

Offering Circular dated 29 April 2014



Republic of Cyprus

acting through the Ministry of Finance

€9,000,000,000

Euro Medium Term Note Programme

Arranger

UBS INVESTMENT BANK

Dealers

Deutsche Bank

**Société Générale Corporate &
Investment Banking**

UBS Investment Bank

Under the Euro Medium Term Note Programme (the “Programme”), the Republic of Cyprus acting through the Ministry of Finance (the “Republic” or “Cyprus”) may from time to time issue Notes (the “Notes”) up to a maximum aggregate principal amount of €9,000,000,000 or its equivalent in alternative currencies provided that Notes which are denominated in currencies other than euro cannot exceed the equivalent of €2,000,000,000 on the date of the issue of such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London. Notes may be denominated in the Specified Currencies referred to herein, as specified in a supplement to this Offering Circular (a “Pricing Supplement”) which will contain the terms of, and pricing details for, each issue of Notes. Notes may be subject to redemption in whole or in part, as specified in the applicable Pricing Supplement.

Notes may be either interest bearing at fixed or variable rates or non-interest bearing and may be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the applicable Pricing Supplement. Notes will be issued in one or more series (each a “Series”). Each Series shall be all in bearer form or all in registered form and may be issued in one or more tranches (each a “Tranche”) on different issue dates and on terms otherwise identical (except in relation to interest commencement dates and matters related thereto).

The Notes will be issued on a continuing basis to or through one or more of Deutsche Bank AG, London Branch, Société Générale and UBS Limited and other dealers appointed in respect of the Programme or a particular Tranche (each a “Dealer” and together the “Dealers”).

Application may be made to the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (“FSMA”) (the “UK Listing Authority”) for Notes issued under the Programme to be admitted to the official list of the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market (the “Market”). References in this Offering Circular to Notes being “listed” (and all related references) shall, unless the context requires otherwise, mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, Notes may be listed on any other stock exchange or market and unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

The Republic’s long-term foreign currency debt has been rated Caa3 (positive) by Moody’s Investor Services, Inc., B (positive) by Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Inc. and B- (stable) by Fitch Ratings Ltd.

The Republic accepts responsibility for the information contained in this Offering Circular. The Republic having made all reasonable enquiries confirms that this Offering Circular contains all information with respect to the Republic, the Programme and Notes to be issued under the Programme which is material in the context of the issue and offering of Notes, there are no untrue statements of material fact contained in this Offering Circular in relation to the Republic, there is no omission to state a material fact which is necessary in order to make the statements made in this Offering Circular in relation to the Republic or the Programme or the Notes in the light of the circumstances under which they were made not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Republic are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and all reasonable enquiries have been made by the Republic to ascertain such facts and to verify the accuracy of all such information and statements.

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Republic or the issue and offering of the Notes. The Arranger

and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Republic, the Arranger or the Dealers that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Republic during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Republic or the Dealers to subscribe for or purchase, any of the Notes. The distribution of this Offering Circular and the offering of Notes in certain jurisdictions may be restricted by law and/or regulation. Persons into whose possession this Offering Circular comes are required by the Republic and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of this Offering Circular, see "Subscription and Sale".

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Republic or the Dealers.

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Republic since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Republic since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")). THIS OFFERING CIRCULAR HAS BEEN PREPARED BY THE REPUBLIC FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND, IN THE CASE OF REGISTERED NOTES, WITHIN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"). PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE NOTES AND

DISTRIBUTION OF THIS OFFERING CIRCULAR, SEE “SUBSCRIPTION AND SALE” AND “TRANSFER RESTRICTIONS”.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 (“RSA 421-B”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING.

NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Certain monetary amounts included in this document have been subject to rounding adjustments; accordingly figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetical aggregation of the figures preceding them.

Unless otherwise specified or the context requires, references herein to “dollars”, “U.S. dollars”, “U.S.\$” and “\$” are to United States dollars, references to “€” and “Euro” are to the lawful currency of member states of the European Union that have adopted the single currency introduced in accordance with the Treaty establishing the European Community as amended, references to “£” and “Sterling” are to Pounds Sterling and references to “Yen” and “¥” are to Japanese Yen.

In connection with the issue of any Tranche (as defined in “Overview of the Programme and the Notes”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) in accordance with all applicable laws and rules.

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Documents Incorporated by Reference

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement and each supplement to the Offering Circular circulated by the Republic from time to time in accordance with the Dealer Agreement referred to below, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

The Republic will, at the specified offices of the Paying or Transfer Agents, provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the oral or written request of any such person, a copy of any or all of the documents incorporated herein by reference. Written or telephone requests for such documents should be directed to the specified office of any Paying or Transfer Agent.

Overview of the Programme and the Notes

The following does not purport to be complete and is a summary of, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined or used in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meaning in this Summary:

Issuer	Republic of Cyprus acting through the Ministry of Finance.
Arranger	UBS Limited.
Dealers	Deutsche Bank AG, London Branch, Société Générale and UBS Limited.
Fiscal Agent	Deutsche Bank AG, London Branch.
Registrar	Deutsche Bank Trust Company Americas
Currencies	U.S. dollars, Euro, Sterling, Swiss Francs, Yen or such other currency as may be agreed between the Republic and the relevant Dealer(s), in all cases subject to applicable laws and regulations.
Amount	Up to €9,000,000,000 (or its equivalent in other currencies calculated as set out herein provided that Notes which are denominated in currencies other than euro cannot exceed the equivalent of €2,000,000,000 on the date of issue of such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London) aggregate principal amount of Notes outstanding at any time. Under the Dealer Agreement, the principal amount of Notes which may be issued under the Programme may be increased or decreased, subject to the satisfaction of certain conditions set out therein. For the purpose of calculating the aggregate principal amount of Notes outstanding, Notes issued at a discount shall be treated as having been issued at their accrued original issue discount calculated by reference to the amortisation yield formula as specified in the applicable Pricing Supplement or, if none is specified in the applicable Pricing Supplement, their face amount and Notes issued at a premium shall be treated as having been issued at the amount of their net proceeds received by the Republic.
Form of Notes	<p>Notes of each Tranche of each Series to be issued in bearer form (“Bearer Notes” comprising a “Bearer Series”) will initially be represented by interests in a temporary global Note or by a permanent global Note, in either case in bearer form (a “Temporary Global Note” and a “Global Note”, respectively), without interest coupons. If the relevant Temporary Global Note or Global Note, as the case may be, are stated in the applicable Pricing Supplement to be issued in new global note (“NGN”) form, the Temporary Global Note or Global Note, as the case may be, will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”).</p> <p>Temporary Global Notes and Global Notes which are not issued in</p>

NGN form (“Classic Global Notes” or “CGNs”) will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the “Common Depository”). Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Global Note or for definitive Bearer Notes (as specified in the relevant Pricing Supplement) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date (the “Exchange Date”) and, if so specified in the relevant Pricing Supplement, only upon certification as to non-U.S. beneficial ownership. Individual definitive Bearer Notes will only be available in exchange for interests in a Global Note in certain limited circumstances as described herein.

Notes of each Tranche of each Series to be issued in registered form (“Registered Notes” comprising a “Registered Series”) and which are sold in an “offshore transaction” within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”), will initially be represented by interests in a definitive global unrestricted Registered Note (each a “Regulation S Global Note”), without interest coupons, which, if the relevant Regulation S Global Note is held under the New Safekeeping Structure (“NSS”), will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg and, if the relevant Regulation S Global Note is not held under the NSS, will be deposited with a common nominee for, and registered in the name of a common nominee of, Clearstream, Luxembourg and Euroclear on its issue date. Beneficial interests in a Regulation S Global Note will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear or Clearstream, Luxembourg. Notes of each Tranche of each Registered Series sold to a qualified institutional buyer within the meaning of Rule 144A under the Securities Act, as referred to in, and subject to the transfer restrictions described in “Subscription and Sale” and “Transfer Restrictions”, will initially be represented by a definitive global restricted Registered Note (each a “DTC Restricted Global Note” and together with any Regulation S Global Notes the “Registered Global Notes”), without interest coupons, which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”) on its issue date. Beneficial interests in a DTC Restricted Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg. See “Clearing and Settlement”. Individual definitive Registered Notes will only be available in certain limited circumstances as described herein.

Maturities

Subject to compliance with all relevant laws and directives, such minimum and/or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body (however called)) or any laws or regulations applicable to the relevant currency or currencies.

Issue Price	Notes may be issued on a fully-paid or partly paid basis and at par or at a discount to or premium over par.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Pricing Supplement to this Offering Circular.
Interest Rate	The Notes may be issued on a fixed rate, variable rate or zero coupon basis.
Fixed Rate Notes	<p>Fixed rate interest will be payable in arrear on the date or dates as agreed between the Republic and the relevant Dealer(s) in each year (as specified in the applicable Pricing Supplement).</p> <p>Interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed or, in the case of Euro, on an "Actual/ Actual-ICMA" basis, as more fully set out in "Terms and Conditions of the Notes-Interest" (unless otherwise specified in the applicable Pricing Supplement).</p>
Variable Rate Notes	<p>Variable Rate Notes will bear interest set separately for each Series by reference to LIBOR, LIBID, LIMEAN, EURIBOR or such other benchmark as may be specified in the applicable Pricing Supplement, as adjusted for any applicable margin. Variable Rate Notes may have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Variable Rate Notes will be payable on the last day of each Interest Period and will be calculated on the basis of the actual number of days in the Interest Period concerned divided by 360 or 365/366 in the case of Notes denominated in Sterling or, in the case of Euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of:</p> <ul style="list-style-type: none"> (i) the number of those days falling in a leap year divided by 366; and (ii) the number of those days falling in a non-leap year divided by 365) (in each case unless otherwise specified in the applicable Pricing Supplement).
Interest Periods for Variable Rate Notes	Such period(s) as the Republic and the relevant Dealer(s) may agree, as indicated in the applicable Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes do not bear interest but will ordinarily be issued at a discount to their principal amount. The amount payable on early redemption of a Zero Coupon Note will be specified in the

	applicable Pricing Supplement.
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding for or on account of any taxes imposed by or within the Republic, subject to certain customary exceptions (including the ICMA Standard EU Exception).
Denominations	Definitive Bearer Notes and definitive Registered Notes will be in such denominations as may be agreed between the Republic and the relevant Dealer(s) and specified in the applicable Pricing Supplement, subject to applicable laws and regulations. However, unless permitted by then current laws, regulations and directives, Registered Notes resold pursuant to Rule 144A shall be in denominations of U.S.\$250,000 (or its equivalent rounded upwards as agreed between the Republic and the relevant Dealer(s)) and higher integral multiples of U.S.\$1,000.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Republic and/or the holders of the Notes and, if so, the terms applicable to such redemption including whether partial redemption is permissible.
Listing	Application may be made to list Notes issued under the Programme on the Official List and to admit them to trading on the London Stock Exchange or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.
Rating	The Republic's long-term foreign currency debt has been rated Caa3 (positive) by Moody's Investor Services, Inc., B (positive) by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. and B- (stable) by Fitch Ratings Ltd.
Status of Notes	Subject to "Terms and Conditions of the Notes – Negative Pledge", the Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Republic and the full faith and credit of the Republic will be pledged for the due and punctual payment of all amounts payable in respect of the Notes and for the performance of all other obligations of the Republic pursuant to the Notes and Coupons. The Notes of each Series shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Republic under the Notes shall (subject as aforesaid) at all times rank at least equally with all its other present and future unsecured and unsubordinated indebtedness.
Negative Pledge	There will be a negative pledge in respect of any security securing any External Indebtedness of the Republic and the Ministry of Finance, all as more fully set out in "Terms and Conditions of the Notes – Negative Pledge".
Cross Default	There will be a cross default in respect of External Indebtedness of the Republic and the Ministry of Finance, all as more fully set out in "Terms and Conditions of the Notes – Events of Default".
Deed of Undertaking	The Notes have the benefit of a Deed of Undertaking pursuant to which the Ministry of Finance has irrevocably undertaken to

authorise the free and unconditional transfer to, inter alia, Noteholders of all sums in the amount, at the time and in the currency required for the fulfilment of all financial obligations of the Republic to the relevant Noteholders. In addition, the Ministry of Finance has undertaken that, subject to the provision by the Republic of the necessary funds, it will make available to the Republic for the performance of such financial obligations all amounts required in the relevant currencies.

Governing Law

English.

Selling Restrictions

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See “Subscription and Sale”.

Transfer Restrictions

There are restrictions on the transfer of Registered Notes sold pursuant to Regulation S under the Securities Act prior to the expiration of the relevant distribution compliance period and on the transfer of Registered Notes sold pursuant to Rule 144A under the Securities Act. See “Transfer Restrictions”.

Clearing Systems

Euroclear and Clearstream, Luxembourg for Bearer Notes and Euroclear, Clearstream, Luxembourg and DTC for Registered Notes, and/or such other clearing system or systems as may be agreed between the Republic and the relevant Dealer(s) and specified in the relevant Pricing Supplement. Application will be made for trading of Restricted Notes (as defined in “Form of the Notes”) in PORTAL.

Pricing Supplement

The issue price, issue date, maturity date, principal amount, interest rate (if any) applicable to any Notes and any other relevant provisions of such Notes will be agreed between the Republic and the relevant Dealer(s) at the time of agreement to issue such Notes and will be specified in the applicable Pricing Supplement.

Terms and Conditions of the Notes

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Pricing Supplement, will apply to the Notes referred to in such Pricing Supplement:

The Notes are issued pursuant to an amended and restated Fiscal Agency Agreement (as amended or supplemented or restated from time to time, the "Fiscal Agency Agreement") dated 29 April 2014 and made between the Republic of Cyprus acting through the Ministry of Finance (the "Republic"), Deutsche Bank AG, London Branch as fiscal agent, transfer agent and calculation agent, Deutsche Bank Trust Company Americas, New York City office as registrar, transfer agent and exchange agent and the other agents named in it and with the benefit of a Deed of Covenant (as amended or supplemented or restated from time to time, the "Deed of Covenant"), dated 29 April 2014 and executed by the Republic. The fiscal agent, the paying agents, the calculation agent, the registrar, the exchange agent and the transfer agents for the time being are referred to below respectively as the "Fiscal Agent", the "Paying Agents" (which expression shall include the Fiscal Agent), the "Calculation Agent", the "Registrar", the "Exchange Agent" and the "Transfer Agents" and together as the "Agents". The Noteholders (as defined in Condition 1(c)) and the holders of the Coupons (if any) (the "Couponholders") and, where applicable in the case of interest-bearing Notes in bearer form, talons for further Coupons (the "Talons") are deemed to have notice of all of the provisions of the relevant Pricing Supplement (as defined in Condition 1(e)) and of those applicable to them of the Fiscal Agency Agreement.

Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. FORM, DENOMINATION, TITLE, SPECIFIED CURRENCY AND PRICING SUPPLEMENT

(a) Form

Each Series (as defined in Condition 1(c)) of Notes of which the Note to which these Conditions are attached forms part (in these Conditions, the "Notes") is issued either in bearer form ("Bearer Notes") or in registered form ("Registered Notes"), and Notes comprising each such Series will be issued in each case in the Principal Amount of an Authorised Denomination (as defined in Condition 1(b)). These Conditions must be read accordingly. The Authorised Denomination of this Note is specified on it.

A registered certificate will be issued to each holder of Registered Note(s) in respect of its registered holding or holdings (each a "Certificate"). Each Certificate will be numbered serially with an identifying number which will be recorded in the register (the "Register") which the Republic shall procure to be kept by the Registrar.

Bearer Notes which bear interest are issued with Coupons and, where appropriate, Talons attached.

Registered Notes may not be exchanged for Bearer Notes and Bearer Notes may not be exchanged for Registered Notes.

(b) Denomination

"Authorised Denomination" means (in relation to each Note) the denomination or denominations specified on such Note. Bearer Notes of one Authorised Denomination may not be exchanged for Bearer Notes of another Authorised Denomination (if any).

(c) Title

Title to the Bearer Notes, the Coupons relating thereto and, where applicable, the Talons relating thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be

deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, “Noteholder” and, in relation to a Note, Coupon or Talon, “holder”, means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), “Series” means Notes which have identical terms and conditions, other than in respect of the Issue Date (as defined in Condition 5(III)), the date on which interest commences to accrue and related matters, and “Tranche” means, in relation to a Series, those Notes of such Series which have the same Issue Date.

(d) Specified Currency

The Specified Currency of any Note and, if different, any Specified Principal Payment Currency and/or Specified Interest Payment Currency, are as specified on such Note. All payments of principal in respect of a Note shall be made in the Specified Currency or, if applicable, the Specified Principal Payment Currency and all payments of interest in respect of a Note shall be made in the Specified Currency or, if applicable, the Specified Interest Payment Currency.

(e) Pricing Supplement and Additional Terms

References in these Conditions to terms specified on a Note shall be deemed to include references to terms specified in the applicable Pricing Supplement issued in respect of a Tranche which includes such Note (each a “Pricing Supplement”). Capitalised terms used in these Conditions in respect of a Note, and not specifically defined in these Conditions, have the meaning given to them in the applicable Pricing Supplement issued in respect of a Tranche which includes such Note. Additional provisions relating to the Notes may be contained in the Pricing Supplement or specified on the Note and will take effect as if originally specified in these Conditions.

2. TRANSFERS OF REGISTERED NOTES AND ISSUE OF CERTIFICATES

(a) Transfer of Registered Notes

A Registered Note may be transferred in whole or in part in an Authorised Denomination upon the surrender of the Certificate issued in respect of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a Registered Note a new Certificate in respect of the balance not transferred will be issued to the transferor. Each new Certificate to be issued upon transfer of such Registered Note will, within three business days of receipt of such form of transfer, be mailed at the risk of the holder entitled to the new Certificate to such address as may be specified in such form of transfer. Registered Notes may not be exchanged for Bearer Notes and Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer Free of Charge

Registration of transfers will be effected without charge by or on behalf of the Republic, the Registrar or the Transfer Agents, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to it.

(c) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for any payment of principal (being, for the purposes of these Conditions, unless the context otherwise requires, the amount payable on redemption of a Note) of that Note, (ii) during the period of 15 days prior to any date on which Notes of the relevant Series may be redeemed by the Republic at its

option pursuant to Condition 6(d) or (iii) after any such Note has been called for redemption in whole or in part in accordance with Condition 6.

