CANADIAN OFFERING MEMORANDUM DATED AUGUST 1, 2025

This Canadian offering memorandum constitutes an offering of the securities described herein only in those Canadian jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This Canadian offering memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence under applicable securities laws.

CDN$800,000,000
STATE OF ISRAEL
CANADIAN DOLLAR JUBILEE BONDS (NINTH SERIES)
CANADIAN DOLLAR SAVINGS BONDS (NINTH SERIES)

Summary Terms of Bonds

This is an offering by the State of Israel of an aggregate amount of CDN$800,000,000 of State of Israel Canadian Dollar Savings Bonds (Ninth Series) (the "Savings Series bonds") and State of Israel Canadian Dollar Jubilee Fixed Rate Bonds (Ninth Series) (the "Jubilee Fixed Rate Series bonds", and collectively with the Savings Series bonds, the "bonds"). The State of Israel pledges its full faith and credit for the due and punctual payment of principal and accrued interest, as well as for the due and timely performance of all of its obligations with respect to the bonds.

Maturity

We are offering Jubilee Fixed Rate Series bonds of six maturity periods: one (1), two (2), three (3), five (5), ten (10) and fifteen (15) years; and Savings Series bonds of five maturity periods: one (1), two (2), three (3), five (5) and ten (10) years. Your bond will mature on the first calendar day of the month during which the first, second, third, fifth, tenth or fifteenth anniversary, as the case may be, of the Issue Date of your bond occurs.

Denominations

You may buy each 1-Year, 2-Year, 3-Year, 5-Year and 10-Year Canadian Dollar Savings Bond in a minimum denomination of CDN$2,500 (and integral multiples of CDN$500 in excess of CDN$2,500). You may buy each 1-Year Canadian Dollar Sabra Savings Bond in a minimum denomination of CDN$5,000 (and integral multiples of CDN$500 in excess of CDN$5,000). The maximum amount of 1-Year Canadian Dollar Sabra Savings Bonds that may be purchased by any

person to be issued on any Issue Date is CDN$1,000,000. You may buy each 2-Year, 3-Year, 5-Year and 10-Year Canadian Dollar Sabra Savings Bond in a minimum denomination of CDN$1,000 (and integral multiples of CDN$100 in excess of CDN$1,000). You may also buy each 5-Year and 10-Year Canadian Dollar Mazel Tov Savings Bond in a minimum denomination of CDN$100 (and integral multiples of CDN$1 in excess of CDN$100). The maximum amount of Canadian Dollar Mazel Tov Savings Bonds that may be purchased by any person to be issued on any Issue Date (which, in the case of Canadian Dollar Mazel Tov Savings Bonds, is the 1st of each month), registered in the name of any one holder, is CDN$2,500. You may also buy each 5-Year and 10-Year Canadian Dollar eMazel Tov Savings Bond in a minimum denomination of CDN$36 and integral multiples of CDN$1 in excess of CDN$36. The maximum amount of Canadian Dollar eMazel Tov Savings Bonds that may be purchased by any person on any purchase date, registered in the name of any one holder, is CDN$4,999. You may also buy 1-Year and 2-Year Canadian Dollar Shalom Savings Bonds in a minimum denomination of CDN$100 and integral multiples of CDN$1 in excess of CDN$100. The maximum amount of Canadian Dollar Shalom Savings Bonds that may be purchased by any person on any purchase date (which, in the case of the Canadian Dollar Shalom Saving Bonds, is the 1st of each month) registered in the name of any one holder, is CDN$5,000,000. You may also buy 1-Year and 2-Year Canadian Dollar eShalom Savings Bonds in a minimum denomination of CDN$36 and integral multiples of CDN$1 in excess of CDN$36. The maximum amount of Canadian Dollar eShalom Savings Bonds that may be purchased by any person on any purchase date (which, in the case of the Canadian Dollar eShalom Saving Bonds, is the 1st of each month) registered in the name of any one holder, is CDN$5,000,000.

Canadian Dollar Shalom Savings Bonds and Canadian Dollar eShalom Savings Bonds can only be issued to a permitted holder (as discussed in more detail under "Description of the Bonds — Limitation on Purchases). The purchase of Canadian Dollar eMazel Tov Savings Bonds and Canadian Dollar eShalom Savings Bonds is limited to Canadian residents. The purchase of Canadian Dollar eMazel Tov Savings Bonds, Canadian Dollar Shalom Savings Bonds and Canadian Dollar eShalom Saving Bonds is only available, along with U.S. dollar eMazel Tov Savings Bonds, U.S. dollar Shalom Savings Bonds and U.S. dollar eShalom Savings Bonds, on-line through the website of Canada-Israel Securities, Limited (http://www.israelbonds.ca).

You may buy each 1-Year, 2-Year, 3-Year, 5-Year, 10-Year and 15-Year Canadian Dollar Jubilee Bond in a minimum denomination of CDN$25,000 (and integral multiples of CDN$5,000 in excess of CDN$25,000). In addition, if you have purchased a minimum of CDN$25,000 of bonds of a certain maturity period in a single purchase that were issued during the twelve (12) month period immediately preceding the additional purchase, you may purchase such additional bonds of the same maturity period in denominations of CDN$5,000 (or integral multiples of CDN$5,000). Additional bonds must be registered in the same name as the bonds satisfying the minimum purchase requirement. For the avoidance of doubt, if you purchased bonds of the previous series

(i.e., the Eighth Series) that meet the foregoing minimum purchase and time requirements, you may purchase additional bonds of the current series (i.e., the Ninth Series offered hereby) subject to the same restrictions. Additional bonds must be registered in the same name as the bonds satisfying the minimum purchase requirement.

You may buy each 1-Year, 2-Year, 3-Year, 5-Year, 10-Year and 15-Year Canadian Dollar Maccabee Jubilee Bond in a minimum denomination of CDN$5,000 (and integral multiples of CDN$500 in excess of CDN$5,000). In addition, if you have purchased a minimum of CDN$5,000 of bonds of a certain maturity period in a single purchase that were issued during the twelve (12) month period immediately preceding the additional purchase, you may purchase such additional bonds of the same maturity period in denominations of CDN$500 (or integral multiples of CDN$500). You may buy each 1-Year, 2-Year, 3-Year, 5-Year, 10-Year and 15-Year Canadian Dollar Premium Jubilee Bond in a minimum denomination of CDN$500,000 (and integral multiples of CDN$25,000 in excess of CDN$500,000). In addition, if you have purchased a minimum of CDN$500,000 of bonds of a certain maturity period in a single purchase that were issued during the twelve (12) month period immediately preceding the additional purchase, you may purchase such additional bonds of the same maturity period in denominations of CDN$50,000 (or integral multiples of CDN$25,000 in excess of CDN$50,000). For the avoidance of doubt, if you purchased bonds of the previous series (i.e., the Eighth Series) that meet the foregoing minimum purchase and time requirements, you may purchase additional bonds of the current series (i.e., the Ninth Series offered hereby) subject to the same restrictions. Additional bonds must be registered in the same name as the bonds satisfying the minimum purchase requirement.

We may specify a lower multiple in excess of the minimum denomination for each of Canadian Dollar Savings Bonds, Canadian Dollar Sabra Savings Bonds, Canadian Dollar Mazel Tov Savings Bonds, Canadian Dollar eMazel Tov Savings Bonds, Canadian Dollar Shalom Savings Bonds, Canadian Dollar eShalom Savings Bonds, Canadian Dollar Jubilee Bonds, Canadian Dollar Maccabee Jubilee Bonds and Canadian Dollar Premium Jubilee Bonds in the relevant rate sheet for an issue of bonds.

