1,365,891	1,291,443
M1	7.4%	20.7%	24.6%	9.5%	-22.6%
M2	4.4%	17.6%	19.9%	12.7%	-5.5%
<b>Public Sector Injection/GDP<sup>(5)</sup></b>	0.5%	1.5%	-0.4%	1.4%	0.4%
<b>Bank Of Israel Injection/GDP<sup>(6)</sup></b>	-1.2%	-4.7%	-5.0%	-1.0%	1.7%
<b>NIS/U.S.\$(during period)</b>	-7.4%	-6.6%	-3.6%	10.2%	6.4%
<b>Real Yield To Maturity On 5 Year Indexed Government Bonds</b>	-0.6%	-0.7%	-1.5%	-0.5%	1.4%
<b>Nominal Yield On Equities (during period)<sup>(7)</sup></b>	17.7%	-0.4%	-31.0%	-15.5%	4.9%
<b>Nominal GDP</b>	6.1%	-0.8%	-10.9%	11.1%	6.0%

(1) Certain data herein are calculated based on annual averages and certain other data herein are calculated based on year-end figures.

(2) Includes mortgage banks.

(3) Currency in circulation plus demand deposits.

(4) M1 plus self-renewing overnight deposit plus unindexed deposits of up to one year.

(5) Contributions to monetary expansion.

(6) Includes swap transactions, with respect to the redemption of Government bonds held by the Bank of Israel.

(7) Includes convertible securities and warrants. The data has been adjusted for dividend distributions and stock splits.

Source: Bank of Israel.

### Banking System

*Introduction.* The Banking Supervision Department (“BSD”) is the primary regulator of Israeli banking corporations and systemic payment services providers (including credit card companies). The BSD is headed by the Supervisor of Banks, who is appointed by the Governor of the Bank of Israel (“BOI”). The BSD is committed to meeting all international standards set by the Basel Committee on Banking Supervision (“BCBS”) as well as other international standards that in the BSD’s view may improve the stability and resilience of the Israeli banking system. Over the past ten years, the BSD has enhanced its risk-based supervision framework by implementing the BCBS’ set of measures developed in response to the Global Financial Crisis of 2008, commonly referred as “Basel III”. Furthermore, the BSD has enhanced its capital and liquidity requirements in accordance with the reforms incorporated into the Basel III post-crisis guidelines. The BSD has also introduced a wide range of macro-prudential measures over the same period in order to better align capital requirements with the risks inherent in the housing and real-estate credit portfolios and to reduce the exposure of the banking system and its customers to those risks. Moreover, the BSD took steps to enhance the AML/CFT risk management framework and to achieve more effective AML/CFT supervision.

The changing operating environment, including the integration of new technologies, innovative channels, systems and products into the financial systems in the global markets, led the BSD and other financial regulators to prioritize the responsible implementation of these new technologies within the financial and banking system. The BSD adjusted its operations and regulations to accommodate these changes and to address the potential risks of digitalization and technological innovation in finance.

At the onset of the war in Gaza, which commenced on October 7, 2023, the BSD responded immediately with a series of measures aimed at addressing the various challenges that emerged in the banking sector, ensuring continuity of business operations and uninterrupted provision of services to the public. Banking corporations were directed to handle customer interactions with sensitivity, and to intensify the monitoring and management of operational and financial risks. The actions taken by the BSD included: issuing guidelines for operating bank branches, establishing an emergency call center, introducing assistance measures in various consumer-related areas, outlining payment deferral programs for loans, intensifying the monitoring of risk developments, and providing guidelines on prudential matters. Additionally, the BSD examined the banking corporations' capital planning, ensured that the banking system was prepared with adequate liquidity buffers, and verified that the banking corporations had sufficient buffers to absorb losses.

*Licensing process.* Banking and Payment Services Provider with Prudential Importance licenses are issued by the Governor of the BOI. Two additional committees operate alongside the Supervisor of Banks with regard to licensing:

- (1) The Licensing Committee, which advises the Governor of the BOI and the Supervisor of Banks with regard to establishing banking corporations, granting or revoking of licenses, granting or revoking bank branch permits, and reviewing changes in controlling shareholders; and
- (2) The Advisory Committee, which advises on matters relating to the issuance of new banking business regulations.

*Profile of the Banking System.* At the end of 2023, there were 15 banking corporations registered in Israel, including ten commercial banks, one joint services company and four foreign banks.

The five largest banking groups (Bank Leumi Le-Israel Ltd., Bank Hapoalim Ltd., Israel Discount Bank Ltd., Mizrahi Tefahot Bank Ltd. and The First International Bank of Israel Ltd.) hold 99.1% of the assets of the Israeli banking sector. As of December 2023, two additional small-scale commercial banks that are unaffiliated with the aforementioned banking groups operate in Israel: Bank of Jerusalem, Ltd. and One Zero Digital Bank, Ltd. In addition, branches of four foreign banks operate in Israel on a smaller scale — Citibank N.A., HSBC Bank PLC, Barclays Bank PLC and State Bank of India. Other major foreign banks maintain offices in Israel, through which they engage in activities in Israel's capital markets and render advisory services that do not require a banking license pursuant to Israeli banking laws.

The market share of the two largest banking groups — Bank Leumi and Bank Hapoalim — by total assets was 56.6% as of December 2023.

Israeli banking groups perform financial services for retail and corporate clients, including investment banking, brokerage and capital market activities, which require abiding by certain restrictions in order to prevent conflicts of interest. In addition, the Israeli banks face restrictions on their investments in non-financial companies.

There are also restrictions on the structure and type of companies that can become controlling shareholders of banks.

*Controlling Structure in Banks.* Banks can either be controlled by a group of major shareholders, called a Core Controlling Group, or the bank's ownership can be widely dispersed among a broad base of shareholders. In 2012, an amendment to the Banking Ordinance, 1941, and to the Banking (Licensing) Law, 5741-1981, came into effect, allowing banks to operate without a Core Controlling Group. In addition, the BOI issued a Principle Document to clarify the principles for a bank held by Shareholder Structures.

In December 2013, the Knesset enacted the Enhancing Competition and Reducing of Concentration Law 5774-2013, which sets restrictions on significant cross-sectorial holdings and control of a non-financial corporation alongside a banking corporation deemed a Significant Financial Entity (as defined by this law) and provides a transition period for pre-existing controlling shareholders.

*Recent Legal and Regulatory Changes in the Banking Sector*

- (1) The Divestiture of Credit-Card Companies. In accordance with the Increasing Competition and Reducing Concentration in the Banking Industry Law 5777-2017 (the “Strum Law”), the two largest banks, Bank Hapoalim and Bank Leumi, were required to divest their credit-card holdings (Isracard Group and Leumi Card Ltd., respectively). These credit card companies now operate as independent non-bank credit providers and merchant acquirers and compete with banks in providing credit to SMEs and retail customers.

In January 2023, an amendment to the Banking (Licensing) Regulations was approved by the Finance Minister, following the recommendation of the Strum Law Implementation Committee and the consent of the Governor of the BOI. According to the amendment, a bank with a broad scope of activity that is required to sell its control of a credit-card company is defined as a bank that owns more than 10% of the total assets of the banking system (instead of 20% prior to the amendment). Accordingly, Israel Discount Bank Ltd. is expected to sell its holding in Cartisey Ashrai Lelsrael Ltd (CAL). Banks are permitted to continue to issue credit cards.

In May 2018, the BSD released a document that articulated the criteria and general conditions for an applicant seeking a permit to control or hold controlling means of a credit-card company. Upon meeting these criteria, a purchaser of a credit card company can be one of the following types of entities: an Israeli financial corporation or nonfinancial corporation, as long as they comply with all legal requirements; a foreign financial corporation or nonfinancial corporation; or a private equity fund. Additionally, a controlling interest in a credit card company can be made up of a group that includes a number of the aforementioned permitted types of entities. A credit card company can also be owned by public stockholders or a combination of public stockholders and the aforementioned permitted types of entities.

- (2) Regulation of Payment Services and Payment Initiation Law. In June 2023, a new law was enacted in Israel regulating payment services to clients (including provision of payment accounts, issuing payment instruments, and merchant acquiring). Additionally, the law mandates licensing for payment initiating services and requires payment account managers to provide access for payments initiation.

Under this law, Payment Services Provider with Prudential Importance will be supervised by the BOI. Other non-bank payment companies, including companies that received a Merchant Acquirer license from the BOI, will be supervised by the Israeli Securities Authority. These companies are required to keep customer funds separate from company funds in a segregation account or alternatively to obtain insurance or a guarantee to safeguard customer funds. The operations of these companies are limited, but they can grant credit (not from customer funds) and pay interest on the customer funds they hold.

- (3) Management of financial risks related to climate and environment. The BSD is actively enhancing the banking system’s preparedness to manage financial risks associated with climate and environmental changes. Key initiatives of the BSD in this area include: adoption of the Basel Committee on Banking Supervision principles for the effective management and supervision of climate-related financial risks through a new Proper Conduct of Banking Business Directive (Directive No.345 published in June 2023); adoption of best practices in aspects of public reporting and supervision of banks; building supervisory and systemic capabilities for conducting climate related stress tests; membership in inter-ministerial and cross-divisional fora to address data and information barriers; and participating in the working groups and plenary of the Network for Greening the Financial System (NGFS).
- (4) Reliefs and adjustments in response to the War in Gaza. At the onset of the war in Gaza, the Supervisor of Banks issued a letter to banking corporations and credit card companies, emphasizing the banking system’s vital role in handling emergency situations, specifically: (1) the need to stand as a solid base alongside its customers, adopting a proactive approach in finding solutions and providing as much relief as possible to those in distress; (2) maintaining the continuity of service provision in a fitting and professional manner, including branch operations and the use of automated cash machines; and (3) managing the financial and non-financial risks specific to this period.

Additionally, the BOI announced a comprehensive deferral program to ease the credit and fee burden, which was adopted by the banks, with the aim of helping customers in dealing with the ramifications of the war. This program was extended and expanded in response to ongoing events and their impact on households and businesses, and based on the needs identified on the ground. From the beginning of the war until the end of April 2024, the banks and credit card companies deferred approximately 406,000 loans, with the total amount of payments in deferral being approximately NIS 8 billion. The total amount of payments still in deferral as of the end of April 2024 is approximately NIS 3.5 billion (being approximately 139,000 loans).

To assist the banking system and its customers in coping with the challenges of the situation, the BSD developed a series of reliefs and adjustments to the banking supervision directives. These were implemented as part of a temporary order in the last quarter of 2023 and into 2024. The changes in the directives aimed to grant banks and credit card companies the necessary business flexibility to support customers impacted by the war. The reliefs and adjustments covered various areas, including bank-customer relationships, specific requirements regarding credit provision, operational aspects, and simplified identification processes for certain services.

- (5) Changes to the licensing process for new banks. Since 2018, a designated team at the BSD provides close guidance to entrepreneurs in the process of establishing a bank. In June 2018, the BOI published a policy that regulates and simplifies the process of establishing a bank and creates regulatory certainty in the early stages of the licensing process for anyone interested in establishing a bank. The licensing process allows an applicant to obtain a limited license within six months. The limited license will allow the applicant to manage limited deposit and credit provision activities. The process also enables the applicant to complete more complex actions, such as raising capital, recruiting employees, investing in infrastructure and computer systems, and closing regulatory gaps after the bank is established and has started operating.

Additionally, to facilitate the entry of new players, the BSD has lowered the initial capital requirement and the regulatory capital requirements and revised its Proper Conduct of Banking Business directives to enable the digital provision of banking services.

#### *Recent Structural Developments in the Banking Sector*

- (1) In accordance with the Strum Law (2017), Warburg Pincus, LLC, a private equity firm, acquired Bank Leumi's credit card subsidiary "Leumi Card", in July 2018. This acquisition was approved by the BOI in February 2019, and the renamed entity, Max IT Finance Ltd (Max), was granted a merchant acquirer license. In March 2023, Clal Insurance Enterprises Holdings Ltd. purchased Max from Warburg Pincus following a control permit received from the BOI and approval from the Competition Authority.
- (2) In November 2018, the controlling share of Bank Hapoalim was sold to the public and the bank ceased to have a majority shareholder.
- (3) In April 2019, Bank Hapoalim sold 67% of its controlling interest in Isracard, its credit card subsidiary, to the public. In March 2020, Bank Hapoalim distributed the remaining 33% holdings in Isracard to its shareholders as a dividend.
- (4) In December 2019, the BOI issued a limited banking license to One Zero Digital Bank Ltd. Control permits were given to the controlling owners of the One Zero Digital Bank. This was the first banking license issued in Israel since 1978. The new bank acquires IT services from the Centralized Computer Bureau mentioned below. In January 2022, One Zero Digital Bank became a fully licensed bank.
- (5) In December 2022, the Governor of the BOI granted a conditional bank license to Esh Israel Bank Ltd. (under development). Conditional upon meeting the milestones set forth in the bank's license, the Supervisor of Banks has the authority to approve license activation for the purpose of conducting a pilot.

#### *Competition, New Technologies and Cyber Risks*

The BSD has a secondary objective of encouraging competition in the financial system. To advance this objective the BSD undertook several measures, in particular regarding the implementation of the Strum Law and others relating to encouraging responsible technological innovation:

- (1) Central Credit Register: In April 2019, the BOI inaugurated the Central Credit Register (CCR), a system for sharing credit data in Israel. The CCR aims to increase competition in the retail credit market, expand access to credit, and enhance the information available to credit providers for evaluating customer credit-risk. Additionally, the CCR provides an anonymous information base that assists the BOI in carrying out its functions, including macroeconomic research and development of effective policy tools. The BOI is advancing the establishment of an additional credit registry for small- and medium-sized businesses in order to improve access to credit for such businesses and increase competition in this segment.
- (2) The Bank Mobility Reform: In September 2021, an amendment to the Banking (Service to the Customer) Law, 5741-1981, led by the BOI and the Ministry of Finance, took effect. The amendment obliges the banking system to enable bank customers to switch from bank to bank easily, rapidly and securely using the new online system. The objectives of the reform are the following: to increase competition among the banks; to enable new participants to offer financial services; to make it easier to transition between banks; and to enable customers to improve their terms, either at their existing bank or at a new bank, by strengthening their bargaining power.
- (3) Open Banking: The BSD published guidelines for implementation of the “Open Banking” standard in Israel. This technology enables licensed and supervised third parties (both banks and non-bank entities) to gain access to a customer’s account, with the customer’s explicit consent, in order to obtain information or execute transactions. In this way, “Open Banking” strengthens customers’ control over their own financial data and enables them to consume services from other providers. “Open Banking” is expected to enhance competition in the financial sector.
- (4) A Centralized Computer Bureau began operations: The high cost of investing in technological infrastructure has been identified as a significant barrier for new entrants in the banking system. Therefore, the Ministry of Finance allocated a budget to establish a centralized computer bureau to provide technological services to new banks. In March 2019, the Ministry of Finance announced that Tata Consultancy Services, a part of the Tata Group, won the tender. The Centralized Computer Bureau began operations in March 2021, and it is currently providing computer services to One Zero Digital Bank, Ltd.
- (5) Encouraging competition in the merchant acquiring services: In the past, the merchant acquiring sector was comprised of three credit-card companies: Isracard, CAL and Leumi Card (now Max). Beginning in 2015, the BSD implemented measures to remove entry barriers for new entrants. These actions were intended to ease the licensing process by introducing a contingent merchant acquirer license (within six months of submitting an application).  
  
In April 2017, the BOI issued a merchant acquirer license to Tranzila Ltd., the fourth merchant acquirer licensed in Israel’s merchant acquiring market. In May 2018, the BOI issued a merchant acquirer license to Cardcom Acquirer, Ltd., and in June 2023, to UPay Acquiring, Ltd. Following the enactment of the Regulation of Payment Services and Payment Initiation Law, these entities will come under the supervision of the Israeli Securities Authority.
- (6) In February 2024, the BOI published a public consultation document for promotion of a gradual framework for granting banking corporation licenses to nonbank entities. The BOI intends to formulate a policy for granting licenses to banking corporations, which will tailor the license and banking supervision to the nature of the requested operations and the complexity of the applicant’s activities.
- (7) Promoting technological advancement and innovation in banks’ digital services to enhance competition and to improve customer’s experience: In 2019, the BSD approved the use of a technology for remote face-to-face identification and authentication, allowing individuals to open a bank account remotely. Additionally, the BSD removed other regulatory barriers to enable the expansion of digital banking activities. In 2020, the BSD allowed banking corporations to open a bank account online.

- (8) Cloud Computing: In May 2022, the BSD published an amendment to the Proper Conduct of Banking Business Directive No 362, titled “Cloud Computing”. The amendment seeks to remove barriers to the use of cloud-computing services in the banking sector, including in core IT systems. According to the amendment, banking corporations are expected to have effective risk management practices and controls to ensure sound use of cloud computing services.
- (9) Cyber risk: In recent years, cyber risk has become one of the most concerning threats faced by banking systems around the world, due to a significant increase in both the magnitude and sophistication of cyberattacks, coupled with a continuous expansion of attack surfaces due to the growing use of technologies and digital services.

The “war in Gaza has led to an escalation of cyber threats across the entire Israeli cyber domain, including a notable rise in cyberattacks and attempts to carry out such attacks. However, no significant cyber or information security incidents occurred in the banking system. With the outbreak of the war, the BSD intensified its engagement with the banking system in several ways. These included enhancing the sharing of cyber defense information and knowledge among banking entities, continuous monitoring and updating on attack attempts and incidents, compiling a daily cyber defense status report and sharing it with relevant parties, and issuing guidelines that mandated the banks to intensify their security controls and ensure preparedness for cyber incidents.

Additionally, during 2023, the BSD continued to implement measures aimed at improving and strengthening cybersecurity within the banking system, enhancing the banking sector’s preparedness to manage the impact of a potential cyber incident. These measures included: ongoing efforts to advance a national defense layer for unique cyber threats in the financial sector, providing an additional layer of protection; regular monitoring and evaluation activities regarding cyber defense, particularly in areas with heightened cyber risk; periodic operation of an external scanning tool that provides a status report on the level of cyber and information security protection of supervised entities, reflecting their external attack surface; and a comprehensive review of cyber defense strategy and policy within the banking system.

The BSD has continued operating an inter-bank Cyber Defense Forum (established in 2012), which includes cyber-defense managers and representatives of the second line of defense of each banking corporation, as well as representatives from the National Cyber Directorate and the BOI. The forum convenes every couple of months to facilitate cybersecurity information and professional knowledge sharing among participants, in order to strengthen and improve cyber defense within the Israeli banking system.

In December 2020, the BSD published a Reporting Directive No. 366 regarding Reporting of Technological Failures and Cyber Events. The directive aims to obtain structured, frequent and ongoing reports when a major cyber event is taking place in the banking system, to ensure banking corporations are managing such events in an optimal manner, to identify the potential for systemic incidents, and to facilitate the BSD’s response.

The BSD conducts sectorial cyber exercises, holding ten in past years. The most recent sectorial exercise was conducted in April 2022. The format was a round table exercise with the participation of the banking system’s CEOs, and additional representatives on their behalf, representatives of the National Cyber Directorate, the financial CERT (Computer Emergency Response Team) and representatives of the BOI. The banking corporations’ CEOs played a key role in managing cyber risk, particularly the management of a significant cyber event. The main goal of this exercise was to outline wide-range thinking, while raising complex issues and dilemmas that the banking corporations’ CEOs may need to address in order to manage a cyber-event in a banking corporation and at the level of the banking system as a whole. This would require cooperation and reciprocal enrichment amongst all participants. The scenario that accompanied this exercise simulated a significant cyber event that was based, for the most part, on events that occurred in Israel and abroad in recent years, and included four stages that presented evolving dynamics and increasing severity.

#### *Banks Investigations*

In March 2019, the Mizrahi-Tefahot Bank (“Mizrahi-Tefahot”) signed a two-year Deferred Prosecution Agreement (DPA) with the U.S. Department of Justice (DoJ) to resolve the investigation into Mizrahi-Tefahot Bank’s business with its US clients, and made a NIS 546 million payment to the DoJ. At the end of the

term of the agreement, in March 2021, the US court (Los Angeles) granted an order, at the DoJ's request, dismissing the case that was filed against Mizrahi-Tefahot, according to the DPA. The order stated that Mizrahi-Tefahot had complied with its obligations under the agreement.

On April 30, 2020, Bank Hapoalim Group concluded US tax investigations with the signing of the following agreements with the respective authorities and had to pay out a sum total of NIS 3.1 billion (\$874.3 million). In addition, Bank Hapoalim Group reached a settlement with the US Department of Justice (DoJ) pertaining to Anti-Money Laundering ("AML") infractions. The bank signed a non-prosecution agreement with the DoJ regarding a few bank employees involved in breaching AML directives. This agreement included a payment of \$30.1 million.

In January 2021, Israeli Discount Bank and its subsidiary, Mercantile Discount Bank, signed a settlement agreement regarding claims that were based on the argument (refuted) that the banks had provided banking services to customers, assisting them in evading the payment of taxes in Australia. The amount of the settlement totaled approximately AUD 138 million. At the request of the Supervisor of Banks, the banks established a joint independent committee to examine the administrative and control processes that led to the proceedings for which the compromise arrangements were signed. The committee has submitted one report and is expected to submit another one to the BOI, detailing the administrative and control processes it reviewed.

#### *The performance of the Israeli banks in 2023*

In 2023, the banking system recorded high profitability in view of continued growth in credit (albeit at a slower pace than in the past) and the process of rising monetary interest rates domestically and globally from their zero level at the beginning of 2022. The banking systems' capital and liquidity ratios remained high and above the minimum regulatory requirements, demonstrating the robustness of the banking system and its ability to continue supporting the economy's credit needs during stressful times.

The net profit attributed to shareholders of the Israeli banks increased by 7% in 2023 to NIS 25.4 billion at the end of the year. The 2023 net profit represents an after-tax return on equity of 15.6% compared to 16.47% in 2022.

During 2023, the total balance sheet of the Israeli banking system grew by 5.1%, compared to 7.4% increase in 2022. Total balance-sheet credit (including activity abroad), grew by 6.3%, a lower growth rate than in previous years (12.3% in 2022), primarily due to the higher interest rate environment and the implications of the war in Gaza. The increase in the credit portfolio was primarily due to business credit, especially within the large business segment. However, in the second half of 2023, there was a slowdown in business credit, and even a slight contraction in non-real estate business credit in the last quarter of 2023, due to the impact of the war. Additionally, there was a 1.4% reduction in the consumer credit portfolio during the year. Housing credit issued during 2023 totaled NIS 71 billion, a 40% decrease compared to 2022. The slowdown in residential credit began in mid-2022 due to interest rate hikes and intensified with the outbreak of the war.

The increase in credit risk in 2023 was partly mitigated by the supportive programs implemented in response to the 'war in Gaza. This increase was reflected in a rise in the problematic credit rate, particularly in the NPL rate, which grew from 0.72% at the end of 2022 to 0.98% at the end of 2023. Additionally, there was an increase in deferred payment loans, with approximately 144,000 loans in deferral by March 2024, constituting approximately 3.7% of the total credit portfolio, mainly in housing and small business segments. To enhance loss absorption, banks significantly increased credit loss provisions (to 0.51% of total credit balances compared to 0.11% in 2022), totaling NIS 7.9 billion for the year, higher than during the COVID-19 crisis. Most of the credit loss expenses in 2023 were due to increase in group provision, reflecting macroeconomic adjustments and war implications, leading to a 30% increase in the loan loss provision to NIS 26.4 billion at the end of 2023 (primarily in the construction, real estate and consumer credit segments).

Israeli banks allocate capital against credit risk in accordance with the Basel Accord standardized approach. Accordingly, the density ratio of the five largest Israeli banks is relatively high compared to global banks that usually allocate capital according to the Internal Ratings-Based approaches. During 2023, the density ratio increased somewhat to about 54%. The increase was primarily attributable to the growth of credit to businesses, mainly the construction and real-estate industry.

The equity of the Israeli banks amounted to NIS 178 billion at the end of 2023, an increase of 12.3% from the previous year. The Common Equity Tier 1 capital ratio reached 11.3% at the end of 2023, which is well above the minimum regulatory capital requirement. The Leverage Ratio reached 6.5% at the end of 2023 and was significantly higher than the minimum requirement (during the COVID-19 crisis, the BSD provided a temporary relief of 50 basis points in the minimum leverage ratio to all banks, valid until December 2025). The downgrade of Israel's sovereign credit rating by the S&P rating agency in April 2024 is expected to have a negative effect of 0.1 to 0.24 percentage points on banks' Tier 1 capital ratios. Liquidity indices remained higher than the regulatory requirements.

*Anti-Money Laundering and Countering the Financing of Terrorism.*

The Prohibition of Money Laundering Law was enacted in 2000, and the sections pertaining to the obligations imposed on financial entities took effect in 2002. In 2001, the Governor of the BOI issued the Prohibition on Money Laundering Order, which entered into force in 2002. The Order includes requirements regarding identification, reporting and record keeping by banking corporations. In addition, Proper Conduct of Banking Business Directive No.411 released by the BSD sets out guidelines on setting AML/CFT policies, risk measurement, risk mitigation practices and management and monitoring high-risk accounts. In addition, the regulation contains specific guidance on risk management practices regarding high-risk activities, e.g., private banking, correspondent banking accounts and politically exposed persons (PEP). The BSD conducts regular onsite examinations to assess banks' compliance with AML/CFT laws and directives. The Sanctions Committee, chaired by the Supervisor of Banks, is authorized to impose financial penalties on banks and merchant acquirers for AML/CFT related infractions.

In November 2016, the Counter-Terrorism Law, 5776-2016, went into effect, replacing the Prohibition on Terrorism Financing Law, 2005. The objective of the Counter-Terrorism Law is to establish criminal and administrative legal provisions, including special enforcement powers, for combating terrorism.

As amended, the Prohibition on Money Laundering Order requires financial institutions to verify identities of parties to a transaction against a list of declared terrorists and terrorist organizations, as well as to report the type and size of transactions above NIS 5,000 whenever a transaction involves a high-risk country or territory.

In June 2015, the Supervisor of Banks revised the Proper Conduct of Banking Business Directive regarding Compliance and the Compliance Function in a Banking Corporation (No. 308) bringing it into line with the standards and practice recommended by the Basel Committee and implemented in other prominent jurisdictions. This Directive focused on several key areas, including: the accountability of a bank's board of directors and their oversight of compliance risk management; senior management's role and responsibility for managing compliance risk effectively; a bank's need to have a comprehensive compliance policy; main features of a compliance function that enable it to operate in an effective and robust manner; and the definition and expansion of the scope of the compliance function and the role of the chief compliance officer.

In November 2017, the Ministry of Justice published a non-restricted version of the Main Findings of the Money Laundering National Risk Assessment, which was conducted under the Attorney General's instruction and was coordinated by the Israel Money Laundering and Terror Financing Prohibition Authority (IMPA). The report found that the Israeli banking system mitigates the risks of money laundering and terror financing by implementing quality controls that ensure compliance with AML/CFT regulations, and by implementing effective measures for tracking, monitoring and managing those risks.

In December 2018, Israel became a full member of the Financial Action Task Force (FATF). Prior to this, Israel undertook a rigorous assessment of its measures to combat money laundering and terror financing. Throughout this process, the country has demonstrated its commitment to protecting the integrity of its financial system. Israel has established a robust AML/CFT framework, which has proven successful in identifying and responding to such risks.

In January 2020, the BSD amended the Reporting to the BSD Directive regarding Semi-Annual Report on Exposure to Compliance Risk (No. 825). The directive requires banking corporations to report specific information related to accounts at high risk with regard to compliance, such as hold-mail accounts, accounts of politically exposed persons and money services business accounts.



In November 2021, the IMPA published an updated National Risk Assessment (NRA) report. The report contains an assessment of the latest vulnerabilities and money laundering threats to the Israeli economy. According to the report, risk factors, that placed the banking system at higher risk in 2020, included: nonprofit organizations (NPOs), financial service providers, public figures, virtual assets, and offshore activity. The NRA report states that the banking system copes well with these risk factors by using controls, monitoring and using risk management tools.

Israel's AML/CFT regulatory regime is constantly subject to examination, review and revision, in order to better respond to new challenges arising from the increasing sophistication of offenders. For further discussion on anti-money laundering matters, see "Anti-Money Laundering Law," above.

In recent years, the BSD has updated the Proper Conduct of Banking Business Directives, including those on the prevention of money laundering, countering terrorism financing and customer identification risks. These amendments were intended to keep up with changes and technological developments in the payments sector and the business environment and to improve the management of compliance risks amongst Israeli banks in accordance with international standards: (1) uniform supervisory arrangements for customer identification and verification procedures during the provision of payment services, with an emphasis on payment applications, by banking corporations; (2) regulation of risk management in the prevention of money laundering and terrorism financing that involves payments in virtual currencies; (3) adjusting to the FATF's requirements with respect to electronic transfers originating outside of Israel, and providing relief from certain obligations set forth in the Anti-Money Laundering Order for the remote onboarding of customers who have an investment portfolio management account with the relevant banking corporation; and (4) facilitating the management accounts for licensed regulated financial entities whose activities are subject to anti-money laundering orders.

Following the FATF's recommendations, the BSD published its assessment of the main existing and emerging money laundering and terrorism financing risks to the banking system (the findings of the National Risk Assessment were released to the public in November 2021). In addition, in line with the FATF's standards, the BSD developed a risk assessment methodology tailored to the unique characteristics of money laundering and terrorism financing. The BSD's findings are being used as a basis for the establishment of supervisory policies and priorities, as well as in allocation of resources to address and mitigate the identified risks.

Furthermore, the BSD assisted representatives of NBCTF (The National Bureau for Counter Terror Financing) in understanding the potential risk to the banking system posed by terrorism financing and in formulating recommendations for the effective reduction and management of terror financing risks on the basis of the BSD's actions.