(d) Regulations

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Republic, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any holder of a Registered Note upon request.

3. STATUS

The Notes and Coupons of all Series constitute (subject to Condition 4) direct, unconditional, unsecured and unsubordinated obligations of the Republic and the full faith and credit of the Republic is pledged for the due and punctual payment of all amounts payable in respect of the Notes and the Coupons and for the performance of all other obligations of the Republic pursuant to the Notes and Coupons. The Notes of each Series shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Republic under the Notes and the Coupons shall (subject to Condition 4) at all times rank at least equally with all its other present and future unsecured and unsubordinated indebtedness.

4. NEGATIVE PLEDGE

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Republic undertakes that it will not create any Encumbrance (other than a Permitted Encumbrance) upon the whole or any part of the present or future revenues or assets of the Republic to secure any present or future External Indebtedness without securing the outstanding Notes equally and rateably with such External Indebtedness, and the instrument creating any such Encumbrance shall expressly provide therefor.

As used in these Conditions: "Encumbrance" means any mortgage, charge, pledge, lien or other arrangement creating security other than:

- (i) any lien to create a charge to secure obligations of less than a year;
- (ii) any lien arising by operation of law; and
- (iii) any charge over any asset acquired by the Republic and securing its purchase price (together with interest and other related charges).

"External Indebtedness" means any (i) indebtedness of the Republic in respect of moneys borrowed or raised by the Republic and (ii) guarantees or indemnities given by the Republic in respect of indebtedness in respect of moneys borrowed or raised by others.

"Permitted Encumbrance" means any Encumbrance representing not more than 20 per cent. of the total assets of the Republic.

5. INTEREST

One or more of the following provisions apply to each Note, as specified on such Note.

(I) Fixed Interest Rates

This Condition 5(I) applies to a Note the interest basis for which is specified on such Note as being Fixed Interest Rate.

(a) Interest Rate and Accrual

Each Note bears interest on its Calculation Amount (as defined in Condition 5(III)) from (and including) the Interest Commencement Date (as defined in Condition 5(III)) in respect thereof to (but excluding) the next succeeding Reference Date specified on such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate specified on such Note. Such interest is payable in arrear on each Reference Date in each year and on the Maturity Date specified on such Note if that date does not fall on a Reference Date.

The first payment of interest on a Note will be made on the Reference Date next following the relevant Interest Commencement Date. If the Interest Commencement Date is not a Reference Date, the first payment of interest on a Note will be the amount specified on the relevant Note as being the Initial Broken Amount. If the Maturity Date is not a Reference Date, interest from (and including) the preceding Reference Date (or from (and including) the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will be the amount specified on the relevant Note as being the Final Broken Amount.

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation or surrender, payment of principal is improperly withheld or refused. In such event interest will continue to accrue at the rate and in the manner provided in this Condition 5(I) (both before and after judgment) until the Relevant Date (as defined in Condition 8) (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(b) Calculations

Interest in respect of a period of less than the period between Reference Dates (or, in the case of the first interest period, the period between the Interest Commencement Date and the first Reference Date) will be calculated using the applicable Fixed Rate Day Count Fraction (as defined in Condition 5(III)).

(II) Variable Interest Rates

This Condition 5(II) applies to a Note the interest basis for which is specified on such Note as being Variable Interest Rate.

(a) Interest Payment Dates

Each Note bears interest on its Calculation Amount (as defined in Condition 5(III)) from (and including) the Interest Commencement Date (as defined in Condition 5(III)) in respect thereof and such interest will be payable in arrear on each Interest Payment Date (as defined in Condition 5(III)).

(b) Rate of Interest

Each Note bears interest at a variable rate which may be based on one or more interest rate or exchange rate indices or as otherwise specified on such Note (each a "Benchmark"). The dates on which interest shall be payable on a Note, the Benchmark and the basis for calculation of each amount of interest payable in respect of such Note on each such date and on any other date on which interest becomes payable in respect of such Note, and the rate (or the basis of calculation of such rate) at which interest will accrue in respect of any amount due but unpaid in respect of such Note shall be as set out below, unless otherwise specified on such Note. Subject to Condition 5(II)(c), the rate of interest ("Rate of Interest") payable from time to time will, unless otherwise specified on such Note, be determined by the Calculation Agent on the basis of the following provisions:

- (i) At or about the Relevant Time (as defined in Condition 5(III)) on the relevant Interest Determination Date (as defined in Condition 5(III)) in respect of each Interest Period (as defined in Condition 5(III)), the Calculation Agent will:
 - (A) in the case of a Note which specifies that the Primary Source for Interest Rate Quotations shall be derived from a specified page, section or other part of a particular information service (each as

specified on such Note), determine the Rate of Interest for such Interest Period which shall, subject as provided below, be (x) the Reference Rate (as defined in Condition 5(III)) so appearing in or on that page, section or other part of such information service (where such Reference Rate is a composite quotation or interest rate per annum or is customarily supplied by one person) or (y) the arithmetic mean (rounded up, if necessary, to the next one-hundred thousandth of a percentage point) of the Reference Rates of the persons at that time whose Reference Rates so appear in or on that page, section or other part of such information service, in any such case in respect of deposits in the relevant Specified Currency made with or by such person or persons for a period equal to the duration of such Interest Period; and

- (B) in the case of a Note which specifies that the Primary Source for Interest Rate Quotations shall be the Reference Banks specified on such Note and in the case of a Note falling within Condition 5(II)(b)(i)(A) but in respect of which (x) no Reference Rate appears at or about such Relevant Time or (y) the Rate of Interest for which is to be determined by reference to quotations of persons appearing in or on the relevant page, section or other part of such information service as provided in Condition 5(II)(b)(i)(A) but in respect of which less than two Reference Rates appear at or about such Relevant Time, request the principal offices in the Relevant Banking Centre (as defined in Condition 5(III)) of each of the Reference Banks specified on such Note (or, as the case may be, any substitute Reference Bank appointed from time to time pursuant to Condition 5(II)(g)) to provide the Calculation Agent with its Reference Rate quoted to leading banks for deposits in the relevant Specified Currency for a period equivalent to the duration of such Interest Period. Where this Condition 5(II)(b)(i)(B) applies, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be the arithmetic mean (rounded up, if necessary, to the next one-hundred thousandth of a percentage point) of such Reference Rates as calculated by the Calculation Agent.
- (ii) If at or about the Relevant Time on any Interest Determination Date where the Rate of Interest is to be determined pursuant to Condition 5(II)(b)(i)(B) in respect of a Note, more than one but not all of such Reference Banks provide such relevant quotations, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be determined as aforesaid on the basis of the Reference Rates quoted by those Reference Banks.
- (iii) If at or about the Relevant Time on any Interest Determination Date where the Rate of Interest is to be determined pursuant to Condition 5(II)(b)(i)(B) only one or none of such Reference Banks provide such Relevant Rates, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be whichever is the higher of:
 - (A) the Rate of Interest in effect for the last preceding Interest Period to which Condition 5(II)(b)(i)(A) or (B) or Condition 5(II)(b)(ii) applied; and
 - (B) the rate per annum (expressed as a percentage) which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the next one-hundred thousandth of a percentage point) of the Reference Rates in respect of the relevant currency which banks in the Relevant Financial Centre for such Specified Currency or, if the Specified Currency is Euro, in the Euro-zone selected by the Calculation Agent (after consultation with the Republic) are quoting at or about the Relevant Time on the relevant Interest Determination Date for a period equivalent to such Interest Period to leading banks carrying on business in that Relevant Financial Centre, provided that, if the banks so selected by the Calculation Agent are not quoting as aforesaid, the Rate of Interest shall, subject as provided below, be the rate of interest specified in Condition 5(II)(b)(iii)(A).

(c) Minimum/Maximum Rates

If a Minimum Interest Rate is specified on a Note, then the Rate of Interest applicable to that Note shall in no event be less than it and if a Maximum Interest Rate is specified on a Note, then the Rate of Interest applicable to that Note shall in no event exceed it.

(d) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Rate of Interest in the manner provided for in this Condition 5 and calculate the amount of interest payable (the "Interest Amounts") in respect of each Authorised Denomination of the relevant Notes (in the case of Bearer Notes) and the minimum Authorised Denomination (in the case of Registered Notes) for the relevant Interest Period. The Interest Amounts shall be calculated by applying the Rate of Interest adjusted, if necessary, by any Spread (as defined in Condition 5(III)) and/or Spread Multiplier (as defined in Condition 5(III)) to each Authorised Denomination (in the case of Bearer Notes) and the minimum Authorised Denomination (in the case of Registered Notes), and multiplying such product by the applicable Variable Rate Day Count Fraction (as defined in Condition 5(III)) rounding, if necessary, the resultant figure to the nearest unit of the relevant currency (half of such unit being rounded upwards or, in the case of Yen downwards). The determination of the Rate of Interest and the Interest Amounts by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(e) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Republic, each of the Agents, the Noteholders (in accordance with Condition 15) and if the relevant Notes are for the time being listed on any stock exchange (each an "Exchange") and the rules of that Exchange so require, the Exchange as soon as possible after their determination but in no event later than two Relevant Business Days (as defined in Condition 5(III)) after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended by the Calculation Agent (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(f) Interest Accrual

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation or surrender, payment of principal is improperly withheld or refused. In such event interest will continue to accrue at the rate and in the manner provided in this Condition 5(II) (both before and after judgment) until the Relevant Date (as defined in Condition 8) (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(g) Calculation Agent and Reference Banks

The Republic will procure that, so long as any Note to which this Condition 5(II) applies remains outstanding, there shall at all times be a Calculation Agent for such Note and, so long as the Primary Source for Interest Rate Quotations for such Note is Reference Banks, there shall at all times be four Reference Banks with offices in the Relevant Banking Centre. The Republic will also ensure that, in the case of any Note the determination of interest for which falls within Condition 5(II)(b)(i)(A) and in respect of which no Reference Rate appears at or about the Relevant Time, or in respect of which less than two Reference Rates appear at or about the Relevant Time, there shall be four Reference Banks appointed for such Note with offices in the Relevant Banking Centre. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank then the Republic will appoint another Reference Bank with an office in the Relevant Banking Centre to act as such in its place. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Republic will appoint the London office of a leading bank engaged in the

London and international interbank markets to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(III) Definitions

As used in these Conditions:

“Accrual Period” means, in relation to Actual/Actual-ICMA below, the actual number of days in the relevant period from and including the Start Date to but excluding the Payment Date.

“Actual/Actual-ICMA” means:

- (a) if the Actual Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Actual Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending any year; and
- (b) if the Actual Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Actual Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Actual Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date(s)” means the date(s) specified in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date(s).

“Actual Calculation Period” means, in relation to Actual/Actual-ICMA above, the actual number of days from and including one Interest Period Date to but excluding the next Interest Period Date.

“Business Day Convention” means either:

- (A) the “FRN Convention”, in which case interest on a Note shall be payable on each Interest Payment Date which numerically corresponds to its Interest Commencement Date or, as the case may be, the preceding Interest Payment Date in the calendar month which is the Specified Interest Period specified on such Note after the calendar month in which such Interest Commencement Date or, as the case may be, the preceding Interest Payment Date occurred, provided that:
 - (1) if there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day which is a Relevant Business Day (as defined below) in that calendar month;
 - (2) if an Interest Payment Date would otherwise fall on a day which is not a Relevant Business Day, then the relevant Interest Payment Date will be the first following day which is a Relevant Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Relevant Business Day; and
 - (3) if such Interest Commencement Date or the preceding Interest Payment Date occurred on the last day in a calendar month which was a Relevant Business Day, then all subsequent Interest Payment Dates in respect of such Note will be the last day which is a Relevant Business Day in the calendar month which is the Specified Interest Period specified on such Note after the

calendar month in which such Interest Commencement Date or, as the case may be, the preceding Interest Payment Date occurred; or

- (B) the “Modified Following Business Day Convention”, in which case interest on a Note shall be payable on such Interest Payment Dates as may be specified on such Note, provided that, if any Interest Payment Date would otherwise fall on a date which is not a Relevant Business Day, the relevant Interest Payment Date will be the first following day which is a Relevant Business Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the first preceding day which is a Relevant Business Day; or
- (C) the “Following Business Day Convention”, in which case interest on a Note shall be payable on such Interest Payment Dates as may be specified on such Note, provided that, if any Interest Payment Date would otherwise fall on a date which is not a Relevant Business Day, the relevant Interest Payment Date will be the first following day which is a Relevant Business Day; or
- (D) such other Business Day Convention as may be specified on the relevant Note.

“Calculation Amount” means the amount specified as such on any Note, or if no such amount is so specified, the Principal Amount of such Note as specified on such Note or, if such Note is amortising or redeemed in part, the principal amount outstanding on such Note at the time of determination of the Calculation Amount.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

“Fixed Rate Day Count Fraction” means, unless otherwise specified on the relevant Note, a fraction the numerator of which is the number of days in the relevant calculation period based on a year of 12 months of 30 days each and the denominator of which is 360 or, in the case of Euro, the Actual/Actual-ICMA basis.

“Interest Commencement Date” means, in the case of the first issue of a Note or Notes of a Series, the Issue Date or such other date as may be specified as the Interest Commencement Date on such Note and, in the case of a further issue of a Note or Notes of such Series, means the most recent Reference Date or, as the case may be, Interest Payment Date in relation to the first issue of Notes preceding the date on which such further Note or Notes are issued or if there is no such date, the Interest Commencement Date in respect of such first issue, or in any case such other date as may be specified as the Interest Commencement Date on such Note.

“Interest Determination Date” means, in respect of any Interest Period, the date which falls that number of days (if any) specified on the relevant Note on which banks and foreign exchange markets are open for business in the Relevant Banking Centre prior to the first day of such Interest Period or if the Specified Currency is Euro, the day falling two TARGET Business Days prior to the first day of such Interest Period.

“Interest Payment Date” means each date which falls in the Specified Interest Period specified on the relevant Note after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date or as is otherwise specified as such on the relevant Note, in each case as adjusted by the Business Day Convention specified on such Note.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

“Issue Date” means, in respect of any Note or Notes, the date of issue of such Note or Notes.

“Number of Actual Calculation Periods” means, in relation to Actual/Actual-ICMA above, the number of Actual Calculation Periods normally ending in any year.

“Payment Date” means, in relation to Actual/Actual-ICMA above, the date on which interest for the relevant period falls due.

“Reference Rate” means, for any Note, the bid, offered or mean of bid and offered rate, as specified on such Note, for the variable rate specified on such Note.

“Relevant Banking Centre” means, for any Note, the Relevant Banking Centre specified on such Note or, if none is so specified, London.

“Relevant Business Day” means:

- (A) in the case of a currency other than Euro, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the Relevant Financial Centre; and/or
- (B) in the case of Euro, a day on which the TARGET system is operating (a “TARGET Business Day”); and/or
- (C) in the case of any currency, a day on which banks and foreign exchange markets are open for business in such other financial centre or centres specified on the relevant Note.

“Relevant Financial Centre” means:

- (A) in the case of a currency other than Euro, the principal financial centre for the relevant currency; and
- (B) in the case of Euro, such financial centre or centres as may be specified on the relevant Note.

“Relevant Time” means the local time in the Relevant Banking Centre at which it is customary to determine bid, mean and offered rates in respect of deposits in that currency in the interbank market in that Relevant Banking Centre (which, if the relevant Benchmark is EURIBOR, shall be the Euro-zone) or, if no such customary local time exists, 11.00 hours in the Relevant Banking Centre.

“Spread” means the percentage rate per annum specified on the relevant Note.

“Spread Multiplier” means the percentage rate or number applied to the relevant Rate of Interest, as specified on the relevant Note.

“Start Date” means, in relation to Actual/Actual-ICMA above, the date from which interest for the relevant period begins to accrue.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

“Variable Rate Day Count Fraction” means, unless otherwise specified on the relevant Note, a fraction the numerator of which is the actual number of days in the relevant Interest Period and the denominator of which is 360 or, in the case of Sterling, 365 or, in the case of Euro, the actual number of days in the relevant calculation period divided by 365 (or, if any portion of such calculation period falls in a leap year, the sum of (i) the actual number of days in that portion of such calculation period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of such calculation period falling in a non-leap year divided by 365).

(IV) Zero Coupon

This Condition 5(IV) applies to a Note the interest basis for which is specified on such Note as being Zero Coupon.

References to the amount of interest payable (other than as provided below), Coupons and Talons in these Conditions are not applicable. Where a Note becomes repayable prior to its Maturity Date and is not paid when due, the amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as determined in accordance with Condition 6(c)(iii). Where a Note is to be redeemed on its Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum (expressed as a percentage)

equal to the Amortisation Yield specified on such Note. Such interest shall continue to accrue (on the same basis as referred to in Condition 5(I)) (both before and after judgment) to the Relevant Date.

6. REDEMPTION, PURCHASE AND CANCELLATION

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount ("Redemption Amount") being its Principal Amount or such other amount as is specified on such Note or if the Note is specified to have a variable redemption amount, the amount calculated in accordance with the basis specified on such Note on the applicable Maturity Date or other date(s) specified on such Note or, if such Note has applicable to it on the Maturity Date or such date(s) an interest basis which is specified on such Note as Variable Interest Rate, on the applicable Interest Payment Date falling in the applicable Redemption Month specified on such Note.

(b) Purchases

Subject to applicable laws and regulations, the Republic may at any time purchase Notes at any price (provided that in the case of Bearer Notes they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases are in compliance with all relevant laws, regulations and directives. The Notes so purchased, while held by or on behalf of the Republic, shall not entitle the holder to vote at any meetings of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 11.

(c) Early Redemption of Notes the Interest Basis for which is Zero Coupon

This Condition 6(c) applies to a Note the interest basis for which is specified on such Note as Zero Coupon.