Issue Dates

Canadian Dollar Savings Bonds. Canadian Dollar Sabra Savings Bonds, Canadian Dollar Jubilee Bonds, Canadian Dollar Maccabee Jubilee Bonds and Canadian Dollar Premium Jubilee Bonds will be issued on the 1st and the 15th of each month; Canadian Dollar Mazel Tov Savings Bonds, Canadian Dollar eMazel Tov Savings Bonds, Canadian Dollar Shalom Savings Bonds and Canadian Dollar eShalom Savings Bonds will be issued on the 1st of each month (in each case, an "Issue Date"). To purchase a bond of a specific Issue Date, your subscription must be accepted by or on behalf of the State of Israel before such Issue Date (or before such other date as may be announced). However, if you are reinvesting a matured State of Israel bond, in order for your new

bond to be issued on the maturity date of your reinvested bond, your subscription must be accepted by or on behalf of the State of Israel within five (5) calendar days after the maturity date of your reinvested bond (or, if such date falls on a non-Business Day, the first Business Day after such date).

Interest

The bonds will accrue interest from (and including) the Issue Date until (but not including) the maturity date, at a fixed annual rate. Except in the cases described in this offering memorandum, interest on the Jubilee Fixed Rate Series bonds will be paid every May 1 and November 1, and upon maturity. Interest on the Savings Series bonds will be compounded annually and will not be paid until maturity. *The bonds will not earn or accrue interest after maturity.*

Limitations on Transfer

The transferability of the bonds is restricted as described in detail in this offering memorandum.

Book-Entry

The State of Israel is issuing the bonds in book-entry form. Certificates may be issued to government agencies, pension funds, financial institutions and Employee Benefit Plans that so request at the time of purchase. Certificates will not be issued for Canadian Dollar eMazel Tov Savings Bonds and Canadian Dollar eShalom Savings Bonds.

See the section entitled "Risk Factors" in the accompanying offering memorandum for a discussion of certain factors you should consider before investing in the bonds.

This offering may have a special appeal to persons with an interest in the State of Israel rather than the general public. The bonds offered hereby are considered a separate and distinct class of securities, for all purposes, from any other State of Israel debt instruments, whether denominated in Canadian dollars or otherwise. The State of Israel may have issues of debt instruments outstanding which may, on any given day, provide a greater yield to maturity than the bonds being offered by this offering memorandum.

The bonds are being offered on a best-efforts basis, and the amount of proceeds from the offering will depend upon the principal amount of bonds sold.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THESE SECURITIES ARE ISSUABLE TO INDIVIDUALS AND ENTITIES ONLY WITHIN CANADA.

Sales Agent:

CANADA-ISRAEL SECURITIES, LIMITED

1120 FINCH AVENUE WEST, SUITE 801, TORONTO, ONTARIO, M3J 3H7

DESCRIPTION OF THE BONDS

We are issuing the bonds under the Second Amended and Restated Master Fiscal Agency Agreement, dated as of May 22, 2024 (as amended, further amended and restated or otherwise modified from time to time, the "Fiscal Agency Agreement") between the State of Israel (also referred to in this offering memorandum as the "State" or "Israel") and Computershare Trust Company of Canada, as fiscal agent (the "Fiscal Agent").

This section of the offering memorandum is a summary of the material provisions of the bonds and the Fiscal Agency Agreement. Because it is only a summary, the description may not contain all of the information that is important to you as a potential investor in the bonds. Therefore, the State of Israel urges you to read the Fiscal Agency Agreement and the form of bond in making your decision on whether to invest in the bonds.

Whenever used in this offering memorandum, a "Business Day" shall mean any banking day in Toronto, Ontario.

The State of Israel is offering CDN$800,000,000 aggregate principal amount of Canadian Dollar Savings Bonds (Ninth Series) and Canadian Dollar Jubilee Fixed Rate Bonds (Ninth Series).

The State is offering eighteen series of Canadian Dollar Savings Bonds: 1-Year Canadian Dollar Savings Bonds, 2-Year Canadian Dollar Savings Bonds, 3-Year Canadian Dollar Savings Bonds, 5-Year Canadian Dollar Savings Bonds and 10-Year Canadian Dollar Savings Bonds; 1-Year Canadian Dollar Sabra Savings Bonds, 2-Year Canadian Dollar Sabra Savings Bonds, 3-Year Canadian Dollar Sabra Savings Bonds, 5-Year Canadian Dollar Sabra Savings Bonds and 10-Year Canadian Dollar Sabra Savings Bonds; 5-Year Canadian Dollar Mazel Tov Savings Bonds and 10-Year Canadian Dollar Mazel Tov Savings Bonds; 5-Year Canadian Dollar eMazel Tov Savings Bonds and 10-Year Canadian Dollar eMazel Tov Savings Bonds; 1-Year Canadian Dollar Shalom Savings Bonds and 2-Year Canadian Dollar Shalom Savings Bonds; 1-Year Canadian Dollar eShalom Savings Bonds and 2-Year Canadian Dollar eShalom Savings Bonds;

The State is offering eighteen series of Canadian Dollar Jubilee Fixed Rate Bonds: 1-Year Canadian Dollar Jubilee Bonds, 2-Year Canadian Dollar Jubilee Bonds, 3-Year Canadian Dollar Jubilee Bonds, 5-Year Canadian Dollar Jubilee Bonds, 10-Year Canadian Dollar Jubilee Bonds and 15-Year Canadian Dollar Jubilee Bonds; 1-Year Canadian Dollar Maccabee Jubilee Bonds, 2-Year Canadian Dollar Maccabee Jubilee Bonds, 3-Year Canadian Dollar Maccabee Jubilee Bonds, 5-Year Canadian Dollar Maccabee Jubilee Bonds, 10-Year Canadian Dollar Maccabee Jubilee Bonds and 15-Year Canadian Dollar Maccabee Jubilee Bonds; and 1-Year Canadian Dollar Premium Jubilee Bonds, 2-Year Canadian Dollar Premium Jubilee Bonds, 3-Year Canadian Dollar

Premium Jubilee Bonds, 5-Year Canadian Dollar Premium Jubilee Bonds, 10-Year Canadian Dollar Premium Jubilee Bonds and 15-Year Canadian Dollar Premium Jubilee Bonds.

The bonds are direct, unconditional and general obligations of the State of Israel. The State of Israel pledges its full faith and credit for the due and punctual payment of principal and accrued interest, as well as for the due and timely performance of all of its obligations with respect to the bonds. The terms of the bonds are as follows:

Denominations.

The State of Israel will issue the 1-Year, 2-Year, 3-Year, 5-Year and 10-Year Canadian Dollar Savings Bonds in a minimum denomination of CDN$2,500 (and integral multiples of CDN$500 in excess of CDN$2,500).

The State of Israel will issue the 1-Year Canadian Dollar Sabra Savings Bonds in a minimum denomination of CDN$5,000 (and integral multiples of CDN$500 in excess of CDN$5,000). The maximum amount of 1-Year Canadian Dollar Sabra Savings Bonds that may be purchased by any person to be issued on any Issue Date is CDN$1,000,000.

The State of Israel will issue the 2-Year, 3-Year, 5-Year and 10-Year Canadian Dollar Sabra Savings Bonds in a minimum denomination of CDN$1,000 (and integral multiples of CDN$100 in excess of CDN$1,000).

The State of Israel will issue the 5-Year and 10-Year Canadian Dollar Mazel Tov Savings Bonds in a minimum denomination of CDN$100 (and integral multiples of CDN$1 in excess of CDN$100). The maximum amount of Canadian Dollar Mazel Tov Savings Bonds that may be purchased by any person to be issued on any Issue Date, registered in the name of any one holder, is CDN$2,500.