Table No. 27

Assets, Liabilities, and Equity Capital of the Five Major Banking Groups (In NIS millions)					
	2019	2020	2021	2022	2023
<b>Assets</b>					
<b>In local currency<sup>(1)</sup></b>	1,344,863	1,634,528	1,884,450	2,006,031	2,069,800
<b>In foreign currency</b>	261,783	282,996	318,614	359,489	413,748
<b>Total assets</b>	<b>1,606,646</b>	<b>1,917,524</b>	<b>2,203,064</b>	<b>2,365,520</b>	<b>2,483,548</b>
<b>Liabilities and equity capital</b>					
<b>In local currency<sup>(2)</sup></b>	1,257,634	1,516,053	1,719,007	1,834,100	1,912,331
<b>In foreign currency</b>	349,012	401,471	484,057	531,420	571,217
<b>Total liabilities and equity capital</b>	<b>1,606,646</b>	<b>1,917,524</b>	<b>2,203,064</b>	<b>2,365,520</b>	<b>2,483,548</b>
<b>Equity capital</b>	<b>119,017</b>	<b>126,925</b>	<b>139,113</b>	<b>157,327</b>	<b>177,519</b>

(1) Including non-financial items.

(2) Including non-financial items, minority interests and equity.

Source: Financial statements to the public.

## Capital Markets

*Israel Securities Authority.* The Israel Securities Authority (“ISA”) was established under the Securities Law, 1968, and its mandate is to protect the interests of the investing public in Israel. The ISA has a wide range of responsibilities and powers. Within the framework of its mandate, the ISA is charged with, among other things:

- Issuing permits to publish prospectuses for public securities offerings of corporate issuers, as well as prospectuses for mutual fund units sold to the public;
- Examining corporate disclosure filings, including current reports, quarterly and annual periodic financial statements, filings concerning related-party transactions in connection with private placements, tender offer disclosures, etc.;
- Regulating and supervising the activities of the mutual fund industry, including on-going monitoring of mutual fund filings;
- Overseeing the fair, orderly, and efficient activity of secondary markets;
- Licensing and supervising portfolio managers, investment advisers, and investment marketing agents, including thorough compliance reviews and disciplinary complaints against these investment professionals for adjudication by a disciplinary committee;
- Investigating violations under the Securities Law, the Joint Investment Trust Law, 1994, the Regulation of Investment Advice and Investment Portfolio Management Law, 1995, and violations of other laws related to the aforesaid laws; and
- Supervising over compliance of portfolio managers and non-bank members of the TASE, under the Prohibition of Money Laundering Law, 2000.

The ISA drafts and initiates virtually all primary and secondary legislation pertaining to securities laws in Israel. In addition, it cooperates with government authorities in formulating policies and laws on capital market activity. The ISA also collaborates with the Institute of Certified Public Accountants in Israel about operating and financing the Israel Accounting Standards Board, which is charged with setting accounting standards for Israeli companies. The Minister of Finance appoints the chairperson of the ISA and its commissioners. The ISA plenum meets monthly and also performs its functions through permanent and ad hoc committees. The ISA is not dependent on government financing; its budget is funded entirely by annual fees payable by entities regulated under the Securities Law and the Joint Investment Trust Law. The ISA’s budget is approved by the Minister of Finance and the Knesset Finance Committee.

The ISA monitors a variety of ongoing disclosure reports, such as periodic reports, directors’ reports on the status of the companies’ affairs, additional information reports, quarterly financial reports, and immediate reports. These reporting requirements are enforceable by Israeli courts upon the petition of the ISA, which also has certain powers to direct the TASE to suspend trading of a company’s securities.

*The TASE.* The TASE is the only stock exchange and the only public market for trading securities in Israel. The TASE is highly regulated, both internally and externally, by the ISA. The TASE’s rules govern membership, registration of securities, conditions for suspending trading and obligations of listed companies. All shares, convertible securities, treasury bills, government, corporate and structured bonds, exchange-traded notes, covered warrants, and derivatives are traded via Tel Aviv Continuous Trading (“TACT”), the TASE’s fully automated and computerized trading system with real time information. The TASE has 24 members and, as of December 31, 2023, 537 companies had equity securities (excluding exchange-traded notes) listed on the TASE. The TASE is highly correlated with major stock markets in developed countries.

The Dual Listing Law, which took effect in October 2000, enables companies listed in the United States or in England to dual-list on the TASE with no additional regulatory requirements under Israeli law. As of December 31, 2023, there were 50 companies dual-listed on the TASE and foreign exchanges.

*Equity Market Performance.* The Tel Aviv 125 (“TA-125”) and Tel Aviv 35 (“TA-35”) are the main indices of the TASE and primary indicators of the stock price performance of Israel’s public companies. The TA-125 and TA-35 measure the 125 and 35 companies, respectively, with the highest market capitalization listed on the TASE.

The TA-35 index increased by 0.7% in 2023 in U.S. dollar-terms, while the dollar appreciated by 3.1% against the Israeli shekel. The average daily trading volume of the TA-35 index in 2023 was \$304 million, a decrease of 14% from 2022. In local currency (NIS) terms, the TA-35 index increased by 3.8% in 2023, following a decrease of 9.2% in 2022.

In 2023, stock trading on TASE was highly volatile, unlike the global trend, due to the influence of two material internal events:

The first event commenced at the beginning of 2023, following the Minister of Justice's announcement of the Judicial Reform, which resulted in widespread protests and uncertainty that influenced trading during January-September. At the same time, trading on TASE was influenced by the repeated interest-rate increases in Israel, similar to the global trend. The second event commenced on October 7, with the launch of a terror attack by Hamas on southern Israel and the ensuing breakout of the war in Gaza, which is still ongoing. Its negative effects on the economy emerged in the final quarter of 2023 and are expected to persist in 2024.

In 2023, TASE's leading share indices underperformed relative to the share indices on leading global exchanges, IPOs came to a halt, and capital raising by the TASE-listed companies slowed down compared to 2022. Nevertheless, issuances of government bonds has increased since the outset of the war, to finance the costs of the war. The public diverted its money from mutual funds investing in shares and bonds in Israel to money market funds, ETFs and open-end funds tracking foreign share and bond indices.

After previously performing consistently with global trends and outperforming international indices, the Israeli stock exchange diverged from the global trends in 2023. While the indices of the major stock exchanges in the United States and Europe recorded a double-digit increase, the TA-35 index and the TA-125 index increased by only 4% on average in 2023, as a result of the two material events experienced by Israel and discussed above.

From the beginning of 2023 until October 7, on the backdrop of the protests and the uncertainty surrounding the Judicial Reform, the TA-125 index increased by 2.5%. Since the breakout of the war on October 7, until the end of 2023, the TA-125 index increased by an additional 1.5%.

The sectorial indices were characterized by a mixed trend. The indices that stood out positively include the TA Oil & Gas index, which surged by 38%, and the TA-Technology and TA-Tech Elite indices that increased by 17% and 14%, respectively. The TA-Banks 5 index, which increased by 10% in 2023, reached a historic record on the eve of the war.

The leading indices over the five years from 2019–2023 include the TA-Technology index, with an increase of 103%, the TA-Real Estate index, with an increase of 89%, and the TA-Banks 5 index, with an increase of 77%.

The interest rate increases curbed the inflation in the markets which was moderated. At the end of 2023, inflation reached an annual rate of 3.4% in the United States, 2.9% in the Eurozone and 4.0% in the United Kingdom, as compared to 6.5%, 9.2% and 10.5% in 2022, respectively, but still exceeded the target of 2%. In Israel, inflation also decreased to 3% at the end of 2023, as compared to 5.3% in 2022, and converged into the maximum target range which stands at 1%–3%. Due to the concern for an economic slowdown and despite the inflation rate exceeding the targets, the interest rate increases in the global markets were stopped at the end of the third quarter of 2023. Since January 2023 until May 2023, the Bank of Israel lifted its interest rate four times by a cumulative 1.5%, to the level of 4.75% at the end of 2023.

In local currency terms, in 2023, the TA-35 index and the TA-125 index increased by 4%, each, while the U.S. indices, S&P 500 and Dow Jones increased by 24% and 14%, respectively. The EURO STOXX 50 index and the global MSCI index increased by 20% on average.

A mixed trend characterized the sectorial indices. The indices that stood out positively during 2023 are:

- The index of oil and gas companies and partnerships — TA Oil & Gas surged by 42% from the beginning of 2023 until October 5, 2023 compared to a slight reduction in Brent oil prices. The increase in the index since the beginning of 2023, further to an increase of 35% in 2022, is due to the increased demand for natural gas from Israel.

Since the breakout of the war until the end of 2023, the TA Oil & Gas index decreased by 3% as a result of the reduced economic activity in Israel and the announcement by the Ministry of Energy that, in view of the security situation, the production of natural gas from the “Tamar” reservoir must be stopped (with production resuming towards the end of 2023). In total, in 2023 the TA Oil & Gas index stood out with a steep increase of 38%, and over the past five years, from 2019 to 2023, the index increased by 65%.

- The indices of high-tech companies — TA-Technology and TA Tech-Elite increased by 10% until the outbreak of the war, a significantly lower yield than that of the NASDAQ which increased by 28% in the same period. This was as a result of the Judicial Reform which further drove down the investments in Israeli high-tech. From October 7, 2023 to the end of 2023, the TA-Technology index increased by 6% and the TA Tech-Elite index increased by 4%, and in the full year 2023 the indices increased by 17% and 14%, respectively, a moderate increase compared to the 43% surge of the NASDAQ index.

In the past five years, from 2019 to 2023, the TA-Technology index is in the lead, with an increase of 103%.

- The TA-Banks5 index increased by 15.5% since the beginning of 2023 until October 5, 2023, reaching a historic record. This was influenced by the increased profitability of the banks as a result of the higher financing income that stemmed from the rise of inflation and the market interest rate, and that no interest is paid on current accounts. Since the outbreak of the war until the end of 2023, the TA-Banks 5 decreased by 4.5% as a result of the expected increase in the banks’ provisions for credit losses, alongside the reduction in financing income and commissions due to easements extended to bank customers directly impacted by the war. The international rating agencies, Fitch and Moody’s, announced in October 2023 that Israeli banks, too, are now under “Negative Watch”.

In total, in 2023 the TA-Banks 5 index increased by 10%, and over the past five years, from 2019 to 2023, the index increased by 77%.

- The TA-Real Estate index increased by 8% during 2023, the TA-Construction and TA-Investment Properties Abroad indices each increased by 7.5%, and the TA-Investment Properties in Israel index increased by 3%.

The leveraged real estate companies are greatly susceptible to interest rate increases, and the interest rate increases between April 2022 and May 2023 have increased their financing costs and reduced the value of their properties.

The TA-Investment Properties index decreased by 9% from the beginning of 2023 until the outbreak of the war, further to the steep drops in 2022, on the backdrop of the interest rate increases in Israel and internationally, and the economic slowdown. From the outbreak of the war until the end of 2023, the index corrected itself and increased by approximately 9% due to the expected reduction of the interest rate, which would reduce the financing expenses.

The TA-Construction index increased by 6% from the beginning of 2023 until the outbreak of the war, and from the outbreak of the war until the end of 2023 recorded a negligible change. The reduction in demands by home buyers as a result of the high interest rate as well as the significant slowdown in construction as a result of the temporary shut-down of some of the construction sites following the breakout of the war, and the steep drop in the number of construction workers authorized to enter Israel, adversely affected those companies. In contrast, a positive effect ensued from the discontinuance of the interest rate increases in the first half of 2023, the growing expectations for its reduction in early 2024, the expected increase in the demand for construction in southern Israel as part of the reconstruction of the damaged towns, and the rise in demand for apartments with saferooms (MAMAD) nationwide, as well as the ongoing short supply of housing in Israel.

In the past five years, from 2019 to 2023, the TA-Real Estate index increased by 89%.

In contrast, indices that stood out negatively during 2023 are:

- The TA-Retail index decreased by 12% in 2023. Contributing factors to the decrease in the index include the uncertainty and economic slowdown on the backdrop of the Judicial Reform and the war.

- The TA-Cleantech and TA-Energy Utilities indices each decreased by 9% in 2023. Notwithstanding the global trend towards renewable energy and the independent production of green energy, the green energy sector has suffered a negative sentiment in recent years, in part as a result of the transition from a zero-interest environment to a high-interest environment, which makes it difficult to finance non-profitable projects around the world, requiring government subsidy.

Trading volume was active in 2023, posting an average daily volume of \$542 million, 21% lower than the average daily volume in 2022, which was the highest volume since 2011.

The reduction in the trading volumes in 2023 compared to the trading volumes in 2022 was influenced by purchases of equity holdings by long-term institutional investors, and the sale of equity holdings by the Israeli public and by foreign investors.

According to the data of TASE, in the first nine months of 2023, Israeli long-term institutional investors increased their exposure to the Israeli equity market by \$1 billion, and since the beginning of the war they continued to increase their exposure to the equity market by a further \$1.4 billion; accordingly, since the beginning of 2023, the institutional investors increased their exposure by \$2.4 billion.

At the same time, the Israeli public and foreign investors reduced their equity holdings by \$3.2 billion and \$0.5 billion, respectively. While the Israeli public reduced its equity holdings by \$2.3 billion already in the first nine months of 2023, on the backdrop of the protests against the Judicial Reform, foreign investors purchased equity holdings in an amount of \$0.5 billion. Following the outbreak of the war, the Israeli public continued to reduce its investments by a further \$0.9 billion, concurrently with net sales of equity holdings in an amount of \$1 billion by foreign investors.

The support of the local institutional investors who purchased equity holdings since the beginning of the war, including the equity holdings sold by local retail investors and by foreign investors, also helped moderate the price drops on the equity market.

The total equity raised from the public on the equity market in Israel dropped sharply to \$2.3 billion in 2023. This follows \$6.5 billion raised in 2022 and a record amount of \$8 billion raised in 2021.

The wave of IPOs, which reached a historical record in 2021 with 94 new companies, came to a standstill in August 2022. One new issuer raised \$41 million in an IPO in the first quarter of 2023, compared to 13 new issuers that raised \$714 million in 2022. The market capitalization of the company after-the-money is \$264 million.

The volume of debt raised through corporate bonds from the public and from institutional investors on the Israeli bond market (excluding structured bonds) totaled \$24.2 billion in 2023, of which \$2.6 billion was raised through bonds listed on TASE UP, compared to the \$26.7 billion raised in 2022. The majority of the debt raised in 2023 was raised by the banks and the real estate companies, similarly to the trend in the past two years.

Redemptions totaled \$14.7 billion in 2023 and are expected to reach \$16 billion at the end of 2024.

*Key characteristics of debt raised through corporate bonds in 2023.*

- Debt raised by the financial sector:
  - During 2023, the financial sector raised \$9.4 billion in offerings of bonds to the public and to institutional investors, of which \$1.6 billion in offerings of bonds to institutional investors on TASE UP, compared to \$11.1 billion raised in 2022.

The major banks raised \$6.9 billion in offerings of bonds to the public and to institutional investors in 2023, of which \$1.4 billion in offerings of bonds to institutional investors on TASE UP, compared to \$8.6 billion raised in 2022. The reduction in debt raised by the banks in 2023 is due in part to the decrease in the demand for credit by home buyers as a result of the higher mortgage costs, as well as by real estate companies, as a result of the downturn in the real estate sector and the reduction in the number of new builds. The reduction in debt raised by the banks in 2023 is also due to the increased profitability of the banks as a result of higher financing income

(due to the interest-rate increases).

In the third quarter of 2023, the banks were required to increase the provisions for credit losses, influenced by the high market interest rate and the outbreak of the war, and in December raised \$2.1 billion (close to 30% of the amount raised during the year). The banks continued to increase the provisions for credit losses in the final quarter of 2023.

- The real sector raised \$14.8 billion from the public and from institutional investors in 2023, of which \$1 billion was raised in offerings of bonds to institutional investors on TASE UP, compared to \$16.9 billion raised in 2022.

Redemption of marketable bonds by the real sector totaled \$10.4 billion in 2023, slightly above the \$10 billion in 2022, and is expected to further increase to \$12.1 billion in 2024.

- Debt raised by the real sector:

- Real estate companies, which continue to lead debt raising (with 36% of total debt raised through public offerings of corporate bonds), raised \$7.9 billion in 2023, compared to \$9.4 billion raised by in the sector in 2022.

The downturn in the real estate sector that commenced in the second half of 2022 as a result of the interest rate increases, which drive up mortgage and financing costs, continued into 2023 and was reflected in housing prices. According to the data of the Central Bureau of Statistics, between September and October 2023 housing prices remained unchanged compared to the two previous months, however they reduced by 1.3% compared to the corresponding period in 2022. This was the first reduction in five years, after increasing by an annual rate of 12.7% in the full year 2022.

Office investment property, which experienced reduced demand during the COVID-19 pandemic and thereafter as a result of the slowdown in the high-tech sector, continues to experience reduced demands due to the war.

Among the issuers in 2023 are ten new bond companies that raised \$645 million.

More than 70 of the seasoned issuers in the real estate sector raised \$7.3 billion in 2023. Bond redemptions by the real estate companies totaled \$5.5 billion in 2023 and are expected to increase to \$6.2 billion in 2024.

- As in 2022, in 2023 the second largest volume of debt was raised by the energy and oil & gas exploration sector. Seven energy companies raised \$2.9 billion from the public compared to \$2.7 billion raised by companies in the sector in 2022. These companies redeemed traded bonds in an amount of \$1.9 billion in 2023, and are expected to redeem traded bonds in a larger amount of \$2.3 billion in 2024.

In addition to raising from the public, two companies raised \$0.9 billion through bonds issued to institutional investors on TASE UP.

- The weight of debt raised through bonds rated above “A” increased in 2023 and accounted for 93% of the amount raised in public offerings of bonds, as compared to 89% in 2022. The weight of debt raised through non-rated bonds decreased and accounted for 4% of total debt raised during 2023, compared to 9% in 2022.
- The weight of debt raised through CPI-linked bonds relative to the total debt raised in public offerings of bonds slightly decreased in 2023, accounting for 57% of the total debt, compared to 58% in 2022. A total of \$12.4 billion was raised through CPI-linked bonds in 2023, compared to \$14.7 billion in 2022.

The weight of debt raised through unlinked bonds in the total debt raised in public offerings of bonds slightly increased in 2023, accounting for 42%, compared to 41% in 2022. A total of \$9.1 billion was raised through unlinked bonds in 2023, mostly fixed-rate shekel bonds, compared to \$10.6 billion in 2022. \$2.1 billion of the amount raised through unlinked commercial paper in 2023 bear variable-rate (a margin above the Bank of Israel interest rate), compared to \$1.3 billion raised through commercial paper in 2022.

Offerings of dollar-linked bonds totaled \$0.1 billion only in 2023, representing 1% of the total raised in public offerings of bonds, similarly to the amount raised in 2022.

The bond market stood out positively in 2023 with substantial price gains led by the CPI-linked corporate bonds. These were most notably the bonds included in the Tel Bond Yields CPI Linked index and the Tel Bond-CPI Linked A index which each increased by 8%-9% from the beginning of 2023 until the breakout of the war, and thereafter increased by a further 2.6%, bringing their total increase in 2023 to 12.1% and 10.7%, respectively.

The corporate shekel bonds increased by a moderate 2% from the beginning of 2023 until the outbreak of the war, and continued to climb by up to 4% until the end of 2023, therefore achieving an increase of up to 6% in 2023.

The Tel Bond-Dollar index, comprising the currency-linked corporate bonds, increased by 15.5% until the outbreak of the war, concurrently with the 10% appreciation of the dollar relative to the shekel. From the outbreak of the war until the end of 2023, the Tel Bond-Dollar index decreased by 3.2% while the dollar continued to appreciate, reaching NIS 4.081 on October 27, 2023 and then depreciating to NIS 3.627 at year-end, influenced by the sale of dollars by the Bank of Israel and the holding steady of the U.S. interest rate. Overall, in 2023 the Tel Bond-Dollar index also stood out positively with an increase of 11.8%, reaching a historic record.

*Government Bonds.* The government bond market in Israel is highly developed, and government bonds account for the vast majority of publicly issued debt securities. In 2006, a broad reform in the government bonds market was implemented. As of January 2024, there are 12 primary dealers. The 2006 reform helped increase the liquidity and transparency of the Israeli capital markets, encouraged the entry of international investors into the market, upgraded the trading and clearing systems used in the market and promoted the development of diverse derivative fixed income instruments. Gross local currency tradable government debt raised (not including switch auctions) in 2023 was approximately NIS 87 billion. In 2022, gross government debt raised was approximately NIS 40 billion compared to approximately NIS 104 billion in 2021. The net local currency tradable government debt raised in 2023 was approximately NIS 36 billion, compared to approximately negative 46 billion in 2022 and approximately NIS 30 billion in 2021.

In January 2019, the Government raised €2.5 billion through an EMTN offering, consisting of €1.25 billion in 10-year bonds bearing 1.5% interest and €1.25 billion in 30-year bonds bearing 2.5% interest. In January 2020, Israel completed a dual-tranche issuance in the global markets, issuing an aggregate \$1 billion principal amount of 2.5% bonds due 2030 and an aggregate \$2 billion principal amount of 3.375% bonds due 2050. In March 2020, Israel completed a triple-tranche issuance in the global markets, issuing an aggregate \$2 billion principal amount of 2.75% bonds due 2030, an aggregate \$2 billion principal amount of 3.875% bonds due 2050, and an aggregate \$1 billion principal amount of 4.5% bonds due 2120. In April 2020, Israel completed an aggregate \$5 billion principal amount of 3.8% bonds due 2060. This issuance was dual-listed on the London Stock Exchange and, for the first time, on the Taiwanese Stock Exchange. In January 2022, Israel completed an issuance in the Euro market, issuing €1.5 billion principal amount of 0.625% bonds due 2032. In January 2023, Israel completed its first green bond issuance, issuing an aggregate of \$2 billion principal amount of 4.500% bonds due 2033. In March 2024, Israel completed a triple-tranche issuance in the global markets, issuing an aggregate \$2.0 billion principal amount of 5.375% bonds due 2029, an aggregate \$3.0 billion principal amount of 5.5% bonds due 2034 and an aggregate \$3.0 billion principal amount of 5.75% bonds due 2054.

*Institutional Investors.* In recent years, the role of institutional investors in the Israeli capital markets increased significantly. The principal types of institutional investors in the Israeli market are pension funds, provident funds, severance pay funds (special funds established to hold assets set aside by employers for the payment of severance obligations owed to their employees), advanced study funds, mutual funds and a variety of life insurance savings plans. As of December 31, 2023, assets held by pension funds totaled \$322 billion, assets held by provident funds totaled \$191 billion, assets held by life insurance savings plans totaled \$158 billion, and assets held by mutual funds totaled \$122 billion.

## PUBLIC FINANCE

**General**

The Government budget covers the expenditures and revenues of the central government and does not include the accounts of the National Insurance Institute, the National Institutions, local authorities, the Bank of Israel, or surpluses and deficits of Government authorities.

**The Budget Process**

The Government's fiscal year ends on December 31. The annual budget preparation process generally begins in April of each year when the Budget Department of the Ministry of Finance coordinates discussions regarding the budget with various ministries. During August and September of each year, the details of the budget are finalized within the Government. A proposed budget bill, together with all necessary supporting information, must be submitted to the Knesset for its approval no later than 60 days before the end of the year. Upon submission of its annual budget to the Knesset, the Government is required by law to include a three- year projected budget (containing less details than the annual budget). Following a review of the proposed annual budget by the Finance Committee of the Knesset, together with the relevant ministers and other officials, the Knesset votes on the approval of the annual budget into law. In May 2023, the budgets for the years 2023 – 2024 were approved, following an extended period of operation through temporary budgets. After the outbreak of the war on October 7, 2023, the government passed additional budget laws for the years 2023 – 2024, in order to fund the war and related Government initiatives. The additional budget law for 2023 was approved by the Knesset on December 21, 2023, and the additional budget law for 2024 on March 21, 2024.

**Fiscal Framework**

The Deficit Reduction and Budgetary Expenditure Limitation Law (the "Deficit Reduction Law") sets two limitations on the deficit level and the growth rate of government expenditures and is integral to maintaining Israel's fiscal stability. The Deficit Reduction Law has contributed to a decline in the debt-to-GDP ratio over the years prior to the onset of COVID-19. In 2020, due to the pandemic's economic impact and the government's policy responses, there was a sharp increase in government debt which serves as a key indicator of economic stability. Due to a recovery in both economic activity in general and in government revenues specifically, the debt-to-GDP ratio nearly returned to its pre-crisis level at the end of 2022. In 2023, due to the outbreak of the war in Gaza, the debt-to-GDP ratio began to increase again.

In response to persistent budget deficits, the Knesset passed the Deficit Reduction Law in 1992. In November 2015, a seven-year deficit plan was approved by the Knesset to gradually lower the deficit to a level of 1.5% by 2021 and onwards. This plan was amended several times in accordance with changes in the economic environment. The original target date to reach the goal of 1.5% was ultimately postponed to 2026. However, the extraordinary revenues in 2021 and 2022 brought the deficit below the long-term goal, and it became negative (surplus) temporarily in 2022. The current deficit limits in the plan were not revised in the 2023 – 2024 pre-war budget laws, where the deficit forecast for the years 2023 and 2024 were projected to be lower than the legal limits. However, after the outbreak of the war and the additional budget laws that were approved for 2023 and 2024, the deficit target for 2024 was amended to 6.6%.

In the framework of certain amendments to the Deficit Reduction Law, the Knesset approved additional restrictions on government expenditures. Pursuant to these restrictions, aggregate government expenditure growth was limited by specific yearly real growth rate (indexed to the CPI). Under the restrictions, upward revision of expenditures was subject to preserving the annual deficit target.

In May 2010, the Knesset, in accordance with the Government proposal, amended the Deficit Reduction Law. Under the amendment, real growth of government expenditures will equal a ratio of 60% (the medium- term target) divided by the last known debt/GDP ratio, multiplied by the average GDP growth rates during the ten previous years for which GDP data from the Central Bureau of Statistics is available.

In 2014, another amendment to the Deficit Reduction Law was made. Under this amendment, real growth of government expenditures may not exceed the average population growth rate in the last three years plus the ratio of the medium-term debt target (now set at 50%) and the current debt-to-GDP ratio.



If the increase in the expenditure rate (calculated according to the new expenditure ceiling) leads to a deviation from the deficit target, the expenditure growth rate will be reduced. The Expenditure Law sets a ceiling on expenditures that rely on actual figures as opposed to forecasts, thereby increasing the simplicity, transparency and credibility of the Government's fiscal policy.

In 2015, as part of its approval of the 2015 – 2016 budget and the economic plan, the Knesset approved legislation under the framework of the Budget Foundations Law, which specifies a medium-term budget framework. This bill came into force January 1, 2016 and consists of the following:

- The bi-annual mandatory publication of fiscal frameworks and governmental obligations for the three following years.
- Required consolidation to meet multi-year expenditure limits, starting with the budget for fiscal year 2017, which limits the ability of the Government to make new financial commitments without first presenting a budgetary source. The Government will not be able to take on new commitments or reduce taxes if it exceeds the multiyear expenditure rule or the deficit ceilings, respectively.

In 2020, due to economic uncertainties resulting from COVID-19, the ceiling on increase in government expenditures was revised to allow for a temporary increase beyond the ceilings set out in the Expenditure Law of 21.34% and 12.69% for the fiscal years 2020 and 2021, respectively. By law, the additional expenditure services only needs directly related to the COVID-19 crisis and efforts to promote a swift recovery. These increases to the ceiling are temporary and are not taken into account in calculating future expenditure ceilings.

In 2021, further amendments were made to the expenditure growth ceiling, indexing the nominal growth of expenditure to the median of the Bank of Israel's Target Inflation Range (2%) rather than to an average of past CPI rates, and increasing the temporary multi-year additional COVID-19 expenditure by allowing a further 2.3% increase in the expenditure ceiling growth rate.

In 2023, further amendments to the expenditure ceiling were required, in order to adjust the expenditure level to the new prices environment after the global inflationary outbreak in 2022. Instead of calculating the prices coefficient of the expenditure growth rate for 2023 using the average inflation in 2019 – 2021, the government decided to set it at the average annual inflation rate of 2022. The nominal growth coefficient for 2024 was set to be the average inflation rates in 2021-2023. From 2025 onwards, the coefficient is calculated according to the original law, and the effect of the amendments made to the law in previous years is offset in 2026 and 2027.

Together with the budget for 2023 – 2024, the Knesset approved an additional law that imposes a fiscal limit on the Government. The new fiscal rule stipulates that in the case where a budget for a certain year is submitted to parliament more than 6 months before it begins, the Government must re-examine its fiscal forecasts before the beginning of the year. If it turns out that, according to the latest forecasts, a deviation from the deficit target or the expenditure ceiling is expected, the Government must take steps to converge to the original frameworks approved by law.

Due to the outbreak of war, in late 2023 and again at the beginning of 2024, the ceiling on increase in government expenditures was revised to allow for a temporary increase beyond the ceilings set out in the Expenditure Law, of 5.7% (3.75% for military expenses and 1.95% for civil-needs directly related to the war) and 14.55% (11.35% for military expenses and 3.2% for civil-needs directly related to the war) for the fiscal years 2023 and 2024, respectively. These increases are temporary and are not taken into account in calculating future expenditure ceilings. Alongside these changes, the deficit ceilings for the years 2023 – 2024 were adjusted to 3.7% and 6.6%, respectively.

Absent approval by the Knesset, Government ministries may not spend in excess of their respective budgets. However, budgeted amounts not spent by the Government in a given year may, upon notice to the Finance Committee of the Knesset and with the approval of the Minister of Finance, be carried over to the following year. The deficit target established pursuant to the Deficit Reduction Law refers to the budget as proposed by the Government, rather than actual expenditures and revenues. Therefore, no adjustment to Government expenditures is required by law if the actual deficit misses the deficit target due to either Government revenues or actual GDP that were different than had been anticipated.

The Government finances its deficits mainly through a combination of local currency and foreign currency debt, and some proceeds from privatization. For each year from 2019 through 2023, the total budget deficit, excluding net allocation of credit, as a percentage of GDP was 3.6%, 11.3%, 4.4%, -0.6% and 4.2% respectively. In 2019, the deficit was 3.6%, approximately 0.7% above the 2.9% target mainly due to lower than expected revenues and a slight increase in overall expenditure above the budget forecast. In 2020, the deficit was 11.3%, approximately 8.8% higher than the deficit target due to the sharp increase in expenditures and the reductions in revenues resulting from the economic impact of COVID-19. In 2021, the deficit was 4.3%, approximately 2.4% lower than the deficit ceiling, due to a stronger than expected economic recovery leading to an 8.6% growth rate and a significant increase in revenues. In 2022, the surplus was 0.6%, approximately 4.5% lower than the deficit target, due to a revenues boost led mainly by the hi-tech and real estate sectors. In 2023, the deficit was 4.2%, approximately 1.45% higher than the original deficit target and approximately 0.5% higher than the revised deficit target, due to the sharp increase in expenditures and the reductions in revenues resulting from the outbreak of the war in Gaza.