- (i) The amount payable in respect of any Note upon redemption of such Note pursuant to Condition 6(d) or (e), if applicable, or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to Condition 6(c)(iii), the "Amortised Face Amount" of any Note shall be the sum of (A) the Reference Price specified on such Note and (B) the aggregate amortisation of the difference between the Reference Price and the Principal Amount of such Note from the Issue Date to the date on which the Note becomes due and payable calculated at a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified on such Note applied to the Reference Price in the manner specified on such Note. Where the specified calculation is to be made for a period of less than one year, it shall be made using the applicable Fixed Rate Day Count Fraction.
- (iii) If the amount payable in respect of any Note upon redemption of such Note pursuant to Condition 6(d) or (e), if applicable, or upon it becoming due and payable as provided in Condition 9, is not paid when due, the amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 6(c)(ii), except that Condition 6 shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 6(c)(iii) will continue to be made (both before and after judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the Principal Amount of such Note together with any interest which may accrue on such Note in accordance with Condition 5(IV).

(d) Redemption at the Option of the Republic

If so provided on a Note, the Republic may, subject to compliance with all relevant laws, regulations and directives, on giving to the holder of such Note irrevocable notice in accordance with Condition 15 of not more nor less than the number of days specified on such Note (which shall be not less than 5 business days) redeem all or, if so specified on such Note, some of the Series of Notes of which such Note forms part, on the date or dates specified on such Notes (which shall, in the case of a Note which has applicable to it at the time of redemption an interest basis which is specified on such Note as Variable Interest Rate, be an Interest Payment Date) at the amount specified on such Note as the Call Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption. All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d). If some only of the Notes of a Series are to be redeemed at any time, the Notes to be redeemed shall be determined by the drawing of lots. In the case of a partial redemption by way of lot, the notice to Noteholders shall also contain the serial numbers and Principal Amount of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and Exchange requirements.

(e) Redemption at the Option of Noteholders

If so provided on a Note, the Republic shall, subject to compliance with all relevant laws, regulations and directives, at the option of the holder of such Note, redeem such Note on the date or dates specified on such Note (which shall, in the case of a Note which has applicable to it at the time of redemption an interest basis which is specified on such Note as Variable Interest Rate, be an Interest Payment Date) at the amount specified on such Note as the Put Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed notice of redemption ("Redemption Notice") in the form obtainable from any Agent not more nor less than the number of days specified on such Note prior to the relevant date for redemption. Unless otherwise specified on such Note, no Note (or Redemption Notice) so deposited may be withdrawn (except as provided in the Fiscal Agency Agreement) without the prior consent of the Republic. Notice of not more nor less than the number of days specified on such Note (which shall be not less than 5 business days) of the commencement of any period for the deposit of Notes for redemption pursuant to this Condition 6(e) shall be given by the Republic to Noteholders in accordance with Condition 15.

(f) Cancellation

All Notes redeemed or purchased in accordance with this Condition 6, and any unmatured Coupons or Talons attached to or purchased with them, will be cancelled forthwith and may not be resold or re-issued.

7. PAYMENTS

(a) Bearer Notes

- (i) Payments of Principal and Interest: Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Bearer Notes or Coupons, as the case may be, at the specified office of any Paying Agent outside the United States and its possessions:
 - (1) in respect of payments denominated in a Specified Currency other than U.S. dollars, Euro or Sterling, at the option of the holder either by a cheque in such Specified Currency drawn on, or by transfer to an account in such Specified Currency maintained by the payee with a bank in the Relevant Financial Centre of such Specified Currency, which in the case of Australian dollars shall be Melbourne and which in the case of New Zealand dollars shall be Wellington;

- (2) in respect of payments denominated in U.S. dollars, subject to Condition 7(a)(ii), at the option of the holder either by a U.S. dollar cheque drawn on a bank in New York City or by transfer to a U.S. dollar account maintained by the payee with a bank outside the United States;
 - (3) in respect of payments denominated in Euro by cheque or transfer to a Euro account with a bank in a city in which banks have access to the TARGET System;
 - (4) in respect of payments denominated in Sterling, by a Sterling cheque drawn on, or, at the option of the holder or by transfer to a Sterling account with, a bank in the City of London; or
 - (5) as may otherwise be specified on such Notes.
- (ii) Payments in the United States: Notwithstanding the foregoing, payments in respect of Bearer Notes denominated in U.S. dollars may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (1) the Maturity Date of such Bearer Notes is not more than one year from the Issue Date for such Bearer Notes or (2) (a) the Republic shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Bearer Notes in the manner provided above when due, (b) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (c) such payment is then permitted by United States law. If, under such circumstances, a Bearer Note is presented for payment of principal at the specified office of any Paying Agent in the United States or its possessions in circumstances where interest (if any is payable against presentation of the Bearer Note) is not to be paid there, the relevant Paying Agent will annotate the Bearer Note with the record of the principal paid and return it to the holder for the obtaining of interest elsewhere.
- (iii) Payments on Business Days: Subject as provided on a Note, if any date for payment in respect of any Bearer Note or Coupon comprising all or part of a Tranche is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(a), “business day” means a day on which banks are open for business in the relevant place of presentation and:
- (1) (in the case of a payment in a Specified Currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant Specified Currency, on which dealings may be carried on in the Relevant Financial Centre of such Specified Currency; or
 - (2) (in the case of payment in Euro) which is a TARGET Business Day.

If the due date for redemption or repayment of any Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note. Interest accrued on a Bearer Note the interest basis for which is specified on such Note as Zero Coupon from its Maturity Date shall be payable on repayment of such Bearer Note against presentation thereof.

(b) Registered Notes

- (i) Payments of Principal and Interest: Payments of principal and interest in respect of Registered Notes will be made or procured to be made by the Registrar to the person shown on the Register at the close of business on the fifteenth DTC business day before the due date for payment thereof (the “Record Date”):
- (1) in respect of payments denominated in a Specified Currency other than Euro, by cheque drawn on, or by transfer to an account in such Specified Currency maintained by the payee with, a bank in the Relevant Financial Centre of such Specified Currency;

- (2) in respect of payments denominated in Euro by cheque or by credit or transfer to a Euro account with a bank in a city in which banks have access to the TARGET System; or
- (3) as may otherwise be specified on such Notes, subject in each case to Condition 7(b)(iii). For the purposes of this Condition 7(b), "DTC business day" means any day on which DTC (as defined in Condition 7(b)(iii)) is open for business.

Payments of principal in respect of Registered Notes will only be made against surrender of the relevant Certificate at the specified office of any Transfer Agent. Upon application by the holder to the specified office of any Transfer Agent not less than 15 days before the due date for any payment in respect of a Note, such payment will be made by transfer to an account maintained by the payee with a bank in the Relevant Financial Centre. Details of the account to which a registered holder's payments will be made should be notified by the holder to the specified office of the Registrar before the Record Date preceding the relevant date for payment. If the amount of principal being paid is less than the Principal Amount of the relevant Registered Note, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Republic or a Noteholder) issue a new Certificate with a Principal Amount equal to the remaining unpaid Principal Amount.

- (ii) **Payment Initiation:** Where payment is to be made by transfer to an account in the relevant Specified Currency, payment instructions (for value the due date, or if that is not a Relevant Business Day, for value the first following day which is a Relevant Business Day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed on the last day on which the Registrar is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent, on a day on which the Registrar is open for business and on which the relevant Certificate is surrendered.
- (iii) **Payments Through The Depository Trust Company:** Registered Notes, if so specified on them, will be issued in the form of one or more Certificates and may be registered in the name of, or in the name of a nominee for, The Depository Trust Company ("DTC"). Payments of principal and interest in respect of Registered Notes denominated in U.S. dollars will be made in accordance with Conditions 7(b)(i) and (ii). Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by the Registrar in the relevant Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Registrar or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Republic by the Registrar who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payment, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Registrar, after the Exchange Agent has converted amounts in such Specified Currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Fiscal Agency Agreement sets out the manner in which such conversions are to be made.
- (iv) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Relevant Business Day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(b)(ii) arrives after the due date for payment.

- (v) **Payment Not Made in Full:** If the amount of principal or interest which is due on any Registered Note is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest, if any, in fact paid on such Registered Note.

(c) Payments Subject to Law, etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Republic and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Republic and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Republic reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, in each case in accordance with the provisions of the Fiscal Agency Agreement and provided that the Republic shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed and (vii) a Paying Agent with a specified office in a European Union member state (if any) that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Republic shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(a)(ii).

Notice of any such change or any change in the specified office of any Agent will promptly be given to the Noteholders in accordance with Condition 15.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Notes the interest basis for which is specified on such Notes as being Fixed Interest Rate, other than Notes which are specified to be Long Maturity Notes (being Notes whose Principal Amount is less than the aggregate interest payable thereon on the relevant dates for payment of interest under Condition 5(l)(a)), should be surrendered for payment of principal together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Principal Amount due for payment on such Note. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10). If the date for payment of principal is any date other than a date for payment of interest, the accrued interest on such principal shall be paid only upon presentation of the relevant Note.
- (ii) If so specified on a Bearer Note, upon the due date for redemption of any Bearer Note either the interest basis for which is specified on such Note as being Variable Interest Rate at any time or which is a Long Maturity Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note either the interest basis for which is specified on such Note as being Variable Interest Rate at any time or which is a Long Maturity Note, is presented for redemption without all unmatured Coupons relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption of such Bearer Note shall be made only against the provisions of such indemnity as the Republic may require.

(f) Talons

Except where such Talon has become void pursuant to Condition 7(e)(iii), on or after the Reference Date or, as the case may be, the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 10).

8. TAXATION

All payments in respect of the Notes and the Coupons will be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges (together, the "Taxes") of whatever nature imposed, levied, collected, withheld or assessed by or within any jurisdiction in, from or through which such payments are made or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Republic shall pay such additional amounts as will result in receipt by the Noteholders or, as the case may be, the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) in the case of Bearer Notes or Coupons:
 - (a) to a holder (or to a third party on behalf of a holder) where such holder is liable to such Taxes in respect of such Bearer Note or Coupon by reason of it having some connection with the relevant jurisdiction other than the mere holding of such Bearer Note or Coupon;
 - (b) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days;
 - (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.
- (ii) in the case of Registered Notes:
 - (a) to a holder (or to a third party on behalf of a holder) where such holder is liable to such Taxes in respect of such Registered Note by reason of it having some connection with the relevant jurisdiction other than the mere holding of such Registered Note or the receipt of the relevant payment in respect thereof;
 - (b) if the Certificate in respect of such Registered Note is required to be surrendered and is surrendered more than 30 days after the Relevant Date except to the extent that the holder

thereof would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days; or

- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used in these Conditions, “Relevant Date” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if the full amount of the money payable has not been received by the Fiscal Agent on or prior to such due date) the date on which notice is duly given to the Noteholders in accordance with Condition 15 that such moneys have been so received and are available for payment. References in these Conditions to “principal” shall be deemed to include “Amortised Face Amount”, “Redemption Amount”, “Call Redemption Amount”, “Put Redemption Amount” and “Early Redemption Amount” and any premium payable in respect of the Notes and any reference to “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition 8.

9. EVENTS OF DEFAULT

(a) Events of Default

If any of the following events (each an “Event of Default”) occurs all of the Notes of the relevant Series may by written notice addressed and delivered by the holders of at least 25 per cent. of the aggregate principal amount of the outstanding (as defined in the Fiscal Agency Agreement) Notes of such Series to the Fiscal Agent, be declared immediately due and payable at the Early Redemption Amount specified on such Notes or, if none is so specified, at the Principal Amount specified on such Notes, together with interest accrued to the date of redemption or, in relation to Notes of a Series the interest basis for which is specified on such Notes as Zero Coupon, the Amortised Face Amount of such Notes whereupon, unless prior to the date of such notice the Republic shall have cured or otherwise rectified the relevant event of default, all of the Notes of such Series shall become immediately due and payable as aforesaid:

(i) Non-Payment

The Republic fails to pay any principal of or interest on any of the Notes when due and such failure continues for a period of 20 days; or

(ii) Breach of Other Obligations

The Republic does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 60 days after notice of such default shall have been given to the Fiscal Agent by any Noteholder; or

(iii) Cross Default

Any present or future External Indebtedness becomes due and payable prior to the stated maturity thereof by reason of default, or any such External Indebtedness is not paid at the maturity thereof as extended by any grace period originally applicable thereto, or any such External Indebtedness in the form of a guarantee or indemnity is not honoured when due and called upon or within any grace period originally applicable thereto, provided that the aggregate amount of all External Indebtedness in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds U.S.\$25,000,000 or its equivalent in any other currency or currencies; or

(iv) Moratorium

A moratorium on the payment of principal of, or interest on, all or any part of the External Indebtedness of the Republic or any State Agency shall be declared or any such moratorium occurs de facto or the Republic or

any State Agency is unable to pay its debts as they fall due or commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of all or any part of its External Indebtedness; or

(v) Unlawfulness or Invalidity

The validity of the Notes is contested by the Republic or any Person acting on behalf of the Republic or the Republic or any Person acting on behalf of the Republic shall deny any of the Republic's obligations under the Notes or it is or will become unlawful for the Republic to perform or comply with any of its obligations under or in respect of the Notes or the Fiscal Agency Agreement or any of such obligations shall be or become unenforceable or invalid; or

(vi) IMF

The Republic ceases to be a member of the IMF or to be eligible to use the general resources of the IMF pursuant to Article 26 of the IMF Articles of Agreement; or

(vii) Consents etc.

Any regulation, decree, consent, approval, licence or other authority necessary to enable the Republic to enter into or perform its obligations under the Notes or the Fiscal Agency Agreement or for the validity or enforceability thereof shall expire, be withheld, revoked, terminated or otherwise cease to remain in full force and effect or shall be modified in a manner which adversely affects any rights or claims of any of the Noteholders or Couponholders.

The Republic shall give notice of any such declaration promptly to Noteholders.

(b) Rescission of the Declaration of Acceleration

If the Fiscal Agent receives notice in writing from holders of at least 75 per cent. in aggregate principal amount of the outstanding Notes of a Series to the effect that the Event(s) of Default giving rise to a declaration of acceleration made pursuant to Condition 9(a) in respect of the Notes of such Series is or are cured or is or are waived by them following any such declaration and that such holders request the Fiscal Agent to rescind the relevant declaration, the Fiscal Agent shall, by notice in writing to the Republic and the Noteholders of such Series, rescind the relevant declaration, whereupon it shall be rescinded and shall have no further effect. No such rescission shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

(c) Terms

As used in these Conditions:

"IMF" means the International Monetary Fund;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality; and

"State Agency" means any agency, authority, central bank, department, government, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the Republic.

10. PRESCRIPTION

Claims against the Republic for payment in respect of the Notes and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date in respect thereof.

11. MEETINGS OF NOTEHOLDERS AND MODIFICATION

(a) General

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders of a Series to consider matters relating to the Notes of such Series, including the modification of any provision of these Conditions or the provisions of the Fiscal Agency Agreement. The following is a summary of selected provisions contained in the Fiscal Agency Agreement.

For the purposes of this Condition 11:

- (i) “Cross-Series Modification” means a modification involving (i) the Notes of any Series or any agreement governing the issuance or administration of the Notes of any Series (including the Fiscal Agency Agreement, the Ministry of Finance Undertaking (as defined in Condition 17) and the Deed of Covenant), and (ii) the Debt Securities of one or more other series or any agreement governing the issuance or administration of such other Debt Securities;
- (ii) “Debt Securities” means the Notes of any Series and any other bills, bonds, debentures, notes or other debt securities issued by the Republic in one or more series with an original stated maturity of more than one year, and includes any such obligation, irrespective of its original stated maturity, that formerly constituted a component part of a Debt Security;
- (iii) “holder”, in relation to a Note of any Series, means (i) in the case of Registered Notes, the person in whose name the Note of such Series is registered in the books and records of the Republic and/or the Registrar or (ii) in the case of Bearer Notes, the bearer of the Note of such series, and, in relation to any other Debt Security, means the person the Republic is entitled to treat as the legal holder of the Debt Security under the law governing that Debt Security;
- (iv) “outstanding”, in relation to any Note of a Series, means a Note of such Series that is outstanding within the meaning of the Fiscal Agency Agreement and, in relation to the Debt Securities of any other series, will be determined in accordance with the applicable terms and conditions of that Debt Security;
- (v) “Reserved Matter”, in relation to the Notes of any Series, means any modification of the terms and conditions of the Notes of such Series or of any agreement governing the issuance or administration of the Notes of such Series (including the Fiscal Agency Agreement, the Ministry of Finance Undertaking and the Deed of Covenant) that would:
 - (d) change the date on which any amount is payable on the Notes of such Series;
 - (e) reduce any amount, including any overdue amount, payable on the Notes of such Series;
 - (f) change the method used to calculate any amount payable on the Notes of such Series;
 - (g) reduce the redemption price for the Notes of such Series or change any date on which the Notes of such Series may be redeemed;
 - (h) change the currency or place of payment of any amount payable on the Notes of such Series;
 - (i) impose any condition on or otherwise modify the Republic’s obligation to make payments on the Notes of such Series;
 - (j) change any payment-related circumstance under which the Notes of such Series may be declared due and payable prior to their stated maturity;
 - (k) change the seniority or ranking of the Notes of such Series;
 - (l) change the law governing the Notes of such Series;

- (m) change any court to whose jurisdiction the Republic has submitted or any immunity waived by the Republic in relation to any proceedings arising out of or in connection with the Notes of such Series;
- (n) change the principal amount of outstanding Notes of such Series or, in the case of a Cross-Series Modification, the principal amount of Debt Securities of any other series required to approve a proposed modification in relation to the Notes of such Series, the principal amount of outstanding Notes of such Series required for a quorum to be present, or the rules for determining whether a Note of such Series is outstanding for these purposes; or
- (o) change the definition of a Reserved Matter,

and has the same meaning in relation to the Debt Securities of any other series save that any of the foregoing references to the Notes or any agreement governing the issuance or administration of the Notes (including the Fiscal Agency Agreement, the Ministry of Finance Undertaking and the Deed of Covenant) shall be read as references to such other Debt Securities or any agreement governing the issuance or administration of such other Debt Securities; and

- (vi) “series” means a tranche of Debt Securities, together with any further tranche or tranches of Debt Securities that, in relation to each other and to the original tranche of Debt Securities, are (i) identical in all respects except for their date of issuance or first payment date, and (ii) expressed to be consolidated and form a single series, and includes the Notes of any Series and any further issuance of Notes of such Series.