The State of Israel will issue the 5-Year and 10-Year Canadian Dollar eMazel Tov Savings Bonds in a minimum denomination of CDN$36 (and integral multiples of CDN$1 in excess of CDN$36). The maximum amount of Canadian Dollar eMazel Tov Savings Bonds that may be purchased by any person to be issued on any Issue Date, registered in the name of any one holder, is CDN$4,999.

The State of Israel will issue the 1-Year and 2-Year Canadian Dollar Shalom Savings Bonds in a minimum denomination of CDN$100 (and integral multiples of CDN$1 in excess of CDN$100). The maximum amount of Canadian Dollar Shalom Savings Bonds that may be purchased by any person to be issued on any Issue Date, registered in the name of any one holder, is CDN$5,000,000.

The State of Israel will issue the 1-Year and 2-Year Canadian Dollar eShalom Savings Bonds in a minimum denomination of CDN$36 (and integral multiples of CDN$1 in excess of CDN$36). The maximum amount of Canadian Dollar Shalom Savings Bonds that may be purchased by any person to be issued on any Issue Date, registered in the name of any one holder, is CDN$5,000,000.

The State of Israel will issue the 1-Year, 2-Year, 3-Year, 5-Year, 10-Year and 15-Year Canadian Dollar Jubilee Bonds in a minimum denomination of CDN$25,000 (and integral multiples of CDN$5,000 in excess of CDN$25,000). In addition, after you have purchased a minimum of CDN$25,000 of bonds of a certain maturity period in a single purchase, then during the twelve (12) month period immediately following you may purchase such additional bonds of the same maturity period in denominations of CDN$5,000 (or integral multiples of CDN$5,000) at the interest rate in effect at the time of each such additional purchase. Additional bonds must be registered in the same name as the bonds satisfying the minimum purchase requirement.

The State of Israel will issue the 1-Year, 2-Year, 3-Year, 5-Year, 10-Year and 15-Year Canadian Dollar Maccabee Jubilee Bonds in a minimum denomination of CDN$5,000 (and integral multiples of CDN$500 in excess of CDN$5,000). In addition, after you have purchased a minimum of CDN$5,000 of bonds of a certain maturity period in a single purchase, then during the twelve (12) month period immediately following you may purchase such additional bonds of the same maturity period in denominations of CDN$500 (or integral multiples of CDN$500) at the interest rate in effect at the time of each such additional purchase. Additional bonds must be registered in the same name as the bonds satisfying the minimum purchase requirement.

The State of Israel will issue the 1-Year, 2-Year, 3-Year, 5-Year, 10-Year and 15-Year Canadian Dollar Premium Jubilee Bonds in a minimum denomination of CDN$500,000 (and integral multiples of CDN$25,000 in excess of CDN$500,000). In addition, after you have purchased a minimum of CDN$500,000 of bonds of a certain maturity period in a single purchase, then during the twelve (12) month period immediately following you may purchase such additional bonds of the same maturity period in denominations of CDN$50,000 (or integral multiples of CDN$25,000 in excess of $50,000) at the interest rate in effect at the time of each such additional purchase. Additional bonds must be registered in the same name as the bonds satisfying the minimum purchase requirement.

We may specify a lower multiple in excess of the minimum denomination for each of Canadian Dollar Savings Bonds, Canadian Dollar Sabra Savings Bonds, Canadian Dollar Mazel Tov Savings Bonds, Canadian Dollar eMazel Tov Savings Bonds, Canadian Dollar Shalom Savings Bonds, Canadian Dollar eShalom Savings Bonds, Canadian Dollar Jubilee Bonds, Canadian Dollar Maccabee Jubilee Bonds and Canadian Dollar Premium Jubilee Bonds in the relevant rate sheet for an issue of bonds.

Issue Dates and Sales Periods.

The Canadian Dollar Savings Bonds, Canadian Dollar Sabra Savings Bonds, Canadian Dollar Jubilee Bonds, Canadian Dollar Maccabee Jubilee Bonds and Canadian Dollar Premium Jubilee Bonds will be issued on the 1st and the 15th of each month (with respect to such bonds, each an "Issue Date"). For these bonds there will be two (2) sales periods per month: bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month, and bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

The Canadian Dollar Mazel Tov Savings Bonds, Canadian Dollar eMazel Tov Savings Bonds, Canadian Dollar Shalom Savings Bonds and Canadian Dollar eShalom Savings Bonds will be issued on the 1st of each month (with respect to such bonds, each an "Issue Date"). For these bonds, there will be one (1) sales period per month: from the 1st of the month preceding the Issue Date through the last day of that month.

With respect to all bonds, in order to purchase a bond of a specific Issue Date, your subscription must be accepted by or on behalf of the State of Israel before such Issue Date (or before such other date as may be announced). If your subscription is accepted by or on behalf of the State on or after an Issue Date (or such other date), your bond will be issued on a subsequent Issue Date. However, if you are reinvesting a matured State of Israel bond, in order for your new bond to be issued on the maturity date of your reinvested bond, your subscription must be accepted by or on behalf of the State within five (5) calendar days after the maturity date of your reinvested bond (or, if such date falls on a non-Business Day, the first Business Day after such date). Unless sales of a certain bond are suspended, 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 Canada-Israel Securities, Limited on behalf of the Fiscal Agent.

Maturity. Your bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th), tenth (10th) or fifteenth (15th) anniversary, as the case may be, of the Issue Date of your bond occurs. For example, a 3-Year Canadian Dollar Savings Bond issued on September 15, 2026 will mature on September 1, 2029. If your Issue Date is the 15th of the month, your bond will mature two weeks earlier than the total number of years of the bond.

Interest Rate and Interest Determination Date. The interest rate is a fixed annual rate determined by the State of Israel and specified on the book-entry statement or bond certificate. The interest rate applicable to a certain bond will be announced one (1) Business Day prior to the first day of the sales period of such bond. For example, the interest rate on a 1-Year Canadian Dollar Jubilee Bond issued on Monday, September 1, 2025 will be announced one (1) Business

Day prior to August 15, 2025, i.e., on Thursday, August 14, 2025 (or, if such date were a legal holiday in Israel, on Wednesday, August 13, 2025).

Interest and Maturity Payment.

Interest will accrue from (and including) the Issue Date of the bonds until (but not including) the maturity date. *Bonds do not earn or accrue interest after maturity.*

For the Canadian Dollar Jubilee Bonds, Canadian Dollar Maccabee Jubilee Bonds and Canadian Dollar Premium Jubilee Bonds, the State of Israel will pay interest in Canadian currency semi-annually on May 1 and November 1 (each, an "Interest Payment Date") and upon maturity, except that for those bonds issued on April 15 and October 15 of each year, the first interest payment will be made on the second Interest Payment Date following their respective Issue Dates. If any Interest Payment Date is not a Business Day, the State will pay interest that has accrued until (but not including) either May 1 or November 1, as the case may be, on the next Business Day, but interest that accrues from either May 1 or November 1, as the case may be, until (but not including) the date on which the interest is paid, will be paid on the next Interest Payment Date. When these bonds mature, the face amount of the bonds will be paid in Canadian currency.

For the Canadian Dollar Savings Bonds, Canadian Dollar Sabra Savings Bonds, the Canadian Dollar Mazel Tov Savings Bonds, the Canadian Dollar eMazel Tov Savings Bonds, the Canadian Dollar Shalom Savings Bonds and the Canadian Dollar eShalom Savings Bonds, the interest will be compounded annually and will not be paid until maturity, at which time the aggregate amount of principal and accrued interest on these bonds will be paid in Canadian currency.