The following table sets forth the Government deficit and its financing. Domestic expenditures constitute all expenditures made by the Government in Israel. Domestic revenues constitute all taxes collected in Israel. The Government accounts for domestic expenditures and revenues as a method of measuring the influence of the Government on the domestic economy. The table presents the gross budget figures, including revenue- dependent expenditures and contributions from the budget to National Insurance Institute.

Table No. 28

**The Budget Deficit and Its Financing**  
(In Millions of NIS at Current Prices)

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023
<b>Surplus (Deficit) to be Financed</b>	<b>-51,629</b>	<b>-159,574</b>	<b>-68,424</b>	<b>10,650</b>	<b>-76,887</b>
<b>Surplus (Deficit) Excluding Net Credit</b>	<b>-52,192</b>	<b>-160,105</b>	<b>-69,157</b>	<b>9,944</b>	<b>-77,133</b>
Adjustments needed to cash basis	662	498	24	-735	-578
<b>Revenues Excluding Principle</b>	<b>346,511</b>	<b>317,814</b>	<b>412,381</b>	<b>468,894</b>	<b>438,649</b>
Total tax revenue excl. VAT on Security imports	316,363	310,564	383,222	436,257	411,958
Income and Purchase tax	168,022	166,945	216,172	254,686	237,590
Customs and VAT excl. VAT on Defense imports	141,430	137,194	160,222	174,193	166,595
Fees	6,912	6,425	6,828	7,378	7,772
VAT on Defense imports	1,040	1,373	1,005	1,081	952
Interest and principal collections	388	322	304	274	273
Loans from the Social Security	22,750	1,300	20,750	22,400	15,200
Other Revenues	5,969	4,256	7,100	8,882	10,267
<b>Expenditures excluding credit</b>	<b>399,365</b>	<b>478,417</b>	<b>481,562</b>	<b>458,215</b>	<b>515,205</b>
Ministries excluding credit	347,988	426,701	426,396	400,623	453,276
Government administration	59,991	61,215	61,879	65,923	71,692
Social services	179,903	220,948	225,333	211,220	234,469
Economic services	35,662	46,028	44,729	43,972	46,506
Defense	69,709	71,467	74,586	75,009	97,704
Other	2,722	27,043	19,869	4,499	2,905
Interest and principal payments, National Insurance Institute <sup>(1)</sup>	51,377	51,715	55,166	57,591	61,928
<b>Net Credit</b>	<b>563</b>	<b>531</b>	<b>733</b>	<b>706</b>	<b>246</b>

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023
Total Income	1,612	1,382	1,377	1,453	932
Total Expenditure	1,049	851	644	747	686
<b>Total financing</b>	<b>46,033</b>	<b>182,250</b>	<b>72,934</b>	<b>-30,579</b>	<b>64,706</b>
<b>Net Foreign Loans</b>	<b>4,518</b>	<b>61,010</b>	<b>-4,499</b>	<b>-4,396</b>	<b>22,361</b>
Foreign Borrowings	17,413	74,420	3,579	10,461	39,814
Foreign Loan Repayments	12,895	13,410	8,078	14,857	17,453
<b>Net Domestic Loans</b>	<b>40,483</b>	<b>120,677</b>	<b>63,849</b>	<b>-42,472</b>	<b>32,601</b>
Domestic Borrowings	119,179	190,983	161,261	53,704	120,619
Domestic Loan Repayments	78,696	70,306	97,412	96,176	88,018
<b>Net capital income</b>	<b>1,032</b>	<b>562</b>	<b>13,584</b>	<b>16,289</b>	<b>9,745</b>
<b>Cash Balance of the Government (at the end of period)<sup>(2)(3)</sup></b>					
Deposits in NIS	9,338	35,294	33,351	14,249	13,903
Deposits in foreign currency	12,381	10,980	23,855	34,046	24,797
<b>Total</b>	<b>21,719</b>	<b>46,274</b>	<b>57,206</b>	<b>48,295</b>	<b>38,700</b>

(1) Interest payments and commissions are net of amounts attributable to indexation of NIS-linked Government bonds and that portion of the interest payments on NIS loans attributable to inflation for the year of payment. These amounts are included in the capital expenditures portion of the budget as domestic loan.

(2) Cash balances do not include social security reserves.

(3) 2020 and 2021 data are restated.

Sources: Ministry of Finance and Bank of Israel.

### Socioeconomic Policy

In planning the 2023 and 2024 budgets at the beginning of 2023, the government also approved the economic plan, which accompany the budget laws every year, and includes strategic measures aimed at improving the long-term standard of living by accelerating growth. The 2023–2024 economic plan for accelerating growth was structured around six key chapters. These chapters focus on various areas: integrating all population segments into the workforce, enhancing human capital and technological leadership, expediting national infrastructure projects and addressing housing market issues, promoting competition and reducing centralization in the economy, simplifying bureaucratic processes and regulations for businesses and citizens, optimizing the public sector, and combating illicit black capital.

After the outbreak of the war on October 7, 2023, the government passed additional budget laws to address the sharp increase in government expenditure to finance the war. Due to the urgency of passing the additional budget laws, the government did not pass along with them a comprehensive economic plan as usual, and instead, the government focused on a budget balance plan that included consolidation measures on the expenditure side and on the revenues side, in order to avoid extremely high levels of deficits and loss of control over the public debt.

Examples of consolidation measures that the government took on the expenditure side include:

- Budget cuts;
- Reallocation within the budget; and
- Downsizing of coalition funds.

Examples of consolidation measures that the government took on the revenues side include:

- VAT increase of 1%;
- Health and social security tax;
- Smoking tax; and
- Commercial banks tax.

Alongside the consolidation plan that took place with the approval of the additional budget laws for 2023 and 2024, the government is preparing the economic plan that will be passed with the next budget law and will focus, as usual, on the long-term challenges facing the economy.

#### **Taxation and Tax Revenues**

In 2023, the total tax burden (including government taxes, social security contributions, local authorities' taxes and VAT on defense imports) was 30.1% of GDP, compared to 32.9% in 2022, 32.5% in 2021 and 29.7% in 2020.

Israel maintains a progressive personal income tax system with a top rate of 50%, supplemented (up to a ceiling) by a 19.6% health and social security tax (including employer contributions) and a 23% corporate tax rate (as of December 31, 2023). Indirect taxes consist primarily of a 17% VAT rate. In addition, there are high sales taxes on cars, alcohol, fuel and tobacco.

As part of the Government's policy to integrate Israel into the global economy, customs duties have been lowered. While imports from the EU and the United States are duty-free, customs duties are applied on selected imports from countries that have no trade agreements with Israel. Israel has signed free trade agreements with the United States, EU, EFTA, Canada, Turkey, Egypt, Jordan, Mexico, Colombia, Panama, the MERCOSUR countries, the Ukraine, the U.K, South Korea, the United Arab Emirates and Guatemala. These free trade agreements lower customs duties on imports from the aforementioned countries. In 1995, Israel and the United States ratified a double taxation treaty that governs the income taxation of residents of the United States or Israel who conduct business or otherwise derive income in the other country, subject to the treaty's jurisdiction. The treaty provides for, among other things, reduced rates of withholding tax on certain non-business income, such as dividends, interest and royalties that are sourced in Israel and derived by a resident of the United States. The treaty provides rules for the avoidance of double taxation through a foreign tax credit mechanism and allows for the resolution of disputes arising under the treaty through a mutual agreement procedure involving the governing taxing authorities.

Israel does not have local taxes on the income of individuals or corporations, nor does it have alternative minimum taxes. Real estate transactions are generally taxed on a real-profits basis and are subject to a turnover tax that varies according to the value of the transaction. Local authorities charge municipal tax on real property according to the size of the property, its location and use.

Due to the COVID-19 pandemic and the restrictions implemented to contain its spread, GDP and tax revenues fell in 2020 but recovered sharply in 2021 and in 2022, adding around 3% of GDP to the tax burden (including government taxes, social security contributions, local authorities' taxes and VAT on defense imports). This exceptional increase can be attributed to a confluence of factors, including the rapid expansion of the high-tech sector, an increase in the prices of financial and real estate assets, and an increase in the imports of vehicles that attract a high sales tax. The upward trend in tax revenues came to a halt in the second half of 2022 and throughout 2023, the revenues followed a negative trajectory. The war in Gaza in the last quarter of 2023 exacerbated this trend and cut a further 0.3 percent of GDP from the revenue, bringing the tax burden in 2023 back to its pre-COVID-19 level.

Table No. 29

**General Government Taxes**  
(In Billions of NIS at Current Prices and in % of GDP)<sup>(1)</sup>

	2019	2020	2021	2022	2023
Central Government	316.4	310.6	383.2	436.3	412.0
Social Security	74.4	73.0	79.6	88.8	93.8
Local Authorities and others	39.7	37.2	51.2	56.0	55.6
<b>Total</b>	<b>430.5</b>	<b>420.8</b>	<b>514.0</b>	<b>581.1</b>	<b>561.4</b>
<b>Total (in % of GDP)</b>	<b>30.2%</b>	<b>29.7%</b>	<b>32.5%</b>	<b>32.9%</b>	<b>30.1%</b>

(1) Including social security contributions, local authorities' taxes and VAT on defense imports.

Source: Ministry of Finance.

#### Local Authorities

Local authorities in Israel include 80 municipalities, 123 local councils, 54 regional councils and two industrial councils. The local authorities are required by law to provide certain basic social services, and generally finance the provision of such services through the collection of local taxes (primarily property taxes) and through transfer payments from the Government. In addition, under certain circumstances, local authorities may finance a portion of their activities through borrowing. Local authorities with greater financial challenges may also apply for supplementary grants from the Ministry of the Interior. As of December 31, 2022, the total outstanding debt of local authorities totaled at approximately NIS 16.7 billion, and their aggregate deficit stood at approximately NIS 3.6 billion. Transfer payments from the Government are allocated amongst all local authorities based on fixed criteria and are designated for specific purposes, such as social services or education. The Government currently retains the power to approve changes to the rates of taxation imposed by local authorities. Government transfers to local authorities in 2022 totaled approximately NIS 33.8 billion.

#### Social Security System

*National Insurance Law.* Under Israel's National Insurance Law, the National Insurance Institute of Israel ("NIOI"), an independent institution, provides a wide range of social security benefits, including pension benefits, unemployment insurance, long-term disability benefits, worker's compensation benefits, maternity support benefits and child support payments. In 2023, total expenditure by NIOI, including payments made to NIOI from non-contributory benefits was NIS 126.4 billion, compared to NIS 115.1 billion in 2022. NIOI funds its expenditures using the proceeds of social security taxes paid by employers and employees, in addition to fees paid by the self-employed, unemployed, students and retirees, transfer payments from the Government pursuant to the National Insurance Law, and interest income on deposits deriving from surpluses from previous years. NIOI also receives separate funds for non-contributory NIOI benefit payments, including payments to new immigrants and other payments not covered by social insurance programs.

In 2023, the Government's transfer payments to NIOI totaled NIS 47.1 billion, and the Government's share of NIOI's provision for non-contributory payments totaled NIS 12.4 billion. In 2022, the Government's transfer payments to NIOI totaled NIS 42.7 billion, and the Government's share of NIOI's provision for non-contributory payments totaled NIS 10.5 billion. Government transfer payments to the NIOI for COVID-19-related causes in 2020 and 2021 assisted in mitigating the impact of the COVID-19 pandemic on the Israeli population.

#### Healthcare

Israel has an advanced and efficient universal medical system, with four public healthcare maintenance organizations or "HMOs," (also known as healthcare funds) and a ratio of one doctor for approximately every 300 individuals. Israel's healthcare system receives very high ratings in health outcomes, including high life

expectancy and healthy life expectancy, low infant mortality rates, high scores in public satisfaction polls, and for its extensive scope of its preventative medicine.

Public healthcare expenditures in 2022 were NIS 87.5 billion and included spending on government administration, hospitals, research, investments, public clinics and preventative medicine, among other expenditures. National expenditures on health as a percentage of GDP in 2022 declined slightly to 7.6% from 8.1% in 2021. Public expenditures as a percentage of GDP peaked in 2020 at 8.4% due to COVID-19 expenses. In 2019, public expenditures were approximately 4.9% of GDP. A healthcare tax, which varies based on gross salary and averages 5% of an individual's gross salary, funds about 40% of the healthcare system, with the remainder funded by direct Government expenditure.

In February 2020, the government began investing large sums to manage the COVID-19 pandemic, investing a total of over NIS 30 billion in health-related expenses since. The funds served to conduct COVID-19 tests, employ larger medical staffs, build accommodating wards and purchase vaccines, among other things.

In 2021, the rapid rate of vaccinations against the COVID-19 virus in Israel enabled the Government to decrease the intensity of its response to the pandemic. Consequently, the Government shifted its efforts in the healthcare sector, focusing on improving mental health services by strengthening primary care solutions intended to curb the deterioration of patients.

In 2023, the Government enacted legislation to better regulate the relationship between the private and public healthcare systems. The Government established new regulations for the private healthcare insurance market, with the purpose of reducing private spending while improving availability in the public system. Furthermore, the regulations reduce the phenomenon of double insurance between private insurance and supplementary insurance of the HMOs in the field of surgeries. The Government also allocated substantial additional funding to the public healthcare system to improve quality and service.

In January 2024, as a response to the October 7, 2023 terror attack on Israel and the ensuing war in Gaza, the Government substantially increased public healthcare funding, focusing on community mental health and rehabilitation services.

### **Pension Funds**

Pension funds, together with life insurance policies and provident funds, are the principal instruments in Israel for the investment and accumulation of retirement savings and provision for retirement income. Most employees who participate in a pension fund do so pursuant to an agreement between the pension fund, the employer (or a representative organization for such employer) and the representative organization for such employee. These agreements require that the employer and the employee each make a contribution to the pension fund. At retirement age, or at the time of another insurable event, the employee, or the employee's survivors, becomes entitled to receive pension payments.

There are generally two types of pension funds in Israel: an older defined benefits pension fund and a newer defined contribution pension fund. In March 1995, in response to large and rising actuarial deficits of Israel's pension funds, the Government adopted a new pension policy, including a comprehensive recovery plan for existing pension funds. The primary elements of the recovery plan were: (i) then-existing pension funds would be closed to new entrants, but existing participants would continue to be covered under the existing plans, subject to certain limitations on the future accumulation of benefits; (ii) the Minister of Finance was empowered by the Government to draft recovery plans for pension funds that were in an actuarial deficit, according to the principles established by the Government; (iii) the Minister of Finance, at his discretion, was authorized to continue to issue special Government bonds to pension funds in actuarial deficit for an interim period; and (iv) new members enrolling in pension programs would join newer, actuarially balanced funds that would operate separately and independently from existing funds, while benefits payable by the new pension funds would be subject to automatic reductions, to the extent necessary, to eliminate any actuarial funding deficit of such new funds.

In May 2003, as part of a general economic recovery plan, the Knesset approved a recovery plan for the older pension funds to solve the problems of the active members and pensioners of the pension funds with actuarial deficits and to ensure continued payments to pensioners and those who will reach retirement age.

As of December 2023, Government obligations under the recovery plan stood at NIS 123 billion. In 2023, the Government transferred NIS 6 billion from the State's budget to the older pension funds that had actuarial deficits. The funds will make up the remainder of the deficit by adjusting members' benefits. Measures taken to adjust members' benefits include Government-mandated uniform regulations for all funds, a uniform method of calculating wages for the purpose of calculating pension benefits, increased employee and employer contribution rates, and an increase in the retirement age to limit the actuarial deficit and improve fund management. In addition, the Government ceased issuing certain types of designated government bonds, in which the older pension funds were heavily invested, and removed restrictions on both older and newer funds that required a high percentage of assets to be invested in earmarked government bonds.

As of December 31, 2022, long-term investments totaled NIS 2,268 billion, of which NIS 648 billion was invested in new pension funds, NIS 415 billion was invested in old pension funds, NIS 573 billion was invested in life insurance policies and NIS 632 billion was invested in provident funds.

## PUBLIC DEBT

## General

In 2023, government debt increased by approximately 8.7% to NIS 1,127.3 billion from NIS 1,037.1 billion in 2022, whereas in 2022 government debt decreased by approximately 0.7%. The increase in 2023 was composed primarily of the roughly NIS 55 billion net positive debt raised resulting from the significant increase in financial needs of the government following the outbreak of the war in Gaza, and of approximately NIS 35 billion influenced by market factors such as inflation, interest rates and currency exchange rates.

The debt-to-GDP ratio is a key indicator for determining the state's credit rating and financial stability. In 2023, the public debt-to-GDP ratio, including municipalities, increased by approximately 1.4% from 2022, to 61.9%. Additionally, government debt-to-GDP increased to 60.3%, a 1.5% increase compared to 2022. In 2023, the government's financial needs were above forecasts and revenues collected were lower than anticipated. Taken in combination, this resulted in a higher government deficit than the target.

Table No. 30

**Government and Public Debt**  
(In Billions of NIS at End of Year Prices)

	2019	2020	2021	2022	2023
<b>Central Government</b>	823.2	983.9	1,044.1	1,037.1	1,127.3
As percent of GDP	57.8%	69.4%	66.0%	58.8%	60.3%
<b>Other Public Agencies<sup>(1)</sup></b>	20.7	21.2	28.4	29.6	30.1
As percent of GDP	1.5%	1.5%	1.8%	1.7%	1.6%
<b>Total</b>	843.9	1,005.1	1,072.5	1,066.7	1,157.3
As percent of GDP	59.2%	70.9%	67.8%	60.5%	61.9%

(1) Including the debt of the local authorities, except the local authorities' debt to the central Government.

Source: Bank of Israel; Ministry of Finance; Central Bureau of Statistics.

## Central Government Debt

As described above, in 2023, government debt increased by 8.7% to NIS 1,127.3 billion, and this increase was mainly attributable to positive net borrowing to meet the government's financial needs. In addition, market factors such inflation, interest rates and currency exchange rates contributed to this increase. As indicated in the table below, total central government debt comprises the outstanding amounts of tradable local currency debt, non-tradable local currency debt and foreign currency debt.



Table No. 31

Central Government Debt (In Billions of NIS)						
Segment	Description	2019	2020	2021	2022	2023
Tradable Local Currency Debt	Floating Rate	44.1	44.1	39.5	41.2	49.0
	Fixed Rate	237.9	310.7	334.7	300.6	334.4
	CPI-Linked	176.6	196.3	209.4	207.8	222.6
	<b>Total</b>	<b>458.7</b>	<b>551.2</b>	<b>583.6</b>	<b>549.6</b>	<b>606.0</b>
Non-Tradable Local Currency Debt	Pension	192.7	210.0	250.3	268.8	275.8
	Insurance	54.5	54.5	54.7	57.0	57.36
	Other	7.6	7.5	7.6	7.9	7.8
	<b>Total</b>	<b>254.7</b>	<b>271.9</b>	<b>312.6</b>	<b>333.6</b>	<b>340.9</b>
Foreign Currency Debt	Israel Bonds	17.8	18.0	16.7	18.5	22.7
	Sovereign bonds	62.0	117.0	108.5	112.5	143.8
	Other (including loan facilities)	1.8	1.6	1.4	1.4	1.3
	Bonds guaranteed by the USA	28.1	24.2	21.4	21.5	12.5
	<b>Total</b>	<b>109.8</b>	<b>160.8</b>	<b>147.9</b>	<b>153.9</b>	<b>180.4</b>
<b>Total Government Debt</b>		<b>823.2</b>	<b>983.9</b>	<b>1,044.1</b>	<b>1,037.1</b>	<b>1127.3</b>

Source: Ministry of Finance.

#### Maturity of Debt

The average time to maturity of central government debt was 8.9 years at the end of 2023, compared to 9.3 years at the end of 2022.

Table No. 32

Maturity of Debt — Average Time to Maturity (In Years)					
	2019	2020	2021	2022	2023
<b>Domestic Debt</b>	8.1	8.1	8.2	8.2	8.0
<b>Foreign Debt</b>	8.9	15.6	15.1	15.6	13.8
<b>Total Debt</b>	8.2	9.2	9.1	9.3	8.9

Source: Ministry of Finance.

In recent years, the Ministry of Finance has taken some major steps to increase the transferability and liquidity of its bonds. Between 1995 and 2023, the CPI-linked component in the overall domestic tradable debt decreased from 81% to 37%, and the USD-linked component decreased from 10.1% to 0%. Correspondingly, the Ministry of Finance reduced the number of bond series it issues and increased the average size per issue. As a result, the number of traded bond series fell sharply, from 152 in 1998 to only 29 at the end of 2023. In 2023, four series matured and only two series were issued. The average series size increased from NIS 1 billion to roughly NIS 19 billion over the same period.

Table No. 33

**Annual Local Currency Government Debt Issuances**  
(Gross Proceeds in Billions of NIS)

	2019	2020	2021	2022	2023
<b>Tradable</b>	87.5	165.0	119.3	41.5	116.1
<b>Non-Tradable</b>	31.7	26.0	42.0	12.2	4.5
<b>Total</b>	119.2	191.0	161.3	53.7	120.6

Source: Ministry of Finance.

**Domestic Government Debt**

Domestic government debt comprises tradable and non-tradable debt. As of December 31, 2023, domestic government debt stood at NIS 946.9 billion, out of which NIS 606.0 billion was tradable debt, compared to NIS 340.9 billion in non-tradable debt. This reflects an increase of approximately 7.2% in total domestic government debt compared to 2022.

**Designated Bonds Reform**

“Designated bonds” are CPI-linked, non-tradable domestic bonds, issued by the Government only for pension funds. According to previous regulations, pension funds were required to invest 30% of their portfolio in designated bonds. By law, the Government had to issue these bonds to match the pension funds’ demands.

In 2021, a new law was enacted, the Economic Efficiency Act 2021, that replaces designated bond issuances with an “Ensuring Yield” mechanism effective from October 1, 2022, which allows pension funds to invest assets in the capital markets that would otherwise have been used to purchase designated bonds, and in turn, the Government guarantees a specific return on such amounts. This reform was carried out in order to ensure yield stability in pension fund portfolios while improving budgetary efficiency and strengthening debt management. Subsequently, in 2023 no new issuances were made of these designated bonds.

**External Government Debt**

As of December 31, 2023, the Government’s external debt stood at NIS 180.4 billion.

Table No. 34

**Composition of External Government Debt**  
(In Billions of USD)

	2019	2020	2021	2022	2023
<b>U.S. Loan Guarantees</b>	8.1	7.5	6.9	6.1	3.4
<b>Sovereign Issuances</b>	17.9	36.4	34.9	32.0	39.6
<b>Israel Bonds Organization</b>	5.2	5.6	5.4	5.3	6.3
<b>Other</b>	0.5	0.5	0.4	0.4	0.4
<b>Total External Debt</b>	31.8	50.0	47.6	43.7	49.7

Source: Ministry of Finance.

Over the last decade, Israel has made a major shift away from its classic external borrowing vehicle, the State of Israel Bonds Organization (“Israel Bonds”), in favor of public sovereign issuances. Nonetheless, Israel Bonds remain a reliable and important source of financing for the State, particularly under adverse circumstances, due to the special characteristics of the investors, individuals and institutions, including the worldwide Jewish community that has an interest in Israel. This was evident in 2023, following the outbreak of

the war in Gaza, as a material increase in investment in Israel Bonds was seen in the fourth quarter of 2023. Israel Bonds raises capital through the following three organizations: Development Corporation for Israel (“DCI”), Development Company for Israel (International) Limited and Canada-Israel Securities, Limited (“CISL”). Bonds and notes issued through Israel Bonds are not transferable (except pursuant to certain exceptions). The State expects to continue issuing bonds through Israel Bonds in the future. As of December 31, 2023, the outstanding balance of bonds and notes issued through Israel Bonds was approximately \$6.4 billion, representing approximately 13% of Israel’s governmental external debt. In 2023, the total funds raised through Israel Bonds amounted to \$2.72 billion, slightly more than double the \$1.31 billion raised in 2022.

**Table No. 35**

<b>Total Funds Raised by Israel Bonds (In Billions of USD)</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Funds raised</b>	1.35	1.78	1.35	1.31	2.72

*Source:* Ministry of Finance.

In 1992, the United States approved up to \$10 billion in loan guarantees during U.S. fiscal years 1993 through 1998 to help Israel absorb the influx of immigrants over this period. Israel completed its financings under this program in January 1998. In April 2003, the United States approved up to \$9 billion in additional loan guarantees for Israel, and the loan guarantee program has been extended over the years and in 2012, the United States and Israel entered into an agreement establishing a new framework for administering its loan guarantee program provides Israel with access to up to approximately \$3.8 billion in future loan guarantees as part of the initial \$9 billion commitment. Most recently in January 2023, the United States extended the program until September 2028. The loan guarantee program aims to support Israel’s comprehensive economic program and to create conditions for high and sustainable growth.

The amount of guarantees that may be issued to Israel under the loan guarantee program may be reduced by an amount equal to the amount extended or estimated to have been extended by Israel for activities that the President of the United States determines are inconsistent with the objectives and understandings reached between the United States and Israel regarding the implementation of the loan guarantees program. Under the program, the United States issues guarantees with respect to all payments of principal and interest on certain bonds issued by Israel. The proceeds of the guaranteed loans may be used to refinance existing debt.

Currently \$3.8 billion in U.S. loan guarantees (subject to the reductions described above) remain available.

#### **Derivatives and Hedging Transactions**

Israel has never utilized and currently does not anticipate utilizing derivative instruments for speculative purposes. As of December 31, 2023, the total debt denominated in foreign currency amounted to NIS 180.4 billion, which comprised 16% of total government debt. In addition, the mix of foreign currency debt is characterized by the predominance of USD-denominated debt. As of December 31, 2023, 69% of foreign currency debt was USD-denominated, 29% was Euro-denominated and the remainder was in other currencies. Israel carries out hedging transactions, short-term USD-NIS forward transactions, short-term EUR-NIS forward transactions and long-term swap transactions. USD-NIS swap transactions enable the reduction of exposure to foreign currency risk, and EUR-USD transactions enable diversification of such exposure. As of December 31, 2023, the composition of Israel’s hedged debt portfolio was as follows: 53% USD, 26% Euro, 21% NIS and 0% in other currencies.

Hedging transactions enable the reduction of market risk (currency risk) but expose Israel to credit risk, particularly counterparty risk. Credit risk is managed within the framework of shelf agreements by the International Swap and Derivative Association (“ISDA”). ISDA regulates the legal processes for the transfer of guarantees. Pursuant to the ISDA’s Credit Support Annex, a margin call is carried out according to the fair value of the transaction (mark-to-market) and the threshold is set forth in the agreement.

As of December 31, 2023, Israel's stock of swap transactions amounted to \$12.9 billion, of which EUR-NIS transactions amounted to \$4.5 billion. USD-NIS transactions amounted to \$8.1 billion, JPY-EUR transactions amounted to \$247 million. As of December 31, 2023, the mark-to-market value of all transactions was approximately \$133 million to the benefit of the state.

Table No. 36

**Foreign Currency Debt of the Government of Israel**  
(Debt Outstanding as of December 31, 2023)

MM \$	USD	CAD	EUR	GBP	JPY	Total
<b>State of Israel bonds</b>	5,685	458	48	71	—	<b>6,262</b>
<b>Loans from foreign governments and other loans</b>	246	—	126	—	—	<b>371</b>
<b>Tradable bonds guaranteed by the U.S. Government</b>	3,445	—	—	—	—	<b>3,445</b>
<b>Sovereign bonds – unguaranteed</b>	22,455	—	16,701	129	361	<b>39,646</b>
<b>Total</b>	<b>31,831</b>	<b>458</b>	<b>16,875</b>	<b>200</b>	<b>361</b>	<b>49,725</b>

Source: Ministry of Finance.

**Net Public Debt**

Net public debt as of December 31, 2023 was NIS 1,117.9 billion (59.8% of GDP), comprising NIS 937.5 billion in local currency debt and NIS 160.4 billion in foreign currency debt. In 2022, net public debt stood at NIS 1,028.5 billion (58.3% of GDP). In 2023, the ratio of net public debt-to-GDP increased by 1.5%, which was largely attributable to increased government expenditures and reduced tax revenues due to the war in Gaza, and was somewhat moderated by the continuing growth of GDP. Between 2022 and 2023, GDP at current prices increased by 6.0%. The Government deficit rose from 1.8% of GDP in 2022 to 6.7% of GDP in 2023, primarily due to the effect of the war in Gaza on Government expenditures and tax revenues. While GDP growth continued, the ratio of tax revenue to GDP decreased by 2.9% of GDP between 2022 and 2023, and was 0.3% of GDP lower than in 2019.

Table No. 37

**Net Public Debt<sup>(1)</sup>**  
(In Billions of NIS at Current Prices)

	2019	2020	2021	2022	2023
<b>Local Currency<sup>(2)</sup></b>	705.2	786.6	865.8	874.6	937.5
<b>Foreign Currency<sup>(3)</sup></b>	109.8	160.8	147.8	153.9	180.4
<b>Total</b>	<b>815.0</b>	<b>947.4</b>	<b>1,013.6</b>	<b>1,028.5</b>	<b>1,117.9</b>

(1) Net public debt includes the debt of local authorities, except for the debt of local authorities to the central Government.

(2) In 2023, domestic net public debt decreased in real terms (at end-of-year 2022 constant prices) by 4.1%, to NIS 910.6 billion.

(3) Foreign currency debt, for this purpose, does not include nonresidents' holdings of NIS-denominated Government bonds issued in the domestic market, but does include residents' holdings of foreign currency-denominated Government bonds issued in the global market.

Source: Bank of Israel.