(b) Convening Meetings of Noteholders

A meeting of Noteholders of a Series:

- (i) may be convened by the Republic at any time; and
- (ii) will be convened by the Republic if an Event of Default in relation to the Notes has occurred and is continuing and a meeting is requested in writing by the holders of not less than 10 per cent. of the aggregate principal amount of the Notes of the relevant Series then outstanding.

(c) Quorum

- (i) The quorum at any meeting at which Noteholders of any Series will vote on a proposed modification to, or a proposed modification of:
 - (a) a Reserved Matter will be one or more persons present or represented at the meeting and holding not less than 66 2/3 per cent. of the aggregate principal amount of the Notes of such Series then outstanding; and
 - (b) a matter other than a Reserved Matter will be one or more persons present or represented at the meeting and holding not less than 50 per cent. of the aggregate principal amount of the Notes of such Series then outstanding.
- (ii) The quorum for any adjourned meeting will be one or more persons present or represented at the meeting and holding:
 - (a) not less than 66 2/3 per cent. of the aggregate principal amount of the Notes of such Series then outstanding in the case of a proposed Reserved Matter modification; and
 - (b) not less than 25 per cent. of the aggregate principal amount of the Notes of such Series then outstanding in the case of a non-Reserved Matter modification.

(d) Non-Reserved Matters

The terms and conditions of the Notes of a Series and any agreement governing the issuance or administration of the Notes of a Series (including the Agency Agreement, the Ministry of Finance Undertaking and the Deed of Covenant) may be modified in relation to any matter other than a Reserved Matter with the consent of the Republic and:

- (i) the affirmative vote of a holder or holders of more than 50 per cent. of the aggregate principal amount of the outstanding Notes of such Series represented at a duly called and quorate meeting of Noteholders of such Series; or
- (ii) a written resolution signed by or on behalf of a holder or holders of more than 50 per cent. of the aggregate principal amount of the outstanding Notes of such Series.

(e) Reserved Matters

Except as provided by Condition 11(f) below, the terms and conditions of the Notes of a Series and any agreement governing the issuance or administration of the Notes of a Series (including the Fiscal Agency Agreement, the Ministry of Finance Undertaking and the Deed of Covenant) may be modified in relation to a Reserved Matter with the consent of the Republic and:

- (i) the affirmative vote of a holder or holders of not less than 75 per cent. of the aggregate principal amount of the outstanding Notes of such Series represented at a duly called and quorate meeting of Noteholders of such Series; or
- (ii) a written resolution signed by or on behalf of a holder or holders of not less than 66 2/3 per cent. of the aggregate principal amount of the Notes of such Series then outstanding.

(f) Cross-Series Modifications

In the case of a Cross-Series Modification, the terms and conditions of the Notes of a Series and Debt Securities of any other series, and any agreement governing the issuance or administration of the Notes of a Series (including the Fiscal Agency Agreement, the Ministry of Finance Undertakings and the Deed of Covenant) or Debt Securities of such other series, may be modified in relation to a Reserved Matter with the consent of the Republic and:

- (i) the affirmative vote of not less than 75 per cent. of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called and quorate meetings of the holders of the Debt Securities of all the series (taken in the aggregate) that would be affected by the proposal and/or proposed modification; or
 - (ii) a written resolution signed by or on behalf of the holders of not less than 66 2/3 per cent. of the aggregate principal amount of the outstanding Debt Securities of all the series (taken in the aggregate) that would be affected by the proposal and/or proposed modification;
- and
- (iii) the affirmative vote of more than 66 2/3 per cent. of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called and quorate meetings of the holders of each series of Debt Securities (taken individually) that would be affected by the proposal and/or proposed modification; or
 - (iv) a written resolution signed by or on behalf of the holders of more than 50 per cent. of the aggregate principal amount of the then outstanding Debt Securities of each series (taken individually) that would be affected by the proposal and/or proposed modification.

A separate meeting will be called and held, or a separate written resolution signed, in relation to the proposed modification of the Notes of a Series and the proposed modification of each other affected series of Debt Securities.

(g) Written Resolutions

A “written resolution” is a resolution in writing signed by or on behalf of holders of the requisite majority of the Notes of a Series and will be valid for all purposes as if it was a resolution passed at a quorate meeting of Noteholders of such Series duly convened and held in accordance with these provisions. A written resolution may be set out in one or more documents in like form each signed by or on behalf of one or more Noteholders of such Series.

(h) Binding Effect

A resolution duly passed at a quorate meeting of holders duly convened and held in accordance with these provisions, and a written resolution duly signed by the requisite majority of Noteholders of any Series, will be binding on all Noteholders of such Series, whether or not the holder was present at the meeting, voted for or against the resolution or signed the written resolution.

(i) Manifest Error, Technical Amendments, etc.

Notwithstanding anything to the contrary herein, the terms and conditions of the Notes of a Series and any agreement governing the issuance or administration of the Notes of a Series (including the Fiscal Agency Agreement, the Ministry of Finance Undertaking and the Deed of Covenant) may be modified by the Republic without the consent of Noteholders of such Series:

- (i) to correct a manifest error or cure an ambiguity; or
- (ii) if the modification is of a formal or technical nature or for the benefit of Noteholders of such Series.

The Republic will publish the details of any modification of the Notes of a Series made pursuant to this Condition 11(i) within ten days of the modification becoming legally effective.

12. REPLACEMENT OF BEARER NOTES, COUPONS, TALONS AND CERTIFICATES

If any Bearer Note, Coupon, Talon or Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Notes, Coupons and Talons) or the Transfer Agent in New York City (in the case of Certificates) subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the taxes and expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Republic may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes, Coupons, Talons or Certificates must be surrendered before replacements will be issued.

13. FURTHER ISSUES

The Republic may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes of any Series in all respects (or in all respects except for the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes of any Series).

References in these Conditions to the Notes of any Series include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13 and forming a single series with the Notes of such Series.

14. AGENTS

In acting under the Fiscal Agency Agreement, the Agents act solely as agents of the Republic and do not assume any obligation or relationship of agency or trust for or with any holder.

15. NOTICES

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

16. CURRENCY INDEMNITY

In relation to each Series, the Specified Currency is the sole currency of account and payment for all sums payable by the Republic under or in connection with the Notes and the Coupons, including damages. Any amount received or recovered in a currency other than the relevant Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Republic will only constitute a discharge to the Republic to the extent of the Specified Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Specified Currency amount is less than the Specified Currency amount expressed to be due to the recipient under the Notes or the Coupons, the Republic will indemnify such recipient against any loss sustained by such recipient as a result. In any event, the Republic will indemnify the recipient against the cost of making any such purchases. These indemnities constitute separate and independent obligations from the Republic's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Noteholder or Couponholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Notes and/or the Coupons or any judgment or order. No proof or evidence of any actual loss may be required.

17. MINISTRY OF FINANCE UNDERTAKING

The Ministry of Finance has in a Deed of Undertaking (the "Ministry of Finance Undertaking") dated 29 April 2014 irrevocably undertaken to, inter alia, the Noteholders and Couponholders for the time being that it shall authorise the free and unconditional transfer to the Fiscal Agent, Registrar and Noteholders and Couponholders of all sums in the amount, at the time and in the currency required for the fulfilment of all financial obligations of the Republic to each Noteholder and Couponholder under or in respect of any Note as well after as before judgment, and, further, that, subject to the provision by the Republic of the necessary funds, the Ministry of Finance shall make available to the Republic for the performance of its said obligations all amounts required in the relevant currencies.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

19. GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Fiscal Agency Agreement, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Coupons or the Talons ("Proceedings") may be brought in such courts. The Republic irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Waiver of Immunity

The Republic irrevocably agrees that, should any Proceedings be taken anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf of it or with respect to its assets, any such immunity being irrevocably waived. The Republic irrevocably agrees that it and its assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Notes, the Coupons and the Talons.

(d) Consent to Enforcement etc.

The Republic irrevocably and generally consents in respect of any Proceedings anywhere to the giving of any relief or the issue of any process in connection with those Proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those Proceedings.

(e) Limitations

The waivers and consents in paragraphs (c) and (d) above do not apply to the Republic's title or possession of property used for the purposes of a diplomatic mission or necessary for the proper functioning of the Republic as a sovereign state.

(f) Agent for Service of Process

The Republic irrevocably appoints the High Commissioner of Cyprus for the time being in London at the High Commission of Cyprus in London as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Republic). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Republic irrevocably agrees to appoint a

substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 15. Nothing shall affect the right to serve process in any manner permitted by law.

Form of the Notes

BEARER NOTES

Bearer Notes of each Tranche of a Bearer Series will initially be represented by a Temporary Global Note, or by a Global Note, each without Coupons. If the Temporary Global Note or the Global Note, as the case may be, is stated in the applicable Pricing Supplement to be issued in NGN form, the Temporary Global Note or the Global Note, as the case may be, will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Temporary Global Note or the Global Note, as the case may be, with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Temporary Global Notes or Global Notes which are issued in CGN form will be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Temporary Global Note or the Global Note, as the case may be, is a CGN, upon the initial deposit of such Notes with the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Temporary Global Note or the Global Note, as the case may be, is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by such Notes and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Interests in the Temporary Global Note will be exchanged in whole or in part for interests in a Global Note representing Bearer Notes of the relevant Tranche, or for definitive Bearer Notes of the relevant Tranche (as specified in the relevant Pricing Supplement), not earlier than 40 days after the later of the commencement of the offering of the relevant Tranche and the relevant Issue Date and, unless specified to the contrary in the relevant Pricing Supplement, upon certification as to non-U.S. beneficial ownership.

Each Temporary Global Note, Global Note, definitive Bearer Note, Talon and Coupon will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.” The sections of the U.S. Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain, realised on any sale, exchange or redemption of Bearer Notes or any related Coupons.

Summary of Provisions Relating to Bearer Notes while in Global Form

Each Global Note will contain provisions which apply to the Bearer Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

Exchange: Interests in a Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Bearer Notes if the Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or another clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by such holder giving notice to the Fiscal Agent and by surrender of the Global Note by such holder to or to the order of the Fiscal Agent on or after the Exchange Date (as defined below). In exchange for the Global Note, the Republic shall deliver, or procure the delivery

of, an equal aggregate principal amount of duly executed and authenticated definitive Bearer Notes having attached to them, in the case of interest bearing Notes, all Coupons in respect of interest which has not already been paid on the Global Note and, where appropriate, Talons for further coupons, security printed in accordance with any applicable legal and stock exchange requirements. On exchange in full of the Global Note, the Republic will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Bearer Notes. "Exchange Date" means a day falling not less than 40 days after that on which the notice requiring exchange is given to the Fiscal Agent and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in which Euroclear and Clearstream, Luxembourg or, if relevant, such other clearing system are located.

Payments: Principal, premium (if any) and interest in respect of the Global Note shall be paid to its holder against presentation and (if no further payment falls to be made on it) surrender of it to, or to the order of, the Fiscal Agent, in the case of interest only, at an office outside the United States and its possessions (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for the purpose). If the Global Note is a CGN, the Fiscal Agent shall endorse or cause to be endorsed such payment or cause such payment to be endorsed in the appropriate Exhibit to the Global Note (such endorsement being prima facie evidence that the payment in question has been made). If the Global Note is a NGN, the Republic shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Republic's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(a).

Notices: So long as a Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, notices required to be given to Noteholders may be given by their being delivered to Euroclear, Clearstream, Luxembourg or, as the case may be, such other clearing system, rather than by publication as required by the Conditions.

Prescription: Claims in respect of principal and interest in respect of the Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in "Terms and Conditions of the Notes-Taxation").

Purchase and Cancellation: Cancellation of any Note represented by a Global Note which is required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the Global Note on its presentation to or to the order of the Fiscal Agent for notation in the appropriate Exhibit to the Global Note. Interest-bearing Notes may only be purchased by the Republic if they are purchased together with the right to receive all future payments of interest thereon.

Default: The holder of a Global Note may exercise the right to declare Notes represented by the Global Note due and payable under Condition 9 by stating in the notice to the Fiscal Agent the principal amount of Notes (which may be less than the outstanding principal amount of the Global Note) to which such notice relates. If principal in respect of any Notes is not paid when due, the holder of a Global Note may from time to time elect that direct rights ("Direct Rights") under the provisions of (and as defined in) a deed of covenant (the "Deed of Covenant") executed by the Republic as of 29 April 2014 (a copy of which is available for inspection at the specified office of the Fiscal Agent) shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount in respect of which such failure to pay principal has occurred. Such election shall be made by notice to the Fiscal Agent and presentation of the Global Note to or to the order of the Fiscal Agent for reduction of the principal amount of Notes represented by the Global Note by such amount as may be stated in such notice by endorsement in the appropriate Exhibits to the Global Note. Upon each such notice being given, the Global Note shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect, for whatever reason.

Call Option: The Republic's call option in Condition 6(d) of the Terms and Conditions of the Notes may be exercised by the Republic giving notice to the Noteholders within the time limits set out in and containing the information required by Condition 6(d) except that the notice shall not be required to contain the serial numbers of Notes drawn for redemption in the case of a partial redemption of Notes and accordingly no drawing of Notes for redemption will be required. In the event that any option of the Republic is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other alternative clearing system (as the case may be).

Put Option: The Noteholders' put option in Condition 6(e) of the Terms and Conditions of the Notes may be exercised by the holder of a Global Note giving notice to the Fiscal Agent of the principal amount of Notes in respect of which the option is expressed and where the Global Note is a CGN, presenting the Global Note for endorsement within the time limits specified in Condition 6(e). Where the Global Note is a NGN, the Republic shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

NGN Nominal Amount: Where the Global Note is a NGN, the Republic shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

REGISTERED NOTES

Registered Notes of each Tranche of a Registered Series which are sold in an "offshore transaction" within the meaning of Regulation S ("Unrestricted Notes") will initially be represented by interests in a Regulation S Global Note, without interest coupons, which, if the relevant Regulation S Global Note is held under the NSS, will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg and, if the relevant Regulation S Global Note is not held under the NSS, will be deposited with a common nominee for, and registered in the name of a common nominee of, Clearstream, Luxembourg and Euroclear on its Issue Date. Registered Notes of such Tranche resold pursuant to Rule 144A ("Restricted Notes") will initially be represented by a DTC Restricted Global Note, without interest coupons, deposited with a custodian for, and registered in the name of a nominee of, DTC on its Issue Date. Any DTC Restricted Global Note and any individual definitive Restricted Notes will bear a legend applicable to purchasers who purchase the Registered Notes pursuant to Rule 144A as described under "Transfer Restrictions".

Summary of Provisions Relating to Registered Notes while in Registered Global Form

Each Registered Global Note will contain provisions which apply to the Registered Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

Payments: All payments in respect of Notes represented by a Regulation S Global Note or DTC Restricted Global Note will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Prescription: Claims in respect of principal and interest in respect of a Registered Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

Purchase and Cancellation: Cancellation of any Note represented by a Registered Global Note which is required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Registered Global Note by notation in the Register of such reduction by the Registrar.

Default: The holder of a Registered Global Note may exercise the right to declare Notes represented by the Registered Global Note due and payable under Condition 9 by stating in the notice to the Fiscal Agent the principal amount of Notes (which may be less than the outstanding principal amount of the Registered Global Note) to which such notice relates. If principal in respect of any Notes is not paid when due (but subject as provided below), the holder of a Registered Global Note may from time to time elect that Direct Rights shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount in respect of which such failure to pay principal has occurred. Such election shall be made by notice to the Registrar of reduction of the principal amount of Notes represented by the Registered Global Note by such amount as may be stated in such notice by notation in the Register of such principal amount of Notes formerly represented hereby as the principal amount of Notes in respect of which Direct Rights have arisen under the Deed of Covenant. Upon each such notice being given, the Registered Global Note shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect, for whatever reason.

No such election may however be made unless the transfer of the whole or a part of the holding of Notes represented by the Registered Global Note shall have been improperly withheld or refused.

Call Option: The Republic's call option in Condition 6(d) of the Terms and Conditions of the Notes may be exercised by the Republic giving notice to the Noteholders within the time limits set out in and containing the information required by Condition 6(d) except that the notice shall not be required to contain the serial numbers of Notes drawn for redemption in the case of a partial redemption of Notes and accordingly no drawing of Notes for redemption shall be required. Where Notes of a Series are represented by a Regulation S Global Note and a DTC Restricted Global Note then in circumstances where less than the aggregate principal amount of Notes represented by such Global Notes are to be redeemed, the principal amount of Notes to be redeemed will be allocated between such Global Notes on a pro rata basis (or as near thereto as may be practicable).

Put Option: The Noteholders' put option in Condition 6(e) of the Terms and Conditions of the Notes may be exercised by the holder of a Registered Global Note giving notice to the Fiscal Agent of the principal amount of Notes in respect of which the option is exercised and presenting the Registered Global Notes for endorsement within the time limits specified in Condition 6(e).

For provisions relating to registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg, Euroclear or DTC and the issuance of definitive Registered Notes, see "Clearing and Settlement-Individual Definitive Registered Notes".

EURO EQUIVALENT

For the purpose of calculating the Euro equivalent of the principal amount of Notes outstanding under the Programme from time to time, the Euro equivalent of Notes denominated in another currency shall be determined, at the discretion of the Republic, either as of the date of issue of such Notes (the "Agreement Date") or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in either case on the basis of the Exchange Rate on the relevant date of calculation. As used herein, the "Exchange Rate" means the spot rate for the sale of Euro against the purchase of such other relevant currency in the London foreign exchange market as quoted by any leading bank selected by the Republic at its discretion on the Agreement Date or on the preceding day on which commercial banks and foreign exchange markets are open for business in London.

The Euro equivalent of any Zero Coupon Note and any other Note issued at a discount shall be calculated, in relation to a currency other than Euro, in the manner specified above and with the Exchange Rate so

determined to apply in respect of any other Euro equivalent determination for the same Notes and, in relation to the principal amount, by reference to the amortisation yield formula as specified in the Conditions applicable to such Notes as of the same dates as specified in the preceding paragraph or, if no formula is so specified, the principal amount of the Notes.

PARTLY-PAID NOTES

The provisions relating to partly-paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement. While any instalments of the subscription moneys due from the holder of partly-paid Notes are overdue, no interest in a Temporary Global Note or a Global Note representing such Notes may be exchanged for an interest in a Global Note or for definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any partly-paid Notes within the time specified, the Republic may forfeit such Notes and shall have no further obligation to their holder in respect of them or in respect of any amount then paid-up.