The State will calculate interest for each of the above periods as a percentage of the annual percentage rate based on a 365-day year and the actual number of days elapsed. Interest and maturity payments will be made in Canadian currency by mailing a cheque to the last address of the registered owner as listed in the bond register or by a wire transfer to the bank account of the registered bondholder.

Limitation on Purchases.

The purchase of Canadian Dollar eMazel Tov Savings Bonds and Canadian Dollar eShalom Savings Bonds is only available, along with U.S. dollar eMazel Tov, Mitzvah Savings Bonds and U.S. dollar eShalom Savings Bonds, on-line through the website of Canada-Israel Securities, Limited (*http://www.israelbonds.ca*).

The purchase of Canadian Dollar Shalom Savings Bonds and Canadian Dollar eShalom Savings Bonds is permitted only if the Canadian Dollar Shalom Savings Bonds and the Canadian

Dollar eShalom Savings Bonds purchased are issued to a permitted holder. Permitted holders of Canadian Dollar Shalom Savings Bonds and Canadian Dollar eShalom Savings Bonds are limited to any religious, charitable, literary, scientific or educational organizations, contributions to which, at the time of the transfer, give rise to a deduction or credit against income tax payable pursuant to the Income Tax Act (Canada), as amended (or are accorded similar treatment under the laws of the country in which the transferee is located), provided that the purchase of the Canadian Dollar Shalom Savings Bonds or the Canadian Dollar eShalom Savings Bonds to be issued to such entity is without any compensation to the purchaser. For the avoidance of doubt, no governmental entities (sovereign, state or local), no individuals and no individual or personal trusts qualify as permitted holders of Canadian Dollar Shalom Savings Bonds or Canadian Dollar eShalom Savings Bonds.

The State has the right to decline to issue Canadian Dollar Shalom Savings Bonds and Canadian Dollar eShalom Savings Bonds to an entity that the State does not deem to be a permitted holder.

Right to Suspend or Terminate Sales. The State of Israel reserves the right to suspend or terminate new sales of any series of bonds at any time, for any period of time and for any reason, including without limitation, for reasons relating to market conditions. Any subscription received in respect of a series of bonds for which sales have been suspended will be returned to the subscriber.

Limited Transferability. You may not transfer or assign the bonds, except as described herein or with the prior written consent of the State of Israel. Subject to applicable securities laws, you may transfer the bonds to the following permitted transferees under the circumstances described below, provided that each such transferee of the bonds must hold at least the minimum purchase requirement (see "Denominations" above) with respect to such bonds, as applicable:

- The State of Israel. If you donate your bond to the State of Israel, the bond (and any bond payments to which you might be entitled) will be canceled and the debt represented by the bond and/or cheque will be deemed forgiven;

- Any religious, charitable, literary, scientific or educational organization, contributions to which, at the time of the transfer, give rise to a deduction or credit against income tax payable pursuant to the *Income Tax Act* (Canada), as amended (or are accorded similar treatment under the laws of the country in which the transferee is located), provided that a transfer to such entity is made by gift or bequest without any compensation to the transferor;

- The owner's spouse, children, grandchildren, siblings, parents or grandparents;

- A Pension Plan or an Employee Benefit Plan that owns a bond may transfer or assign the bond at any time to another Pension Plan or Employee Benefit Plan, provided that the aggregate denomination of the bonds that are subject to any transfer is not less than CDN$500,000. In this offering memorandum, "Pension Plan" refers to a pension plan, which is governed by or registered under one of the following statutes:

  Pension Benefits Standards Act, 1985 (Canada)
  Pension Benefits Standards Act (British Columbia)
  The Pension Benefits Act (Manitoba)
  The Pension Benefits Act (New Brunswick)
  Pension Benefits Act (Newfoundland)
  Pension Benefits Act (Nova Scotia)
  Pension Benefits Act (Ontario)
  Pension Benefits Act (Prince Edward Island)
  Employment Pension Plans Act (Alberta)
  Supplemental Pension Plans Act (Quebec)

  In this offering memorandum, "Employee Benefit Plan" means any "employee benefit plan", "employee trust", "retirement compensation arrangement" or "registered pension plan", all as defined in the *Income Tax Act* (Canada), as heretofore or hereafter amended, or the regulations thereunder, or any comparable legislation then in effect at the time of determination, and any Union Plan, 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. A "Union Plan" means any treasury, strike or other fund established or maintained by an employee organization.

- Upon the death of the bondholder, to any person in accordance with such bondholder's testamentary disposition and/or applicable laws of descent and distribution; or

- Anyone designated by a written direction signed in the name of the State of Israel as a permissible transferee.

Due to the limited transferability of the bonds and the limited circumstances under which the State of Israel will purchase the bonds (see "Early Redemption" below), bondholders may not be able to readily liquidate their investment prior to maturity.

Event of Default. If the State of Israel defaults on the payment of interest or principal with respect to a particular bond:

- Any amount of interest or principal in default will accrue interest at the interest rate applicable to such bond on the date of such default until such default is cured; and

- If any default continues for a period of ninety (90) calendar days, the principal amount of the bond will, at the option of, and upon written demand to the State by, the registered owner(s) of the bond, mature and become due and payable, together with accrued and unpaid interest, upon the date that such written demand is actually received by the State, unless prior to such date the State cured all defaults in respect of the bonds.

Early Redemption. The bonds are subject to early redemption and repurchase by the State as described under this heading. Whether the bonds are redeemed at the option of the State, or repurchased by the State at the request of the bondholder or on such other terms and conditions as the State may determine, the State will redeem or repurchase bonds for a purchase price equal to the principal amount of the bond together with interest accrued to the redemption or repurchase date. If the redemption or repurchase price is not paid upon the surrender of any bond, then such bonds will continue to accrue interest at the rate prescribed for such bonds through the maturity of the bond.

Repurchase by the State at the Request of a Bondholder. A bond may be repurchased by the State prior to its maturity, but only on the first Business Day of a given month, within sixty (60) days following the State's receipt of a bondholder's written request accompanied by an instrument of transfer in a form approved by the Fiscal Agent, under the following four scenarios, as applicable:

- Upon the death of any natural person who was the original registered owner of the bond ("Original Owner") or, in the event there is more than one Original Owner, upon the death of the last surviving Original Owner; provided that such obligation of the State to repurchase upon death shall cease and terminate and shall not apply when the bond is owned by a transferee or assignee.

- Upon the death of the Original Owner or, in the event there is more than one Original Owner, upon the death of the last surviving Original Owner, where such Original Owner(s) contributed the bond to a trust of which the Original Owner(s) is (are) the sole beneficiary(ies); provided that such obligation of the State to repurchase upon death shall cease and terminate and shall not apply when the bond is owned by a transferee or assignee.

- Upon the death of any natural person (or the dissolution of a testamentary trust following the death of such person) who owned such bond through a Registered Retirement Savings Plan (as defined in the *Income Tax Act* (Canada), as amended).

- Upon the termination of any Employee Benefit Plan which owned such bond. In order to redeem a bond upon the termination of an Employee Benefit Plan that is the owner of the bond, sufficient evidence must be provided to the State that such Employee Benefit Plan has been terminated and that the assets must be liquidated to meet the Plan's commitments.

The first three scenarios described above are subject to the caveat that the State may suspend or terminate its obligation to purchase such bond if, in the opinion of the State, a material number of the affected original registered owners have died as a result of war, epidemic, catastrophe of nature or other disaster.