Table No. 38

**Ratio of Net Public Debt to GDP**  
(Percent of Annual GDP at Current Prices)

	2019	2020	2021	2022	2023
<b>Local Currency<sup>(2)</sup></b>	49.5%	55.5%	54.7%	49.6%	50.1%
<b>Foreign Currency<sup>(3)</sup></b>	7.7%	11.3%	9.3%	8.7%	9.6%
<b>Total</b>	57.2%	66.8%	64.1%	58.3%	59.8%

(1) Foreign currency public debt is defined as the Government's foreign-currency denominated liabilities.

Source: Bank of Israel; Central Bureau of Statistics.

#### Domestic Public Debt

In the consolidated balance sheet of the Government and the Bank of Israel, domestic net public debt is defined as gross domestic government debt plus the debt of local authorities, less the liabilities of private sector debtors to the public sector and government deposits in the Bank of Israel. Essentially, net public debt includes debt of local authorities, but excludes their debt to the Government. On December 31, 2023, domestic net public debt stood at NIS 937.5 billion, compared to NIS 874.6 billion as of December 31, 2022. The domestic public debt is comprised of transferable and non-transferable debt, which is raised through the issuance of shekel-denominated bonds. Non-transferable debt is issued to institutional investors in Israel under set terms based on long-standing arrangements. In recent years, the size and share of non-transferable debt as a portion of the total domestic debt increased to approximately 30%, mainly as a result of the increase in issuance of pension fund designated bonds (see "Public Finance — Pension Funds," above).

#### External Public Debt

Unless otherwise specified, and only for the purpose of the statistical data presented herein, Israel's gross external debt is defined, in line with the IMF's definition, as all external liabilities to nonresidents required to be paid in both local and foreign currency by the public sector, the private sector and the banking system (not including mortgage banks, investment finance banks and financial institutions). For the purpose of this definition, the public sector includes the Government, the Bank of Israel and the national institutions. The data presented does not include currency swap transactions.

The net external debt is defined as the public and private sectors' external debt, less foreign (debt instrument) assets of both sectors.

Table No. 39

**Net External Debt**  
(in Billions of USD)

	2019	2020	2021	2022	2023
<b>Net External Debt</b>	-170.3	-204.1	-225.7	-209.2	-242.3
<b>As percent of GDP</b>	-42.3%	-49.5%	-45.9%	-39.73%	-47.8%

Source: Bank of Israel; Central Bureau of Statistics.

The Government is the principal borrower of external public debt. In 2023, the public sector's share of gross external debt amounted to 50.5%, compared to 51.1% in 2022, 50.9% in 2021, 48.0% in 2020 and 38.1% in 2019. The share of the public sector gross external debt as a percentage of the total government debt was 24.4% in 2023, compared to 23.9% in 2022, 25.1% in 2021, 21.9% in 2020 and 17.9% in 2019 (in each case, at year-end).

Total public sector external debt in 2023 amounted to \$78.1 billion, compared to \$79.6 billion in 2022, \$81.6 billion in 2021, \$62.4 billion in 2020, and \$39.4 billion in 2019. The total public sector external assets in 2023 amounted to \$209.4 billion, compared to \$201.4 billion in 2022, \$220 billion in 2021, \$176.1 billion in 2020 and \$128.8 billion in 2019.

The net external debt of the public sector is defined as the public sector's external debt less foreign assets of the public sector.

Table No. 40

**Outstanding Public Sector External Debt**  
(End-year Balances in Millions of USD)

	2019	2020	2021	2022	2023
<b>Public sector external debt<sup>(1)</sup></b>					
Foreign governments and international institutions	1,462	1,527	4,042	3,977	4,025
Negotiable bonds guaranteed by the U.S. government	8,422	7,998	7,309	6,555	3,992
Negotiable bonds – unguaranteed	24,123	47,100	64,810	63,691	63,740
State of Israel bonds	5,163	5,596	5,327	5,251	6,262
Other	186	185	158	139	128
<b>Total</b>	<b>39,356</b>	<b>62,407</b>	<b>81,645</b>	<b>79,614</b>	<b>78,146</b>
<b>Total public sector external assets</b>	<b>128,816</b>	<b>176,144</b>	<b>219,775</b>	<b>201,442</b>	<b>209,449</b>
<b>Net public sector external debt</b>	<b>-89,460</b>	<b>-113,737</b>	<b>-138,130</b>	<b>-121,828</b>	<b>-131,303</b>
<b>(as percent of GDP)</b>	<b>-22.2%</b>	<b>-27.6%</b>	<b>-28.1%</b>	<b>-23.1%</b>	<b>-25.9%</b>

(1) Includes accrued interest.

Source: Ministry of Finance and Bank of Israel.

Table No. 41

**Forward Amortization of External Debt — Principal Payments**  
(in Millions of USD)<sup>(1)</sup>

	2024	2025	2026	2027	2028	2029 onwards
<b>Public sector</b>	<b>18,232</b>	<b>3,637</b>	<b>5,882</b>	<b>4,402</b>	<b>3,043</b>	<b>41,187</b>
Foreign governments and international institutions	12	7	10	3	1	3,989
Negotiable bonds guaranteed by the U.S. government	1,835	68	48	7	0	333
Negotiable bonds – unguaranteed	14,895	1,468	4,698	3,999	2,473	36,206
State of Israel bonds	1,476	2,080	1,112	379	555	602
Other	14	14	14	14	14	57
<b>Private sector</b>	<b>4,856</b>	<b>5,958</b>	<b>5,958</b>	<b>6,458</b>	<b>4,884</b>	<b>5,369</b>
Financial loans	1,231	1,641	2,051	2,051	1,231	0
Bonds	1,751	1,819	784	1,283	1,779	5,369
Equity-holders' loans	1,874	2,499	3,123	3,123	1,874	0
<b>Total direct credit external liabilities (Debt Instruments)</b>	<b>23,088</b>	<b>9,595</b>	<b>11,840</b>	<b>10,860</b>	<b>7,927</b>	<b>46,556</b>

(1) Based on the debt balance as of the end of the period preceding the forecasted payments. Excludes trade credit and banking system data. The data do not include accrued interest.

Source: Ministry of Finance and Bank of Israel.

Table No. 42

**Forward Amortization of External Debt—Interest Payments**  
(In Millions of USD)<sup>(1)</sup>

	2024	2025	2026	2027	2028	2029 onwards
<b>Public sector</b>	<b>2,018</b>	<b>1,670</b>	<b>1,503</b>	<b>1,097</b>	<b>955</b>	<b>15,745</b>
Foreign governments and international institutions	6	5	5	4	4	164
Negotiable bonds guaranteed by the U.S. government	627	401	305	62	18	92
Negotiable bonds – unguaranteed	1,147	1,070	1,059	939	851	15,155
State of Israel bonds	223	179	119	77	67	159
Other	15	15	15	15	15	175
<b>Private sector</b>	<b>1,765</b>	<b>1,498</b>	<b>1,219</b>	<b>872</b>	<b>478</b>	<b>1,752</b>
Financial loans	520	442	338	208	78	0
Bonds	547	463	427	385	295	1,752
Equity-holders' loans	698	593	454	279	105	0
<b>Total direct credit external liabilities (Debt Instruments)</b>	<b>3,783</b>	<b>3,168</b>	<b>2,722</b>	<b>1,969</b>	<b>1,433</b>	<b>17,497</b>

(1) Based on the debt balance as of the end of the period preceding the forecasted payments. Excludes trade credit and banking system data.

Source: Ministry of Finance and Bank of Israel calculations.

#### State Guarantees

The Government may issue, in certain cases, financial guarantees to secure third-party obligations if it determines that the issuance of such guarantees is in the best interest of the State. These guarantees generally require the payment of a certain fee. Each guarantee or guarantee program must be specifically approved in advance by the Finance Committee of the Knesset. The aggregate amount of all obligations issued under such guarantees may not exceed 10% of the Government's annual budget for the same year (excluding development budget). In exceptional circumstances, the Government may increase the rate to 25% for a period which may not exceed 18 months.

#### Government guarantees fall into four categories:

- i. Guarantees to support economic activities, including encouragement of capital investment and lending to SMEs;
- ii. Guarantees to support foreign trade, including export guarantees against foreign, political, and commercial risks made through ASHR'A, the Israel Foreign Trade Risks Insurance Corporation Ltd., a Government-controlled company, or through two private export insurance companies;
- iii. Special guarantees to support Government-controlled entities, including entities in the infrastructure sectors such as IEC, or to support other enterprises or activities on a case-by-case basis, such as war risk insurance in the aviation industry; and
- iv. Special guarantees to support SMEs and large enterprises during times of emergency, such as the COVID-19 pandemic and the war in Gaza. There are three main programs in this category that have been initiated by the government during the ongoing war:
  - a) Establishing dedicated guarantee loan tracks designed for small, medium and large businesses. The purpose of the designated tracks is to assist businesses that have encountered cash flow difficulties, due to the war, and to obtain loans from the banking system. To further assist businesses in the recovery process and accelerate business activity, the Government allowed the banking system to extend the grace period for up to an additional 9 months. As of April 1, 2024, the loan tracks closed for new applications.

- b) Assisting local businesses in the field of short-term credit insurance, with the aim of encouraging economic growth and employment by providing a guarantee to top up cover beyond the basic coverage of private insurance companies to their customers.
- c) Establishing a state guarantee framework to allow Israeli airlines to issue insurance policies against war risks, thereby ensuring the continuity of air operations in the State of Israel. The insurance policies are issued by Inbal Insurance Company Ltd. and are contingent upon the cancellation or reduction of existing insurance coverage held by Israeli airlines, limiting coverage to war risks within the geographical area of the State of Israel.

The guarantees, the associated fees and other receipts are included in the national accounts. As of December 31, 2023, approximately \$4.8 billion in State guarantees remained outstanding. The following table sets forth the State guarantees granted to secure third parties' indebtedness by category.

**Table No. 43**

<b>State Guarantees</b> <b>(In Millions of NIS)</b>				
	<b>As of December 31, 2022</b>		<b>As of December 31, 2023</b>	
	<b>Grouping<sup>(1)</sup></b>	<b>Exposure</b>	<b>Effective Limits of the Program</b>	<b>Exposure</b>
Small- and Medium-Sized Business Funds	(i)	728	946	797
COVID-19 Loan Fund	(iv)(a)	5,099	4,458	4,458
Small- and Medium-Sized Business War Tracks	(iv)(a)		911	407
International Trade	(ii)	8,319	12,695	8,634
Israel Electric Corporation Ltd	(iii)	131	81	81
Top Up Cover 2020	(iv)(b)	2,660	1,398	1,398
Top Up Cover 2023	(iv)(b)		1,855	182
Long Up Cover	(ii)	0	725	0
War Risk Insurance in the Aviation Industry	(iv)(c)	7,038	21,762	14,762
<b>Total</b>		<b>23,885</b>	<b>44,830</b>	<b>30,718</b>

(1) Refers to groupings (i), (ii), (iii) and (iv) described under "State Guarantees," above.

Source: Ministry of Finance.



## DEBT RECORD

Israel has never defaulted on the payment of principal or interest on any of its internal or external debt obligations.

## Loans from the Government of the Federal Republic of Germany

Interest Rate (%)	Issue Date	Maturity	Currency	Outstanding Amount as of December 31, 2023 (In Millions) <sup>(1)</sup>
2.0	Dec. 1994	Dec. 2024	EUR	2.6
2.0	Jun. 1995	Jun. 2025	EUR	5.4
2.0	Dec. 1996	Dec. 2026	EUR	6.9
2.0	Jan. 1998	Dec. 2027	EUR	5.1
2.0	Sep. 2000	Dec. 2030	EUR	1.6
2.0	Dec. 2001	Dec. 2030	EUR	3.5
2.0	Dec. 2003	Dec. 2030	EUR	0.4
2.0	Dec. 2004	Dec. 2030	EUR	0.7
2.0	Aug. 2005	Dec. 2030	EUR	0.7
2.0	Dec. 2006	Dec. 2030	EUR	1.2
2.0	Dec. 2007	Dec. 2030	EUR	0.7

(1) Data excludes accrued interest on debt outstanding.

Source: Ministry of Finance.

## Loans from Non-Israeli Banks

Interest Rate (%)	Issue Date	Maturity	Currency	Outstanding Amount as of December 31, 2023 (In Millions) <sup>(1)</sup>
4.157	Dec. 2009	Dec. 2029	EUR	52.9
3.571	Jan. 2012	Jan. 2032	EUR	31.3

(1) Data excludes accrued interest on debt outstanding.

Source: Ministry of Finance.

## International Capital Markets Issues

Interest Rate (%)	Issue Date	Maturity	Currency	December 31, 2023 (In Millions) <sup>(1)(2)</sup>
7.25	Dec. 1998	Dec. 2028	USD	250
6.875	Oct. 1999	Oct. 2034	GBP	100
4.5	Jan. 2013	Jan. 2043	USD	1,000
2.875	Jan. 2014	Jan. 2024	EUR	1,500
4.5	Mar. 2016	Jan. 2043	USD	500
2.875	Mar. 2016	Mar. 2026	USD	1,000
4.5	Oct. 2016	Jan. 2043	USD	200
1.5	Jan. 2017	Jan. 2027	EUR	1,500
2.375	Jan. 2017	Jan. 2037	EUR	750

Interest Rate (%)	Issue Date	Maturity	Currency	December 31, 2023 (In Millions) <sup>(1)(2)</sup>
3.25	Jan. 2018	Jan. 2028	USD	1,000
4.125	Jan. 2018	Jan. 2048	USD	1,000
1.5	Jan. 2019	Jan. 2029	EUR	1,250
2.5	Jan. 2019	Jan. 2049	EUR	1,250
2.0	Jul. 2019	Jul. 2069	EUR	500
0.15	Aug. 2019	Aug. 2026	JPY	15,000
2.5	Jan. 2020	Jan. 2030	USD	1,000
3.375	Jan. 2020	Jan. 2050	USD	2,000
2.875	Apr. 2020	Jan. 2024	EUR	500
1.5	Apr. 2020	Jan. 2029	EUR	200
2.75	Apr. 2020	Jul. 2030	USD	2,000
3.875	Apr. 2020	Jul. 2050	USD	2,000
4.5	Apr. 2020	Apr. 2120	USD	1,000
2.0	Apr. 2020	Jul. 2069	EUR	150
1.5	Apr. 2020	Jan. 2029	EUR	200
2.875	Apr. 2020	Jan. 2024	EUR	250
2.875	May. 2020	Jan. 2024	EUR	350
3.8	May. 2020	May. 2060	USD	5,000
2.0	Jul. 2020	Jul. 2069	EUR	350
1.5	Aug. 2020	Jan. 2027	EUR	250
2.875	Oct. 2020	Jan. 2024	EUR	550
2.875	Oct. 2020	Jan. 2024	EUR	400
0.625	Jan. 2022	Jan. 2032	EUR	1,500
4.5	Jan. 2023	Jan. 2033	USD	2,000
0.63	Oct. 2023	Oct. 2026	JPY	20,000
5.0	Oct. 2023	Oct. 2026	EUR	1,580
5.0	Nov. 2023	Oct. 2026	EUR	220
6.5	Nov. 2023	Nov. 2031	USD	800
1.5	Nov. 2023	Jan. 2029	EUR	185
1.5	Nov. 2023	Jan. 2029	EUR	125
0.625	Nov. 2023	Jan. 2032	EUR	260
1.5	Nov. 2023	Jan. 2027	EUR	315
0.63	Nov. 2023	Oct. 2026	JPY	16,000
6.5	Nov. 2023	Nov. 2031	USD	700
6.25	Nov. 2023	Nov. 2027	USD	725
1.5	Dec. 2023	Jan. 2027	EUR	125
5.0	Dec. 2023	Oct. 2026	EUR	150
5.0	Dec. 2023	Oct. 2026	EUR	450

(1) Data excludes accrued interest on debt outstanding.

(2) In March 2024, the Government raised \$8 billion through an offering comprised of US\$2 billion 5.375% bonds due 2029, US\$3 billion 5.500% bonds due 2034 and US\$3 billion 5.750% bonds due 2054.

Source: Ministry of Finance.

## STATE OF ISRAEL BONDS

ISSUED THROUGH THE DEVELOPMENT CORPORATION FOR ISRAEL  
18K REPORT FOR BONDS AS OF DECEMBER 31, 2023

ISSUE	INTEREST RATE %	ISSUE DATE	MATURITY DATE	CCY	TOTAL OUTSTANDING (in millions)
<b><u>INSTITUTIONAL ISSUES</u></b>					
INSTITUTIONAL JUBILEE PP 8 <sup>TH</sup> ISSUE 5 YEARS	1.35 – 3.72	JAN 2019 – FEB 2021	JAN 2024 – FEB 2026	USD	207.90
INSTITUTIONAL JUBILEE PP 9 <sup>TH</sup> ISSUE 3 YEARS	1.03 – 1.17	APR 2021 – AUG 2021	SEP 2024 – AUG 2024	USD	8.00
INSTITUTIONAL JUBILEE PP 9 <sup>TH</sup> ISSUE 5 YEARS	1.51 – 1.83	MAR 2021 – MAY 2021	MAR 2026 – MAY 2026	USD	10.00
INSTITUTIONAL JUBILEE PP 10 <sup>TH</sup> ISSUE 3 YEARS	1.47	NOV 2021 – NOV 2021	NOV 2024 – NOV 2024	USD	1.5
INSTITUTIONAL JUBILEE PP 10 <sup>TH</sup> ISSUE 5 YEARS	2.07	OCT 2021 – OCT 2021	OCT 2026 – OCT 2026	USD	5.00
INSTITUTIONAL JUBILEE PP 11 <sup>TH</sup> ISSUE 2 YEARS	5.04 – 5.36	NOV 2023 – DEC 2023	NOV 2025 – DEC 2025	USD	283.00
INSTITUTIONAL JUBILEE PP 11 <sup>TH</sup> ISSUE 3 YEARS	5.03 – 5.40	NOV 2023 – DEC 2023	NOV 2026 – DEC 2026	USD	294.00
INSTITUTIONAL JUBILEE PP 11 <sup>TH</sup> ISSUE 5 YEARS	5.58 – 5.66	NOV 2023 – DEC 2023	NOV 2028 – DEC 2028	USD	41.50
INSTITUTIONAL JUBILEE PP 11 <sup>TH</sup> ISSUE 10 YEARS	5.95	NOV 2023 – NOV 2023	NOV 2033 – NOV 2033	USD	5.00
INSTITUTIONAL JUBILEE PP 11 <sup>TH</sup> ISSUE 15 YEARS	6.19	NOV 2023 – NOV 2023	NOV 2038 – NOV 2038	USD	37.00
<b><u>INSTITUTIONAL REINVESTMENT BONDS</u></b>					
REINVESTMENT SAVINGS BOND 9 <sup>TH</sup> INTERN'L	0.68 – 1.06	JAN 2021 – AUG 2021	JAN 2024 – AUG 2024	USD	0.61
REINVESTMENT SAVINGS BOND 10 <sup>TH</sup> INTERN'L	1.17 – 3.87	SEP 2021 – SEP 2022	SEP 2024 – SEP 2025	USD	0.46
REINVESTMENT SAVINGS BOND 11 <sup>TH</sup> INTERN'L	3.68 – 5.34	SEP 2022 – AUG 2023	SEP 2025 – AUG 2026	USD	3.05
REINVESTMENT SAVINGS BOND 11 <sup>TH</sup> INTERN'L	5.25 – 5.61	SEP 2023 – DEC 2023	SEP 2026 – DEC 2026	USD	0.10
<b><u>JUBILEE</u></b>					
JUBILEE 8 <sup>TH</sup> ISSUE 10 Y CASH	3.80 – 4.50	JAN 2014 – JUL 2014	JAN 2024 – JUL 2024	USD	110.21
JUBILEE 9 <sup>TH</sup> ISSUE 10 Y CASH	3.12 – 3.93	JUL 2014 – SEP 2015	JUL 2024 – SEP 2025	USD	142.47
JUBILEE 10 <sup>TH</sup> ISSUE 10 Y CASH	3.10 – 4.26	SEP 2015 – APR 2018	SEP 2025 – APR 2028	USD	214.39
JUBILEE 11 <sup>TH</sup> ISSUE 3 Y CASH	0.20 – 1.06	JAN 2021 – SEP 2021	JAN 2024 – SEP 2024	USD	85.50
JUBILEE 11 <sup>TH</sup> ISSUE 5 Y CASH	0.44 – 3.57	JAN 2019 – SEP 2021	JAN 2024 – SEP 2026	USD	551.66
JUBILEE 11 <sup>TH</sup> ISSUE 10 Y CASH	1.33 – 4.46	MAY 2018 – SEP 2021	MAY 2028 – SEP 2031	USD	187.68
JUBILEE 11 <sup>TH</sup> ISSUE 15 Y CASH	1.58 – 4.71	MAY 2018 – SEP 2021	MAY 2033 – SEP 2036	USD	56.33
JUBILEE 12 <sup>TH</sup> ISSUE 2 Y CASH	0.66 – 5.40	JAN 2022 – DEC 2023	JAN 2024 – DEC 2025	USD	1,083.86
JUBILEE 12 <sup>TH</sup> ISSUE 3 Y CASH	1.15 – 5.60	SEP 2021 – DEC 2023	SEP 2024 – DEC 2026	USD	596.82
JUBILEE 12 <sup>TH</sup> ISSUE 5 Y CASH	1.72 – 5.74	SEP 2021 – DEC 2023	SEP 2026 – DEC 2028	USD	563.61
JUBILEE 12 <sup>TH</sup> ISSUE 10 Y CASH	2.60 – 5.96	SEP 2021 – DEC 2023	SEP 2031 – DEC 2033	USD	211.62
JUBILEE 12 <sup>TH</sup> ISSUE 15 Y CASH	2.84 – 6.21	SEP 2021 – DEC 2023	SEP 2036 – DEC 2038	USD	67.25
JUBILEE 12 <sup>TH</sup> ISSUE 2 Y FINANCING	1.00 – 5.51	JAN 2022 – DEC 2023	JAN 2024 – DEC 2025	USD	154.90

ISSUE	INTEREST RATE %	ISSUE DATE	MATURITY DATE	CCY	TOTAL OUTSTANDING (in millions)
JUBILEE 2 <sup>ND</sup> INTERNATIONAL ISSUE 10 YEARS	3.81 – 4.50	JAN 2014 – OCT 2014	JAN 2024 – OCT 2024	USD	1.56
JUBILEE 3 <sup>RD</sup> INTERNATIONAL ISSUE 10 YEARS	3.31 – 3.93	NOV 2014 – OCT 2015	NOV 2024 – OCT 2025	USD	18.40
JUBILEE 4 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	3.10 – 3.91	OCT 2015 – OCT 2016	OCT 2025 – OCT 2026	USD	12.76
JUBILEE 5 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	3.12 – 4.08	OCT 2016 – AUG 2017	OCT 2026 – AUG 2027	USD	7.31
JUBILEE 6 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	3.60 – 4.46	NOV 2017 – AUG 2018	NOV 2027 – AUG 2028	USD	9.48
JUBILEE 7 <sup>TH</sup> INTERNATIONAL ISSUE 5 YEARS	2.65 – 3.52	FEB 2019 – JUL 2019	FEB 2024 – JUL 2024	USD	0.82
JUBILEE 7 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	3.36 – 4.40	OCT 2018 – AUG 2019	OCT 2028 – AUG 2029	USD	5.27
JUBILEE 7 <sup>TH</sup> INTERNATIONAL ISSUE 15 YEARS	3.60 – 4.56	OCT 2018 – JUL 2019	OCT 2033 – JUL 2034	USD	4.18
JUBILEE 8 <sup>TH</sup> INTERNATIONAL ISSUE 5 YEARS	1.51 – 2.50	SEP 2019 – AUG 2020	SEP 2024 – AUG 2025	USD	1.27
JUBILEE 8 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	2.33 – 3.20	SEP 2019 – JUL 2020	SEP 2029 – JUL 2030	USD	5.41
JUBILEE 8 <sup>TH</sup> INTERNATIONAL ISSUE 15 YEARS	2.74 – 3.44	SEP 2019 – MAY 2020	SEP 2034 – MAY 2035	USD	0.31
JUBILEE 9 <sup>TH</sup> INTERNATIONAL ISSUE 5 YEARS	0.51	DEC 2020 – DEC 2020	DEC 2025 – DEC 2025	USD	0.03
JUBILEE 9 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	1.72 – 2.23	SEP 2020 – NOV 2020	SEP 2030 – NOV 2030	USD	1.14
JUBILEE 9 <sup>TH</sup> INTERNATIONAL ISSUE 15 YEARS	2.48	NOV 2020 – NOV 2020	NOV 2035 – NOV 2035	USD	0.03
JUBILEE 10 <sup>TH</sup> INTERNATIONAL ISSUE 3 YEARS	0.73 – 1.06	MAR 2021 – SEP 2021	MAR 2024 – SEP 2024	USD	24.09
JUBILEE 10 <sup>TH</sup> INTERNATIONAL ISSUE 5 YEARS	1.36 – 1.70	MAR 2021 – AUG 2021	MAR 2026 – AUG 2026	USD	1.10
JUBILEE 10 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	2.23 – 2.86	FEB 2021 – AUG 2021	FEB 2031 – AUG 2031	USD	7.43
JUBILEE 10 <sup>TH</sup> INTERNATIONAL ISSUE 15 YEARS	2.50 – 3.11	MAR 2021 – SEP 2021	MAR 2036 – SEP 2036	USD	2.25
JUBILEE 11 <sup>TH</sup> INTERNATIONAL ISSUE 2 YEARS	1.30 – 3.42	FEB 2022 – SEP 2022	FEB 2024 – SEP 2024	USD	36.92
JUBILEE 11 <sup>TH</sup> INTERNATIONAL ISSUE 3 YEARS	1.16 – 3.95	SEP 2021 – SEP 2022	SEP 2024 – SEP 2025	USD	11.53
JUBILEE 11 <sup>TH</sup> INTERNATIONAL ISSUE 5 YEARS	1.75 – 4.18	SEP 2021 – SEP 2022	SEP 2026 – SEP 2027	USD	2.81
JUBILEE 11 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	2.60 – 4.47	SEP 2021 – AUG 2022	SEP 2031 – AUG 2032	USD	8.47
JUBILEE 11 <sup>TH</sup> INTERNATIONAL ISSUE 15 YEARS	2.85 – 4.72	SEP 2021 – AUG 2022	SEP 2036 – AUG 2037	USD	3.51
JUBILEE 12 <sup>TH</sup> INTERNATIONAL ISSUE 2 YEARS	3.58 – 5.28	SEP 2022 – SEP 2023	SEP 2024 – SEP 2025	USD	5.85
JUBILEE 12 <sup>TH</sup> INTERNATIONAL ISSUE 3 YEARS	3.90 – 5.38	SEP 2022 – AUG 2023	SEP 2025 – AUG 2026	USD	1.86
JUBILEE 12 <sup>TH</sup> INTERNATIONAL ISSUE 5 YEARS	4.46 – 5.44	NOV 2022 – AUG 2023	NOV 2027 – AUG 2028	USD	14.30
JUBILEE 12 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	4.61 – 5.20	OCT 2022 – JUL 2023	OCT 2032 – JUL 2033	USD	1.71