Use of Proceeds

The net proceeds of any issue of Notes will be used by the Republic for its general financing and debt management purposes.

Republic of Cyprus

LOCATION, AREA AND POPULATION

The island of Cyprus is situated in the eastern part of the Mediterranean Sea. It is the third largest island in the Mediterranean with an area of 9,251 square kms. The capital and largest city of the island is Nicosia with approximately 326,980 inhabitants in the part of the city controlled by the Government. Since the Turkish invasion of Cyprus in 1974, an area of approximately 3,420 square kms of the island, including the northern part of Nicosia, has been occupied by Turkish forces.

The population of the island at the end of 2012 was 956,500 of which 865,900 lived in the area of the island controlled by the Government.

In the period from 2001 to 2011, the population of Cyprus grew at an average rate of 2.50 per cent. per annum. Approximately 67 per cent. of the population live in urban areas and approximately 13 per cent. are aged 65 and over.

Net migration has been positive during the last decade, except for 2012 when there was a net loss of 629 compared to a net gain of 18,142 in 2011.

POLITICS AND GOVERNMENT

The Constitution of Cyprus provides for a presidential system of government with executive power vested in the President of the Republic and the Council of Ministers.

The President of the Republic of Cyprus, who is the Head of State, is elected by universal suffrage for a five year term of office and is eligible for re-election once. In February 2013 the President of the Republic, H.E. Mr Nicos Anastasiades, was elected as the seventh President of the Republic.

Legislative power is vested in the House of Representatives whose members are elected by universal suffrage. Seats in the House of Representatives are allocated on the basis of proportional representation. Twenty-four out of the total of eighty seats are reserved for the Turkish Cypriot community, but are currently not being taken. The Constitution provides that the term of office of the House of Representatives is five years.

Following the Parliamentary elections of 22 May 2011, the seats in the House were allocated as follows: Democratic Rally 20; AKEL 19; Democratic Party 8; Social Democrats Movement 5; European Party 2; the Ecological Environmental Movement 1; Independent 1. The next House of Representatives elections are due in May 2016.

INTERNATIONAL RELATIONS

Cyprus maintains very good relations with its neighbouring countries in the Middle East and North Africa (other than with Turkey, whose forces have occupied the northern part of the island since 1974 (see "The Cyprus issue")) and with other countries throughout the world.

The Republic is a member of many international organisations, including: the United Nations (1960) and its specialised agencies, the Commonwealth (1961), the Organisation for Security and Cooperation in Europe ("OSCE"; 1975), the Council of Europe (1961) and the World Trade Organisation ("WTO"), being a signatory to the Uruguay round of the General Agreement on Trade and Tariffs in 1994, the World Bank and the International Monetary Fund (the "IMF"). Since 2004 Cyprus has been a member of the European Union and from 2008 it has also been a member of the Economic and Monetary Union (the Eurozone).

The focal point of Cyprus' foreign policy is determined by its membership in the European Union. Cyprus has endeavoured to actively participate in the formation and the implementation of the European Union's Common Foreign and Security Policy, an important element of which is the Common Security and Defence Policy.

CYPRUS-EU RELATIONS

On 1 May 2004 the Republic of Cyprus became a full member of the EU. Accession to the EU was a natural choice for Cyprus, derived from its civilisation, history, its European outlook and adherence to the ideals of democracy, freedom and justice.

The application of the EU laws and regulations (the "acquis communautaire") is suspended in the area under military occupation by Turkey, pending a solution to the occupation and forcible division of the country. Meanwhile, the government, in cooperation with the EU Commission, has been promoting arrangements to facilitate increased economic transactions between the two communities and improve the standard of living of Turkish Cypriots, who are also victims of Turkey's military aggression against Cyprus.

Strategically situated at the crossroads of Europe, the Middle East, North Africa and Asia, Cyprus is becoming an even more important regional business centre, as well as an international communications and transport hub. It is also a prospective energy (natural gas) provider for Europe.

Given its modern infrastructure, sound legal system, tax incentives, low crime rate and well educated labour force, Cyprus is a favourite regional operations platform for European and other international companies.

Since its accession to the EU, Cyprus has undergone significant structural reforms that have transformed its economic landscape. Trade and interest rates have been liberalised, while price controls and investment restrictions have been lifted. Private financing has been introduced for the construction and operation of major infrastructure projects and monopolies have been abolished.

The political context created by the accession to the EU is also expected to impact positively on the efforts to reach a comprehensive settlement to the division of Cyprus that will reunite its people and reintegrate its economy.

Cyprus held the Presidency of the Council of the European Union for the first time from July to December 2012. During this period an agreement on the Unitary Patent Package and on the Single Supervisory Mechanism was reached and negotiations for a Free Trade Agreement with Japan were launched, while the same negotiations with Singapore were completed. Significant progress was also achieved on the Multiannual Financial Framework and the Common European Asylum System.

THE CYPRUS ISSUE

Following what was, in effect, a veto by the Turkish Cypriot members of the House of Representatives of the State Budget in 1961, which led to certain amendments to the Constitution being proposed by the President of the Republic in 1963, relations with Turkey degenerated with the Turkish Cypriot ministers withdrawing from the Council of Ministers and the Turkish Cypriot members withdrawing from the House of Representatives. In July 1974, Turkish troops invaded Cyprus and have since continued to occupy 36.2 per cent. of the territory of the Republic of Cyprus. Since 1974, 162,000 Greek Cypriots have been displaced from the Turkish occupied area. It is now estimated that Turkey maintains some 43,000 troops in the occupied area, and more than 160,000 settlers have moved there primarily from the Anatolia region of Turkey. Since 1974 the number of Turkish Cypriots in the Turkish occupied area has declined from 120,000 to 89,000 at the end of 2006.

In November 1983, the Turkish Cypriot leadership unilaterally declared the area occupied by the Turkish troops as a secessionist state, the so-called "Turkish Republic of Northern Cyprus". This purported entity has not been recognised by any country other than Turkey, while the UN Security Council, in declaring this as

illegal and invalid, has condemned these secessionist acts and has called upon all states not to recognise or in any way facilitate or assist the secessionist entity.

Negotiations for the solution of the Cyprus problem have been going on intermittently since 1975 under the auspices of the United Nations. The basis for the solution of the Cyprus problem are the UN Security Council resolutions and the two high-level agreements concluded between the leaders of the two communities of Cyprus in 1977 and 1979.

President Anastasiades has launched a new initiative to promote the efforts on resolving the Cyprus problem, both on European and UN levels, aiming to recommence negotiations for a comprehensive solution based on UN resolutions, compatible with European and International Law and ensuring the human rights of all Cypriots.

The Economy

BACKGROUND AND CHARACTERISTICS

The economy of Cyprus can generally be characterised as small, service-driven, open and dynamic. There is significant reliance on international trade with imports and exports of goods and services accounting for approximately 90 per cent. of the nominal gross domestic product ("GDP") in 2013.

The tertiary sector is the biggest contributor to GDP, accounting for about 76 per cent. in 2013. This development reflects the gradual restructuring of the Cypriot economy from an exporter of minerals and agricultural products in the period 1961-73 and an exporter of manufactured consumer goods in the latter part of 1970s and early 1980s into an international tourist centre and a regional services centre during the 1980s and the 1990s. From the 1990s and extending into the current decade, there has been a rapid expansion of transit trade, shipping, telecommunications, financial and business services and the activities of international companies.

On a sectoral basis, the primary sector has declined from 4 per cent. in 2000 to under 2.3 per cent. in 2013. The secondary sector, including manufacturing, basic utilities and construction, also declined from 18 per cent. of GDP in 2000 to around 12 per cent. in 2013 with a decline both in manufacturing and construction activity.

In contrast, the tertiary sector's share of GDP has remained fairly stable; changing from 77 per cent. in 2000 to about 76 per cent. in 2013. The tertiary sector includes tourism (accommodation and food services activities: 7.4 per cent.) financial and insurance activities (10.2 per cent.), real estate activities (11.6 per cent.), and education (7.2 per cent.).

The recent natural gas explorations that have taken place in the Exclusive Economic Zone of Cyprus have revealed reserves of natural gas which are estimated to have significant revenue implications for Cyprus in the medium term. The Government is in the process of developing the institutional framework for best conduct regarding economic policy surrounding the exploration, discovery and exploitation of natural gas in Cyprus. In this context the Government received i.a. technical assistance from the IMF for: the drafting of the necessary legislation for the establishment of a sovereign wealth fund, called the National Investment Fund (NIF); the management of hydrocarbon revenue on the basis of international principles and best practices; and for ensuring the legislation is in line with the Fiscal Responsibility & Budget System Law. The drafting of the NIF law is currently in its final stages and it is expected to be enacted by the end of 2014.

ECONOMIC ADJUSTMENT

Before the emergence of the global economic crisis Cyprus had enjoyed a track record of satisfactory economic growth, low unemployment and relatively stable macroeconomic conditions. Over the years 2003 to 2008, real GDP rose at an annual average rate of 3.0 per cent. propelled by buoyant investment and growth of private consumption and exports. Consumption was supported by annual employment growth averaging nearly 2 per cent. over this period, attributable mainly to large inflows of migrant labour, particularly from other EU countries. During this period, per capita income in Cyprus converged rapidly with the EU-27, with GDP in euro per capita terms reaching €21,812 in 2008, or 100 per cent. of the EU average in purchasing power parity terms.

The average annual growth in the five years (2008–2012) was -0.5 per cent., while inflation stood at 2.6 per cent. and unemployment (as a percentage of the economically active population) at 7.1 per cent. over that period. During that period the international economic crisis affected Cyprus indirectly mainly through lower external demand in tourism, whilst investment was also affected by lower external demand for housing by foreigners.

However, the crisis highlighted large existing imbalances in the economy stemming from the banking sector's large exposure in Greece, domestic overexpansion in the property market and its overall size relative to the economy. At the same time persistent "twin deficits" in the fiscal and current account elevated the economy's vulnerability. Following the loss of market access, the government of Cyprus requested financial assistance from its Eurozone partners and the IMF in 2012. After a period of negotiations, a decision was taken by the Eurogroup and the Executive Board of the IMF in March and April 2013 for a 3-year Macroeconomic Adjustment Programme (the "MAP") to March 2016 of €10 billion financing via the European Stability Mechanism (the "ESM") and the IMF.

In line with the decision reached at the Eurogroup on 24 March 2013, Cyprus authorities would contribute to the financing of the programme to a large extent through own resources inter alia through a bail-in of creditors in the two largest banks, disposal of state owned assets and refinancing of domestic maturing debt.

As regards the banking sector in particular, following the formal exclusion of Bank of Cyprus and Cyprus Popular Bank from the financing of the Economic Adjustment Programme, the two banks were put into resolution. Uninsured depositors funded the estimated capital shortfall in both banks (a "bail-in"). Pursuant to the Bail-in of Bank of Cyprus Public Company Limited Decree 2013 of 29 March 2013, the Amended Decree of 2013 issued on 21 April 2013 and the Amended Decrees No 2 and No 3 issued on 30 July 2013, the recapitalization of the Bank of Cyprus was effected. Liabilities at the Bank of Cyprus were converted as follows: uninsured deposits were converted into class A shares, senior debt was converted into class B shares, subordinated debt was converted into class C shares, and convertible capital instruments were converted into D shares. Initially all of these shares were issued with a nominal value of €1 each, however as part of a capital reduction the nominal value of these shares was reduced to €0.01 each. This capital reduction was utilised to reduce accumulated losses of the Bank of Cyprus. The share capital structure was further amended by all classes of shares being converted into ordinary shares and every 100 ordinary shares of €0.01 each were consolidated and converted into 1 ordinary share of €1 each. In total 47.5 per cent. of uninsured deposits at the Bank of Cyprus were converted into equity. Cyprus Popular Bank was split into a "good" and "bad" (legacy) part. The "bad" part was left behind in Cyprus Popular Bank to be liquidated with all hybrid instruments and uninsured deposits. Bank of Cyprus absorbed the "good" part, including assets, all insured deposits and the Emergency Liquidity Assistance that was granted to Cyprus Popular Bank. Furthermore, the Greek branches of Cypriot banks (Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank) were sold to Piraeus Bank, Greece. As a result of these actions the banking system shrank by about 200 per cent. of GDP.

A Memorandum of Understanding (the "MoU") was agreed at staff level between Cypriot authorities and the programme partners i.e. the European Commission, the European Central Bank (the "ECB") and the IMF (collectively, the "Programme Partners") in early April 2013. In the same month the ESM Board of Governors approved the MoU.

The MAP agreed with Programme Partners addresses short- and medium-term challenges in the financial, fiscal and structural areas. The programme is envisaged to bring back macroeconomic stability through the restoration of market confidence in the financial system, continue with the ongoing fiscal consolidation process and implement structural reforms to support competitiveness and sustainable and balanced growth, allowing for the unwinding of macroeconomic imbalances. The MAP is ambitious and addresses fundamental challenges of the Cyprus economy by promoting major reforms in the banking and fiscal areas, as well as structural matters. The key programme objectives are:

- to restore the soundness of the Cypriot banking sector and rebuild depositors' and market confidence by thoroughly restructuring and downsizing financial institutions and by strengthening supervision;

- to continue the on-going process of fiscal consolidation in order to correct the excessive general government deficit by 2016, in particular through measures to reduce current primary expenditure, and maintain fiscal consolidation in the medium-term, in particular through measures to increase the efficiency of public spending within a medium-term budgetary framework, enhance revenue collection and improve the functioning of the public sector; and
- to implement structural reforms to support competitiveness and sustainable and balanced growth, allowing for the unwinding of macroeconomic imbalances, in particular by reforming the wage indexation system and removing obstacles to the smooth functioning of services markets.

The implementation of the MAP commenced in April 2013.

Progress in the Macroeconomic Adjustment Programme

Following the successful completion of three review missions, it is evident that the programme is well on track. The recession of the Cypriot economy in 2013 was less pronounced than originally anticipated in 2013. More specifically, the contraction is currently estimated at 5.4 per cent. deviating by about 3½ percentage points compared with the forecast contraction of 8.7 per cent. incorporated in April's 2013 MAP. The performance in public finances has also exceeded expectations, targets have been met with considerable margins, due to both continued prudent budget execution and a less severe recession than anticipated, with the 2013 government deficit estimated to be around 3 percentage points lower than targeted.

Tangible progress was made in the banking and cooperative sector and the latter was fully recapitalised by ESM funds. Prior to that, Bank of Cyprus and Hellenic Bank, the other two main banks in Cyprus, had also been fully recapitalised. The financial sector showed the first signs of stabilisation, with a broad stabilisation of deposits.

However, risks to programme implementation remain significant. The recession is expected to reach 4.8 per cent. in 2014, impacting further on unemployment which is expected to exceed 19 per cent. whilst modest growth of 1 per cent. is forecast for 2015. Banks face challenges in dealing with deteriorating assets whilst the gradual relaxation of capital controls remains a priority.

To date the ESM and the IMF have disbursed €4,750 million and €336 million, respectively, totalling about 51 per cent. of available MAP financing.

It is also emphasised that despite the challenges facing the financial sector, the underlying factors that have played a significant role in establishing Cyprus as an international business centre, such as its strategic location, the sophisticated infrastructure, the highly educated workforce, the tax framework conducive to growth and an extensive and growing network of double tax treaties, are still present. This is evidenced by the resilience shown in the international business and professional services sectors. One of the main strategic pillars of economic policy of this Government is to exploit these comparative advantages and further improve the competitiveness of the economy.

The following table shows details of Gross Domestic Product at constant 2005 prices and certain other key economic indicators:

	2008	2009	2010	2011	2012	2013	Avg. 2008-2013
Gross Domestic Product (GDP)	15,192	14,910	15,106	15,172	14,806	14,005	12,350
Primary sector	325	312	324	337	329	318	324
Secondary sector.....	2,930	2,598	2,490	2,306	2,018	1,657	2,333
– Manufacturing	1,024	965	948	894	828	754	902

	2008	2009	2010	2011	2012	2013	Avg. 2008-2013
– Construction	1,595	1,297	1,190	1073	864	598	1,103
Tertiary sector.....	10,401	10,494	10,764	10,995	10,963	10,613	10,705
Domestic Demand							
Private consumption	10,798	9,984	10,135	10,271	10,071	9,494	10,126
Fixed investment	3,445	3,110	2,958	2,701	2,206	1,729	2,692
Exports of goods and services	7,127	6,366	6,609	6,899	6,728	6,447	6,696
Imports of goods and services	9,007	7,334	7,685	7,672	7,256	6,230	7,531
Memorandum items							
Per capita GDP at current prices (€)	21,812	20,858	20,986	21,011	20,512	19,033	20,702
Per Capita GDP at PPS ⁽¹⁾ (EU27=100)	100	100	97	94	92	—	96.6
Unemployment rate (%)	3.7	5.3	6.3	7.9	11.8	16.0	8.5
Employment growth (%)	2.6	-0.7	0.2	0.5	-3.3	-5.4	-1.0

Note:

(1) "PPS" means "Purchasing Power Standards".

LABOUR MARKET

The rapid growth of the Cypriot economy during the period 2003-2008 led to strong employment conditions. Consequently, unemployment remained below 5 per cent. during most of the period. The employment of foreign workers considerably increased the flexibility in labour markets and helped to moderate wage growth in the economy. The economic deceleration that started in 2009 gradually affected the labour market with some time lag, causing significant employment losses and higher unemployment rate. In particular, unemployment increased from 5.3 per cent. in 2009 to around 16 per cent. in 2013, with the new entrants, mainly youth and persons employed in the construction and tourism sectors, being severely affected. The employment recorded a significant annual decrease of 5.4 per cent. in 2013.

Wages have exhibited relative flexibility with a decreasing trend, adjusting to the overall economic situation. More specifically, Unit Labour Cost decreased by around 5.9 per cent. in 2013, thus improving the cost competitiveness of the economy (productivity growth for 2013 was close to zero).