Redemption at the Option of the State. The bonds are subject to redemption at any time by the State. The bonds of this series are redeemable as a whole or in part. If the bonds are redeemed in part, selection of the bonds will be at the State's discretion; however, the bonds will be redeemed in groups, such that each group of bonds will consist of all bonds of this series that bear the same Issue Date (each, a "tranche"). In addition, no bonds of a particular tranche will be redeemed at the option of the State unless bonds of tranches with prior Issue Dates are or have been called for redemption. For purposes of such redemption, the bonds will be called in accordance with the provisions of the Fiscal Agency Agreement, and there will be no aggregation of different series or other debt instruments of the State. (For the avoidance of doubt, there will be no aggregation irrespective of any similarity in name, maturity, currency, denomination, integral terms and/or Issue Date between the bonds offered hereby and any different series or other debt instruments of the State.) A notice of redemption will be mailed to all bondholders by the Fiscal Agent between thirty (30) and sixty (60) days prior to the redemption date. The notice will set forth:

- The redemption date;
- Whether all bonds or a group of bonds are to be redeemed;
- In the case of a redemption of a group of bonds, a description of the group of bonds that are to be redeemed;
- The redemption price;
- That on the redemption date no owner of bonds called for redemption is entitled to more than the redemption price, and that the redemption price is due and payable on the redemption date; and
- The place where the bonds are to be redeemed.

The State will not be required to issue or register the transfer or exchange of any bond during the period beginning with the fifteenth (15th) Business Day prior to the date of the mailing of a notice of redemption through the end of the date of the mailing. The State will also not be required to register the transfer or exchange of any bond selected for redemption in whole or in part, except for the unredeemed portion of the bonds being redeemed in part.

Repurchase by the State Under Other Terms and Conditions. In addition to a redemption or repurchase of the bonds as described above (see "Repurchase by the State at the Request of Bondholder" and "Redemption at the Option of the State"), the State reserves the right to repurchase the bonds in whole or in part, at any time, at such terms and under such conditions as may be determined by the State. Bonds so repurchased shall be purchased from bondholders willing to sell such bonds on the terms and conditions determined by the State in respect of such repurchase. Repurchased bonds may be held or resold by the State or surrendered to the Fiscal Agent for cancellation in accordance with the Fiscal Agency Agreement.

Bond Certificate. The State of Israel is issuing the bonds in book-entry form. Therefore, bond certificates will not be issued (except in the limited circumstances described below in this paragraph, but no certificates will be issued for Canadian Dollar eMazel Tov Savings Bonds and Canadian Dollar eShalom Savings Bonds). Instead, the Fiscal Agent will mail to the purchaser and owner of each bond a confirmation that the owner has been listed in the bond register as the registered owner of the bond along with other pertinent information. Certificates for Canadian Dollar Savings Bonds, Canadian Dollar Sabra Savings Bonds, Canadian Dollar Mazel Tov Savings Bonds, Canadian Dollar Shalom Savings Bonds, Canadian Dollar Jubilee Bonds, Canadian Dollar Maccabee Jubilee Bonds and Canadian Dollar Premium Jubilee Bonds will be issued only to government agencies, pension funds, financial institutions and Employee Benefit Plans (as defined under "Limited Transferability" above) that so request at the time of purchase (but certificates will not be issuable for Canadian Dollar eMazel Tov Savings Bonds and Canadian Dollar eShalom Savings Bonds). The State of Israel will forward all notices relating to the bonds to the registered owner(s). A holder may transfer a bond, if permitted under the terms of this offering memorandum, by notifying the Fiscal Agent in writing of the transfer request along with appropriate transfer documents and any fee and expenses, paid by the transferor, required by the Fiscal Agent. The transferor must also pay the State of Israel for any of its expenses in connection with the transfer. The Fiscal Agent will then record the transfer in the bond register. The State of Israel will only repurchase bonds upon presentation of appropriate transfer documents (and the bond certificate if one was issued) to the Fiscal Agent. Upon maturity of a book-entry bond or redemption of a book-entry bond, the Fiscal Agent will automatically pay the principal amount and accrued interest on the book-entry bond to the registered owner by mailing a cheque to the last address of the registered owner as listed in the bond register or, if written instructions are given by the registered owner, by automatic clearing house funds to the bank and bank account specified by the registered owner. Bond certificate holders must present the physical certificate to the Fiscal Agent to receive payment. A bond holder will bear all expenses in connection with the replacement and delivery of a new bond. The State of Israel will issue a new bond certificate to a bond holder for no cost, in the event the holder notifies the Fiscal Agent in writing that the bond certificate was never delivered, no later than six (6) months following the original Issue Date of the bond.

The foregoing description of the material terms of the bonds is qualified by reference to the full terms of the bonds and to the Fiscal Agency Agreement, the forms of which may be obtained from the Fiscal Agent upon request.

RISK FACTORS

You should read this offering memorandum carefully. Words and expressions defined elsewhere in this offering memorandum have the same meaning in this section. Investing in the bonds involves certain risks. Israel may become unable to pay interest, principal or other amounts on or in connection with the bonds for any number of reasons. Factors which Israel currently views as material for assessing the risks of investing in the bonds are described below. However, additional risks that are not currently known to Israel, or that it currently deems immaterial, may arise or become material and, accordingly, Israel does not represent that the statements below regarding the risks of investing in the bonds are exhaustive. The materialization of any such known or unknown risks could, individually or cumulatively, have a material adverse effect on Israel's ability to make payments on the bonds, in which case you could lose all or part of your investment. You should consider carefully whether an investment in the bonds is suitable for you in light of your personal circumstances. You should make your own inquiries as you deem necessary without relying on the State of Israel or Canada-Israel Securities, Limited and should consult with your financial, tax, legal, accounting and other advisors, prior to deciding whether to make an investment in the bonds. You should consider, among other things, the following:

Risks related to the bonds

The bonds may not be a suitable investment for all investors.

In considering whether to invest in the bonds you should:

i. have sufficient knowledge and experience to make a meaningful evaluation of the bonds and the merits and risks of investing in the bonds;

ii. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in the bonds and the impact the bonds will have on your overall investment portfolio;

iii. have sufficient financial resources and liquidity to bear all of the risks of an investment in the bonds, including where the currency for principal or interest payments is different from your currency;

iv. understand thoroughly the terms of the bonds and be familiar with the behaviour of any relevant indices and financial markets; and

v. be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

There is no secondary trading market for the bonds and transferability is limited.

Except under certain limited circumstances provided in the applicable offering memorandum, the bonds may not be transferred, sold or pledged. As a result, no secondary market can develop for the bonds and they will not be traded on an established securities market (or the substantial equivalent thereof).

There can be no assurance that the laws of the Province of Ontario and applicable Canadian federal laws in effect as of the date of this offering memorandum will not be modified.

The conditions of the bonds are based on the laws of the Province of Ontario and applicable Canadian federal laws in effect as of the date of this offering memorandum. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Ontario and applicable Canadian federal laws or administrative practice after the date of this offering memorandum.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. You should consult your legal advisors to determine whether and to what extent (i) the bonds are legally permissible investments for you, (ii) the bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to your purchase or pledge of any bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the bonds under any applicable risk-based capital or similar rules.

Investors in the bonds may be subject to interest rate risks.

Investment in fixed rate bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate bonds.

The bonds are unsecured.

The bonds constitute unsecured obligations of the State of Israel. This means that bondholders will not have recourse to any security or other assets of the State of Israel should the State default on its payment obligations in respect of the bonds.

The bonds are subject to optional redemption or repurchase by the State of Israel.