ISSUE	INTEREST RATE %	ISSUE DATE	MATURITY DATE	CCY	TOTAL OUTSTANDING (in millions)
JUBILEE 12 <sup>TH</sup> INTERNATIONAL ISSUE 15 YEARS	4.95 – 5.71	NOV 2022 – SEP 2023	NOV 2037 – SEP 2038	USD	3.24
JUBILEE 13 <sup>TH</sup> INTERNATIONAL ISSUE 2 YEARS	5.02 – 5.25	SEP 2023 – DEC 2023	SEP 2025 – DEC 2025	USD	1.26
JUBILEE 13 <sup>TH</sup> INTERNATIONAL ISSUE 3 YEARS	4.70 – 5.60	OCT 2023 – DEC 2023	OCT 2026 – DEC 2026	USD	55.76
JUBILEE 13 <sup>TH</sup> INTERNATIONAL ISSUE 5 YEARS	5.43 – 5.74	OCT 2023 – DEC 2023	OCT 2028 – DEC 2028	USD	0.79
JUBILEE 13 <sup>TH</sup> INTERNATIONAL ISSUE 10 YEARS	5.47 – 5.95	SEP 2023 – DEC 2023	SEP 2033 – DEC 2033	USD	3.20
JUBILEE 13 <sup>TH</sup> INTERNATIONAL ISSUE 15 YEARS	6.04 – 6.21	OCT 2023 – NOV 2023	OCT 2038 – NOV 2038	USD	0.91
MACCABEE BONDS 8 <sup>TH</sup> ISSUE 10 YEARS	3.70 – 4.30	JAN 2014 – JUL 2014	JAN 2024 – JUL 2024	USD	10.55
MACCABEE BONDS 9 <sup>TH</sup> ISSUE 10 YEARS	2.97 – 3.80	JUL 2014 – SEP 2015	JUL 2024 – SEP 2025	USD	16.49
MACCABEE BONDS 10 <sup>TH</sup> ISSUE 10 YEARS	2.95 – 4.11	SEP 2015 – APR 2018	SEP 2025 – APR 2028	USD	25.82
MACCABEE BONDS 11 <sup>TH</sup> ISSUE 3 YEARS	0.20 – 0.91	JAN 2021 – SEP 2021	JAN 2024 – SEP 2024	USD	1.63
MACCABEE BONDS 11 <sup>TH</sup> ISSUE 5 YEARS	0.44 – 3.42	JAN 2019 – SEP 2021	JAN 2024 – SEP 2026	USD	36.52
MACCABEE BONDS 11 <sup>TH</sup> ISSUE 10 YEARS	1.21 – 4.31	MAY 2018 – SEP 2021	MAY 2028 – SEP 2031	USD	9.67
MACCABEE BONDS 11 <sup>TH</sup> ISSUE 15 YEARS	1.43 – 4.56	MAY 2018 – SEP 2021	MAY 2033 – SEP 2036	USD	2.91
MACCABEE BONDS 12 <sup>TH</sup> ISSUE 2 YEARS	0.66 – 5.24	JAN 2022 – DEC 2023	JAN 2024 – DEC 2025	USD	26.86
MACCABEE BONDS 12 <sup>TH</sup> ISSUE 3 YEARS	1.00 – 5.45	SEP 2021 – DEC 2023	SEP 2024 – DEC 2026	USD	12.94
MACCABEE BONDS 12 <sup>TH</sup> ISSUE 5 YEARS	1.57 – 5.60	SEP 2021 – DEC 2023	SEP 2026 – DEC 2028	USD	25.80
MACCABEE BONDS 12 <sup>TH</sup> ISSUE 10 YEARS	2.44 – 5.81	SEP 2021 – DEC 2023	SEP 2031 – DEC 2033	USD	7.66
MACCABEE BONDS 12 <sup>TH</sup> ISSUE 15 YEARS	2.70 – 6.06	SEP 2021 – DEC 2023	SEP 2036 – DEC 2038	USD	4.05
MACCABEE BONDS 2 <sup>ND</sup> INTERNATIONAL ISSUE 10Y	3.61 – 4.16	FEB 2014 – OCT 2014	FEB 2024 – OCT 2024	USD	0.10
MACCABEE BONDS 3 <sup>RD</sup> INTERNATIONAL ISSUE 10Y	3.30 – 3.78	NOV 2014 – OCT 2015	NOV 2024 – OCT 2025	USD	0.12
MACCABEE BONDS 4 <sup>TH</sup> INTERNATIONAL ISSUE 10Y	3.01 – 3.76	NOV 2015 – AUG 2016	NOV 2025 – AUG 2026	USD	0.14
MACCABEE BONDS 5 <sup>TH</sup> INTERNATIONAL ISSUE 10Y	3.58 – 3.84	FEB 2017 – JUL 2017	FEB 2027 – JUL 2027	USD	0.03
MACCABEE BONDS 6 <sup>TH</sup> INTERNATIONAL ISSUE 10Y	4.03 – 4.31	APR 2018 – AUG 2018	APR 2028 – AUG 2028	USD	0.11
MACCABEE BONDS 7 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	2.53 – 3.37	FEB 2019 – AUG 2019	FEB 2024 – AUG 2024	USD	0.03
MACCABEE BONDS 7 <sup>TH</sup> INTERNATIONAL ISSUE 10Y	3.27 – 4.25	OCT 2018 – JUL 2019	OCT 2028 – JUL 2029	USD	0.21
MACCABEE BONDS 7 <sup>TH</sup> INTERNATIONAL ISSUE 15Y	4.46	NOV 2018 – NOV 2018	NOV 2033 – NOV 2033	USD	0.02
MACCABEE BONDS 8 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	1.40 – 2.26	OCT 2019 – JUL 2020	OCT 2024 – JUL 2025	USD	0.07
MACCABEE BONDS 8 <sup>TH</sup> INTERNATIONAL ISSUE 10Y	2.34 – 3.22	AUG 2019 – MAR 2020	AUG 2029 – MAR 2030	USD	0.06
MACCABEE BONDS 9 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	0.51-1.30	SEP 2020 – DEC 2020	SEP 2025 – DEC 2025	USD	0.01
MACCABEE BONDS 9 <sup>TH</sup> INTERNATIONAL ISSUE 15Y	2.30	SEP 2020 – SEP 2020	SEP 2035 – SEP 2035	USD	0.01
MACCABEE BONDS 10 <sup>TH</sup> INTERNATIONAL ISSUE 3Y	0.58 – 0.87	FEB 2021 – AUG 2021	FEB 2024 – AUG 2024	USD	0.02
MACCABEE BONDS 10 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	1.05	FEB 2021 – FEB 2021	FEB 2026 – FEB 2026	USD	0.02

ISSUE	INTEREST RATE %	ISSUE DATE	MATURITY DATE	CCY	TOTAL OUTSTANDING (in millions)
MACCABEE BONDS 10 <sup>TH</sup> INTERNATIONAL ISSUE 10Y	2.08 – 2.71	FEB 2021 – AUG 2021	FEB 2031 – AUG 2031	USD	0.03
MACCABEE BONDS 10 <sup>TH</sup> INTERNATIONAL ISSUE 15Y	2.86	MAY 2021 – MAY 2021	MAY 2036 – MAY 2036	USD	0.02
MACCABEE BONDS 11 <sup>TH</sup> INTERNATIONAL ISSUE 2Y	0.66	JAN 2022 – JAN 2022	JAN 2024 – JAN 2024	USD	0.01
MACCABEE BONDS 11 <sup>TH</sup> INTERNATIONAL ISSUE 3Y	1.01 – 1.40	SEP 2021 – JAN 2022	SEP 2024 – JAN 2025	USD	0.02
MACCABEE BONDS 11 <sup>TH</sup> INTERNATIONAL ISSUE 10Y	2.80	FEB 2022 – FEB 2022	FEB 2032 – FEB 2032	USD	0.01
MACCABEE BONDS 11 <sup>TH</sup> INTERNATIONAL ISSUE 15Y	2.70	SEP 2021 – SEP 2021	SEP 2036 – SEP 2036	USD	0.02
<b><u>LIBOR FLOATING RATE ISSUE BONDS</u></b>					
LFRI 7 <sup>TH</sup> INTERNATIONAL ISSUE 5 YEARS CASH	LIBORUSD06 – 0.40	JAN 2019 – JAN 2019	JAN 2024 – JAN 2024	USD	25.00
LFRI-16 <sup>TH</sup> ISSUE 5Y CASH	LIBORUSD06 – 0.40	JAN 2019 – JAN 2019	JAN 2024 – JAN 2024	USD	0.16
<b><u>SAVINGS BOND</u></b>					
MAZEL TOV 8 <sup>TH</sup> ISSUE 5 YEARS	1.68 – 4.27	JUN 2019 – SEP 2021	JUN 2024 – SEP 2026	USD	69.96
MAZEL TOV 9 <sup>TH</sup> ISSUE 5 YEARS	2.38 – 6.23	OCT 2021 – DEC 2023	OCT 2026 – DEC 2028	USD	39.71
EMITZVAH SAVING 8 <sup>TH</sup> ISSUE 5 YEARS	1.68 – 4.27	JAN 2019 – SEP 2021	JAN 2024 – SEP 2026	USD	0.72
SHALOM SAVING 9 <sup>TH</sup> ISSUE 1 YEARS	5.16 – 5.43	OCT 2023 – DEC 2023	OCT 2024 – DEC 2024	USD	7.61
SHALOM SAVING 9 <sup>TH</sup> ISSUE 1 YEARS	4.56 – 5.50	JAN 2023 – SEP 2023	JAN 2024 – SEP 2024	USD	24.92
SHALOM SAVING 9 <sup>TH</sup> ISSUE 2 YEARS	5.15 – 5.44	OCT 2023 – DEC 2023	OCT 2025 – DEC 2025	USD	2.37
SHALOM SAVING 9 <sup>TH</sup> ISSUE 2 YEARS	1.43 – 5.25	MAR 2022 – SEP 2023	MAR 2024 – SEP 2025	USD	4.15
ESHALOM SAVING 9 <sup>TH</sup> ISSUE 1 YEAR	5.26 – 5.53	OCT 2023 – DEC 2023	OCT 2024 – DEC 2024	USD	11.95
EMAZEL TOV SAVINGS 9 <sup>TH</sup> ISSUE 5Y	2.48 – 6.33	OCT 2021 – DEC 2023	OCT 2026 – DEC 2028	USD	44.66
EMAZEL TOV SAVINGS BONDS 4 <sup>TH</sup> INTERNATIONAL 5Y	2.70 – 4.78	DEC 2021 – SEP 2022	DEC 2026 – SEP 2027	USD	0.10
EMAZEL TOV SAVINGS BONDS 5 <sup>TH</sup> INTERNATIONAL 5Y	4.10 – 5.77	OCT 2022 – SEP 2023	OCT 2027 – SEP 2028	USD	0.22
EMAZEL TOV SAVINGS BONDS 6 <sup>TH</sup> INTERNATIONAL 5Y	5.81 – 6.33	OCT 2023 – DEC 2023	OCT 2028 – DEC 2028	USD	0.16
MAZAL TOV SAVINGS BOND 7 <sup>TH</sup> INTERNATIONAL 5Y	3.22 – 4.27	JAN 2019 – AUG 2019	JAN 2024 – AUG 2024	USD	0.32
MAZAL TOV SAVINGS BOND 8 <sup>TH</sup> INTERNATIONAL 5Y	2.57	APR 2020 – APR 2020	APR 2025 – APR 2025	USD	0.04
MAZAL TOV SAVINGS BOND 9 <sup>TH</sup> INTERNATIONAL 5Y	1.92	JAN 2021 – JAN 2021	JAN 2026 – JAN 2026	USD	0.01
MAZAL TOV SAVINGS BOND 10 <sup>TH</sup> INTERNATIONAL 5Y	1.90 – 2.41	FEB 2021 – SEP 2021	FEB 2026 – SEP 2026	USD	0.50
MAZAL TOV SAVINGS BOND 11 <sup>TH</sup> INTERNATIONAL 5Y	2.38 – 4.68	OCT 2021 – SEP 2022	OCT 2026 – SEP 2027	USD	0.46
MAZAL TOV SAVINGS BOND 12 <sup>TH</sup> INTERNATIONAL 5Y	4.00 – 5.67	OCT 2022 – SEP 2023	OCT 2027 – SEP 2028	USD	0.45
MAZAL TOV SAVINGS BOND 13 <sup>TH</sup> INTERNATIONAL 5Y	5.71 – 6.23	OCT 2023 – DEC 2023	OCT 2028 – DEC 2028	USD	0.12
SABRA SAVING 8 <sup>TH</sup> ISSUE 3 YEARS	0.20 – 1.06	JAN 2021 – SEP 2021	JAN 2024 – SEP 2024	USD	12.51
SABRA SAVING 9 <sup>TH</sup> ISSUE 3 YEARS	1.13 – 5.61	SEP 2021 – DEC 2023	SEP 2024 – DEC 2026	USD	85.23
SABRA SAVINGS BOND 7 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	2.73 – 3.60	JAN 2019 – AUG 2019	JAN 2024 – AUG 2024	USD	2.59

ISSUE	INTEREST RATE %	ISSUE DATE	MATURITY DATE	CCY	TOTAL OUTSTANDING (in millions)
SABRA SAVINGS BOND 8 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	1.60 – 2.74	AUG 2019 – AUG 2020	AUG 2024 – AUG 2025	USD	5.98
SABRA SAVINGS BOND 9 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	1.52 – 1.55	SEP 2020 – OCT 2020	SEP 2025 – OCT 2025	USD	0.21
SABRA SAVINGS BOND 10 <sup>TH</sup> INTERNATIONAL ISSUE 3Y	0.71 – 1.06	FEB 2021 – SEP 2021	FEB 2024 – SEP 2024	USD	1.10
SABRA SAVINGS BOND 10 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	1.14 – 1.76	JAN 2021 – SEP 2021	JAN 2026 – SEP 2026	USD	2.27
SABRA SAVINGS BOND 11 <sup>TH</sup> INTERNATIONAL ISSUE 2Y	0.91 – 3.30	JAN 2022 – SEP 2022	JAN 2024 – SEP 2024	USD	4.12
SABRA SAVINGS BOND 11 <sup>TH</sup> INTERNATIONAL ISSUE 3Y	1.17 – 3.87	SEP 2021 – SEP 2022	SEP 2024 – SEP 2025	USD	6.71
SABRA SAVINGS BOND 11 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	1.83 – 4.23	SEP 2021 – SEP 2022	SEP 2026 – SEP 2027	USD	4.27
SABRA SAVINGS BOND 12 <sup>TH</sup> INTERNATIONAL ISSUE 1Y	4.90 – 5.64	JAN 2023 – SEP 2023	JAN 2024 – SEP 2024	USD	2.51
SABRA SAVINGS BOND 12 <sup>TH</sup> INTERNATIONAL ISSUE 2Y	3.45 – 5.25	SEP 2022 – SEP 2023	SEP 2024 – SEP 2025	USD	13.00
SABRA SAVINGS BOND 12 <sup>TH</sup> INTERNATIONAL ISSUE 3Y	3.78 – 5.34	SEP 2022 – SEP 2023	SEP 2025 – SEP 2026	USD	7.93
SABRA SAVINGS BOND 12 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	3.90 – 5.47	SEP 2022 – SEP 2023	SEP 2027 – SEP 2028	USD	24.26
SABRA SAVINGS BOND 13 <sup>TH</sup> INTERNATIONAL ISSUE 1Y	5.38 – 5.64	SEP 2023 – DEC 2023	SEP 2024 – DEC 2024	USD	0.72
SABRA SAVINGS BOND 13 <sup>TH</sup> INTERNATIONAL ISSUE 2Y	4.91 – 5.25	SEP 2023 – DEC 2023	SEP 2025 – DEC 2025	USD	2.58
SABRA SAVINGS BOND 13 <sup>TH</sup> INTERNATIONAL ISSUE 3Y	4.90 – 5.61	SEP 2023 – DEC 2023	SEP 2026 – DEC 2026	USD	2.17
SABRA SAVINGS BOND 13 <sup>TH</sup> INTERNATIONAL ISSUE 5Y	5.10 – 5.80	SEP 2023 – DEC 2023	SEP 2028 – DEC 2028	USD	0.98
<b><u>STERLING BONDS</u></b>					
MAZAL TOV SAVINGS BONDS 9 <sup>TH</sup> STERLING SERIES	2.26 – 2.60	JAN 2019 – AUG 2019	JAN 2024 – AUG 2024	GBP	0.07
MAZAL TOV SAVINGS BONDS 10 <sup>TH</sup> STERLING SERIES	1.55 – 2.16	SEP 2019 – AUG 2020	SEP 2024 – AUG 2025	GBP	0.13
MAZAL TOV SAVINGS BONDS 11 <sup>TH</sup> STERLING SERIES	1.48 – 1.63	SEP 2020 – JAN 2021	SEP 2025 – JAN 2026	GBP	0.03
MAZAL TOV SAVINGS BONDS 12 <sup>TH</sup> STERLING SERIES	1.56 – 1.98	FEB 2021 – SEP 2021	FEB 2026 – SEP 2026	GBP	0.12
MAZAL TOV SAVINGS BONDS 13 <sup>TH</sup> STERLING SERIES	1.93 – 3.76	OCT 2021 – SEP 2022	OCT 2026 – SEP 2027	GBP	0.10
MAZAL TOV SAVINGS BONDS 14 <sup>TH</sup> STERLING SERIES	4.13 – 6.27	OCT 2022 – SEP 2023	OCT 2027 – SEP 2028	GBP	0.04
MAZAL TOV SAVINGS BONDS 15 <sup>TH</sup> STERLING SERIES	5.10 – 6.11	OCT 2023 – DEC 2023	OCT 2028 – DEC 2028	GBP	0.02
GBP EMAZEL TOV SAVINGS BONDS 4 S 5Y	1.98 – 3.81	OCT 2021 – SEP 2022	OCT 2026 – SEP 2027	GBP	0.06
GBP EMAZEL TOV SAVINGS BONDS 5 S 5Y	4.18 – 6.32	OCT 2022 – SEP 2023	OCT 2027 – SEP 2028	GBP	0.14
GBP EMAZEL TOV SAVINGS BONDS 6 S 5Y	5.15 – 6.16	OCT 2023 – DEC 2023	OCT 2028 – DEC 2028	GBP	0.06
SAVINGS BONDS 9 <sup>TH</sup> STERLING SERIES 5 YEARS	2.07	JAN 2019 – JAN 2019	JAN 2024 – JAN 2024	GBP	0.11
SAVINGS BONDS 10 <sup>TH</sup> STERLING SERIES 5 YEARS	1.28	MAY 2020 – MAY 2020	MAY 2025 – MAY 2025	GBP	0.01

ISSUE	INTEREST RATE %	ISSUE DATE	MATURITY DATE	CCY	TOTAL OUTSTANDING (in millions)
SAVINGS BONDS 12 <sup>TH</sup> STERLING SERIES 3 YEARS	1.20 – 1.28	MAR 2021 – JUN 2021	MAR 2024 – JUN 2024	GBP	0.05
SAVINGS BONDS 13 <sup>TH</sup> STERLING SERIES 2 YEARS	2.02	FEB 2022 – FEB 2022	FEB 2024 – FEB 2024	GBP	0.01
SAVINGS BONDS 13 <sup>TH</sup> STERLING SERIES 3 YEARS	1.60 – 2.14	OCT 2021 – FEB 2022	OCT 2024 – FEB 2025	GBP	0.23
SAVINGS BONDS 14 <sup>TH</sup> STERLING SERIES 1 YEARS	4.57 – 6.36	JAN 2023 – SEP 2023	JAN 2024 – SEP 2024	GBP	4.77
SAVINGS BONDS 15 <sup>TH</sup> STERLING SERIES 1 YEARS	4.90 – 6.25	SEP 2023 – DEC 2023	SEP 2024 – DEC 2024	GBP	0.97
JUBILEE BONDS 13 <sup>TH</sup> STERLING SERIES 2 YEARS	2.05 – 3.50	JAN 2022 – SEP 2022	JAN 2024 – SEP 2024	GBP	7.74
JUBILEE BONDS 14 <sup>TH</sup> STERLING SERIES 2 YEARS	4.20 – 6.61	SEP 2022 – SEP 2023	SEP 2024 – SEP 2025	GBP	37.97
JUBILEE BONDS 15 <sup>TH</sup> STERLING SERIES 2 YEARS	4.76 – 6.63	SEP 2023 – DEC 2023	SEP 2025 – DEC 2025	GBP	3.23
<b>CANADIAN ISSUES</b>					
CAN MAZAL TOV-7 <sup>TH</sup> ISSUE 5 YEARS	1.82 – 3.90	JAN 2019 – SEP 2021	JAN 2024 – SEP 2026	CAD	11.31
CAN MAZAL TOV-8 <sup>TH</sup> ISSUE 5 YEARS	2.60 – 5.80	OCT 2021 – DEC 2023	OCT 2026 – DEC 2028	CAD	6.84
EMITZVAH SAVING CANADIAN DOLLAR 7 <sup>TH</sup> 5 YEARS	1.87 – 3.26	JUL 2019 – SEP 2021	JUL 2024 – SEP 2026	CAD	0.06
EMAZEL TOV SAVINGS 8 <sup>TH</sup> ISSUE 5 Y	2.70 – 5.90	OCT 2021 – DEC 2023	OCT 2026 – DEC 2028	CAD	3.98
CAN SABRA BOND-7 <sup>TH</sup> ISSUE 3 YEARS	1.38 – 1.64	JAN 2021 – SEP 2021	JAN 2024 – SEP 2024	CAD	8.14
CAN SABRA BOND-8 <sup>TH</sup> ISSUE 1 YEARS	4.30 – 5.41	JAN 2023 – DEC 2023	JAN 2024 – DEC 2024	CAD	27.13
CAN SABRA BOND-8 <sup>TH</sup> ISSUE 3 YEARS	1.61 – 5.55	SEP 2021 – DEC 2023	SEP 2024 – DEC 2026	CAD	23.26
CAN JUBILEE-4 <sup>TH</sup> ISSUE 10 YEARS	3.82 – 4.43	JAN 2014 – JUL 2014	JAN 2024 – JUL 2024	CAD	34.38
CAN JUBILEE-5 <sup>TH</sup> ISSUE 10 YEARS	3.10 – 3.84	JUL 2014 – SEP 2015	JUL 2024 – SEP 2025	CAD	32.11
CAN JUBILEE-6 <sup>TH</sup> ISSUE 10 YEARS	3.10 – 4.24	SEP 2015 – APR 2018	SEP 2025 – APR 2028	CAD	59.25
CAN JUBILEE-7 <sup>TH</sup> ISSUE 3 YEARS	1.28 – 1.53	JAN 2021 – SEP 2021	JAN 2024 – SEP 2024	CAD	2.97
CAN JUBILEE-7 <sup>TH</sup> ISSUE 5 YEARS	1.78 – 3.08	JAN 2019 – SEP 2021	JAN 2024 – SEP 2026	CAD	54.72
CAN JUBILEE-7 <sup>TH</sup> ISSUE 10 YEARS	2.48 – 4.25	MAY 2018 – SEP 2021	MAY 2028 – SEP 2031	CAD	128.67
CAN JUBILEE-7 <sup>TH</sup> ISSUE 15 YEARS	2.80 – 4.45	MAY 2018 – SEP 2021	MAY 2033 – SEP 2036	CAD	7.91
CAN JUBILEE-8 <sup>TH</sup> ISSUE 2 YEARS	1.42 – 5.56	JAN 2022 – DEC 2023	JAN 2024 – DEC 2025	CAD	38.56
CAN JUBILEE-8 <sup>TH</sup> ISSUE 3 YEARS	1.55 – 5.51	OCT 2021 – DEC 2023	OCT 2024 – DEC 2026	CAD	23.84
CAN JUBILEE-8 <sup>TH</sup> ISSUE 5 YEARS	2.03 – 5.70	SEP 2021 – DEC 2023	SEP 2026 – DEC 2028	CAD	42.13
CAN JUBILEE-8 <sup>TH</sup> ISSUE 10 YEARS	2.90 – 5.80	SEP 2021 – DEC 2023	SEP 2031 – DEC 2033	CAD	10.94
CAN JUBILEE-8 <sup>TH</sup> ISSUE 15 YEARS	3.14 – 6.04	OCT 2021 – DEC 2023	OCT 2036 – DEC 2038	CAD	47.63
CAN MACCABEE 4 <sup>TH</sup> ISSUE 10 YEARS	3.62 – 4.23	JAN 2014 – JUL 2014	JAN 2024 – JUL 2024	CAD	0.74
CAN MACCABEE 5 <sup>TH</sup> ISSUE 10 YEARS	2.90 – 3.65	JUL 2014 – SEP 2015	JUL 2024 – SEP 2025	CAD	1.29
CAN MACCABEE 6 <sup>TH</sup> ISSUE 10 YEARS	2.95 – 4.10	SEP 2015 – APR 2018	SEP 2025 – APR 2028	CAD	3.61
CAN MACCABEE 7 <sup>TH</sup> ISSUE 3 YEARS	1.08 – 1.38	JAN 2021 – AUG 2021	JAN 2024 – AUG 2024	CAD	0.17
CAN MACCABEE 7 <sup>TH</sup> ISSUE 5 YEARS	1.63 – 2.93	JAN 2019 – SEP 2021	JAN 2024 – SEP 2026	CAD	3.02
CAN MACCABEE 7 <sup>TH</sup> ISSUE 10 YEARS	2.33 – 4.10	MAY 2018 – SEP 2021	MAY 2028 – SEP 2031	CAD	1.96
CAN MACCABEE 7 <sup>TH</sup> ISSUE 15 YEARS	2.67 – 4.30	JUN 2018 – AUG 2021	JUN 2033 – AUG 2036	CAD	0.72
CAN MACCABEE 8 <sup>TH</sup> ISSUE 2 YEARS	1.27 – 5.41	JAN 2022 – DEC 2023	JAN 2024 – DEC 2025	CAD	2.18
CAN MACCABEE 8 <sup>TH</sup> ISSUE 3 YEARS	1.31 – 5.36	SEP 2021 – DEC 2023	SEP 2024 – DEC 2026	CAD	1.29
CAN MACCABEE 8 <sup>TH</sup> ISSUE 5 YEARS	1.93 – 5.54	SEP 2021 – DEC 2023	SEP 2026 – DEC 2028	CAD	2.78
CAN MACCABEE 8 <sup>TH</sup> ISSUE 10 YEARS	2.74 – 5.64	SEP 2021 – DEC 2023	SEP 2031 – DEC 2033	CAD	0.69



ISSUE	INTEREST RATE %	ISSUE DATE	MATURITY DATE	CCY	TOTAL OUTSTANDING (in millions)
CAN MACCABEE 8 <sup>TH</sup> ISSUE 15 YEARS	3.00 – 5.90	OCT 2021 – DEC 2023	OCT 2036 – DEC 2038	CAD	0.56
CAN INSTITUTIONAL JUBILEE 6 <sup>TH</sup> ISSUE 5 YEARS	2.74 – 3.22	FEB 2019 – AUG 2019	FEB 2024 – AUG 2024	CAD	10.00
CAN INSTITUTIONAL JUBILEE 7 <sup>TH</sup> ISSUE 5 YEARS	1.96 – 2.95	JUL 2019 – MAR 2021	JUL 2024 – MAR 2026	CAD	19.40
CAN INSTITUTIONAL JUBILEE 8 <sup>TH</sup> ISSUE 3 YEARS	4.23 – 5.53	JUL 2022 – NOV 2023	JUL 2025 – NOV 2026	CAD	3.90
CAN INSTITUTIONAL JUBILEE 8 <sup>TH</sup> ISSUE 5 YEARS	3.78 – 4.55	APR 2022 – SEP 2022	APR 2027 – SEP 2027	CAD	7.00
CAN INSTITUTIONAL JUBILEE 9 <sup>TH</sup> ISSUE 2 YEARS	5.33	DEC 2023 – DEC 2023	DEC 2025 – DEC 2025	CAD	3.00
CAN SHALOM SAVING 8 <sup>TH</sup> ISSUE 1 YEARS	4.45 – 5.43	JAN 2023 – SEP 2023	JAN 2024 – SEP 2024	CAD	0.13
CAN SHALOM SAVING 8 <sup>TH</sup> ISSUE 1 YEARS	5.10 – 5.38	OCT 2023 – DEC 2023	OCT 2024 – DEC 2024	CAD	0.12
CAN ESHALOM SAVING 8 <sup>TH</sup> ISSUE 1 YEARS	5.20 – 5.48	OCT 2023 – DEC 2023	OCT 2024 – DEC 2024	CAD	0.16
<b>EURO BONDS</b>					
SAVINGS BONDS 13 <sup>TH</sup> EURO SERIES 5 YEARS	0.61 – 1.05	JAN 2019 – JUL 2019	JAN 2024 – JUL 2024	EUR	0.13
SAVINGS BONDS 14 <sup>TH</sup> EURO SERIES 5 YEARS	0.36 – 0.74	AUG 2019 – AUG 2020	AUG 2024 – AUG 2025	EUR	0.16
SAVINGS BONDS 15 <sup>TH</sup> EURO SERIES 5 YEARS	0.57 – 0.58	SEP 2020 – OCT 2020	SEP 2025 – OCT 2025	EUR	0.12
SAVINGS BONDS 16 <sup>TH</sup> EURO SERIES 3 YEARS	0.46 – 0.60	FEB 2021 – SEP 2021	FEB 2024 – SEP 2024	EUR	0.22
SAVINGS BONDS 16 <sup>TH</sup> EURO SERIES 5 YEARS	0.62 – 0.77	MAR 2021 – AUG 2021	MAR 2026 – AUG 2026	EUR	0.31
SAVINGS BONDS 17 <sup>TH</sup> EURO SERIES 2 YEARS	0.46 – 1.87	JAN 2022 – SEP 2022	JAN 2024 – SEP 2024	EUR	2.97
SAVINGS BONDS 17 <sup>TH</sup> EURO SERIES 3 YEARS	0.46 – 2.11	NOV 2021 – SEP 2022	NOV 2024 – SEP 2025	EUR	0.49
SAVINGS BONDS 17 <sup>TH</sup> EURO SERIES 5 YEARS	0.57 – 2.51	OCT 2021 – AUG 2022	OCT 2026 – AUG 2027	EUR	1.26
SAVINGS BONDS 18 <sup>TH</sup> EURO SERIES 1 YEARS	3.61 – 4.66	JAN 2023 – SEP 2023	JAN 2024 – SEP 2024	EUR	4.37
SAVINGS BONDS 18 <sup>TH</sup> EURO SERIES 2 YEARS	2.22 – 4.45	SEP 2022 – SEP 2023	SEP 2024 – SEP 2025	EUR	24.94
SAVINGS BONDS 18 <sup>TH</sup> EURO SERIES 3 YEARS	2.26 – 4.07	SEP 2022 – SEP 2023	SEP 2025 – SEP 2026	EUR	0.15
SAVINGS BONDS 18 <sup>TH</sup> EURO SERIES 5 YEARS	3.28 – 3.90	DEC 2022 – AUG 2023	DEC 2027 – AUG 2028	EUR	0.19
SAVINGS BONDS 19 <sup>TH</sup> EURO SERIES 1 YEARS	3.67 – 4.61	SEP 2023 – DEC 2023	SEP 2024 – DEC 2024	EUR	2.02
SAVINGS BONDS 19 <sup>TH</sup> EURO SERIES 2 YEARS	3.24 – 4.34	SEP 2023 – DEC 2023	SEP 2025 – DEC 2025	EUR	1.16
SAVINGS BONDS 19 <sup>TH</sup> EURO SERIES 3 YEARS	3.26 – 4.10	SEP 2023 – DEC 2023	SEP 2026 – DEC 2026	EUR	0.13
SAVINGS BONDS 19 <sup>TH</sup> EURO SERIES 5 YEARS	3.48 – 3.94	SEP 2023 – DEC 2023	SEP 2028 – DEC 2028	EUR	4.09
MAZAL TOV SAVINGS BONDS 9 <sup>TH</sup> EURO SERIES	1.16 – 1.56	JAN 2019 – AUG 2019	JAN 2024 – AUG 2024	EUR	0.06
MAZAL TOV SAVINGS BONDS 10 <sup>TH</sup> EURO SERIES	0.87 – 1.20	SEP 2019 – AUG 2020	SEP 2024 – AUG 2025	EUR	0.09
MAZAL TOV SAVINGS BONDS 11 <sup>TH</sup> EURO SERIES	0.90 – 1.08	SEP 2020 – JAN 2021	SEP 2025 – JAN 2026	EUR	0.04
MAZAL TOV SAVINGS BONDS 12 <sup>TH</sup> EURO SERIES	0.96 – 1.20	FEB 2021 – SEP 2021	FEB 2026 – SEP 2026	EUR	0.22
MAZAL TOV SAVINGS BONDS 13 <sup>TH</sup> EURO SERIES	1.02 – 3.01	OCT 2021 – SEP 2022	OCT 2026 – SEP 2027	EUR	0.16
MAZAL TOV SAVINGS BONDS 14 <sup>TH</sup> EURO SERIES	2.90 – 4.27	OCT 2022 – SEP 2023	OCT 2027 – SEP 2028	EUR	0.11
MAZAL TOV SAVINGS BONDS 15 <sup>TH</sup> EURO SERIES	3.53 – 4.24	OCT 2023 – DEC 2023	OCT 2028 – DEC 2028	EUR	0.04
EUR EMAZEL TOV SAVINGS BONDS 4 S 5Y	1.07 – 3.06	NOV 2021 – SEP 2022	NOV 2026 – SEP 2027	EUR	0.05
EUR EMAZEL TOV SAVINGS BONDS 5 S 5Y	2.95 – 4.32	OCT 2022 – SEP 2023	OCT 2027 – OCT 2028	EUR	0.13
EUR EMAZEL TOV SAVINGS BONDS 6 S 5Y	3.58 – 4.30	OCT 2023 – DEC 2023	OCT 2028 – DEC 2028	EUR	0.03

(A) The LIBOR Rate is for six-month period rounded upwards to the next 1/16%.