The following table shows labour market and rate of inflation changes, for the periods indicated:

	2008	2009	2010	2011	2012	2013
Population (000s, mid-year)	796.9	819.1	839.8	862.0	865.9	868.3
Labour Force (000s, mid-year)	397.4	404.6	421.6	432.2	440.6	432.8
Gainfully employed, (Labour Force Survey)	383.1	382.9	395.2	398.2	388.6	363.6

	2008	2009	2010	2011	2012	2013
(000's mid-year).....						
Unemployment rate Force Survey)						
(%).....	3.7	5.4	6.3	7.9	11.8	16.0
Productivity gains (%).....	1.0	(1.1)	1.1	(0.1)	1.0	0.0
Compensation per employee (%).....	7.9	2.2	2.9	3.0	(4.1)	(11.1)
Real Compensation per employee						
(%).....	3.4	2.6	2.6	2.5	(0.9)	(5.9)
Unit labour cost changes (%)	(1.3)	2.3	0.1	(0.8)	(3.3)	(5.9)
Rate of inflation, HCPI (%)	4.4	0.2	2.6	3.5	3.1	0.4

Balance of Payments

OVERVIEW

As Cyprus is a small, open market-oriented economy and balance of payments transactions take on great importance in measuring transactions with the rest of the world and external performance, although with the euro adoption there is no exchange rate risk stemming from any current account imbalances Cyprus might have. Import and export of goods and services, as a percentage of GDP, have historically averaged around 100 per cent. but most recently, over 2009-2013 have declined to an average of 90 per cent. as a result of the financial crisis.

Historically, Cyprus has recorded current account deficits in the balance of payments. The current account deficit jumped to 15.6 per cent. in 2008, which was a historical high for Cyprus, before decreasing to 10.7 per cent. in 2009 and further to 9.8 per cent. in 2010. Partially due to the improvement in the trade balance the current account deficit improved over 2011-2012 in comparison to the pre-crisis era.

As far as the structure of the current account is concerned, the export of services is much more important than export of goods, with tourism, shipping, financial and other business services being the main components of export of services. Domestic export of goods comprise mainly agricultural and manufactured products, both of industrial and agricultural origin, and are exported primarily to European markets and the Middle East. Regarding imports, due to the fact that Cyprus does not have any heavy industry, imports of goods such as transportation vehicles, intermediate inputs, capital goods, durable consumer goods and oil have a significant share in total imports. As regards the main trading partners of Cyprus, these are the European Union and other European and Middle East Countries.

The current account deficit increased to €1,217 million in 2012 despite successive reductions in previous years. The current account deficit-to-GDP ratio was 6.9 per cent. against 3.4 per cent. in 2011. The balance for the trade in services continued to be positive (€3,310 million) whereas the goods and income components recorded deficits of €3,856 million and €456 million respectively.

The capital account recorded relatively small amounts in 2012. Credits reached €38.7 million and debits €15.3 million, thus providing a net contribution of €23.4 million to the current account financing.

Total foreign direct investment ("FDI") flows in Cyprus increased by €978.6 million in 2012 due to increases in equities and re-invested earnings (€691.4 million) and other flows (€287.2 million). In contrast FDI abroad decreased by €218.9 million. Furthermore the total stock of FDI abroad decreased by 42.5 per cent. To a large extent this decrease was due to the private sector involvement effect and the provisions for bad debts reported by the branches and/or subsidiaries of Cypriot banks in Greece.

As regards portfolio investment, the total amount of foreign securities held by residents decreased by €6,561 million in 2012 vis-à-vis the year 2011. Likewise, there was a €1,220 million reduction in the amount of securities issued by residents and held by foreign investors. Accordingly portfolio investment stocks declined in both assets and liabilities.

In 2013 the current account recorded a deficit of €310 million or 1.9 per cent. of GDP. This development over the year before is mainly due to the improvement recorded in the balance of goods and services, which is an important variable in the analysis of competitiveness for a small open economy such as Cyprus. The improvement in the current account is also partly due to the smaller deficit recorded in the income account. This improvement is primarily due to the net income from investment portfolio and secondly in net income from direct investment.

The financing of the current account was mainly from net inflows of €169 million from FDI and net inflows of €11,734 million from portfolio investment. Net outflows recorded in the period under review of €11,373 million were mainly due to significant liabilities of Monetary and Financial Institutions ("MFIs").

The sale of operations of the Greek branches of Cyprus Popular Bank, Bank of Cyprus and Hellenic Bank to Piraeus Bank Greece in March 2013, has been recorded both in the FDI (abroad) and Other Investments (Assets) with an impact of €0.48 billion.

The bail-in of uninsured depositors by the conversion of the excess amount of deposits above €100,000 into shares at a conversion rate of one euro nominal amount of share per one euro of nominal amount of bailed-in deposit has had no impact on the Balance of Payments.

Statistical data in the field of balance of payments, international investment position and external debt statistics are collected and compiled by the Central Bank of Cyprus ("CBC"). The balance of payments, international investment position and external debt statistics are generally consistent with the methodology of the fifth edition of the IMF Balance of Payments Manual. Regulations, agreements, guidelines and recommendations applicable to members of the European Union and Eurozone also impact the overall structure of Cyprus's balance of payments statistics. Statistical methods and techniques regarding Cyprus's data are published in the ECB's European Union Balance of Payments/International Investment Position Statistical Methods, updated on an annual basis. Cyprus's balance of payments documentation of compilation practices is also included in the IMF's Balance of Payments Statistics Yearbook ("BOPSY"), reviewed and updated by the CBC as required by the IMF BOPSY annual production procedures. Deviations from international or regional guidelines are generally annotated in the ECB and IMF publications.

The following table presents a summary of Cyprus' balance of payments for the period 2008-2013:

	Balance of Payments					
	2008	2009	2010	2011	2012	2013
	(€ million)					
CURRENT ACCOUNT BALANCE	(2,679.4)	(1,808.0)	(1,711.9)	(601.8)	(1,217.1)	(310.1)
Exports of Goods	1,190.4	1,001.1	1,137.2	1,411	1,439.8	1,501.3
Imports of Goods	(6,745.3)	(5,293.4)	(5,801.3)	(5,759.7)	(5,295.7)	(4,441.8)
Trade account balance	(5,554.8)	(4,292.4)	(4,664.1)	(4,348.6)	(3,855.9)	(2,940.5)
Exports of Services	6,538.0	5,779.0	6,049.3	6,261.5	6,166.7	5,750.2
Imports of Services	(2,936.7)	(2,416.2)	(2,466.8)	(2,676.2)	(2,856.6)	(2,497.1)
Services account balance	3,601.4	3,362.8	3,582.5	3,585.3	3,310	3,253.0
Income and Current Transfers (net)	(725.5)	(878.4)	(630.3)	161.5	(671.3)	(622.6)
CAPITAL AND FINANCIAL ACCOUNT	2,771.1	1,885.4	1,681.6	780.8	847.2	53.6
Capital Account	6.2	51.1	35.0	46.2	23.4	244.2
Financial Account	2,764.9	1,834.3	1,646.6	827	870.6	504.6
Direct Investment	(889.8)	2,223.8	65.4	131.7	1,197.5	169.3
Abroad	(1,855.1)	(275.6)	(512.6)	(1,583.4)	218.9	(232.3)
In Cyprus	965.3	2,499.4	578.0	1,715.0	978.6	401.6
Portfolio Investment	(12,721.8)	(17,039.3)	(1,933.8)	5,752.7	5,340.5	11,733.7
Assets	(12,025.0)	(17,683.1)	(2,567.3)	5,661.0	6,560.9	12,049.2
Liabilities	(696.8)	(643.8)	633.5	91.7	(1,220.4)	(315.4)
Financial Derivatives	(657.7)	527.6	(58.2)	(261.1)	(870.3)	(55)
Other Investment	16,743.1	16,029.9	3,373.1	(4,885.2)	(4,877.3)	(11,373.3)
Assets	(12,148.2)	(1,905.9)	13,499.7	(2,801.7)	(4,363.1)	8,121.1
Liabilities	28,891.3	17,935.8	(10,126.6)	(2,083.5)	(514.1)	(19,494.4)
Official Reserve Assets	291.1	92.3	200.0	42.7	56.8	29.8

NET ERRORS AND OMISSIONS	(92.2)	(77.4)	(30.3)	(225.2)	346.5	(438.6)
MEMORANDUM ITEMS						
Current account balance, % of GDP	(15.6)	(10.7)	(9.8)	(3.4)	(6.9)	(1.9)
Imports of fuels, % of GDP	7.3	5.2	6.7	7.7	9.0	7.8
Tourism receipts, % of GDP	10.4	8.9	8.9	9.8	10.9	12.6

International Investment Position

Cyprus' liabilities towards the rest of the world remain significantly higher than foreign assets owned by its residents. The negative balance of the international investment position increased to €14,594 million in 2012. Further deterioration is also observed in the cumulative net current account deficit which increased to €15,437 million. The negative international investment position is mainly due to the net liability positions in other and foreign direct investment.

The international investment position of Cyprus recorded a small improvement in 2013 reaching -€14,138 million compared with -€14,594 million in 2012, thus remaining in a net liability position.

The sale of operations of the Greek branches of Cyprus Popular Bank, Bank of Cyprus and Hellenic Bank to Piraeus Bank, Greece in March 2013 was recorded as a disinvestment i.e. a reduction of FDI. This, however, was overcompensated by a private investment abroad, recorded as an increase in FDI, in the last quarter of the year.

Public Finances

Public Finances – Key Objectives

Putting public finances on a sustainable path is of overriding importance in order to stabilise the economy and to restore the confidence of companies, citizens and foreign investors in the longer-term economic prospects of Cyprus.

To this end it is important to address long term fiscal sustainability concerns as well as putting the debt-to-GDP ratio back on a declining path.

In this context, the objectives are:

- to continue the on-going process of fiscal consolidation in order to achieve a 3 per cent. of GDP primary surplus in 2017, 4 per cent. of GDP in 2018 and maintain at least such a level thereafter;
- to achieve the annual budgetary targets set through high-quality permanent measures in particular to reduce the growth in primary expenditure;
- to correct the excessive general government deficit by 2016; and
- to maintain fiscal consolidation over the medium term, converging towards Cyprus' medium-term budgetary objective of a balanced budget in structural terms, by containing primary expenditure growth, improving the structure of taxation and undertaking fiscal-structural measures, including the implementation of a Medium-Term Budgetary Framework designed in accordance with EU specifications.

Fiscal Targets – Medium Term Budgetary Objective

Taking into account the macroeconomic environment prevailing, as well as the better performance of 2013 in the area of public accounts, the fiscal targets have been revised to be made more ambitious.

Fiscal consolidation entails the achievement of a primary deficit in 2014 of the order of 1.8 per cent. of GDP and gradually achieving a primary surplus of 1.2 per cent. of GDP by the end of the programme period (2016). The targeted achievement of a 3 per cent. primary surplus by 2017 implies the achievement of Cyprus medium term budgetary objective contributing to reversing the upward trend of debt-to-GDP ratio.

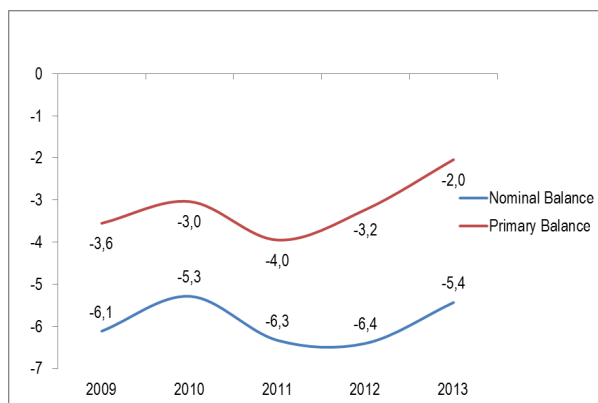
Developments in 2013

The general government budget deficit for 2013 is estimated to have reached 5.4 per cent. of GDP, compared to 6.4 per cent. the year before and 7.8 per cent. of GDP projected by Programme Partners during the second review of the MAP¹. This outcome largely reflects the significant fiscal consolidation measures undertaken in line with the fiscal consolidation measures introduced during the period 2012-13, tight expenditure control and a milder-than-expected recession. Despite a series of one-off deficit increasing factors, the primary balance outcome for 2013 was contained to about 2 per cent. of GDP compared to 3.2 per cent. the year before and over-performing the November 2013 projection by Programme Partners by about 1.8 percentage points.

Tight expenditure control significantly contributed to the 2013 outcome. With the exception of social transfers which, has been negatively affected by adverse labour market developments, all main primary expenditure categories decreased, as compared to 2012. The early retirement wave in the public sector continued in 2013, although at a somewhat lower magnitude than in 2012. The corresponding high gratuity payments were however more than offset by decreasing public sector employment and further measures to reduce the public sector wage bill. Even excluding the signing fees for gas exploration (1 per cent. of GDP), which have been statistically treated as negative capital expenditure, the fall in capital expenditure reached 33 per cent. year on year. This was mainly driven by the completion of a significant amount of investment projects in 2012 together

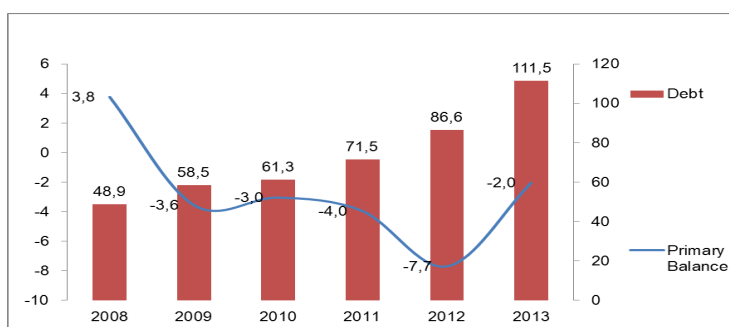
¹ November 2013

with a drop in construction prices. The 40 per cent. year on year increase in other current expenditure was driven by the one-off compensation of provident and retirement funds in Cyprus Popular Bank (1.8 per cent. of GDP). Excluding this one-off expenditure the category exhibits a negative growth rate of about 20 per cent.

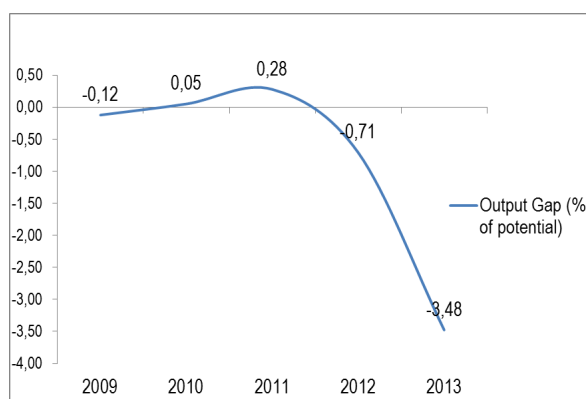


Tax revenue showed some resilience in 2013, with social contributions performing better than anticipated. Revenue measures were implemented with determination and contributed to achieve tax revenues in line with expectations. However, net of the effect of measures taken in 2012 and 2013, tax elasticities with respect to the tax base appear high, particularly for taxes on production and imports. On the other hand, social contributions exhibited a very low elasticity, thus decreasing less than initially expected.

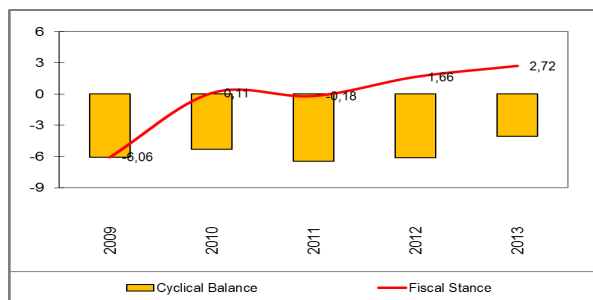
The debt-to-GDP ratio for 2013 is about 112 per cent. of GDP compared to 86.6 per cent. the year before. The rapid increase in the debt-to-GDP ratio is attributed among other to the recapitalisation of the financial sector in the order of 9 per cent. of GDP, as well as to the snow ball effect.



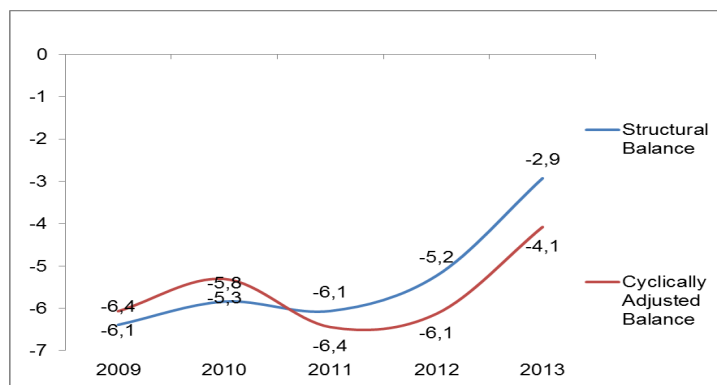
Output gap is estimated to have turned negative reaching 3.5 per cent. of potential output.



Consequently, the cyclical adjusted balance exhibits an improvement of the order of 2 per cent. of GDP falling to -4.1 per cent. in 2013 from -6.1 per cent. the year before. The underlying fiscal stance was positive reaching 2.7 per cent. of GDP in 2013.



The structural budget balance was contained to a deficit of 2.9 per cent. of GDP in 2013 compared to 5.2 per cent. the year before, exhibiting an improvement of around 2 per cent. of GDP in structural terms.



Expectations for 2014 and beyond

The better than expected fiscal performance in 2013 is expected to have a carryover effect improving the prospects in public finances, with the budget balance in 2014 forecast to exhibit an improvement. The budget balance is expected to fall to about 5.1 per cent. of GDP compared to an initial projection of 8½ per cent. of GDP incorporated in the macroeconomic adjustment programme in line with the Memorandum of Understanding with the Programme Partners.

The budget balance is forecast to exhibit a gradual correction approaching the medium term budgetary objective. Specifically, the budget balance is forecast to fall below 3 per cent. of GDP in 2016 reaching a balanced budget by 2018.

Fiscal projections

	2014	2015	2016	2017
	<i>As a percentage of GDP</i>			
Revenue.....	41.3	40.9	40.9	40.6
Expenditure.....	46.5	45.3	43.7	41.2
Overall Balance	(5.1)	(4.3)	(2.8)	(0.9)
Primary Balance	(1.1)	(0.7)	0.7	2.9

PUBLIC DEBT AND GOVERNMENT GUARANTEED DEBT

Public debt consists of the domestic and external debt of the general government excluding public corporations and government agencies borrowing in their own name (see "External Debt").