The State of Israel may redeem or repurchase the bonds in whole or in part, at any time or from time to time, prior to their scheduled maturity dates. For example, the State may choose to redeem or repurchase the bonds when its cost of borrowing is lower than the interest rate on the

bonds. Upon such redemption or repurchase, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the bonds being redeemed and might only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Principal and interest payments will be made in Canadian dollars and will be subject to exchange rate risks and exchange controls affecting investors whose principal currency is not Canadian dollars.

The State of Israel will pay principal and interest on the bonds in Canadian dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than Canadian dollars ("Investor's Currency"). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Canadian dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Canadian dollar would decrease (1) the Investor's Currency-equivalent yield on the bonds and (2) the Investor's Currency-equivalent value of the principal payable on the bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risks related to the State of Israel and the geopolitical and economic environment

The war in Gaza has had and may continue to have an adverse effect on the Israeli economy, foreign relations and Israel's sovereign credit ratings.

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. In the fourth quarter of 2023, GDP contracted by 20.9% (annual rate, seasonally adjusted). Public consumption increased quarter-on-quarter in the fourth quarter of 2023, somewhat mitigating the war's negative effects on growth, and by the third quarter of 2024 public consumption (annual rate, seasonally adjusted quarter-on-quarter) had increased to a higher level than prior to the war.

Public expenditure rose significantly as war costs increased security expenditure. Additionally, civil expenditure rose as the government financed accommodations of civilians that were displaced within Israel. As a result, the deficit rose to 4.1% of GDP in 2023 and the public debt-to-GDP ratio for 2023 increased to 61.5%. In 2024, which was a full year of Israel at war, the deficit continued to rise, reaching 6.8% of GDP, leading to an increase in the debt-to-GDP ratio to 67.9%.

The war's impact on Israel, and the need to allocate substantial human and other resources to the war effort, resulted in a broader disruption to the economy. Some towns in southern and northern Israel were evacuated. In October 2023, approximately 764,000 people were absent from work due to economic reasons and reasons related to the war and, while these numbers steadily decreased to approximately 65,000 in December 2024, the war has negatively impacted the labor market and economy, including private consumption. Measures taken by the government to support households and businesses may further increase Israel's deficit.

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. On March 24, 2025, the Knesset approved the budget law for 2025 after operating with a temporary budget over the first quarter of the year, under which certain measures were enacted to both boost revenues and curtail expenditure commitments. Certain taxes were raised in an effort to fund war-related expenditures and stem the growth of the budget deficit. Under this FY 2025 budget, public expenditure, including for civil and defense purposes, is expected to continue to rise.

The full impact of the war on Israel's foreign relations is not yet clear. Israel has received support from key members of the international community, including many grassroots organizations and the Jewish diaspora, who reiterated Israel's right to self-defense. While criticism regarding the humanitarian situation in Gaza has recently increased, often amplified by Iranian-aligned and antisemitic actors, Israel maintains strong support from allies, especially the United States, Germany and additional EU member states. In spite of growing efforts by several actors in the international community to exert pressure on Israel through political and legal warfare, Israel believes its international stance remains strong. Israel's decision to launch a military operation against Iran's nuclear and ballistic missiles capabilities and assets has been met with firm backing from like-minded countries. Israel believes that this action will contribute to the security and stability of the Middle East and the broader international community, and that it has reinforced Israel's strong ties with the United States.

Since the start of the war, some notable changes have taken place. Nicaragua and Belize have severed their diplomatic relations with Israel and other countries (including Brazil, Honduras, Chile, Colombia, South Africa, Turkey, Jordan and Chad) have recalled their ambassadors for consultation. Israel 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, more than 70 country leaders and foreign ministers have visited Israel. While the full impact of the war on Israel's foreign relations is not yet clear, it is possible that Israel's diplomatic relations with other countries may be negatively affected.

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.

On June 10, 2025, the UK imposed sanctions on two Israeli Government Ministers, Minister for Finance and Additional Minister of Defense Bezalel Smotrich and Minister for National Security Itamar Ben-Gvir, pursuant to the UK's Global Human Rights sanctions programme. The UK measures were announced alongside similar sanctions imposed by Australia, Canada, New Zealand and Norway. Israel does not currently expect these countries' sanctions to have any material impact on the ability of the ministers or their related government bodies to function; however, the ultimate effects, if any, of the sanctions are unclear.

In October 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", 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"), 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", 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 July 2025, Moody's affirmed Israel's credit rating at Baa1 with a "Negative" outlook.

In March 2023, Fitch Ratings ("Fitch"), reaffirmed Israel's A+ credit rating and left its "Stable" outlook. In October 2023, following the outbreak of the war in Gaza, 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". 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.

Although there have been no further credit downgrades, other ratings agencies may also review Israel's rating and it is possible that current events will continue to negatively affect such ratings.

It is currently unclear how long the war against Hamas in Gaza may continue. If the war or other regional conflicts further escalate, or the level of instability and violence increases, this may lead to adverse military, social and economic implications.

Israel's political environment and military activity level may continue to be volatile.

The Middle East and North Africa, including Israel, have experienced significant political instability, and Israel has been subject to ongoing security concerns. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbors. Political instability in the Middle East has increased since the terrorist attacks of September 11, 2001, news of Iran's reported nuclear program and the emergence of the ISIS terrorist organization. Since 2005, when Israel withdrew from the Gaza Strip, terrorist violence against Israel from Gaza has increased. 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 resulted in the drafting of more than 300,000 reservists, and launching the war in Gaza with the aim of negating Hamas' political and military capabilities in Gaza and securing the release of 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 northern Israel, Israel shares borders with Syria and Lebanon, where Hezbollah, another Iranian-backed 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. On September 27, 2024, in a decisive blow to Hezbollah, Israeli forces eliminated Hassan Nasrallah, Hezbollah's leader, in a targeted airstrike on the group's headquarters in Beirut. Just days later, on October 3, 2024, Israel struck again, eliminating Nasrallah's designated successor, Hashem Safieddine, along with other senior Hezbollah officials, severely disrupting the organization's leadership and marking a strategic turning point in Israel's confrontation with the Iran-backed militia. A 60-day ceasefire between Israel and Hezbollah 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 June 2025, Israel maintains control over five strategic locations in southern Lebanon to prevent Hezbollah from strengthening its position and reclaiming key areas, while it has conducted limited airstrikes on Hezbollah sites in the region. 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 further escalation of the various wars and other military activity, there remains a risk that a wider regional conflict may yet occur.

For decades, Iran has clearly and publicly stated its intentions to destroy Israel and has systematically pursued a comprehensive plan to eliminate Israel, built upon the development of nuclear weapons, production and accumulation of a vast arsenal of ballistic missiles and the establishment of a network of armed proxies encircling Israel. Hamas and other terrorist organizations in Gaza, members of this proxy network, invaded and carried out the horrific massacre of Israeli civilians in the towns and villages near Gaza on October 7, 2023. This unprecedented attack was followed by additional attacks, launched by Iran and its proxies from Lebanon, Iraq and Yemen, to which Israel responded with direct strikes.

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. 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 jihadi 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 jihadi 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, and 33 Israeli hostages were returned to Israel in the first phase in exchange for the release of Palestinian prisoners. However, the ceasefire ended in March 2025 and the parties did not progress to the second phase.