(B) The EURIBOR Rate is six months period rounded upwards to the next second decimal.

**Tradable Local Currency Direct Debt of the Government of Israel**

Serial No.	Serial Name	Interest Rate <sup>(1)</sup>	Issue Date DD/MM/YYYY	Maturity DD/MM/YYYY	Outstanding Amount on December 31, 2023 (In Millions of NIS) <sup>(1)(2)</sup>
<b>Floating Rate Loans</b>					
	Israel Government FRN				
1141795		0	11/09/2017	31/05/2026	21,215.6
1166552		0	08/06/2020	29/11/2030	27,607.2
<b>Fixed Rate Loans</b>					
	Israel Government Fixed				
1099456		6.25	11/06/2006	30/10/2026	14,896.2
1139344		2	07/11/2016	31/03/2027	25,049.1
1150879		2.25	02/07/2018	28/09/2028	27,049.5
1125400		5.5	09/01/2012	31/01/2042	19,308.0
1130848		3.75	06/01/2014	31/03/2024	13,081.9
1135557		1.75	05/05/2015	31/08/2025	23,776.0
1174697		0.5	07/04/2021	27/02/2026	26,721.7
1140193		3.75	06/03/2017	31/03/2047	25,220.7
1160985		1.00	04/11/2019	31/03/2030	37,755.4
1162668		0.5	03/02/2020	30/04/2025	23,469.8
1166180		1.5	11/05/2020	31/05/2037	25,292.1
1175777		0.4	01/06/2021	31/10/2024	17,032.8
1194802		3.75	17/04/2023	28/02/2029	12,806.4
1180660		1.3	04/10/2021	30/04/2032	21,533.4
1184076		2.8	07/02/2022	29/11/2052	11,397.7
<b>Israel Government T-Bills</b>					
1199975		0	16/10/2023	30/08/2024	5,901.0
<b>CPI-linked Loans</b>					
9590431	Galil	CPI+4.00	23/08/2004	31/07/2024	12,050.6
1097708	Israel Government CPI	CPI+4.00	26/06/2006	30/05/2036	21,116.0
1120583		CPI+2.75	06/09/2010	30/08/2041	21,746.3
1134865		CPI+1.00	02/03/2015	31/05/2045	20,352.0
1135912		CPI+0.75	06/07/2015	31/10/2025	24,298.1
1140847		CPI+0.75	08/05/2017	31/05/2027	23,585.8
1157023		CPI+0.5	04/03/2019	31/05/2029	22,667.7
1168301		CPI+0.5	07/09/2020	30/11/2051	17,494.1
1169564		CPI+0.1	09/11/2020	31/07/2026	22,382.2
1172220		CPI+0.1	08/02/2021	30/11/2031	28,773.6
1197326		CPI+1.1	10/07/2023	31/10/2028	6,856.6

(1) Annual interest rate equals yield to maturity of Treasury Bills (Makam) with 12 months maturity.

(2) Data excludes accrued interest on debt outstanding but includes CPI adjustments, if any.

Source: Ministry of Finance.

**Non-Tradable Local Currency Direct Debt of the Government of Israel**

Series Name	Interest Rate	Issue Date	Date of Maturity	Outstanding Amount on December 31, 2023 (In Millions of NIS) <sup>(1)</sup>
<b>CPI-Linked Loans</b>				
Hetz	CPI+4% – 6.2%	1967 – 2023	2024 – 2048	57,351.9
Arad	CPI+4.8%	1995 – 2022	2023 – 2037	272,053.0

(1) Data excludes accrued interest on debt outstanding but includes CPI adjustments, if any.

Source: Ministry of Finance.

**Various Loans of the Government of Israel**

Name	Interest Rate	Issue Date	Date of Maturity	Outstanding Amount on December 31, 2023 (In Millions of NIS) <sup>(3)</sup>
Emissions and Funds <sup>(1)</sup>	2% – 6%	1984 – 2004	<sup>(2)</sup>	6,460.7

(1) Emissions and Funds primarily includes deposits at the Accountant General's Office made by financial institutions and other entities.

(2) Most of these amounts were deposited for 17 years and are re-financed. Some of the depositing entities are able to withdraw their funds at any time and some of the deposits have an established maturity date ("Emissions").

(3) Data excludes accrued interest on debt outstanding.

Source: Ministry of Finance.

**Balance of the Government's Floating Rate Debt by Currency  
(As of December 31, 2023)**

	Total (In Millions) <sup>(1)</sup>
United States Dollars (USD)	0.00
New Israeli Shekel (NIS)	48,822.8

(1) Data excludes accrued interest on debt outstanding.

Source: Ministry of Finance.

**Exhibit E**

**EXECUTION VERSION**

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND IS THE TYPE OF INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH IDENTIFIED INFORMATION HAS BEEN REPLACED WITH “[\*\*]”.

**Dated as of May 22, 2024**

**Second Amended and Restated  
Master Fiscal Agency Agreement**

between

**The State of Israel**

**Computershare Inc.**

**Computershare Trust Company, N.A.**

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SECOND AMENDED AND RESTATED MASTER FISCAL AGENCY AGREEMENT (this “**Agreement**”), dated as of May 22, 2024, between the State of Israel (the “**State**” or “**Israel**”) and Computershare Inc. and its affiliate Computershare Trust Company, N.A. (collectively “**Computershare**” or individually “**CI**” and “**CTCNA**”, respectively).

WHEREAS, on February 3, 2010, the parties hereto entered into a Master Fiscal Agency Agreement (the “**2010 Agreement**”), pursuant to which the State appointed Computershare as fiscal agent, registrar, and transfer agent with respect to its bonds to be offered through the Financial Corporation, as hereinafter defined (collectively, the “**Bonds**”) and Computershare accepted such appointment; and

WHEREAS, on December 24, 2013, the parties hereto entered into an Amended and Restated Master Fiscal Agency Agreement (the “**2013 Agreement**” and together with the 2010 Agreement, the “**Original Agreements**”), pursuant to which the State reappointed Computershare as fiscal agent, registrar, and transfer agent with respect to the Bonds and Computershare accepted such appointment; and

WHEREAS, on the date hereof, the parties hereto have agreed to hereby amend and restate the terms of the 2013 Agreement in their entirety; and

WHEREAS, the State and Computershare desire to enter into this Agreement with respect to the issuance by the State from time to time of Bonds, each Series to be in the principal amount and currencies and with the terms and conditions as provided in its respective Supplement, as hereinafter defined; and

NOW, THEREFORE, in consideration of the premises and of the mutual agreements set forth in this Agreement, including the services set forth in Schedule 1 hereto (the “**Services**”), it is agreed as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.01 Definitions.** The following terms shall have the meanings assigned to them in this Agreement as follows:

“**Account**” shall mean the account of each Bondholder which reflects the bond or bonds held by such Bondholder, outstanding funds, or reportable tax information.

“**Activity Date**” shall mean, with respect to any of the Services hereunder, the date on which the Fiscal Agent provided such Service or engaged in any activity or action, whether manually or electronically, pursuant to or which relates, directly or indirectly, to any of the Fiscal Agent’s duties under this Agreement, including, without limitation, the payment, receipt, movement or processing of funds, the issuance, redemption, repurchase or making of any payments with respect to any Bonds, and any notice, inquiry, correspondence, communication, contact or event in furtherance of the aforementioned duties or the Services hereunder.

“**Affiliate**” means, in relation to any person (a) any entity controlled, directly or indirectly, by the person, (b) any entity that controls, directly or indirectly, the person or (c) any entity directly or indirectly under common control with the person, where “**control**” of any entity or person means (i) ownership of 10% or more of the voting power of the entity or person that may be exercised to elect the majority of the board of directors or other governing body of the entity or person, or (ii) any direct or indirect influence that, if exercised, would result in control in fact of the entity or person.

“**Agreement**” shall mean this agreement and any and all exhibits or schedules attached hereto and any and all amendments or modifications which may from time to time be executed in accordance with Section 9.02.

“**Appointment Date**” shall mean May 22, 2024.

“**Approved Bank Deposits**” shall have the meaning specified in Section 7.02(a).

“**Approved External Bank**” means, at any time, a bank or bank branch (a) that carries on business in the United States of America, (b) that is not an Affiliate of the Fiscal Agent, (c) that has been proposed by the Fiscal Agent to the State as an Approved External Bank, (d) that, at or prior to such time, is approved in writing by the State as an Approved External Bank, and (e) where such bank or bank branch has previously been approved in writing by the State as an Approved External Bank, in respect of which the State has not delivered to the Fiscal Agent, at or prior to such time, a notice in writing terminating such approval.

“**Bondholder**,” “**holder**,” “**owner**” or any similar term shall mean, with respect to any Bond, the person or entity the name of whom or which shall be inscribed on the Bond Register as the owner of the Bond.

“**Bondholder Data**” shall mean all information maintained on the records database of the Fiscal Agent concerning Bondholders, including all individual, collective and statistical information.

“**Bond Register**” shall have the meaning specified in Section 2.12.

“**Bonds**” shall mean the bonds described in the recitals hereto.

“**Business Day**” shall mean a day other than a Saturday, Sunday or other day on which the Fiscal Agent is authorized or required by law to be closed in the United States.

“**Code**” shall mean the United States Internal Revenue Code of 1986, as heretofore or hereafter amended.

“**Defaulted Interest**” shall mean any interest not paid when due.

“**Definitive Bonds**” shall have the meaning stated in Section 2.03(a).

“**Deposited Cash**” shall have the meaning stated in Section 7.01(a).

“**Direction of the Financial Corporation**” shall mean a written direction signed in the name of a Financial Corporation by its President, Executive Vice President, Vice President or General Counsel, or such other persons as may be designated with respect to such Financial Corporation in a Direction of the State.

“**Direction of the State**” shall mean a written direction signed in the name of the State by its Minister of Finance, a representative of the State designated by an instrument in writing and signed by its Minister of Finance, or by the Head of Israel Economic Mission for the Western Hemisphere of the Ministry of Finance, or any other person duly authorized by the State as specified to the Fiscal Agent by the Minister of Finance or by a representative designated as hereinbefore provided by the Minister of Finance. Any Direction of the State or of the Financial Corporation may be expressed in general terms and need not be limited to any particular matter or transaction.

“**Employee Benefit Plan**” shall mean any “employee benefit plan” as defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended, or any comparable legislation then in effect at the time of determination, and any Individual Retirement Account, Roth Individual Retirement Account, Keogh or H.R. 10 Plan, as defined herein, or, subject to the approval of the State, a plan or fund, if any, irrespective of its location or place or organization, determined by the State to be a comparable plan or fund.

“**External Bank Account**” means a separate account established by Computershare (or its Affiliate, Computershare Trust Company of Canada at the direction of Computershare) with an Approved External Bank (i) under an account name, as shown in the records of, and account statements issued by, the Approved External Bank, in the name of Computershare (or its Affiliate, Computershare Trust Company of Canada) in trust for the State, and (ii) with Computershare (or its Affiliate, Computershare Trust Company of Canada) in trust for the State identified as the accountholder in respect of such account in the records of, and account statements issued by, the Approved External Bank, provided that such account name or the name of such accountholder may also include information identifying the purpose or purposes for which such account was established. The External Bank Account shall be established such that it is segregated from the general funds of the Fiscal Agent and not deemed to be an asset of the Fiscal Agent.

“**Financial Corporation**” shall mean Development Corporation for Israel (“**DCI**”), or any successor to DCI designated in a Direction of the State.

“**Fiscal Agent**” shall mean Computershare, any Affiliate of Computershare retained by Computershare as permitted under Section 9.04, and any successor or successors to Computershare which may become fiscal agent pursuant to Section 6.05 and/or 6.06.

“**Government Securities**” shall have the meaning stated in Section 7.02(a).

“**Individual Retirement Account**” or “**IRA**” shall mean an individual retirement, tax-deferred plan established by an employee under Section 408 of the Code or any comparable legislation in effect at the time of determination.

“**Interest Payment Date**” shall mean, with respect to each installment of interest due on an interest-bearing Bond, the date specified in such Bond as the fixed date on which such installment of interest is due and payable.

“**Israel**” or “**State**” shall mean the State of Israel.

“**Issue Date**” shall mean, with respect to each Bond, the Issue Date specified on such Bond.

“**Issue Price**” shall mean, with respect to non interest-bearing Bonds, the price at which such Bond is deemed issued pursuant to Section 1273 of the Code and applicable regulations promulgated thereunder, or any comparable legislation in effect at the time of determination.

“**Keogh Plan**” or “**H.R. 10 Plan**” shall mean a retirement plan established by a self-employed individual that satisfies or is intended by its terms to satisfy the applicable requirements of the Code.



“**Maturity Amount**” shall mean as to each non interest-bearing Bond the denomination thereof.

“**Paying Agents**” shall have the meaning stated in Section 7.03(a).

“**Principal Amount**” shall mean as to each interest-bearing Bond the denomination thereof.

“**Redemption Price**” shall mean, for interest-bearing Bonds, a price equal to the Principal Amount thereof and accrued and unpaid interest thereon to the redemption or repurchase date, and for non interest-bearing Bonds, the Issue Price for such Bond as adjusted as of the redemption or repurchase date pursuant to the provisions of Section 1272 of the Code and applicable regulations promulgated thereunder, or any comparable legislation in effect at the time of determination.

“**Regular Record Date**” for the interest payable on any Interest Payment Date with respect to any interest-bearing Bond shall mean the date specified as the record date therefor in the applicable Supplement.

“**Roth IRA**” shall mean an individual retirement account within the meaning of Section 408A(b) of the Code.

“**Sales Period**” shall mean with respect to a Tranche or Series of Bonds, such period, if any, as defined in the applicable Supplement for such Bonds.

“**Series**” shall mean a Tranche of Bonds together with any further Tranche or Tranches whose terms are set forth in a single Supplement, which may be amended from time to time. Bonds of a Series shall (a) have identical terms, except that their respective Issue Dates, interest commencement dates, Interest Payment Dates (if applicable), and/or maturity dates may differ from Tranche to Tranche, and (b) be treated as a separate and distinct class of securities.

“**Services**” shall mean the services described in the recitals hereto.

“**Special Record Date**” for the payment of any Defaulted Interest shall mean the date fixed by the Fiscal Agent pursuant to the provisions of the interest-bearing Bond and Section 2.02(c).

“**Supplement**” shall mean a supplement to this Agreement setting forth the terms and designation of a Series of Bonds. Any supplement to the Original Agreements that relates to an existing issue of Bonds shall be deemed a “**Supplement**” hereunder and shall constitute together with this Agreement, one instrument.

“**Tranche**” shall mean Bonds of the same Series which are identical in all respects, including, without limitation, Issue Date, interest commencement date, Interest Payment Dates (if applicable) and/or maturity date.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

## ARTICLE II

### THE BONDS

**Section 2.01 Authorization and Amount.** The name of each Series of Bonds and the aggregate principal amount of such Series which may be countersigned, delivered and outstanding will be as set forth in the Supplement relating to such Series.

**Section 2.02 Description of Bonds.**

(a) The Bonds shall be issuable only in registered form without coupons, and, upon original subscription, in such minimum denomination as may be set forth in the applicable Supplement. The Bonds shall be numbered and lettered in such manner as shall be satisfactory to the State.

(b) The Issue Date of each Bond shall be specified on such Bond or in the Bond Register.

(c) For interest-bearing Bonds:

(i) payments of interest shall be made in accordance with the provisions of the Bond and the applicable Supplement;

(ii) interest on the Bonds shall be computed on the basis of a 365-day year, actual number of days elapsed, unless otherwise specified in the applicable Supplement; and

(iii) with respect to payment of Defaulted Interest:

(A) The State shall notify the Fiscal Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the State shall deposit into an External Bank Account an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Fiscal Agent for such deposit prior to the date of the proposed payment.

(B) Thereupon, the Fiscal Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than ten (10) days and not less than five (5) days prior to the date of the proposed payment and not less than five (5) days after the receipt by the Fiscal Agent of the notice of the proposed payment. The Fiscal Agent shall promptly notify the State of such Special Record Date and, in the name and at the expense of the State, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid (or as otherwise permitted by applicable regulations), to each holder at his address as it appears in the Bond Register, not less than five (5) days prior to such Special Record Date.

(C) Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the persons in whose names the Bonds are registered on the Bond Register on such Special Record Date.

**Section 2.03 Definitive and Temporary Bonds; Subscription Receipts; Book-Entry Facility.**

(a) Purchasers of Bonds shall not be entitled to receive certificated Bonds in a definitive form (“**Definitive Bonds**”), unless specifically requested in accordance with the terms of the Bonds. In accordance with Section 2.12, the Fiscal Agent shall create a book-entry facility for each Series of Bonds, whereby each owner of Bonds shall be registered. The Fiscal Agent shall deliver to the purchaser and owner of each book-entry Bond (by first-class, postage prepaid mail, or as otherwise permitted by applicable regulations or as specified in a Direction of the State), a confirmation that the owner has been so listed. Holders of such book-entry Bonds shall have all the rights and obligations of Bondholders hereunder.

(b) Definitive Bonds shall be substantially in the form attached hereto as Schedule 2, all provisions of which are expressly incorporated into and made a part of this Agreement and of each Bond, whether issued as Definitive Bond or in book-entry form. All Definitive Bonds will bear the restricted legends set forth in Schedule 2 and may have such appropriate insertions, omissions, variations or substitutions as are required or permitted by, and not inconsistent with, this Agreement. Definitive Bonds may also have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be approved by the Fiscal Agent or required to comply with the securities laws of any jurisdiction, or the rules and regulations of any securities exchange upon which the Bonds may be listed, or any other regulatory authority, or to conform with any usage with respect thereto. The Definitive Bonds may be engraved, printed, lithographed, or prepared by any other process as determined by a Direction of the State.

(c) Pending the preparation of Definitive Bonds, the State may execute and issue in lieu thereof temporary Bonds in substantially the form of the Definitive Bonds. Such temporary Bonds may be exchanged for an equal aggregate amount of Definitive Bonds of authorized denominations when such Definitive Bonds are prepared and ready for delivery upon surrender of such temporary Bonds at the principal office of the Fiscal Agent in Canton, Massachusetts, or such other office as indicated by the Fiscal Agent.

(d) Pending the preparation of Definitive Bonds, and in lieu of the issuance of temporary Bonds as provided in Section 2.03(c), the State may cause to be issued to subscribers a non-transferable receipt

to the effect that a Definitive Bond or Definitive Bonds, when available for issuance, will be issued to the person named in said receipt, in the denomination or denominations specified therein.

**Section 2.04 Provisions as to the Bonds.** Except as otherwise provided in the terms of the Bonds or in the applicable Supplement, the following provisions shall apply:

- (a) The Bonds shall be issuable to any person or entity.
- (b) The Bonds may be registered or exempt from registration (with the United States Securities and Exchange Commission (“SEC”), the securities commission of any Canadian province, or any other US or non-US authority) as the case may be and the terms of the issuance may include limitations on purchases and transfers.
- (c) The Bonds may be issued in US dollars, Canadian dollars, Euros, British pound sterling or other currencies as set forth in the applicable Supplement. If the applicable Supplement allows for Bonds denominated in one currency to be purchased with a different currency, the Fiscal Agent shall exchange the received funds (provided it is in a currency the Fiscal Agent can accept) for the applicable currency in accordance with Section 3.01(d), without any additional fees charged to the purchaser. All subscription payments for Bonds shall be directed to the respective External Bank Account designated by the Fiscal Agent for each of the currencies in which such subscription payments may be denominated. Any subscription payment for Bonds in whatever form that may be received by the Fiscal Agent in any manner otherwise than by direct deposit into the External Bank Account designated to receive such subscription payment, shall be immediately deposited by the Fiscal Agent into such External Bank Account.
- (d) The Bonds shall be non-transferable and non-assignable, except as otherwise provided in the applicable Supplement, and except that any Bond may be transferred to the State. The State may, at any time or from time to time, by a Direction of the State, provide for the further transferability and assignability of the Bonds without the need for a new Supplement to reflect such further transferability and assignability of the Bonds.
- (e) Whenever a Bond is proposed to be transferred, the transferor of the Bond shall deliver a written instrument of transfer and such other documents required by the State or the Fiscal Agent transferring such Bond to permissible transferees (such instrument of transfer to be in form approved by the Fiscal Agent and to be executed by the owner of such Bond as recorded in the Bond Register), including the presentation and surrender of any Definitive Bond. The State and the Fiscal Agent may require any additional documentation or information that either may deem necessary to process the proposed transfer, as permitted under the terms of the Bonds and the procedures agreed between the Fiscal Agent and the State and specified in a Direction of the State, and any proposed transfer shall be effective only upon the approval thereof by the State and the Fiscal Agent, in the State’s sole discretion. Upon approval of a proposed transfer, the Fiscal Agent shall register such transfer on the Bond Register; or, in the case of Definitive Bonds, the State may execute, and in such event the Fiscal Agent may countersign, a new Definitive Bond of like tenor and having the same Issue Date and Principal Amount as the Definitive Bond transferred, or may evidence the new ownership by endorsement on the Definitive Bond or by such other method as the State and the Fiscal Agent may deem desirable.
- (f) With respect to each outstanding Bond, the State and the Fiscal Agent may deem and treat the Bondholder whose name appears on the record books of the Fiscal Agent as the owner of such Bond, as the absolute owner of such Bond for the purpose of receiving payment thereof, interest thereon or on account thereof, if any, and for all other purposes, whether or not such Bond shall be overdue, and neither the State nor the Fiscal Agent shall be affected by any notice to the contrary.
- (g) The Fiscal Agent shall cancel any Bond surrendered to it by the State for exchange or cancellation and, if so directed, shall deliver a new Bond or Bonds in exchange therefor in accordance with Section 2.04(e). Such action shall be taken upon a Direction of the State, directing such cancellation and, if applicable, requesting such delivery of new Bonds in exchange therefor.
- (h) In addition to the State’s right to redeem Bonds Pursuant to Article V, the State may purchase any Bond or Bonds of any Tranche or Series (in whole or in part) at any time or from time to time, at such terms and under such conditions as may be determined by the State. Any Bond or Bonds purchased by or

on behalf of the State pursuant to this paragraph (i) shall be purchased from a Bondholder or Bondholders willing to sell such Bond or Bonds on the terms and conditions determined by the State in respect of such purchase and (ii) may be held or resold by the State, or surrendered to the Fiscal Agent for cancellation in accordance with Section 2.04(g). For the avoidance of doubt, the State's purchase of any Bond or Bonds pursuant to this paragraph shall not be deemed a redemption under Article V.

**Section 2.05 Redemption of Bonds by State at Request of Bondholder in Certain Circumstances.**

(a) In addition to redemptions pursuant to Article V, the State shall redeem the Bonds at the Redemption Price under the following circumstances: (i) upon the death of any natural person who was the original registered owner of the Bond or, in the event there is more than one original registered owner of the Bond, upon the death of the last surviving original registered owner where such original registered owner(s) contributed the Bond to a trust of which the original registered owner(s) is(are) the sole beneficiary(ies); provided that the obligation of the State to redeem upon death shall cease and terminate and shall not apply when the Bond is owned by a transferee or assignee; (ii) upon the death of any natural person who owned such Bond through an IRA, Roth IRA or Keogh or H.R. 10 Plan; provided that the State may suspend or terminate the obligations to redeem on death set forth in clauses (i) and (ii) of this paragraph if, in the opinion of the State, a material number of these persons shall have died as a result of war, epidemic, catastrophe of nature or other disaster; or (iii) upon the termination of any Employee Benefit Plan which owned such Bond; unless, in the case of an IRA, Roth IRA or a Keogh or H.R. 10 Plan, the beneficiary or administrator of such plan advises the State or the Financial Corporation that it intends to transfer such Bond to another plan in a "rollover" transaction, as such term is defined in Section 402 of the Code, within the time limit prescribed for such "rollover". In the event of a redemption of Bonds pursuant to clauses (i) — (iii) of this paragraph, the State shall effectuate such redemption not later than one hundred twenty (120) days (or such other number of days as may be stated in the terms of the Bond or in the applicable Supplement) after delivery of a written demand and accompanying transfer documents to the principal office of the Fiscal Agent in Canton, Massachusetts, or such other office as indicated by the Fiscal Agent, together with the instruments required by Section 2.05(b).

(b) All Bonds redeemed pursuant to this Section 2.05 shall be accompanied by a written instrument of transfer in a form approved by the Fiscal Agent and such other documents required by the State or the Fiscal Agent.

(c) Upon the redemption of any Bond for purchase by the State pursuant to this Section 2.05, the Fiscal Agent shall notify the State and the Financial Corporation in writing of such redemption and shall keep a current record, in full detail, of such redemption and shall make such record available to the State and the Financial Corporation.

(d) All Bonds redeemed by the State pursuant to this Section 2.05 shall be held by the Fiscal Agent subject to the Direction of the State.

(e) The Fiscal Agent shall at any time cancel and retire any Bond surrendered to it by the State for retirement if a Direction of the State directing such cancellation and retirement is delivered to the Fiscal Agent.

**Section 2.06 Exchanges, Split-ups.**

(a) Unless otherwise requested in a Direction of the State, no split-up, or exchange for smaller denominations, of any Bond which has been issued upon original subscription in the minimum denomination set forth in the applicable Supplement or designated for redemption shall be permitted. All other exchanges and split-ups of Bonds shall be subject to such reasonable regulations and restrictions as the Fiscal Agent and the State may prescribe.

(b) Each new Bond or Bonds delivered in exchange for any other Bond or Bonds shall carry all the rights to interest accrued and unpaid and to accrue which were carried by such other Bond or Bonds, if any.

(c) All Definitive Bonds surrendered by the holders thereof for transfer or exchange, against which new Bonds are issued, shall be cancelled by the Fiscal Agent and delivered or disposed of upon a Direction of the State.

**Section 2.07 Charges to Bondholders upon Transfers, Purchases by State, Exchanges and Split-ups.** Any exchange of temporary Bonds for Definitive Bonds pursuant to Section 2.03, any transfer of Bonds to a permissible transferee and any redemption of Bonds by the State pursuant to Section 2.05, and any exchange or split-up of Bonds pursuant to Section 2.06, shall be effected without charge to the Bondholder, except the payment of any stamp taxes or other governmental charges incident thereto, or as otherwise agreed in writing between the State and the Fiscal Agent or in a Direction of the State.

**Section 2.08 Co-Owners of Bonds; Bonds Held by Minors.**

(a) If any Bond shall have been issued in the names of more than one holder, the State or the Fiscal Agent, upon any transfer or surrender of said Bond pursuant to any provision of this Agreement (whether or not expressly required by such provision), may require the signature or confirmation of all such holders, or, in the case of payment thereof, make payment in the names of all such holders.

(b) Bonds shall not be issued in the name of a minor, either individually or as a joint or co-owner. However, if any Bonds shall have been mistakenly issued in the name of a minor or in the names of a minor together with any other person, the State or the Fiscal Agent, upon any transfer or surrender of such Bond pursuant to any provision of this Agreement (whether or not expressly required by such provision) may act with respect to the minor upon the signature or confirmation of the legal guardian of said minor, or, in the event that no such legal guardian has been appointed, then upon the signature or confirmation of the parent or head of the household in which the minor resides, provided that such parent or head of household also executes such other documents as may be required by the State or the Fiscal Agent. For the avoidance of doubt, the Fiscal Agent shall not be responsible for determining whether a purchaser or a holder of a Bond is a minor.

**Section 2.09 Mutilated, Lost, Stolen or Destroyed Bonds.** If any Definitive Bond shall be mutilated, lost, stolen or destroyed (including any Definitive Bond mutilated, lost, stolen or destroyed prior to the delivery thereof by the Fiscal Agent to the owner), then, upon the production of such mutilated Definitive Bond, or upon the receipt of evidence satisfactory to the State and the Fiscal Agent of the loss, theft or destruction of such Definitive Bond, and upon receipt also of an open penalty surety bond satisfactory to the Fiscal Agent and the State and holding the Fiscal Agent and the State harmless, and absent notice to the Fiscal Agent that such Bonds have been acquired by a bona fide purchaser, the Fiscal Agent may, at its option and with the approval of the State, issue replacement Bonds therefor. If so requested by the State, the Fiscal Agent shall accept indemnification from the State to issue replacement Bonds for those Bonds alleged to have been lost, stolen or destroyed in lieu of an open penalty surety bond.

The State in its discretion (evidenced by a Direction of the State delivered to the Fiscal Agent) may execute, and thereupon the Fiscal Agent shall countersign and deliver, in accordance with Section 2.04(e), a new Definitive Bond of like tenor in exchange for, and upon cancellation of, the mutilated Definitive Bond or in lieu of the Definitive Bond so lost, stolen or destroyed; or, if any such lost, stolen or destroyed Definitive Bond shall have matured or be about to mature, instead of issuing a substituted Definitive Bond, upon receipt of a Direction of the State, the Fiscal Agent may pay the same. Any new Definitive Bond issued under this Section in lieu of any Definitive Bond alleged to have been lost, stolen or destroyed shall constitute an original contractual obligation of the State, whether or not the Definitive Bond alleged to have been lost, stolen or destroyed be at any time enforceable by anyone; and such new Definitive Bond shall be entitled to the benefits of this Agreement equally and ratably with all other Bonds issued hereunder. The State and the Fiscal Agent, in their discretion, may place upon any such new Definitive Bond a distinguishing mark or a legend to comply with the rules of any securities exchange or to conform to any usage with respect thereto, or for any other reason or purpose, but such mark or legend shall in no respect affect the validity of such new Definitive Bond. Unless otherwise determined by the State, all expenses in connection with procuring such indemnity and with the preparation, execution, countersigning and delivery of a new Definitive Bond shall be borne by the person claiming ownership of the Definitive Bond mutilated, destroyed, stolen or lost (except in respect of any Definitive Bond mutilated, destroyed, stolen or lost prior to the delivery thereof by the Fiscal Agent to the owner, for which evidence satisfactory to the State and the Fiscal Agent shall have been received).