During 2013 the public debt to GDP ratio rose substantially from 86.6 per cent to 111.5 per cent. This is attributed to the injection of public funds via bonds of the ESM to the cooperative sector for its recapitalisation,

the annual fiscal deficit and the significant GDP contraction. Debt-to-GDP is projected to peak at 120 per cent. in 2014, and to gradually decline towards 100 per cent. by 2020.

Out of a total foreign public debt of €11,207 million outstanding at the end of 2013, €2,745 million was in the form of European Medium Term Notes and €8,469 million was in the form of long-term loans, principally granted by the European Stability Mechanism, the Russian Federation and the European Investment Bank.

During 2013 government guarantees increased marginally from €3,106 million in 2012 to €3,154 million. Excluding guarantees for the debt of local authorities and other entities which is accounted also in the public debt the guarantees at end 2013 were €2,873 million.

The significant borrowing from the ESM and the IMF changed many of the public debt structural indicators. In particular, most debt is now in the form of non-marketable foreign loans. The share of domestic debt and securities recorded a significant respective decline. Moreover, the new borrowing increased the average maturity of debt and reduced its average cost, a trend which is expected to continue to March 2016.

The following tables show a breakdown of general government debt as at the dates indicated:

	2008	2009	2010	2011	2012	2013
			€ million			
Domestic Debt	6,034	5,874	5,376	6,003	7,549	7,200
Foreign Debt	2,354	3,984	5,274	6,774	7,752	11,207
Total Debt	8,388	9,858	10,650	12,776	15,301	18,407

	2008	2009	2010	2011	2012	2013
			€ million			
Securities	5,128	6,657	7,488	8,867	9,186	7,581
Loans	3,260	3,201	3,162	3,909	6,115	10,827
Total Debt	8,388	9,858	10,650	12,776	15,301	18,407

Debt record

The Government has always effected the prompt payment of principal and interest on its internal and external debt when due.

EXTERNAL DEBT

Cyprus' gross external debt declined for the third consecutive year closing to €79,470 million by the end of 2012. This corresponded to 448.5 per cent. of GDP. Historically, Cyprus' gross external debt consists mostly of short-term lending. MFIs continue to be the major holders of external debt by 71.8 per cent. All the other sectors have contributions below the 10 per cent. threshold. The monetary authorities increased their contribution after Cyprus joined the euro area in 2008. Short term debt consists mostly of currency and deposits, placed by non-residents in Cyprus. For 2012, these amounted to €37,562 million. With regards to long term debt the following amounts were recorded in 2012: loans decreased to €7,846 million, currency and deposits increased to €8,665 million, and bonds and notes decreased to €172 million.

In 2013 the external debt of Cyprus significantly improved by €22 billion, thus reaching €57,440.3 million in 2013 compared with €79,470 million in 2012. The main underlying factors for the improvement of the external debt position in 2013 was the deleveraging undertaken by domestic banks and the bail-in of uninsured deposits in the two largest banks, a large component of which were non-resident deposits.

Gross external debt

	2008	2009	2010	2011	2012	2013
€ million	76,760	91,705	85,618	83,712	79,470	57,440
% of GDP	328	447	544	492	488	348

Composition of gross external debt (€ million)

	2008	2009	2010	2011	2012	2013
Direct investment: intercompany lending.....	2,623	447	1,156	2,000	2,348	2,145
Long term	20,859	21,730	26,351	28,638	28,138	23,973
Short term	53,278	69,529	59,111	52,074	48,984	31,343

Banking and Financial System

GENERAL

The banking system in Cyprus, in addition to the CBC, comprises six locally incorporated banks, eight subsidiaries of foreign banks, 25 branches of foreign banking institutions, a representative office of one banking institution, and 18 Cooperative credit institutions.

CENTRAL BANK OF CYPRUS

The Central Bank of Cyprus was established in 1963, shortly after Cyprus gained its independence, as an autonomous institution in accordance with the Central Bank of Cyprus Law 1963 and the relevant articles of the Constitution. Today the Bank is governed by the Central Bank of Cyprus Laws 2002-2007, which ensure the Bank's independence as well as compatibility with the relevant provisions of the Treaty establishing the European Community and the Statute of the European System of Central Banks and of the European Central Bank. The law's amendment in March 2007 paved the way for the legal integration of the Bank into the Eurosystem in January 2008.

The main functions of the CBC include implementing the ECB's monetary policy decisions; holding and managing the official international reserves; supervising banks; safeguarding the stability of the financial system; promoting, regulating and overseeing the smooth operation of payment and settlement systems.

THE BANKING AND CO-OPERATIVE SECTOR

With the resolution of Cyprus Popular Bank, the three main local banks are Bank of Cyprus, Cooperative Central Bank and Hellenic Bank.

The new merged Bank of Cyprus Group was taken out of resolution in July 2013 when the recapitalisation by its creditors (uninsured depositors, senior and subordinated debt holders) was completed with a core Tier 1 ratio of about 12 per cent. Following its exit from resolution status after its full recapitalisation, the restructuring plan of Bank of Cyprus was finalised with actions through to 2017. The plan aims, inter alia, to revamp core business lines, strengthen risk management capacity and framework, normalise funding conditions and enhance further the bank's capital position.

The Bank of Cyprus Group, traditionally the key pillar of the Cypriot banking sector, is continuing its restructuring efforts with key priorities being the management of non-performing loans, generating capital internally through the sale of its subsidiaries and the rationalisation of the branch network.

Additionally, Hellenic Bank was recapitalised fully by private sources, both domestic and foreign, in November 2013 by the sale of shares and the conversion of junior debt, amounting in total to €355 million.

The following tables provide key aggregate financial data for the Cyprus banking and co-operative credit sectors, which are compiled on the basis of Financial Reporting Guidelines (FINREP), Common Reporting Guidelines (COREP) and the Central Bank of Cyprus' Directives on the definition of Non Performing Loans.

Key aggregate financial indicators for the Cyprus banking sector (aggregate cross-border and cross sector consolidated data, excluding insurance activities)⁽¹⁾

			Dec 2012	Mar 2013	Jun 2013	Sept 2013	Dec 2013 (prov.)
1	Efficiency (%)	Cost-to-income ratio	(56.2)	(51.1)	(54.2)	(56.0)	(52.8)
2	Expenditure	Total operating expenses	(1.6)	(1.0)	(1.2)	(1.4)	(1.5)

			Dec 2012	Mar 2013	Jun 2013	Sept 2013	Dec 2013 (prov.)
	(% of total assets)						
3	Expenditure	Staff expenses	58.6	65.4	61.8	64.4	62.4
	(% of total operating expenses)						
4	Income	Total operating income	2.8	2.0	2.2	2.6	2.7
	(% of total assets)						
5	Income	Net interest income	77.9	74.9	83.5	83.4	83.4
	(% of total income)						
6	Profitability (%)	Total profit (loss) after tax and discontinued operations per total equity (Return on equity ratio)	(84.4)	(134.8)	(74.2)	(52.0)	(43.5)
7	Assets	Cash and cash balances with central banks	3.7	2.7	2.2	3.0	4.2
	(% of total assets)	Financial assets held for trading	1.8	2.3	2.6	1.6	1.5
		Loans and receivables (including finance leases)	84.7	86.9	87.4	87.1	86.7
		Held-to-maturity investments	3.5	1.6	1.5	1.6	1.5
		Tangible and intangible assets	1.3	1.5	1.7	1.8	1.8
		Investments in associates, subsidiaries and joint ventures	0.4	0.5	0.5	0.6	0.6
		Total loans and advances	84.0	84.4	84.6	83.9	83.2
		Debt instruments	8.6	9.1	8.9	8.4	8.2
		Total equity instruments	0.3	0.4	0.4	0.4	0.4
8	Liabilities	Deposits from central banks	8.9	14.1	15.6	17.0	17.1
9	(% of total assets)	Financial liabilities held for trading	0.2	0.2	0.2	0.3	0.2
		Derivatives-hedge accounting	0.2	0.1	0.1	0.1	0.1
		Provisions	0.1	0.1	0.2	0.2	0.2
		Total deposits from credit institutions	16.1	23.0	22.4	18.8	16.1
		Total deposits (other than from credit institutions)	69.1	53.9	52.2	53.8	56.3
		Total debt certificates (including bonds)	0.2	0.1	0.1	0.2	0.2
10	Value of equity (%)	Reserves (including retained earnings) per	30.2	16.7	17.1	22.3	23.3

			Dec 2012	Mar 2013	Jun 2013	Sept 2013	Dec 2013 (prov.)
		total equity					
11	Off-balance sheet items	Loan commitments given	4.6	4.5	6.3	6.8	7.3
	(% of total assets)	Financial guarantees and other commitments given	4.1	3.9	4.2	3.9	3.5
12	Liquidity	Cash and trading assets	5.4	5.0	4.8	4.6	5.7
	(% of total assets)	Cash, trading and available-for-sale assets ratio	8.4	8.2	7.3	7.0	7.9
13	Capital adequacy (%)	Overall solvency ratio	6.4	14.0	13.8	13.6	14.0
		Tier 1 capital ratio	5.4	12.7	12.5	12.2	12.9
		Core Tier 1 capital ratio	3.4	12.4	12.1	11.9	12.0
14	Capital requirements	Total capital requirements for credit, counterparty credit and dilution and delivery risks	89.4	88.8	88.1	89.4	88.9
	(% of total capital requirements)						

Note:

- (1) Includes all domestically controlled and foreign controlled banks but excludes the Co-operative Central Bank and all co-operative credit institutions

As of September 2013 the Cooperative sector had an overall market share of 45 per cent. in domestic deposits and 25 per cent. in domestic loans. The value of assets was about 100 per cent. of GDP.

Following the submission of the restructuring plan of the cooperative credit sector to the European Commission, containing the actions to be executed until 2017, funds in the form of an ESM bond of €1.5 billion were released in March 2014 to the Cooperative Central Bank for its full recapitalisation, thereby boosting its liquidity position. At the same time, the sector's consolidation has been completed with the merging into 18 cooperative institutions down from 93 institutions.

The restructuring plan foresees the transformation of the Cooperative Central Bank into the decision centre of the sector, centralising the restructuring and recovery of loans, streamlining operations and gradual deleveraging.

Key aggregate financial indicators for the Cyprus co-operative credit sector (aggregate cross-border and cross sector consolidated data, excluding insurance activities)⁽¹⁾

			Dec 2012	Mar 2013	Jun 2013	Sept 2013	Dec 2013 (prov.)
1	Efficiency (%)	Cost-to-income ratio	(50.1)	(44.3)	(43.7)	(40.7)	(39.8)
2	Expenditure	Total operating expenses	(1.1)	(1.0)	(1.0)	(1.1)	(1.1)
	(% of total assets)						
3	Expenditure	Staff expenses	63.2	71.1	67.9	67.1	68.5

			Dec 2012	Mar 2013	Jun 2013	Sept 2013	Dec 2013 (prov.)
	(% of total operating expenses)						
4	Income	Net interest income	1.9	2.0	2.2	2.3	2.5
	(% of total assets)						
5	Income	Net interest income	87.6	90.0	90.3	90.1	90.9
	(% of total income)	Net non-interest income	12.4	10.0	9.7	9.9	9.1
		Dividend income	0.0	0.2	0.0	0.1	0.1
		Net fees and commissions income	8.8	6.3	7.1	6.5	7.4
		Trading and foreign exchange results	0.3	0.2	(0.4)	0.0	(1.3)
		Other net operating income	3.3	3.3	2.9	3.4	2.9
6	Profitability (%)	Total profit (loss) after tax and discontinued operations per total equity (Return on equity ratio)	7.6	12.4	8.1	9.0	2.9
7	Assets	Cash and cash balances with central banks	9.3	7.1	8.5	6.8	6.9
	(% of total assets)	Financial assets held for trading	0.0	0.0	0.0	0.0	0.0
		Financial assets designated at fair value through profit or loss	0.0	0.0	0.0	0.0	0.1
		Available-for-sale financial assets	0.2	0.2	0.1	0.2	0.2
		Loans and receivables (including finance leases)	76.3	78.4	79.9	81.3	81.4
		Held-to-maturity investments	9.9	9.9	6.8	6.8	6.7
		Derivatives-hedge accounting	0.0	0.0	0.0	0.0	0.0
		Tangible and intangible assets	3.5	3.7	3.9	4.1	4.0
		Investments in associates, subsidiaries and joint ventures	0.0	0.0	0.0	0.0	0.0
		Total loans and advances	76.3	78.4	79.9	81.3	81.4
		Debt instruments	9.9	9.9	6.8	6.8	6.8
		Total equity instruments	0.2	0.2	0.1	0.2	0.2
8	Liabilities	Deposits from central banks	1.2	1.2	1.2	1.3	1.3
	(% of total assets)	Financial liabilities held for trading	0.0	0.0	0.0	0.0	0.0

		Dec 2012	Mar 2013	Jun 2013	Sept 2013	Dec 2013 (prov.)
		0.0	0.0	0.0	0.0	0.0
	Financial liabilities designated at fair value through profit and loss					
	Financial liabilities measured at amortised cost	89.8	89.4	89.0	88.5	89.0
	Financial liabilities associated with transferred financial assets	0.0	0.0	0.0	0.0	0.0
	Derivatives-hedge accounting	0.0	0.0	0.0	0.0	0.0
	Provisions	0.1	0.1	0.1	0.1	0.1
	Total deposits from credit institutions	2.3	1.8	0.7	0.5	0.6
	Total deposits (other than from credit institutions)	87.3	87.5	88.4	88.1	88.4
	Total debt certificates (including bonds)	0.0	0.0	0.0	0.0	0.0
9	Value of equity (%)					
	Reserves (including retained earnings) per total equity	81.1	85.5	84.9	81.4	84.4
10	Off-balance sheet items					
	Loan commitments given	4.2	3.7	3.8	3.9	3.6
	(% of total assets)					
	Financial guarantees and other commitments given	0.6	0.6	0.6	0.6	0.7
11	Liquidity					
	Cash and trading assets	9.3	7.1	8.5	6.8	6.9
	(% of total assets)					
	Cash, trading and available-for-sale assets	9.5	7.3	8.6	7.0	7.0
	Amounts owed to credit institutions (Interbank market dependence ratio)	2.3	1.8	0.7	0.5	0.6
12	Capital adequacy					
	Overall solvency ratio	12.3	12.4	12.2	12.0	11.9
	(%)					
	Tier 1 capital ratio	10.8	11.1	10.9	10.7	10.5
	Core Tier 1 capital ratio	10.8	11.1	10.9	10.7	10.5
13	Capital requirements					
	Total capital requirements for credit, counterparty credit and dilution and delivery risks	93.7	93.9	93.9	93.8	92.9
	(% of total capital requirements)					

Note:

(1) Includes the Co-operative Central Bank and all co-operative credit institutions.

A core element of the banks' restructuring plans is the management of rising non-performing loans. Due to the current recession non-performing loans have reached 135 per cent. of GDP (€22 billion), of which 55 per cent. (€9 billion) is represented by households and 80 per cent. (€13 billion) by corporates. In this respect the CBC will assess the arrears management policies, procedures and practices with a view to updating the Code of Conduct and Arrears Management Framework. At the same time a reformed legal framework on, inter alia, loan enforcement and restructuring, foreclosures and insolvency legislation in line with best international practice will be developed, in order to reduce strategic defaults and increase voluntary loan renegotiations.

FINANCIAL SECTOR DEVELOPMENTS, MONETARY POLICY AND INTEREST RATE REGIME

Capital restrictions

In March 2013 capital restrictions were implemented in order to safeguard the stability of the Cypriot banking system. This included restrictions in cash withdrawals, limits on the transfer of money across the banking sector and abroad as well as obligatory renewal of fixed term deposits. Since then a gradual relaxation of capital controls has been taking place, taking into account indicators of investor confidence in the banking system and financial stability indicators, including the liquidity situation of credit institutions. Restrictive measures relating to fixed term deposits have been abolished and the limits to transfers within the Republic, as well as to cash withdrawals, have been increased. Whilst there has been a considerable progress in relaxation of restrictions, the overall aim remains to abolish all restrictions in domestic transactions and proceed to the relaxation of the movement of capital outside Cyprus.

Credit and deposits developments

Non-financial private sector credit fell by about 12.8 per cent. year on year in January 2014, with credit to non-financial corporations ("NFCs") falling by 11.7 per cent. and household credit declining by 4.7 per cent. The overall credit is shrinking with a sharper decline for non-residents who registered a decline of 31.9 per cent. (euro area residents excluding Cyprus residents) and 29.2 per cent. (residents of the rest of the world). The last lending surveys, as conducted by the CBC, indicate that this is the result of both weak supply and demand, reflecting the tightening credit standards and the banking sector consolidation as well as the overall economic downturn.

According to the lending survey of January 2014 there has been, in Cyprus, a net tightening of credit standards for loans and credit lines to enterprises in 2013Q4. More specifically, the diffusion index dropped to 25 per cent. from 38 per cent., below the participating banks' expectations in the previous survey. With regard to the terms and conditions for the provision of loans to enterprises, the banks' margin on average loans declined, while the margin on riskier loans, as well as the loan covenants, remained unchanged. The maturity of the loan and non-interest rate charges registered the same degree of tightening as in the previous quarter, while the size of the loan and collateral requirements were tightened to a lesser extent than in the previous quarter. In 2014Q1 credit standards for loans and credit lines to enterprises are expected to be tightened with the diffusion index climbing to 50 per cent.

In 2013Q4 the net tightening of credit standards for loans to households for house purchase and for consumer credit and other lending stabilised with the diffusion index, in line with the expectations of the participating banks in the previous quarter. Regarding the terms and conditions for housing loans, the participating banks, as in the previous quarter, left unchanged the margin on average loans, while they also reported unchanged margins on riskier loans, thereby offsetting, at least to some extent, the relatively larger increase in collateral requirements as opposed with the previous quarter. The loan to value ratio and loan duration were tightened to the same extent as in 2013Q3. In the case of consumer credit and other lending, banks continued applying increased margins both on average and riskier loans, with the degree of tightening being greater in the case of average loans compared with 2013Q3, while, as in the previous quarter, they also applied increased collateral requirements and stricter terms on loan duration. According to the expectations of the participating banks for 2014Q1, as in the case of loans and credit lines to enterprises, the tightening of credit standards for

loans to households both for house purchase and for consumer credit and other lending is anticipated to increase, compared with the previous quarter.