Iran has engaged in years of developing a clandestine nuclear program, and discoveries of rapidly accumulating highly enriched uranium well beyond what is necessary for peaceful purposes created an imminent threat to Israel, the region and beyond, with a short breakout time to nuclear weapon capability. In response, on June 13, 2025, Israel launched a precision operation to target Iran's nuclear and military sites, including missile launchers and enrichment facilities (also known as "Operation Rising Lion"). In retaliation, Iran launched more than 1,000 drones and 500 ballistic missiles at Israel, causing loss of life and property. However, the economic and structural impacts were greatly diminished as the Israel Defense Forces intercepted the majority of incoming threats.

On June 22, 2025, the United States acted decisively to neutralize three key facilities of Iran's nuclear program. This operation was conducted in full coordination with Israel, underscoring the deep strategic alliance between the two nations, an enduring partnership rooted in shared values and mutual interests. On June 24, 2025, the Government of Israel announced that it had achieved all of its objectives in Operation Rising Lion and agreed to President Trump's proposal for a bilateral ceasefire. However, once again, the risk of further military escalations and broader regional conflicts remains.

If the war in Gaza or other related military conflicts escalate, or the level of instability and violence increases in the future, including through the involvement of additional actors in attacks against Israel, Israel's capital markets, the Israeli economy, Israel's sovereign credit ratings, the level of tourism in Israel and foreign investment in Israel may suffer, among other military, social and economic implications.

Since January 2011, there has also been political instability and civil unrest in numerous Middle Eastern and North African countries, including Bahrain, Libya, Egypt, Tunisia and Yemen. Recent anti-government protests and related violence in Iran remain ongoing. In the past, unrest in Middle Eastern and North African countries 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 more fragile with the domestic turmoil and change in regimes. To date, 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.

From 2019 to 2022, there were five legislative elections in Israel. In November 2022, legislative elections were held in Israel to elect the 25th Knesset, following the dissolution of the previous governing coalition. The 2022 elections saw the political party Likud, led by then-former Prime Minister Benjamin Netanyahu, achieve a parliamentary majority. Following the elections, President Isaac Herzog selected Benjamin Netanyahu of the Likud party to form a coalition government. On December 29, 2022, the State of Israel's new government was formed. Benjamin Netanyahu is currently standing trial on corruption and it is not clear to what extent this will affect the stability of the government.

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.

External or other factors, including regional and international political and economic conditions, may adversely affect Israel's access to credit.

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

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

Israel is a sovereign state. Although Israel has waived its sovereign immunity in respect of the bonds, except for its sovereign immunity in connection with any actions arising out of or based on United States federal or state securities laws, enforcement in the event of a default may nevertheless be impracticable by virtue of legal, commercial, political or other considerations.

Because Israel has not waived its sovereign immunity in connection with any action arising out of or based on United States federal or state securities laws, it will not be possible to obtain a United States judgment against Israel based on such laws unless a court were to determine that Israel is not entitled under the United States Foreign Sovereign Immunities Act of 1976, as amended, to sovereign immunity with respect to such actions.

The current global economic climate and continued economic disruption in Europe and the Middle East, and the ongoing conflicts in the Middle East, may have an adverse effect on Israel's economy.

Israel's economy is affected by current global economic conditions, including regional and international rates of economic growth. Recent political and economic developments in the global economy, including the war against Hamas in Gaza and the recent military conflict with Hezbollah in Lebanon, the military activity by Israel, on the one hand, and the Houthis and Iran, on the other hand, against each other, the military conflict in Ukraine, and high rates of inflation and related economic curtailment initiatives (such as interest rate increases), have led to increased market volatility and decreased consumer confidence and may have a continuing negative impact on the European and global economy. The potential impact of such developments on Israel is uncertain.

Although Israel's economy showed moderate rates of growth in recent years prior to the war in Gaza, the war in Gaza has resulted in a disruption to the Israeli economy, particularly in the fourth quarter of 2023, and continues to impact various sectors. While the economy's GDP growth rebounded in the first quarter of 2024, the rest of 2024 showed more moderate growth. There can be no assurance that a prolonged negative global economic and political climate would not negatively affect Israel's economy. As a result of the 2009 – 2012 sovereign debt crisis in Europe, there was significant price volatility in the secondary market for sovereign debt of European and other nations at the beginning of the prior decade. More recently, the impact of the war against Hamas, military conflicts with Hezbollah and related regional tensions, and inflationary pressures caused in part by the Russia-Ukraine conflict, have also impacted European sovereign debt markets. If such price volatility were to occur again, it could lead to a decline in the recoverability and value of the market price of Israel's debt securities, including the bonds. Sluggish economic growth or negative growth in the European Union, which is one of Israel's major trading partners, could have a material adverse impact on Israel's balance of trade and adversely affect Israel's financial condition.

Cybersecurity breaches on Israel's banking sector, if experienced, may have deleterious impacts.

The sophistication of new technologies has increased the scope of cyber-attacks and the risk that the Israeli banking sector may become subject to such cyber-attacks. This has heightened

the need for regulators to expand financial resources and to hire and deploy staff that possess expertise in technology and cybersecurity.

The scope of cyber-attacks may continue to develop due to the adoption and promotion of innovation and digital transformation in Israel's banking system. In view of the trends in cyber-attacks observed in previous years, cyber-attacks may also intensify due to the increased sophistication and activities of the attackers. This includes a continuing upward trend in both the number of events and their sophistication; the exploitation of vulnerabilities (both recognized and unrecognized) in order to carry out attacks; diverse abilities and intentions on the part of attackers; and continued exploitation of the supply chain as a vector of attack.

As cyber-attacks continue to evolve in scope and sophistication, Israeli banking system entities (entities supervised by the Banking Supervision Department) and the Banking Supervision Department are concentrating efforts to increase cyber resilience and cyber defense capabilities. Any such cyber-attacks and/or cybersecurity breaches targeting or affecting Israel may disrupt the functioning of, or cause economic harm to, the Israeli banking sector and the Israeli economy.

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

There are numerous uncertainties associated with estimating quantities of natural gas reserves and projecting future rates of production and the level of revenue Israel will recover from its natural gas fields. These items are, in part, dependent on the reliability of seismic measurement technologies and the future international market for natural gas and other energy substitutes, as well as future development and operating costs, all of which may in fact vary considerably from Israel's current assumptions concerning royalties and tax revenues. Moreover, certain of Israel's neighboring countries have asserted mineral rights with respect to certain natural gas reserves to which Israel currently lays claim. On November 14, 2022, the signing of an agreement of principles ended the maritime border dispute between Israel and Lebanon. The agreement was made between the State of Israel, the French company TotalEnergies, and the Italian company ENI. Together, these entities comprise a consortium that holds the license to develop the Block 9 reservoir in Lebanon. The signed political agreement maintains that the Block 9 reservoir will not be developed without upholding Israel's economic rights. Now that the agreement of principles has been signed, the consortium expects to begin an exploration process in the reservoir. Should natural gas be found, Israel expects an economic plan for the development of the reservoir to be drafted.

Any failure to meet expected natural gas production targets on the forecasted timelines, or at all, could have a negative impact on Israel's progress towards energy independence or the revenues that will be received by the State of Israel.

TAX MATTERS

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "Tax Act") generally applicable to a holder who acquires the bonds as beneficial owner pursuant to this offering memorandum and who, for the purposes of the Tax Act and at all relevant times, is, or is deemed to be, resident in Canada, holds as beneficial owner the bond as capital property, and deals at arm's length and is not affiliated with the State of Israel or a subsequent holder of the bonds (a "Holder"). A bond will generally be considered to be capital property to a Holder unless it is held in the course of carrying on a business or was acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a "financial institution" as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency; (v) that has entered or will enter into a "synthetic disposition arrangement" or "derivative forward agreement" (as such terms are defined in the Tax Act) with respect to the bonds; or (vi) that is exempt from tax under Part I of the Tax Act. This summary does not address the deductibility of interest by a Holder who borrows money to acquire the bonds. Any such Holder to which this summary does not apply should consult its own tax advisor.