**Section 2.10 Execution of Definitive Bonds.** Definitive Bonds shall be executed on behalf of the State with the signatures of its Prime Minister and its Minister of Finance, or of the Head of Israel Economic Mission for the Western Hemisphere of the Ministry of Finance, any of which may be manual or facsimile,

and shall bear the State Seal or State Emblem or a facsimile of either. The State may use the signature of any person who shall have been its Prime Minister, Minister of Finance or the Head of Israel Economic Mission for the Western Hemisphere of the Ministry of Finance or, in the case of Bonds issued under the Original Agreements, of any person who shall have been its the Chief Fiscal Officer or the Deputy Chief Fiscal Officer of the Ministry of Finance for the Western Hemisphere, at any time notwithstanding the fact that such person may have ceased to hold such office at the time when the Definitive Bonds shall actually be countersigned and issued as herein provided or may have assumed such office after the date shown on the Definitive Bonds. To the extent the signature(s) held by the Fiscal Agent in its records pursuant to this Section 2.10 need to be revised or replaced, the State will instruct the Fiscal Agent to do so in a Direction of the State.

**Section 2.11 Validation by Fiscal Agent.** Only such Bonds as shall be validated by an authorized officer of the Fiscal Agent (either by delivery of an official confirmation in the case of book-entry Bonds pursuant to Section 2.03(a), or by manually countersigning the Bonds in the case of Definitive Bonds) shall be issued as herein provided. Such validation by an authorized officer of the Fiscal Agent upon any outstanding Bond shall be conclusive evidence that such Bond has been duly issued hereunder. No representation shall be implied from such validation other than the representation that the Fiscal Agent has not validated Bonds in excess of the aggregate principal amount provided in the applicable Supplement, or Bonds issued in substitution therefor or in replacement thereof as herein provided.

**Section 2.12 Registration, Registration of Transfer or Exchange.**

(a) The State shall cause to be kept a register for each Series of Bonds, (the “**Bond Register**”). The State shall provide for the registration of Bonds and of permissible transfers and exchanges of Bonds, and may appoint one or more Bond Registrars. The Fiscal Agent is hereby appointed the initial Bond Registrar for the purpose of registering Bonds and transfer and exchanges of Bonds as herein provided.

(b) The Fiscal Agent shall not be required (i) to issue or register the transfer or exchange of any Bond during the period beginning at the opening of fifteen (15) Business Days before the day of mailing of notice of redemption of Bonds selected for redemption under Section 5.02 and ending at the close of business on the day of such mailing or (ii) to register the transfer or exchange of any Bonds so selected for redemption, in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

**Section 2.13 External Bank Accounts.**

(a) The Fiscal Agent shall designate the purpose or purposes of each External Bank Account by giving written notice to the State of the purpose or purposes of each such External Bank Account (i) on the date of this Agreement, in the case of each External Bank Account established on or before the date of this Agreement, or (ii) promptly after the date an External Bank Account is established, in the case of each External Bank Account established after the date of this Agreement. The Fiscal Agent agrees that the name of each External Bank Account and the accountholder of each such account may not be changed except with the prior written consent of the State. At least ten (10) Business Days prior to the effective date of the closing or other termination of an External Bank Account, the Fiscal Agent shall give written notice to the State of the closing or other termination of such External Bank Account and of the External Bank Account, if any, designated by the Fiscal Agent to assume the purpose or purposes of the External Bank Account that will be closed or terminated.

(b) All funds deposited in, withdrawn from or held in an External Bank Account with respect to a Series of Bonds may be pooled with other funds held in one or more other External Bank Accounts in order to earn for the benefit of the State compensation on such funds at the rate agreed upon by the State and the Fiscal Agent pursuant to this Agreement and the Fee Letter, provided that all such funds pooled as aforementioned will be held in a designated External Bank Account. All deposits and withdrawals relating to a particular Tranche or Series of Bonds shall be recorded by the Fiscal Agent in its internal trust account or other books and records established by it for the relevant Tranche or Series of Bonds.

## ARTICLE III

### ISSUE OF BONDS

**Section 3.01 Procedures on Issuance.** Except as otherwise provided in Article II, Bonds shall be issuable hereunder only as follows:

(a) Prior to the issuance of any Bonds of a Series, the State and the Fiscal Agent shall have executed the applicable Supplement, and the Fiscal Agent shall have received such opinions and certificates as the Fiscal Agent may reasonably request, including, if applicable, certificates with respect to Code Sections 1272 and 1273.

(b) The Fiscal Agent shall, from time to time, issue Bonds in such authorized denominations and in such principal amounts as shall be specified in Directions of the Financial Corporation, but the aggregate amount of Bonds of such Series shall not exceed the aggregate principal amount set forth in the applicable Supplement, excluding Bonds validated pursuant to Section 2.09.

(c) Subscriptions for the Bonds shall be made in accordance with regulations prescribed by the Financial Corporation on subscription forms (the general form of which shall have been approved by the State, the Fiscal Agent and the Financial Corporation), in each case appropriately completed and executed and accompanied by the subscription price. A subscription shall be deemed to have been accepted as of the date upon which the completed subscription forms and the purchase price are actually received in form acceptable to the Fiscal Agent or to the Financial Corporation on behalf of the Fiscal Agent. In the case of Bonds issued pursuant to a non-public offering, the subscription form shall include such representations as are necessary to ensure that the issuance of the Bonds is exempt from any applicable registration or prospectus requirement under applicable securities legislation.

(d) If the subscription price of any Bonds is paid in a currency other than the currency in which the Bonds are to be issued, the Fiscal Agent will convert the subscription price and execute the purchase of required currency funds at the prevailing rate of exchange on the date of its receipt of the subscription price or, if it is not practicable for the Fiscal Agent to purchase the required currency on such date of receipt, then it will purchase the required currency at the prevailing rate of exchange as soon thereafter as is practicable. The Fiscal Agent shall have no responsibility or liability for any fluctuation of the rate of exchange which may result in any diminution of the subscription price deposited. The State acknowledges that any such exchange rate may take into account any premium and other reasonable costs of exchange.

(e) The Fiscal Agent shall deliver each Definitive Bond (or book-entry confirmation) to the appropriate owner and shall register the name of each owner in the Bond Register.

(f) Except as otherwise provided in a Direction of the State, each Friday, the Fiscal Agent shall transfer the subscription funds in respect of Bonds that were issued through the close of business day on the preceding Thursday into an account to be designated by the State, provided that such day is a Business Day in the location of the principal office of the Fiscal Agent and, further, provided that if Friday is not a Business Day, the Fiscal Agent shall transfer the subscription funds the first Business Day following such Friday in respect of Bonds that were issued through the close of business day on the preceding Thursday. Pending such transfer, the Fiscal Agent shall receive and hold such funds in an interest-bearing External Bank Account for the benefit of the State, and the compensation on such funds (including interest earned on the funds in the account) at the rate agreed upon by the State and the Fiscal Agent pursuant to this Agreement and the Fee Letter shall be payable to the State monthly.

### **Section 3.02 Subscription Procedures.**

(a) In all matters relating to the manner of effecting subscriptions for the Bonds and to the Series of the Bonds, the Fiscal Agent shall act at all times in accordance with Directions of the State, except that the Fiscal Agent may rely upon Directions of the Financial Corporation as to individual subscription issues, not otherwise provided for in this Agreement.

(b) Except as specifically provided herein, the procedures on issuance and the subscription procedures hereinabove set forth may be changed generally or in particular countries by a Direction of the State.

(c) Except as otherwise provided by Directions of the State, the Fiscal Agent shall use its commercially reasonable efforts to process new subscription accounts within a period of (i) five (5) Business Days following the date on which each subscription form and related purchase price is received by the Fiscal Agent in accordance with Section 3.01(c) and (ii) no later than ten (10) Business Days after such date of receipt.

## ARTICLE IV

## PAYMENT OF BONDS

**Section 4.01 Bond Payments.**

(a) The State will deposit into an External Bank Account designated for such purpose or purposes (to be held and applied by the Fiscal Agent for the payment of interest, principal or Redemption Price, as the case may be, subject to Section 7.01(c)): (i) for interest-bearing Bonds, four (4) Business Days prior to each Interest Payment Date of the Bonds, an amount in immediately available funds sufficient to pay, on such Interest Payment Date, 100% of the interest to be due on all Bonds then outstanding; and (ii) four (4) Business Days prior to maturity and each redemption date of the Bonds, as the case may be, an amount in immediately available funds which, together with any amounts then held in an External Bank Account and available for the payment thereof, shall be equal to 100% of the entire amount of the principal or Redemption Price to be due on all the Bonds then outstanding and maturing or being redeemed, respectively, on such maturity or redemption date.

(b) In the event the date of any payment hereunder, for interest, redemption or maturity, is not a Business Day, payment may be made on the next succeeding Business Day, and no interest shall accrue for the intervening period.

**Section 4.02 Manner of Deposits.** Any deposit made or to be made by the State under Section 4.01 shall be made in the manner described in Section 7.01, and shall be subject to the terms thereof.

**Section 4.03 Cancellation of Definitive Bonds.** All Definitive Bonds when paid, whether at maturity or upon redemption, shall be delivered to the Fiscal Agent, and, if not already cancelled, shall be promptly cancelled and delivered or disposed of upon a Direction of the State.

## ARTICLE V

## REDEMPTION AT OPTION OF THE STATE

**Section 5.01 Bonds Subject to Redemption.** Unless otherwise provided in the terms of the Bonds or the applicable Supplement, the Bonds shall be subject to redemption at the option of the State, in accordance with the provisions of this Article V.

**Section 5.02 Selection of Bonds to Be Redeemed.** Subject to any further limitations set forth in the terms of the Bonds or the applicable Supplement:

(a) The Bonds shall be redeemable as a whole or in part, or from time to time in part, provided that redemption is made for all Bonds of a Tranche, but for interest-bearing Bonds, any partial redemption may be made only on an Interest Payment Date. In case of a partial redemption of Bonds, the Bonds to be redeemed shall not be selected by lot, but by one or more groups, each group comprising all of the Bonds of the same Tranche. No Bonds of any Series may be redeemed under this Article unless the Tranches of Bonds of such Series having all prior Issue Dates shall have been called for redemption. For the avoidance of doubt, there shall be no aggregation of Bonds of different Series or Tranches under this Section 5.02(a) based upon similarity in name, currency of denomination and/or integral terms of the Bonds.

(b) The Bonds shall be redeemed at the Redemption Price.

**Section 5.03 Designation of Bonds to Be Redeemed.** The option of the State to redeem Bonds shall be evidenced by a Direction of the State delivered to the Fiscal Agent between thirty (30) and sixty (60) days prior to the redemption date specifying the redemption date, the Series and Issue Date of Bonds to be redeemed. The Bonds to be redeemed shall be deemed to have been designated for redemption upon the receipt by the Fiscal Agent of such Direction of the State. No such Direction of the State may be revoked after the first mailing of notice of redemption pursuant to Section 5.04.

**Section 5.04 Redemption Notice.** Notice of redemption shall be mailed by the Fiscal Agent in the name of the State, first-class, postage paid, not less than thirty (30) nor more than sixty (60) days prior to the



redemption date to each holder of Bonds designated for redemption as such holder's name and address appear on the Bond Register. The notice of redemption shall state:

- (a) The redemption date;
- (b) In case all the Bonds are to be redeemed, that all the Bonds are to be redeemed;
- (c) In the case of a redemption of a Series or Tranche thereof of Bonds, a description of the Series or Tranche thereof of Bonds that are to be redeemed;
- (d) The Redemption Price of the Bonds to be redeemed;
- (e) That on the redemption date no holder of any Bond called for redemption shall be entitled to any payment in excess of the Redemption Price; and that on said date the Redemption Price of the Bonds will become due and payable upon each of the Bonds called for redemption; and
- (f) The place or places where any Definitive Bonds to be redeemed are to be surrendered for payment of the Redemption Price.

**Section 5.05 Redeemed Bonds Due on Redemption Date.** Notice having been given as aforesaid, the Bonds which are to be redeemed shall, on the redemption date stated in such notice, become due and payable at the Redemption Price therein specified. Unless the Redemption Price shall not have been deposited with the Fiscal Agent, from and after said redemption date, no holder of any Bond called for redemption shall be entitled to any payment in excess of the Redemption Price. On the redemption date (or, in the case of Definitive Bonds, upon surrender of the Definitive Bonds to be redeemed in accordance with such notice), all redeemed Bonds shall be paid by the State at the Redemption Price. If the Redemption Price shall not be paid on such date, then interest-bearing Bonds shall continue to bear interest at the rate prescribed in the terms of such Bonds, and non interest-bearing Bonds shall continue to be payable at their Maturity Amount on their maturity date, as if such Bonds had not been called for redemption.

## ARTICLE VI

### FISCAL AGENT

**Section 6.01 Regarding the Fiscal Agent.** The acceptance of its appointment hereunder by the Fiscal Agent shall be subject to the following terms and conditions:

- (a) The recitals herein and in the Bonds shall be taken as the statements of the State and shall not be considered as made by the Fiscal Agent.
- (b) Standard Services. The Fiscal Agent shall perform the Services set forth in this Agreement.
- (c) Digital Services. To the extent not already part of the Services, the Fiscal Agent shall make available to the State and Bondholders, through [www.computershare.com](http://www.computershare.com) or otherwise digitally, access ("**Digital Access**") to certain Account and Bondholder information and certain transaction capabilities ("**Digital Services**"), subject to the Fiscal Agent's security procedures and the terms and conditions set forth herein and through Digital Access, and as further described in Schedule 1 hereto. Unless arising from negligence or willful misconduct of the he Fiscal Agent, the Fiscal Agent shall not be held liable to the State for any Losses (as defined in Section 6.01(l)(i) below) it incurs resulting from any failure in the operation of the Digital Services, communications or access to software, including any malfunction, delay, inaccuracy or incompleteness of financial information displayed through Digital Access.
- (d) Proprietary Information. The State agrees that the database, programs, screen and report formats, interactive design techniques, software (including methods or concepts used therein, source code, object code, or related technical information) and documentation manuals furnished to the State by the Fiscal Agent as part of the Services shall be under the control and ownership of the Fiscal Agent or a third party (including the Fiscal Agent's Affiliates) and constitutes copyrighted, trade secret, or other proprietary information (collectively "**Proprietary Information**"). In no event shall Proprietary Information include any Bondholder Data and Confidential Information (as defined herein) of the State, which will remain under the sole ownership of the State. The State agrees that Proprietary Information is

of substantial value to the Fiscal Agent or other third party and will treat all Proprietary Information as confidential in accordance with Section 9.03. The State shall take reasonable efforts to advise its employees and agents of its obligations pursuant to this Section 6.01(d).

(e) Third Party Content. The Fiscal Agent may obtain certain data included in the Services from third parties, and such third parties are solely responsible for the contents of such data and, unless arising from the negligence or willful misconduct of the Fiscal Agent in the selection of such third party or third parties, the State agrees to make no claim against the Fiscal Agent arising out of the contents of such data, including, but not limited to, the accuracy thereof.

(f) The Fiscal Agent in acting hereunder shall act solely as agent of the State and shall not assume any fiduciary or other relationship of agency or trust for or with any of the holders of the Bonds; provided that with respect to the holding, investing and returning of Deposited Cash and earnings thereon to the State, Computershare (or its Affiliate, Computershare Trust Company of Canada) shall act as a trustee for the benefit of the State in accordance with the terms and conditions of this Agreement. The Fiscal Agent with respect to any matter for which no provision is made herein may rely on instructions, not inconsistent with the provisions hereof (unless such inconsistency is specified in such Direction of State), contained in a Direction of the State. Upon written request of the Fiscal Agent, the State shall clarify any such instructions which the Fiscal Agent finds unclear. The Fiscal Agent shall not be obligated, however, to comply with any instructions of the State, if such compliance would, in its reasonable opinion evidenced in a written detailed statement provided to the State, involve it in unreasonable risk or liability, unless the Fiscal Agent is indemnified to its reasonable satisfaction.

(g) The Fiscal Agent shall not be required to perform any services or be subject to any duties, except as expressly provided herein or in Direction of the State, subject to the consent of the Fiscal Agent.

(h) The Fiscal Agent may act upon any document reasonably believed by it in good faith to be genuine and to be signed by the proper party or parties, including without limitation with respect to (i) the transfer of Bonds in accordance with Section 2.04 pursuant to a Direction of the State or on the basis of written representations of transferors as to the matters set forth in Section 2.04, or (ii) the purchase of Bonds by the State on the basis of a written instrument of transfer in accordance with Section 2.05.

(i) The Fiscal Agent shall not be liable to the State or the Financial Corporation in connection with rendering services hereunder, except to the extent such liability arises from the Fiscal Agent's negligence, willful misconduct, breach of the provisions of this Agreement or failure to comply with any laws, rules and/or regulations applicable to the Fiscal Agent (including, without limitation, regulations of the SEC), unless such failure resulted from the Fiscal Agent's compliance with a Direction of the State or failure by a party (other than the Fiscal Agent or any service providers engaged by the Fiscal Agent in connection with the services hereunder) to comply with any laws, rules and/or regulations. The Fiscal Agent makes no representation as to the validity of this Agreement or as to the security afforded hereby or as to the validity of the Bonds issued hereunder. Notwithstanding any other provision of this Agreement, the Fiscal Agent shall not be responsible for determining whether the issuance or transfer of the Bonds complies with securities laws, rules and/or regulations applicable to such issuance or transfer.

(j) The State will pay to the Fiscal Agent the fees and out-of-pocket expenses for Services performed pursuant to this Agreement as set forth in a fee letter, to be mutually agreed by the parties (as amended, restated or otherwise modified from time to time, the "**Fee Letter**"), for the term of this Agreement as set forth in Section 9.12.

(k) The State agrees to pay all fees and reimbursable expenses within thirty (30) days of the date of the respective billing notice, except for any fees or expenses that are subject to good faith dispute. In the event of such dispute, the State must promptly notify the Fiscal Agent of such dispute and may only withhold that portion of the fee or expense subject to such dispute. The State shall settle such disputed amounts within five (5) Business Days of the date on which the parties agree on the amount to be paid by payment of the agreed amount. If no agreement is reached, then such disputed amounts shall be settled as may be required by law or legal process.

(l) The State agrees to indemnify and save harmless the Fiscal Agent against and from: (i) any and all losses, claims, costs, charges, reasonable counsel fees and expenses, payments, expenses and liability or damages (collectively, “**Losses**”) which it may incur or sustain in good faith, except for (x) Losses resulting from negligence or willful misconduct of the Fiscal Agent or breach of the provisions of this Agreement by the Fiscal Agent, (y) any claims brought by the State against the Fiscal Agent or by the Fiscal Agent against the State (other than claims brought under this Section 6.01(l)), or (z) Losses caused by a failure of the Fiscal Agent to comply with any laws, rules and/or regulations directly applicable to the Fiscal Agent; (ii) all actions of the Fiscal Agent or its agents or subcontractors required to be taken pursuant to this Agreement provided such actions are taken in good faith and without negligence or willful misconduct by the Fiscal Agent; (iii) the reasonable reliance on or use by the Fiscal Agent or its agents or subcontractors of any (A) information records, data, and documents which have been prepared and/or maintained by the State or any other person or firm on behalf of the State, including any former fiscal agent, transfer agent or registrar, and provided to the Fiscal Agent or its agents or subcontractors; (B) paper or document reasonably believed by the Fiscal Agent (without independent verification or investigation as provided in this Agreement) to be genuine and to have been signed by the proper person or persons, including Bondholders and their authorized agents or representatives (e.g., power of attorney); and (C) electronic instructions from the State or Bondholders and their authorized agents or representatives (e.g., power of attorney) reasonably believed by the Fiscal Agent (without independent verification or investigation) to be genuine submitted through Digital Services or any other electronic means as provided in this Agreement pursuant to security procedures established by the Fiscal Agent; (iv) the negotiation and processing of all checks, including checks that are tendered to the Fiscal Agent for the purchase of Bonds, without negligence or willful misconduct; and (v) the recognition, acceptance, or processing by the Fiscal Agent of bond certificates which are reasonably believed to bear the proper manual or facsimile signatures of officers of the State, and the proper countersignature of any former fiscal agent or transfer agent or registrar, or of a co-fiscal agent or co-transfer agent or a co-registrar.

(m) The Fiscal Agent may employ and consult counsel satisfactory to it, including in-house counsel, and the Fiscal Agent shall have no liability for any action taken, suffered or omitted by it in good faith reliance thereon. Subject to the State’s prior written approval, such approval not to be unreasonably withheld, the reasonable documented costs of such opinion of outside counsel shall be borne by the State, in case the advice was sought with respect to: (i) any material change in law or regulations applicable to the performance of the Services by the Fiscal Agent under this Agreement; or (ii) any request by the State for changes, omissions or additions to the Services provided by the Fiscal Agent under this Agreement.

(n) The Fiscal Agent shall have no liability or responsibility to any owner of a Bond, the State or any other person on account of any cancellation, exchange, payment or transfer of any Bond in accordance with a Direction of the State pursuant to Section 2.04(g).

(o) The provisions of subsections (d), (e), (g), (h), (i) and (l) of this Section 6.01 shall survive the termination of this Agreement, or the removal or resignation of the Fiscal Agent, as the case may be.

(p) From time to time, the State may provide the Fiscal Agent with instructions, including but not limited to Directions of the State, concerning the Services. In addition, at any time the Fiscal Agent may apply to any officer of the State for instruction. The Fiscal Agent and its agents and subcontractors shall not be liable and shall be indemnified by the State for any action taken or omitted by the Fiscal Agent in reliance on instructions by a duly authorized representative of the State or based on reliance on the opinion of counsel for the State where such opinion is specifically addressed to the Fiscal Agent. The Fiscal Agent shall not be held to have notice of any change of authority of any person, until receipt of written notice thereof from the State.

(q) No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it shall believe in good faith that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(r) No party shall be liable for any incidental, indirect, special or consequential damages of any nature whatsoever, including, but not limited to, loss of anticipated profits, occasioned by a breach of any provision of this Agreement even if apprised of the possibility of such damages.

**Section 6.02 Reports and Audit Rights; Duties of Fiscal Agent.**

(a) The Fiscal Agent shall maintain books, records, documents and other evidence of accounting procedures and practices, which sufficiently and properly reflect all transactions and other activities undertaken in connection with its performance under this Agreement, in accordance with all applicable rules and regulations (including scanning and bar-coding documents) and in a form that is accessible to the State and the Financial Corporation, for at least ten (10) years after the Activity Date, or, if this Agreement expires or is terminated prior to such date as occurs ten (10) years after the relevant Activity Date, the Fiscal Agent shall transfer such records to the successor fiscal agent or otherwise at the Direction of the State. Such record keeping may include records in electronic form.

(b) The Fiscal Agent shall provide the State and the Financial Corporation with all the reports described in Schedule 3 hereto, as well as the Fiscal Agent's annual SSAE-18 (formerly SSAE-16) report, and any financial or other reports, as may be reasonably requested by the State from time to time. If requested by the State no more than twice in any calendar year, the Fiscal Agent shall provide to the State, promptly after the delivery of such request, complete true copies of all then outstanding reports and documents relating to the establishment and operation of each of the External Bank Accounts. For greater certainty, the aforementioned reports and documents do not include confidential information or agreements between the Fiscal Agent and any financial institution.

(c) Upon reasonable notice, the State, the Financial Corporation and their duly authorized representatives shall have access to the books, documents, papers, working papers, plans and records (including computer records) of the Fiscal Agent, which relate to or pertain to this Agreement and its performance for purposes which include, but shall not be limited to, reviewing performance and compliance with this Agreement, and making audit, examination, excerpts and transcripts. Such access shall also be made available for a period of ten (10) years from the resignation or removal of the Fiscal Agent, as the case may be. The Fiscal Agent shall be entitled to receive compensation for its out-of-pocket costs (if any) incurred in connection with the retention and archiving of such records and the granting of such access and the State agrees to compensate the Fiscal Agent for the time each of the Fiscal Agent's employees are required to assist in granting such access; provided, however, that during the term of this Agreement only, the State shall not be charged for the time incurred by the Fiscal Agent's (x) account management (including all personnel regularly involved in servicing the State's accounts) or (y) internal audit employees.

(d) Without limitation to the foregoing, the State shall have the right to retain, from time to time and no more than annually, at its cost, an independent auditor to review the Fiscal Agent's records relating to the Services provided hereunder. The Fiscal Agent shall provide the auditor with full access, upon reasonable notice and at reasonable times, to such records and cooperate with the State in order to complete the audit in a timely and efficient manner. The State agrees to compensate the Fiscal Agent for all out-of-pocket expenses incurred in connection with the State's audit or exam and compensate the Fiscal Agent for the time each of the Fiscal Agent's employees are required to assist such exam or audit at the time of the exam or audit; provided, however, at no time shall the State be charged for the time incurred by the Fiscal Agent's (x) account management (including all personnel regularly involved in servicing the State's accounts), or (y) internal audit employees.

(e) The Fiscal Agent shall convene management meetings with the State and the Financial Corporation which will be held at least quarterly.

(f) The Fiscal Agent shall promptly notify the State and the Financial Corporation regarding any material issues encountered with Bondholders or any problematic or questionable transactions (for example, transactions involving incorrect paperwork, missing documentation, duplications, etc.).

(g) The Fiscal Agent shall carry out all acts as may be necessary to give effect to the terms of the Bonds with respect to payment, transfer, validation, registration, cancellation and replacement, including (i) retaining all forms or appropriate tax certification provided by or on behalf of the Bondholders necessary to exempt such Bondholders from withholding tax under the Code, (ii) preparing and mailing to Bondholders and (iii) filing with the U.S. Internal Revenue Service applicable forms or reports with respect to any payments made by the Fiscal Agent hereunder. The Fiscal Agent shall withhold and remit

any withholding tax required to be withheld from any payments to Bondholders who have not supplied the required certification specified in clause (i) of this Section 6.02(g).

(h) The Fiscal Agent may provide the State with information technology services directly relating or ancillary to the Fiscal Agent's services under this Agreement, including, without limitation, systems development services, integration services and programming services as they relate to the Fiscal Agent's systems (hereinafter, together referred to as "**Development Services**"). The State shall authorize the performance of such Development Services and the Fiscal Agent shall be entitled to receive payment for all fees and expenses incurred for all Development Services, in such amounts as may be agreed between the State and the Fiscal Agent, prior to their commencement. The State acknowledges that all past and future Development Services remain the property of the Fiscal Agent, are considered Proprietary Information, and are not subject to claim by the State or any future transfer agent, fiscal agent or third party. For greater certainty, the Development Services and any product, service, benefit and knowledge resulting therefrom shall remain the sole ownership of the Fiscal Agent during and after termination of this Agreement.

**Section 6.03 Account Manager.** The Fiscal Agent shall appoint an individual of its active staff, reasonably satisfactory to the State and the Financial Corporation, who will be the Account Manager for the State account. The Fiscal Agent's Account Manager will be the principal point of contact for the State and the Financial Corporation concerning the Fiscal Agent's performance hereunder. The Fiscal Agent's Account Manager will also serve as the focal point for business and operational matters, support coordination, and administrative activities and will be responsible for the immediate and prudent resolution of any and all issues arising out of the performance of this Agreement or due to any change in applicable regulations. The Fiscal Agent shall notify the State in writing when there is a change in staffing and a new Account Manager is assigned.

**Section 6.04 Resignation or Removal of Fiscal Agent.** The Fiscal Agent may at any time resign by giving to the State notice of such resignation in the manner hereinafter provided. The Fiscal Agent may be removed at any time by the delivery to the Fiscal Agent of a Direction of the State. The Direction of the State shall specify if the removal is for all outstanding and future issues, for certain outstanding issues and not for others, or for future issues only. Such resignation or removal shall take effect upon the appointment by the State, as hereinafter provided, of a successor fiscal agent. During the period until such resignation or removal shall take effect, the Fiscal Agent shall continue to be subject to its duties hereunder and provide the State with uninterrupted services for the same compensation as in effect prior to such notice of resignation or removal by a Direction of the State. In addition, the Fiscal Agent shall provide the State and any successor fiscal agent with reasonable assistance and support during a transitional period, as provided in Section 6.07. Except for any transitional fees pursuant to Section 6.06 and for any compensation to which the Fiscal Agent is entitled pursuant to Section 6.02(c), the Fiscal Agent shall not be entitled to any fees after the effective date of the Resignation or Removal.

**Section 6.05 Appointment of Successor Fiscal Agent.** If at any time the Fiscal Agent shall resign or be removed or become unable to act as Fiscal Agent, the State will appoint a successor fiscal agent hereunder. Such appointment shall be evidenced by a Direction of the State delivered to the new fiscal agent. The State shall give notice to the retiring Fiscal Agent of such appointment before such appointment shall become effective. The State shall also give notice of such appointment to Bondholders by appropriate means determined by the State, but the failure to give such notice shall not affect the sufficiency of such appointment. Until the appointment of a successor fiscal agent has become effective, the retiring Fiscal Agent shall continue to perform its duties hereunder for the same compensation as in effect at that time. After the appointment of a successor fiscal agent has become effective, the retiring Fiscal Agent shall, subject to the provisions of Section 6.07, cease to act as such hereunder, and upon payment of its compensation and expenses then unpaid, shall deliver and pay over to its successor any and all monies and other property then in its possession hereunder as such Fiscal Agent. If a notice of the appointment of a successor fiscal agent shall not have been delivered to the retiring Fiscal Agent within six months after giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor fiscal agent. In the event such court of competent jurisdiction refuses to appoint a successor fiscal agent, the Fiscal Agent may resign, effective immediately.

Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Fiscal Agent shall be a party or any corporation to which all the business and assets of the Fiscal Agent may be transferred shall be a successor fiscal agent hereunder without further act.

**Section 6.06 Transitional Period.** In the event of resignation or removal of the Fiscal Agent, the Fiscal Agent shall fully cooperate with the State and the successor fiscal agent and take all reasonable and prudent measures to facilitate an orderly transition of its duties hereunder, including without limitation, with respect to the conversion and transfer of records (paper and electronic) and customer support. The State shall pay the Fiscal Agent for services provided in such transitional period a fee mutually agreed upon by the parties; provided, however, that such fee shall not exceed the compensation in effect prior to the resignation or removal.

**Section 6.07 Adoption of Countersignature.** Any successor fiscal agent may adopt the countersignature of any predecessor Fiscal Agent or may countersign Definitive Bonds in the name of any predecessor Fiscal Agent or in its name and may deliver Definitive Bonds so countersigned, all with like effect as if Bonds so countersigned had been countersigned and delivered by the predecessor Fiscal Agent.

## ARTICLE VII

### PROCEDURE FOR PAYMENT OF PRINCIPAL, INTEREST OR MATURITY AMOUNT

#### **Section 7.01 Monies Deposited for Payment of Principal, Interest or Maturity Amount.**

(a) Whenever the State desires to or is required to deposit monies for application to the payment of the principal or Maturity Amount of, or interest, if any, on the Bonds or in connection with any redemption of Bonds, the State shall deposit into an External Bank Account, in accordance with Section 4.01, an amount of money sufficient for said purpose or purposes (the monies so deposited under this paragraph, and all monies or payments otherwise deposited by the State, or deposited or required to be deposited by the Fiscal Agent or a Paying Agent, under this Article VII to an External Bank Account, being hereinafter called “**Deposited Cash**”).

(b) All Deposited Cash held for the purpose or purposes of paragraph (a) of this Section 7.01 shall be held subject to the right of the State to require that such Deposited Cash be paid upon the Direction of the State in accordance with Section 7.03(b).

(c) Any Deposited Cash remaining unclaimed at the end of six months after such monies shall have become due and payable in accordance with the terms and conditions of the Bonds, including, without limitation, Deposited Cash covered by outstanding checks that were issued by the Fiscal Agent to Bondholders and which remain uncashed for over six months for any reason whatsoever, shall then be promptly, and without demand from the State, paid to the State, and upon such payment any obligation of the Fiscal Agent with respect thereto shall cease; provided, however, and subject to Section 6.01(q), that the State may specify by Direction of the State that such monies will be paid to the State after a period of less than six months provided that the State will compensate the Fiscal Agent for any costs, including but not limited to programming costs, banking charges or expenses relating to such change to the payment process. Notwithstanding the foregoing, a change in the payment process shall be conditional to the Fiscal Agent’s ability to comply with such changes according to commercially reasonable efforts and applicable legislation. Compliance with any unclaimed property or escheatment legislation which may require payment or reporting to any state, governmental authority or otherwise prior to or following payment to the State after such six-month (or shorter) period, shall be the sole responsibility of the State. Nothing contained in this Section 7.01(c) shall affect the rights of the Bondholders to make demand upon the State for any monies as may be due them; and, in such event, payment shall be made by the Fiscal Agent, with funds deposited by the State to an External Bank Account in accordance with Section 4.01, and such payment to Bondholders shall be made at the principal office of the Fiscal Agent in Canton, Massachusetts, or such other office as indicated by the Fiscal Agent.

#### **Section 7.02 Investment of Deposited Cash.**

(a) Any Deposited Cash, until required for payment to Bondholders in accordance with this Agreement or required to be remitted to other Paying Agents in accordance with Section 7.03(b),

including, without limitation, Deposited Cash covered by outstanding checks that were issued by the Fiscal Agent to Bondholders and not yet cashed, shall be received and held in trust for the benefit of the State by Computershare (or its Affiliate, Computershare Trust Company of Canada), and be invested or reinvested in accordance with Section 7.01(a), in the External Bank Accounts designated for such purposes unless the Fiscal Agent is otherwise directed, as evidenced by a Direction of the State, to invest such funds on the State's behalf in direct obligations of the United States of America ("Government Securities") or in bank deposits with such Approved External Bank as may be determined by the State ("Approved Bank Deposits"). The investment in Government Securities and Approved Bank Deposits is subject to additional fees not covered in the Fee Letter, including but not limited to custody fees, overdraft charges and transaction charges, that shall be paid to the Fiscal Agent by the State. Any such Government Securities or Approved Bank Deposits shall be purchased by the Fiscal Agent in the name of the Fiscal Agent in trust for the State, and the Fiscal Agent shall ensure that Computershare (or its Affiliate, Computershare Trust Company of Canada) in trust for the State is identified as the beneficial owner of such Government Securities or Approved Bank Deposits in the records of, and securities account or bank deposit statements issued by, the securities intermediary or issuer in respect of such Government Securities or Approved Bank Deposits, provided that the name of such purchaser or beneficial owner may also include information identifying the issue of Bonds to which such Government Securities or Approved Bank Deposits relate. The State shall bear the risk of and be responsible for any loss resulting from the investment in Government Securities or Approved Bank Deposits. Any interest or profit realized on any sale of Government Securities or Approved Bank Deposits, including the proceeds of any sale thereof, not immediately required to effect payment to Bondholders or for remittance to other Paying Agents in accordance with Section 7.02(b) shall be immediately deposited by the Fiscal Agent into the relevant External Bank Account.

(b) Whenever, in the opinion of the Fiscal Agent, funds are needed for payment to Bondholders in accordance with the provisions of this Agreement or for remittance to other Paying Agents, if any, in accordance with a Direction of the State as provided in Section 7.03(b), the Fiscal Agent shall withdraw from the relevant External Bank Accounts, or if Deposited Cash is invested in Government Securities or Approved Bank Deposits, shall sell such Government Securities or Approved Bank Deposits, as in its judgment will make available sufficient Deposited Cash to effect payments to Bondholders upon presentation of Bonds, or to effect such remittances to other Paying Agents and add to Deposited Cash the proceeds of any such sale of Government Securities or Approved Bank Deposits, including any interest or profit realized thereon. If at any time additional Deposited Cash is needed for payment to Bondholders or to effect remittances to other Paying Agents and it is not available from the relevant External Bank Accounts, sales of Government Securities or maturing Approved Bank Deposits, the Fiscal Agent shall notify the State of the amount of additional funds so required and the time when required, and the State shall deposit into an External Bank Account designated in such notice within the time required the additional funds in the amount specified in such notice. The State may, by a Direction of the State, require the Fiscal Agent to, from time to time, pay over to the State from Deposited Cash such Deposited Cash which is not needed for payment to Bondholders or for remittances to other Paying Agents.

(c) The Fiscal Agent shall, by deposit to the relevant External Bank Accounts, restore to Deposited Cash out of compensation earned or interest, or other profit realized upon any investment of Deposited Cash permitted by this Agreement an amount equal to any loss of principal incident to the sale or redemption of any Government Securities or Approved Bank Deposits for a sum less than the amount paid therefor. In the event no such compensation, interest or profit is available to make up any such loss, the State will pay an amount equal thereto to the Fiscal Agent upon request.

(d) Deposited Cash shall earn compensation at the rate set forth in the Fee Letter, for the benefit of the State. Any compensation earned on Deposited Cash held, or required under this Article VII to be deposited to or held, in an External Bank Account shall, on the first Business Day following any month in which such Deposited Cash is held, or required under this Article VII to be deposited to or held, in the External Bank Account, be transferred by the Fiscal Agent to an account designated by the State. Any interest or other profit realized upon any investment of Deposited Cash in Government Securities and Approved Bank Deposits shall, on the day the given investment matures, be transferred by the Fiscal Agent to an account designated by the State.

(e) The Fiscal Agent shall not be liable for any loss upon any investment permitted by this Section 7.02 or to obtain or pay any particular rate of interest on any investment in Government Securities.

(f) Subject to the provisions of Section 7.02(d), the State acknowledges that the External Bank Accounts maintained by Computershare (or its Affiliate, Computershare Trust Company of Canada) in connection with the Services will be in the name of Computershare (or its Affiliate, Computershare Trust Company of Canada) in trust for the State, and that Computershare (or its Affiliate, Computershare Trust Company of Canada) may receive and retain for its own benefit, investment earnings in excess of the amount of compensation payable to the State pursuant to Section 7.02(d), in connection with any amounts earned on any External Bank Account.

### **Section 7.03 Additional Paying Agents.**

(a) The State may from time to time, by a Direction of the State, designate one or more financial institutions as agents of the State for the payment of the principal or Maturity Amount of, or interest, if any, on the Bonds or in connection with any redemption of Bonds (“**Paying Agents**”) and any funds deposited with such Paying Agents shall be held by them subject to the applicable provisions of this Agreement. Any Paying Agent may be removed at any time by delivery to it of a Direction of the State. Upon its resignation or removal, a Paying Agent shall promptly account for and return to the Fiscal Agent, by deposit to an External Bank Account designated by the Fiscal Agent for that purpose, all funds held by it for payment to Bondholders in accordance with the provisions of this Agreement.

(b) From Deposited Cash held, or required under this Article VII to be deposited to or held, in External Bank Accounts, the Fiscal Agent shall remit to Paying Agents designated by the State such sums as shall be specified from time to time in Directions of the State for the purposes set forth in such Directions. From and after its remittance to Paying Agents in accordance with such Direction of the State, the Fiscal Agent shall have no responsibility or obligation to the State, any Bondholder or other person with respect to the funds so remitted. Any funds returned by a Paying Agent to the Fiscal Agent in accordance with subparagraph (a) of this Section 7.03 shall be held in an External Bank Account (or pursuant to a Direction of the State, invested in Government Securities or Approved Bank Deposits) subject to all of the applicable provisions of this Agreement.

## **ARTICLE VIII**

### **REPRESENTATIONS AND WARRANTIES**

**Section 8.01 Fiscal Agent.** The Fiscal Agent represents and warrants to the State that:

(a) Governance. CTCNA is a federally chartered trust company duly organized, validly existing, and in good standing under the laws of the United States and CI is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and each has full power, authority and legal right to execute, deliver and perform this Agreement.

(b) Compliance with Laws. The execution, delivery and performance of this Agreement by the Fiscal Agent has been duly authorized by all necessary action and this Agreement constitutes the legal, valid and binding obligation of the Fiscal Agent enforceable against the Fiscal Agent in accordance with its terms and will not violate, conflict with or result in the breach of any material term, condition or provision of, or require the consent of any other party to (i) any existing law, ordinance, or governmental rule or regulation to which the Fiscal Agent is subject, (ii) any judgment, order, writ, injunction, decree or award of any court, arbitrator or governmental or regulatory official, body or authority applicable to Fiscal Agent, (iii) Fiscal Agent’s incorporation documents or by-laws, or (iv) any material agreement to which Fiscal Agent is a party.

**Section 8.02 The State.** The State represents and warrants to the Fiscal Agent that:

(a) Compliance with Laws. The execution, delivery and performance of this Agreement by the State has been duly authorized by all necessary action and this Agreement constitutes the legal, valid and binding obligation of the State enforceable against the State in accordance with its terms.



(b) Securities Act of 1933. With respect to Bonds to be offered and sold in the United States, a registration statement under the Securities Act of 1933 Act, as amended, has been filed and is currently effective, or will be effective prior to the offer and sale of any such Bonds, and will remain so effective as long as such offers and sales are continued, and all appropriate state securities law filings have been made with respect to all Bonds being offered for sale except for any Bonds which are offered in a transaction or series of transactions which are exempt from the registration requirements of the Securities Act of 1933 Act, as amended, and state securities laws; the State will immediately notify the Fiscal Agent of any information to the contrary.

## ARTICLE IX

### MISCELLANEOUS PROVISIONS

**Section 9.01 Notices.** When, pursuant to any of the provisions of this Agreement, any notice or other communication is required or permitted to be given or sent by any party to any other, the same shall be deemed sufficiently given or sent if given or sent in writing as follows:

(a) To the State, by delivering the same to the Head of Israel Economic Mission of the Ministry of Finance for the Western Hemisphere, as representative of the State, at 800 Second Avenue, New York, New York 10017 (or at such other address as may be given to the Fiscal Agent and the Financial Corporation by notice in writing), or by mailing the same by registered mail in the United States, postage prepaid, addressed to the State at the said address;

(b) To the Fiscal Agent, by delivering the same to it, at its principal office at 150 Royall St., Canton, MA 02021 with a copy to the attention of General Manager, Corporate Trust, Computershare Trust Company of Canada, 650 boulevard de Maisonneuve Ouest, 7th Floor, Montréal, Québec, J3A 3T2 (or such other address as may be given to the State and the Financial Corporation by notice in writing), postage prepaid; and

(c) To the Financial Corporation, by delivering the same to Development Corporation for Israel, at 641 Lexington Avenue, New York New York 10022-4503, attention: General Counsel (or at such other address as may be given to the State and the Fiscal Agent by notice in writing), or by mailing the same by registered mail in the United States, postage prepaid, addressed to the Financial Corporation at its said address.

(d) A copy of each Direction of the State of any character, and of any request by any Bondholder for inspection pursuant to this Section, delivered to the Fiscal Agent, shall be furnished simultaneously to the Financial Corporation.

**Section 9.02 Amendments and Waivers.** This Agreement may be amended by mutual consent of the parties hereto, provided that in the judgment of the State and the Fiscal Agent, any such amendment does not materially and adversely affect the interests of any Bondholders. No amendment of any provision of this Agreement shall be valid unless made in writing and signed by the State and the Fiscal Agent. No delay or failure on the part of any party in exercising any right or remedy hereunder, or at law or at equity, shall operate as a waiver of or preclude the exercise of such right or remedy or of any other right or remedy. No waiver by any party shall be effective unless in writing signed by such party. A waiver on any one occasion shall not be construed as a waiver of any such right or remedy on any prior or subsequent occasion.

**Section 9.03 Confidentiality.**

(a) In connection with this Agreement, each party may provide the party or their respective Representatives with confidential information and trade secrets (in such capacity, the party and its respective Representatives providing information are referred to as the “**Disclosing Party**” and the party and its respective Representatives to whom information is provided are referred to as the “**Receiving Party**”) of such party or its affiliates, including without limitation, information on their respective organization, business, finances, personnel, services, systems, pricing structure, tapes, source documents, data, records, reports including but not limited to executive summaries and monthly reports, procedures, techniques, business or marketing plans, proprietary products and processes, transactions and/or business relations and investor information (collectively, “**Confidential Information**”). Confidential Information

of the State includes, among other things, information relating to financial, accounting and investment matters of the State, the Financial Corporation and Bondholders, including any information (whether financial or administrative) concerning the holders and holdings of purchasers of securities issued by the State. Confidential Information of the Fiscal Agent includes Proprietary Information. The term “**Representatives**” shall mean any affiliate, employee, officer, director, attorneys and accountants of the Disclosing Party or the Receiving Party, as appropriate.

(b) Except as required by applicable federal, state or local law or regulation, Confidential Information shall not include information that, at the time of disclosure: (i) is, or thereafter becomes, generally available to and known by the public other than as a result of, directly or indirectly, any breach of this Section 9.03 by the Receiving Party; (ii) is, or thereafter becomes, available to the Receiving Party on a non-confidential basis from a third-party source, provided that such third party was not prohibited from disclosing such Confidential Information; (iii) was known by or in the possession of the Receiving Party, as established by documentary evidence, prior to being disclosed by or on behalf of the Disclosing Party; or (iv) was or is independently developed by the Receiving Party, as established by documentary evidence, without reference to or use, in whole or in part, of any of the Confidential Information.

(c) If the Receiving Party is requested or becomes legally compelled to disclose Confidential Information by subpoena, court order or other legal process it shall promptly notify the Disclosing Party to the extent permitted under applicable law or regulation. The Disclosing Party shall bear the costs, including, without limitation, attorney’s fees, associated with any objection raised.

(d) The Receiving Party agrees to retain in confidence at all times and to require its Representatives to retain in confidence all Confidential Information disclosed to it. The Receiving Party may disclose the Confidential Information only to those of its Representatives who shall have a “need-to-know” the Confidential Information for the purposes of this Agreement and are bound by confidentiality obligations no less restrictive than the ones set forth herein (the “**Permitted Recipients**”). The Receiving Party shall be responsible for breaches of its obligations by its Permitted Recipients including after any termination of their employment or other services. The only permitted use of any Confidential Information shall be in connection with this Agreement. The Receiving Party shall notify the Disclosing Party of any unauthorized use or disclosure of the Disclosing Party’s Confidential Information promptly upon becoming aware of such unauthorized use or disclosure, and will cooperate with the Disclosing Party to help the Disclosing Party retain possession of the Confidential Information and prevent its further unauthorized use.

(e) Upon termination of this Agreement, the Receiving Party will promptly return to the Disclosing Party all materials, including but not limited to documents, drawings, programs, lists, models, records, compilations, notes, extracts and summaries regardless of whether prepared by the Disclosing Party and all copies thereof containing Confidential Information or, at the option of the Disclosing Party, the Receiving Party shall destroy such documents, in each case by commercially reasonable secure means, and provide the Disclosing Party with written certification of such destruction. For purposes of this Agreement, the term “documents” includes all Confidential Information fixed in any tangible medium of expression, in whatever form or format whether now known or hereafter created. Notwithstanding the foregoing, the Receiving Party may retain the Disclosing Party’s Confidential Information that is stored in the Receiving Party’s information technology (IT) backup and disaster recovery systems until the ordinary course of deletion therefrom or in order to comply with its internal document retention requirements, provided that necessary measures are taken to preserve the confidential nature of the Confidential Information.

(f) Each party stipulates and agrees that any breach of the covenants contained or referred to in this Section 9.03 by it will result in immediate serious, irreparable and significant harm to the Disclosing Party, the amount of which may be extremely difficult to ascertain, and that the Disclosing Party could not be reasonably or adequately compensated by damages in an action at law. For these reasons, in addition to and not in limitation of any other rights, remedies or damages available at law or in equity, the Disclosing Party shall have the right, without the requirement of posting any bond therefor, to obtain such injunctions, orders for specific performance or decrees as may be necessary to protect the Disclosing Party against, or on account of, any breach or threatened breach by the other party of the covenants referred to in this Section 9.03.

**Section 9.04 Subcontract, Delegation and Assignment.**

(a) Except as otherwise provided in this Agreement, Computershare shall not subcontract, delegate or assign any of its duties or obligations under this Agreement without the prior written consent of the State. In the event that Computershare delegates or assigns to an Affiliate any of its duties or obligations relating to the External Bank Accounts pursuant to this Section 9.04, Computershare (i) shall obtain the State's prior written approval to such delegation or assignment to such Affiliate and (ii) represents and warrants that any such Affiliate shall have all requisite legal and regulatory authority, under U.S. and applicable state laws, to hold and maintain such accounts in the name of such Affiliate in trust for the State.

(b) Computershare may provide for part of the Services under this Agreement to be provided by its Affiliates, as long as Computershare remains at all times responsible for the performance of such Services. Subject to the State's prior written approval, Computershare may subcontract part of the Services under this Agreement to non-Affiliates, in such case Computershare shall provide the State with a prior written notice, describing (i) the legal name of the non-Affiliate, and (ii) the nature and scope of the Services to be subcontracted, including whether or not such services will include any access to Bondholder Data. Computershare shall remain at all times responsible for the performance of any of its Affiliates, non-Affiliates or subcontractors as provided in this Section 9.04, and to ensure that all requirements of this Agreement are upheld, including without limitation, obtaining confidentiality agreements from all non-Affiliates or subcontractors, requiring them to treat all Bondholder Data as confidential consistent with Section 9.03.

(c) Unaffiliated Third Parties. Nothing herein shall impose any duty upon the Fiscal Agent in connection with or make the Fiscal Agent liable for the actions or omissions to act of unaffiliated third parties (other than subcontractors referenced in Section 9.04(b)) such as, by way of example and not limitation, airborne services, delivery services, the U.S. mails, and telecommunication companies, provided, if the Fiscal Agent selected such company, the Fiscal Agent exercised due care in selecting the same.

**Section 9.05 Advertising.** The Fiscal Agent shall not advertise or publish information concerning this Agreement or the relationship hereunder in any form or media without prior written consent from the State.

**Section 9.06 Other Fiscal Agents.** The appointment of the Fiscal Agent hereunder shall not be deemed exclusive, and nothing contained herein shall limit the right of the State to appoint other Fiscal Agents for the issuance of securities or financial instruments including the Bonds.

**Section 9.07 Original Agreements.** The State hereby appoints the Fiscal Agent and the Fiscal Agent accepts the appointment as successor fiscal agent under each of the Original Agreements with respect to the Series of Bonds enumerated in Schedule 4 hereto. Each of the Original Agreements is amended and replaced in its entirety by this Agreement with respect to the Bonds enumerated in Schedule 4. Notwithstanding Section 9.06, the Fiscal Agent shall remain the Fiscal Agent for the Series of Bonds enumerated in Schedule 4 unless this Agreement is terminated by the State under Section 9.12(b).

**Section 9.08 Force Majeure.** The Fiscal Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, transportation or communications service; labor disputes; acts of civil or military authority; governmental actions, or inability to obtain labor, material, equipment or transportation.

**Section 9.09 Entire Agreement.**

(a) This Master Fiscal Agency Agreement consists of the following documents, which are attached and made a part of this Agreement, and together constitute the entire agreement between the parties:

- (i) This Agreement, together with its Schedules.
- (ii) The applicable Supplement and such Supplement's exhibit(s).

(b) This Agreement supersedes any prior understanding, agreements or representations by or between the parties regarding the subject matter hereof, written or oral. Nothing contained herein is intended to affect the rights of any Bondholders with respect to any Bonds outstanding on the date hereof; provided, that if any provision of this Agreement is determined to materially and adversely affect the interests of any such Bondholder, then such provision shall be of no effect with respect to such Bondholders, and the applicable provisions of the Fiscal Agency Agreement with respect to such Bonds, as it existed immediately prior to the execution hereof, shall continue to apply.

**Section 9.10 Governing Law.** This Agreement has been executed and delivered in New York, New York, and is made pursuant to, and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflicts of law. The parties agree that all actions and proceedings arising out of this Agreement or any of the transactions contemplated hereby, shall be brought in the United States District Court for the Southern District of New York or in a New York State court in the County of New York and that in connection with any such action or proceeding, submit to the jurisdiction of and venue in such court. Each of the parties hereto also irrevocably waives all right to trial by jury in any action, proceeding or counter claim arising out of this Agreement or the transactions contemplated hereby. In respect of any proceedings which may be brought under this Agreement, Israel irrevocably agrees not to assert the defense of immunity on the grounds of sovereignty or otherwise from jurisdiction; provided, however, that this waiver of sovereign immunity shall not apply to national security-related assets of the Government of Israel outside of Israel or to diplomatic and consular assets of the Government of Israel.

**Section 9.11 Counterparts.** This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

**Section 9.12 Term and Termination.**

(a) **Term.** The State shall pay the Fiscal Agent all fees and payments provided for in the Fee Letter. This Agreement will have an initial term of five (5) years beginning on the Appointment Date, and will be renewable for two additional terms of five (5) years each at the discretion of the State.

(b) **Termination.** This Agreement may be terminated:

(i) by the State, at any time, by providing the Fiscal Agent with a six (6) months prior written notice;

(ii) by any party, upon a material breach of a representation, covenant or term of this Agreement by any other party, which is not cured within a period not to exceed thirty (30) days after the date of written notice thereof.

(c) **Early Termination.** Notwithstanding anything herein to the contrary, should the State terminate this Agreement prior to the expiration of the Term, for any reason, the State shall pay to the Fiscal Agent (i) the fees and expenses incurred as of the termination date, (ii) conversion costs and expenses incurred by the Fiscal Agent's compliance with Section 6.06, and (iii) a fixed amount mutually agreed by the parties in accordance with the Fee Letter, for each year remaining (pro-rated on a monthly basis for any period less than one year) from the termination date until the end of the Term, to be paid by the State in one (1) payment, upon demand by the Fiscal Agent but only after the full and successful completion of the transition of the Fiscal Agent's services and duties, including conversion and transfer of all records and data, to the successor fiscal agent designated by the State. If the State does not provide notice of early termination within the time period referenced in Section 9.12(b), the Fiscal Agent shall make a good faith effort, but cannot guarantee, to convert the State's records on the date requested by the State. The amount calculable pursuant to clause (iii) of this Section 9.12(c) shall not apply if this Agreement is terminated by the State pursuant to clause (ii) of Section 9.12(b).

**Section 9.13 Assignment.** Neither this Agreement nor any rights or obligations hereunder may be assigned by the State or the Fiscal Agent without the written consent of the other.

**Section 9.14 Successors.** All the covenants and provisions of this Agreement by or for the benefit of the State or the Fiscal Agent shall bind and inure to the benefit of their respective successors and permitted assigns hereunder.

**Section 9.15 Severability.** If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provision, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

**Section 9.16 Third Party Beneficiaries.** The provisions of this Agreement are intended to benefit only Fiscal Agent, the State and their respective permitted successors and assigns. No rights shall be granted to or may be inferred to be granted to any other person by virtue of this Agreement, and there are no third party beneficiaries hereof.

**Section 9.17 Survival.** All provisions regarding indemnification, warranty, liability and limits thereon, and confidentiality and protection of proprietary rights and trade secrets shall survive the termination or expiration of this Agreement.

**Section 9.18 Priorities.** In the event of any conflict, discrepancy, or ambiguity between the terms and conditions contained in this Agreement and any schedules or attachments hereto, the terms and conditions contained in this Agreement shall take precedence.

**Section 9.19 No Strict Construction.** The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

**Section 9.20 Descriptive Headings; Section References.** Descriptive headings contained in this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof. Unless otherwise specified, Section references herein refer to the applicable Section or subsection of this Agreement.

**IN WITNESS WHEREOF**, the State has caused this Agreement to be signed in its behalf by its Accountant General and Senior Deputy Accountant General thereunto duly authorized, and the Fiscal Agent has caused this Agreement to be signed by its duly authorized officers.

Very truly yours,

**STATE OF ISRAEL**

By: /s/ Yali Rothenberg

\_\_\_\_\_  
Name: Yali Rothenberg  
Title: Accountant General

By: /s/ Gil Cohen

\_\_\_\_\_  
Name: Gil Cohen  
Title: Senior Deputy Accountant General

Accepted and agreed as of the date set forth above.

**COMPUTERSHARE INC.  
COMPUTERSHARE TRUST COMPANY, N.A.**

***On Behalf of Both Entities:***

By: /s/ Frank Madonna

\_\_\_\_\_  
Name: Frank Madonna  
Title: President and Chief Executive Officer

**Delegation to Computershare Trust Company of Canada**

By signing below, Computershare Trust Company of Canada agrees that Computershare has delegated the responsibility for opening and holding the External Bank Accounts set forth in this Agreement to Computershare Trust Company of Canada, and that Computershare Trust Company of Canada agrees to such delegation and the assumption of all such responsibilities, in accordance with the terms and conditions of this Agreement. By signing below, the State consents to such delegation to Computershare Trust Company of Canada as set forth in Section 9.04(a) of this Agreement.

**STATE OF ISRAEL**

By: /s/ Yali Rothenberg

Name: Yali Rothenberg  
Title: Accountant General

By: /s/ Gil Cohen

Name: Gil Cohen  
Title: Senior Deputy Accountant General

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: /s/ Toni De Luca

Name: Toni De Luca  
Title: Executive Vice President, Corporate Trust Canada

By: /s/ Alessandra Pansera

Name: Alessandra Pansera  
Title: General Manager, Corporate Trust Canada

**Schedule 1 Services and Technology Requirements**

[\*\*\*]



[illegible]

1234567

**Schedule 3 Required Reports**

[\*\*\*]

**Schedule 4 Outstanding Bonds**

[\*\*\*]

BOND SERIES NAME ISSUE DATE: CCYYMM/DD BASIS POINTS: +X		MATURITY DATE: CCYYMM/DD ACCOUNT NUMBER: C999999999 PAYMENT AMT. AT MATURITY: \$XXXXXX.XX	
 <b>State of Israel Ministry of Finance</b>		 <b>Bonds</b>	
<b>Certificate Number</b> WWW00W0000001			
<b>STATE OF ISRAEL</b>			
THIS CERTIFIES THAT (hereinafter called the "owner")		SEE REVERSE FOR CERTAIN DEFINITIONS	
is the owner of the Principal Sum of		***ZERO ZERO***	
<p><small>State of Israel (hereinafter called the "State"), for value received, hereby promises to pay the owner, on the maturity date, the sum detailed on this certificate, in such coin or currency as at the time of payment is legal tender for the payment thereof of public and private debts. Terms used herein, unless otherwise defined, shall have the meaning given them under the Second Amended and Restated Master Fiscal Agency Agreement, dated May 22, 2024, as amended, further amended and restated or otherwise modified from time to time, between the State and Computershare Inc. and its fully owned subsidiary Computershare Trust Company, N.A., as Fiscal Agent (my Supplement(s) hereto) (the "Fiscal Agency Agreement").</small></p> <p><small>The State also promises to pay interest on the principal sum of the Bond as follows: In the event the date of any payment hereunder, for interest, redemption or maturity, is not a Business Day, payment may be made on the next succeeding Business Day, and no interest shall accrue for the intervening period.</small></p> <p><small>Interest will be computed in accordance with the terms of the Supplement to the Fiscal Agency Agreement relating to these Bonds, as in effect at the time these Bonds were issued.</small></p> <p><small>Reference is hereby made to the further provisions of the Bond set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth in this place.</small></p> <p><small>This Bond shall not become valid or obligatory for any purpose unless and until this Bond has been countersigned by authorization by the Fiscal Agent. No representation shall be implied from such countersignature other than the representation that the Fiscal Agent has not countersigned Bonds in excess of the aggregate principal amount and Bonds delivered in substitution thereof or in replacement thereof as provided in the Fiscal Agency Agreement.</small></p> <p><small>This Bond shall in all respects be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflicts of law.</small></p> <p><small>IN WITNESS WHEREOF, the State of Israel has caused this Bond to be executed with the facsimile signatures, said signatures being duly authorized, and to bear the facsimile Emblem of the State of Israel, as of the Issue Date hereof.</small></p>			
		<b>DATED DD-MM-YYYY</b> COUNTERSIGNED AND REGISTERED: COMPUTERSHARE TRUST COMPANY, N.A. FISCAL AGENT AND REGISTRAR,	
By _____		AUTHORIZED SIGNATURE _____	

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