This summary is based on the provisions of the Tax Act in force on the date hereof, all specific proposals to amend the Tax Act that have been published in writing by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("Tax Proposals") and our Canadian legal counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("CRA") published in writing by it prior to the date hereof. This summary assumes that the Tax Proposals will be enacted in the form proposed; however, no assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those discussed herein or take into account any changes in the administrative practices or assessing policies of the CRA.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder and no representations with respect to the income tax consequences to any particular Holder or a prospective Holder are made.

Prospective Holders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of the bonds, having regard to their particular circumstances.

Taxation of Interest on Bonds. A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on a bond that accrues or is deemed to accrue to the Holder to the end of that taxation year or becomes receivable or is received by the Holder before the end of that taxation year, except to the extent that such interest was included in the Holder's income for a preceding taxation year.

Any other Holder, including an individual (other than certain trusts), will be required to include in computing its income for a taxation year any interest on a bond that is received or receivable by such Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income) to the extent that such interest was not included in computing the Holder's income for a preceding taxation year. In addition, if at any time a bond should become an "investment contract" (as defined in the Tax Act) in relation to a Holder, such Holder will be required to include in computing income for a taxation year any interest that accrues or is deemed to accrue to the Holder on the bond up to the end of any "anniversary day" (as defined in the Tax Act) in that taxation year to the extent such interest was not otherwise included in the Holder's income for that taxation year or a preceding taxation year.

A Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) or that is, at any time in the relevant taxation year, a "substantive CCPC" (as defined in the Tax Act) may be liable to pay an additional refundable tax of $10^{2/3}$% on its aggregate investment income, which is defined in the Tax Act to include interest.

Capital Gains and Losses. A disposition or deemed disposition of a bond by a Holder, including a redemption, payment on maturity or purchase for cancellation will generally give rise to a capital gain (or capital loss) equal to the amount by which the Holder's proceeds of disposition, net of any amount otherwise required to be included in the Holder's income as interest, exceed (or are less than) the total of the adjusted cost base of the bonds and any reasonable costs of disposition. Generally, one-half of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year must be included in the Holder's income for the year, and one-half of any capital loss (an "allowable capital loss") realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year.

Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A Holder that is, throughout the relevant taxation year, a Canadian-controlled private corporation (as defined in the Tax Act) or that is, at any time in the relevant taxation year, a "substantive CCPC" (as defined in the Tax Act), may be liable for a refundable tax of $10^{2/3}$% on its aggregate investment income, which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Foreign Property Information Reporting. In general, a Holder that is a "specified Canadian entity" (as defined in the Tax Act) for a taxation year or fiscal period and whose total "cost amount" of all "specified foreign property" (as defined in the Tax Act) at any time in the taxation year or fiscal period exceeds CDN$100,000 is required to file an information return for the year or fiscal period disclosing prescribed information in respect of such property. The bonds will be a specified foreign property to a Holder. Accordingly, Holders should consult their own tax advisors regarding compliance with these rules.

FISCAL AGENT

Computershare Trust Company of Canada will act as the Fiscal Agent for the bonds. The address for Computershare Trust Company of Canada is 320 Bay Street, 14th Floor, Toronto, ON M5H 4A6, Attention: State of Israel Bonds. The telephone number is 416-2639200.

OTHER STATE OF ISRAEL DEBT INSTRUMENTS

The State of Israel issues debt instruments, including securities denominated in Canadian and/or U.S. dollars, whose names, series, maturities, denominations, issue dates, interest commencement dates, maturity dates and/or other integral terms may be similar to those of the bonds. The bonds offered hereby are considered a separate and distinct class of securities, for all purposes, from any other State of Israel debt instruments irrespective of any such similarity. For purposes of a redemption at the option of the State, the bonds will be called in accordance with the provisions of the Fiscal Agency Agreement, and there will be no aggregation of different series or other debt instruments of the State (see "Early Redemption —Redemption at the Option of the State" above).

AVAILABLE INFORMATION

Israel is not subject to the informational requirements of the *United States Securities Exchange Act of 1934.* Israel files annual reports on Form 18-K with the U.S. Securities and Exchange Commission (the "SEC") on a voluntary basis. These reports and any amendments to these reports include certain financial, statistical and other information about Israel and may be accompanied by exhibits. Israel's SEC filings are available to the public from the SEC's website at *http://www.sec.gov.*

INCORPORATION OF DOCUMENTS BY REFERENCE

The annual report of Israel for 2024 on Form 18-K, its exhibits and any amendment to that annual report on Form 18-K and its exhibits, as well as all future annual reports and amendments to such annual reports that Israel files with the SEC until Israel sells all of the bonds covered by this offering memorandum, are considered part of and incorporated by reference in this offering memorandum. Each time Israel files a document with the SEC that is incorporated by reference, the information in that document automatically updates the information contained in previously filed documents.

Any person receiving a copy of this offering memorandum may obtain, without charge, upon written or oral request, a copy of any of the documents incorporated by reference herein. Written requests for such documents should be directed to Canada-Israel Securities, Limited, 1120 Finch Avenue West, Suite 801, Toronto, Ontario, M3J 3H7.

USE OF PROCEEDS

Unless otherwise indicated in an offering memorandum supplement to this offering memorandum, the proceeds to the State of Israel from the sale of bonds will be used for general State of Israel purposes. No part of the proceeds received from this bond issue is specifically allocated to any particular project, and no part of the assets or receipts of any projects is earmarked for payments of the bonds obligations.

SALES AGENT

Canada-Israel Securities, Limited, 1120 Finch Avenue West, Suite 801, Toronto, Ontario, M3J 3H7 is the sole and exclusive agent for the sale of the bonds. Since this offering is on a best efforts basis, there is no assurance that all of the bonds will be sold.

DEBT RECORD

The State of Israel has never defaulted on the payment of principal or interest on any of its internal or external indebtedness.

JURISDICTION; CONSENT TO SERVICE AND ENFORCEABILITY

The State of Israel is a foreign sovereign government. Consequently, it may be difficult for investors to realize upon judgments of courts in Canada against the State. The State will irrevocably agree not to assert any defence based on immunity, including foreign sovereign immunity, from jurisdictions to which it might otherwise be entitled in any action arising out of or based on the bonds which may be instituted by the holder of any bonds in any federal or provincial court in Canada or in any competent court in the State of Israel. Israel has appointed Canada-Israel Securities, Limited, at its registered office in Canada, as its authorized agent upon whom process may be served in any action arising out of or based upon the bonds which may be instituted in any court in Canada by the holder of any bonds. Such appointment shall be irrevocable until all amounts in respect of the principal, premium, if any, and interest, if any, due or to become due on or in respect of the bonds have been paid by the State of Israel, except that, if for any reason, the authorized agent ceases to be able to act as such authorized agent or no longer has an address in Canada, the State of Israel will appoint another person in Canada as its authorized agent. Canada-Israel Securities, Limited is not the agent for service for actions under the applicable provincial securities laws and Israel's waiver of immunity does not extend to such actions. Because the State of Israel has not waived its sovereign immunity in connection with any action arising out of or based on provincial securities laws, it will not be possible to obtain a Canadian judgment against the State of Israel based on such laws unless a court were to determine that the State of Israel is not entitled under the *State Immunity Act* (Canada) to sovereign immunity with respect to such

actions. Under the laws of the State of Israel, assets of the State of Israel are immune from any form of execution.

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