Net demand for loans to enterprises in 2013Q4 registered a decrease but to a much smaller extent compared with the previous quarter for the second consecutive time, in line with the participating banks' expectations in the previous survey. As regards loans to households for housing and for consumer credit and other lending, net demand registered a decrease of the same magnitude as in the previous quarter, which was however somewhat larger than the one anticipated in the October 2013 survey. According to the participating banks, demand for loans by enterprises and households in 2014Q1 is expected to decrease. The aforementioned decline is anticipated to be greater, equal and smaller than in 2013Q4, for loans to enterprises, housing loans and for consumer credit and other lending, respectively.

Since end April 2013 aggregate deposits declined by €10,965 million. A significant part of the outflows represents cashless deposit setoff against loan repayments. All banks with the exception of one bank have financed outflows from their own resources.

Most recently, changes in monthly deposits have broadly stabilised. In February 2014 total deposits stood at €46,405 million compared to €47,169 million in November 2013 and €50,699 million in June 2013.

Main Indicators

	(Year-on-year growth rates %)			
	Dec. 2011	Dec. 2012	Dec. 2013	Feb. 2014
Total MFI(1) loans to non-MFIs(2).....	11.2	6.2	(12.2)	(12.9)
Total MFI(1) deposits by non-MFIs.....	(2.2)	1.7	(22.3)	(20.1)

Note:

- (1) MFI sector excluding the CBC.
- (2) Excluding General Government

Interest rates on loans and deposits

During the first months of 2014, most lending rates in Cyprus, despite remaining at high levels on average, recorded a decrease compared with the corresponding period of 2013. So far, factors such as the level of deposit rates, liquidity shortage faced by most domestic banking institutions, the increased risk faced by banks for granting new loans because of rising of non-performing loans as well as the adverse macroeconomic conditions in the domestic environment have contributed significantly to high domestic interest rates. However, the successful implementation of the Memorandum of Understanding with the Programme Partners, the restructuring of the Cypriot banking system, the reduction in the domestic deposit rates after the proposal of the CBC regarding deposit rates (which states that, as from May 2013, the CBC will require additional capital from credit institutions that offer higher deposit rates) as well as the recent further reduction in the key ECB interest rate, are factors that are expected to contribute to a reduction in domestic lending rates in the near future.

More specifically, the average rate on new loans to non-financial corporations in an amount of up to €1 million in Cyprus fell from 7.03 per cent. in February 2013 to 5.97 per cent. in February 2014. The average interest rate in Cyprus for new loans to non-financial corporations over €1 million, floating rate and up to 1 year, decreased from 6.58 per cent. in February 2013 to 5.11 per cent. in February 2014.

Interest rates in Cyprus for new loans to households for consumption also recorded a decrease with the average rate reaching 6.43 per cent. in February 2014 compared with 6.91 per cent. in February 2013. The

average interest rate in Cyprus for new housing loans to households decreased to 4.58 per cent. in February 2014 compared with 5.35 per cent. in February 2013.

With respect to the deposit rates offered by Cyprus MFIs to households and non-financial corporations, these recorded a sharp decrease from April 2013 onwards. This decrease was mainly due to the proposal of the CBC, which was announced in April 2013 and states that if a credit institution offers deposit rates which exceed EURIBOR + 300 bp, then the credit institution in question must maintain additional capital. Indicatively, the average rate on new deposits with an agreed maturity of up to one year from non-financial corporations reached 2.19 per cent. in February 2014 compared with 4.27 per cent. in the same month of the previous year. The corresponding average rate for households dropped to 2.35 per cent. from 4.52 per cent. in February 2013.

As a member of the Eurozone, monetary policy lies with the ECB. On 7 November 2013, the ECB Governing Council decided to further reduce its key interest rate by 25 basis points. As a result, the main refinancing rate now stands at 0.25 per cent. At the same time, the rate on the ECB marginal lending facility fell to 0.75 per cent, while the deposit facility rate remained at 0 per cent.

During 2013, the ECB continued to support money markets through liquidity-providing operations with a maturity of one week, one maintenance period and three months. On 7 November 2013, the ECB Governing Council decided to continue conducting the main refinancing operations and the special-term refinancing operations with a maturity of one maintenance period, as fixed rate tender procedures with full allotment for as long as necessary, and at least until the last reserve maintenance period of 2015. Furthermore, the Governing Council decided to conduct two longer-term refinancing operations of a three-month maturity, dated 8 and 30 October 2013, as fixed rate tender procedures with full allotment.

According to a statement by Mario Draghi, President of the ECB, prepared for the twenty-ninth meeting of the International Monetary and Financial Committee, in Washington D.C., on 10 April 2014 the ECB's Governing Council does not exclude further monetary policy easing and it firmly reiterates that it continues to expect the key ECB interest rates to remain at present or lower levels for an extended period of time. This expectation is based on an overall subdued outlook for inflation extending into the medium term, given the broad-based weakness of the economy, the high degree of unutilised capacity and subdued money and credit dynamics. The Governing Council is unanimous in its commitment to also using unconventional instruments within the ECB's mandate in order to cope effectively with risks of a too prolonged period of low inflation. At the same time, it is closely following developments on money markets.

Taxation

CYPRUS TAXATION

The following is a general description of certain tax aspects under Cyprus law concerning Notes issued by the Republic as at the date of this Offering Circular and does not purport to be a comprehensive description of all tax aspects relating to any such Notes. Prospective investors should consult their tax and other professional advisers as to the specific consequences of acquiring, holding and disposing of any Notes.

Income Tax and Special Contribution for the Defence of the Republic

The Tax Reform introduced in July 2002 and in force as from 1 January 2003, is based on a new philosophy. The essentially territorial system, which was in place up to then, was replaced by taxation of worldwide income earned by Cypriot residents and taxation of Cyprus source income earned by non-residents. Under the provisions of the Income Tax Law 118(I)/2002, as amended (the "Income Tax Law") a person is resident for tax purposes in Cyprus where in the case of a physical person that person is present in Cyprus for a period or periods exceeding in aggregate 183 days in the tax year and in the case of a company its management and control is exercised in Cyprus. The tax year for the purpose of the Income Tax Law coincides with the calendar year.

Under the provisions of the Income Tax Law, both individuals and companies tax resident in Cyprus that receive or are credited with interest, are exempt from income tax, but they are subject to a 30 per cent. withholding pursuant to the provisions of the Special Contribution for the Defence of the Republic Law N117(I)/2002, as amended.

A Cypriot tax resident – whether an individual or a company that receives or is credited with interest in the ordinary course of its business, including interest closely connected with the ordinary course of its business, is subject only to income tax for such interest considered as trading income. The rate of tax payable is 12.5 per cent. Interest earned by open-ended or close-ended Collective Investment Schemes is also considered as trading income and subject only to income tax.

Persons (physical and legal) who, pursuant to the provisions of the Income Tax Law, are not residents in Cyprus for tax purposes are neither liable to any income tax charge nor subject to any withholding of special contribution for the defence of the Republic, for interest earned in the Republic.

The Notes issued by the Republic fall under the definition of the term "title", as defined by the Income Tax Law and any profit earned by a person from the disposal of these Notes is exempt from income tax.

Following Cyprus's accession to the European Union on 1 May 2004, Cyprus implements the provisions of EU Directive 2003/48/EC relating to the taxation of savings.

Stamp Duty

The Stamp Duty Law, Law 19/1963 as amended provides that:

"(1) every instrument specified in the First Schedule shall be chargeable with duty of the amount specified in the said Schedule as the proper duty applicable thereon if it relates to any asset situated in the Republic or to subjects or matters which shall be carried on or take place in the Republic irrespective of the place where the document is drafted."

However, in respect of Notes issued by the Republic, no stamp duty is chargeable on the issue and transfer of the Notes.

EU DIRECTIVE ON TAXATION OF SAVINGS INCOME

The European Union has adopted Council Directive 2003/48/EC regarding the taxation of savings income. Council Directive 2003/48/EC requires Member States to provide to the tax authorities of other Member States details of interest payments (as the term “interest” is defined by the Directive) paid by a paying agent to an individual who is the beneficial owner of the interest income or to certain other persons on behalf of that individual who is resident in another Member State.

However, for a transitional period, Austria and Luxembourg may instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise.

Investors should note that the European Commission has proposed certain amendments to Council Directive 2003/48/EC which may, if implemented, amend or broaden the scope of the requirements described above.

Cyprus has transposed the said Directive into its legislation by virtue of the provisions of the Assessment and Collection of Taxes (Amendment) Law 146(I) of 2004. Pursuant to this law, the Council of Ministers issued the Assessment and Collection of Taxes (Provision of Information Regarding Interest Payments) Regulations of 2005. These regulations impose Directive standards on economic operators making EU cross-border savings interest payments to individuals resident in (i) other EU Member States, (ii) certain associated or dependent territories of EU Member States, (iii) certain other States with which the European Union has concluded relevant agreements, such as automatic reporting to the tax authorities of the other EU Member States of (a) the individual's identity and permanent address, (b) the name and address of the paying agent and (c) bank account details.

THE PROPOSED FINANCIAL TRANSACTION TAX (“FTT”)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member State and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Clearing and Settlement

BOOK-ENTRY OWNERSHIP

Bearer Notes

The Republic will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Bearer Series of Notes. In respect of Bearer Notes, a Temporary Global Note or a Global Note in bearer form without coupons will be deposited with a common depositary for Clearstream, Luxembourg and Euroclear. Transfers of interests in Bearer Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear.

If the Temporary Global Note or the Global Note, as the case may be, is stated in the applicable Pricing Supplement to be issued in NGN form, the Temporary Global Note or the Global Note, as the case may be, will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Temporary Global Note or the Global Note, as the case may be, with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Temporary Global Notes or Global Notes which are issued in CGN form will be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Temporary Global Note or the Global Note, as the case may be, is a CGN, upon the initial deposit of such Notes with the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Temporary Global Note or the Global Note, as the case may be, is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by such Notes and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Registered Notes

The Republic will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Regulation S Global Note. Each Regulation S Global Note will have an ISIN and a Common Code.

The Republic and Deutsche Bank Trust Company Americas will make application to DTC for acceptance in its book-entry settlement system of the Restricted Notes represented by each DTC Restricted Global Note. Each DTC Restricted Global Note will have a CUSIP number. Each DTC Restricted Global Note will be subject to restrictions on transfer contained in a legend appearing on the front of such Note, as set out under "Transfer Restrictions". In certain circumstances, as described below in "Transfers of Registered Notes", transfers of interests in a DTC Restricted Global Note may be made as a result of which such legend is no longer applicable.

The custodian with whom the DTC Restricted Global Notes are deposited (the "Custodian") and DTC will electronically record the principal amount of the Restricted Notes held within the DTC system. Investors in Notes of such Series may hold their interests in a Regulation S Global Note only through Clearstream, Luxembourg or Euroclear. Investors may hold their interests in a DTC Restricted Global Note directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each DTC Restricted Global Note registered in the name of DTC's nominee will be to or to the order of its nominee as the registered owner of such DTC Restricted Global Note. The Republic expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with any such payments denominated in U.S. dollars in amounts proportionate to their respective beneficial interests in the principal amount of the relevant DTC Restricted Global Note as shown on the records of DTC or the nominee. In the case of any such payments which are denominated other than in U.S. dollars, payment of such amounts will be made to the Registrar on behalf of the nominee who will make payment of all or part of the amount to the beneficial holders of interests in such Registered Global Note directly in the currency in which such payment was made and/or cause all or part of such payment to be converted into U.S. dollars and credited to the relevant participant's DTC account as aforesaid, in accordance with instructions received from DTC. The Republic also expects that payments by DTC participants to owners of beneficial interests in such DTC Restricted Global Note held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Republic nor any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the DTC Restricted Global Notes or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of a Regulation S Global Note and/or a DTC Restricted Global Note. Individual definitive Registered Notes will only be available, in the case of Unrestricted Notes, in amounts specified in the applicable Pricing Supplement, and, in the case of Restricted Notes, in amounts of U.S.\$250,000 (or its equivalent rounded upwards as agreed between the Republic and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

INDIVIDUAL DEFINITIVE REGISTERED NOTES

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will not be permitted unless (i) in the case of Registered Notes represented by a DTC Restricted Global Note, DTC notifies the Republic that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the DTC Restricted Global Notes or ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended, or is at any time no longer eligible to act as such and the Republic is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, (ii) in the case of Registered Notes represented by a Regulation S Global Note, Euroclear, Clearstream, Luxembourg or any other clearing system the holder of such Regulation S Global Note is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, or (iii) if principal in respect of the relevant Registered Global Note is not paid when due. In such circumstances, the Republic will cause sufficient individual definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Registered Global Note must provide the Registrar with:

- (a) a written order containing instructions and such other information as the Republic and the Registrar may require to complete, execute and deliver such individual definitive Registered Notes; and
- (b) in the case of a DTC Restricted Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual definitive Registered Notes issued pursuant to this paragraph (b) shall bear the legends applicable to transfers pursuant to Rule 144A.

TRANSFERS OF REGISTERED NOTES

Transfers of interests in Registered Global Notes within DTC, Clearstream, Luxembourg and Euroclear will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a DTC Restricted Global Note to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a DTC Restricted Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in a Regulation S Global Note may be held only through Clearstream, Luxembourg or Euroclear. Transfers may be made at any time by a holder of an interest in a Regulation S Global Note to a transferee who wishes to take delivery of such interest through the DTC Restricted Global Note for the same Series of Notes provided that any such transfer made on or prior to the expiration of the Restricted Period (as defined in "Subscription and Sale") relating to the Notes represented by such Regulation S Global Note will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes represented by such Regulation S Global Note will only be made upon request through Clearstream, Luxembourg or Euroclear by the holder of an interest in the Regulation S Global Note to the Principal Paying Agent and receipt by the Principal Paying Agent of details of that account at DTC to be credited with the relevant interest in the DTC Restricted Global Note. Transfers at any time by a holder of any interest in the DTC Restricted Global Note to a transferee who takes delivery of such interest through a Regulation S Global Note will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in the relevant Registered Global Notes.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under "Transfer Restrictions", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Principal Paying Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Principal Paying Agent, the Custodian and the Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Registered Global Note resulting in such transfer and (ii) two business days after receipt by the Principal Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery

versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “Transfer Restrictions”.

DTC will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of DTC Restricted Global Notes for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in DTC Restricted Global Notes are credited and only in respect of such portion of the aggregate principal amount of the relevant DTC Restricted Global Notes as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant DTC Restricted Global Notes for exchange for individual definitive Registered Notes (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC is a limited purpose trust company organised under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “Clearing Agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to DTC is available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Republic nor any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a DTC Restricted Global Note is lodged with DTC or the Custodian, Restricted Notes represented by individual definitive Registered Notes will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Transfer Restrictions

Each purchaser of Restricted Notes pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

- (1) It is (a) a qualified institutional buyer within the meaning of Rule 144A ("QIB"), (b) acquiring such Restricted Notes for its own account or for the account of one or more QIBs and (c) aware, and each beneficial owner of such Restricted Notes has been advised, that the sale of such Restricted Notes to it is being made in reliance on Rule 144A.
- (2) (i) It understands that the Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes.
- (3) It understands that such Restricted Notes, unless the Republic determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB") THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

- (4) It understands that the Republic, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more QIBs it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) It understands that the Restricted Notes will be represented by the DTC Restricted Global Note. Before any interest in the DTC Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Subscription and Sale

Notes may be sold from time to time by the Republic to or through any one or more of the Dealers. The arrangements under which the Notes may from time to time be agreed to be sold by the Republic to or through the Dealers are set out in the Amended and Restated Dealer Agreement dated 29 April 2014 (as amended and/or restated from time to time, the “Dealer Agreement”) and made between the Republic and the Dealers. Any agreement for the sale of Notes will, inter alia, make provision for the form and terms and conditions of the relevant Notes, whether the placement of the Notes is underwritten or sold on an agency basis only, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) which are payable or allowable by the Republic in respect of such purchase.

UNITED STATES

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part (the “Distribution Compliance Period”), as determined and certified to the Fiscal Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

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

This Offering Circular has been prepared by the Republic for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons pursuant to Regulation S and for the resale of the Notes in the United States pursuant to Rule 144A. The Republic and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Offering Circular by any non-U.S. person outside the United States or by any QIB in the United States to

any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Republic of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non- U.S. person or QIB, is prohibited.

UNITED KINGDOM

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

SWITZERLAND

Each Dealer has represented and agreed that: (a) it has not publicly offered or sold, and will not publicly offer or sell, the Notes in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations (“CO”) and the Swiss Collective Investment Schemes (“CISA”); and (b) neither this Offering Circular nor any documents related to the Notes constitute a prospectus within the meaning of art. 652a or art. 1156 CO.

The Issuer has not applied for a listing of the Notes on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this Offering Circular does not necessarily comply with the information standards set out in the listing rules of SIX Swiss Exchange.

In addition, the Notes do not constitute a participation in a collective investment scheme in the meaning of CISA and they are neither subject to approval nor supervision by the Swiss Federal Banking Commission. Therefore, investors in the Notes do not benefit from protection under CISA or supervision by the Swiss Federal Banking Commission or any other regulatory authority in Switzerland.

GERMANY

This Offering Circular does not constitute a PD-compliant prospectus in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and does therefore not allow any public offering in Germany or any other Member State pursuant to § 17 and § 18 of the German Securities Prospect Act.

Each Dealer has represented and agreed that it has not offered or sold and that it will not offer or sell the Notes in the Federal Republic of Germany other than in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other applicable laws in the Federal Republic of Germany governing the issue, sale and offering of securities.

CYPRUS

Each Dealer has represented, warranted and agreed that:

- (i) it will not provide “investment services”, “ancillary services” and/or perform “investment activities” (as such terms are defined in the Investment Services and Activities and Regulated Markets Law of 2007, L.144(I)/2007, as subsequently amended, (the “IFL”)) in the Republic of Cyprus;
- (ii) it will not provide such services, ancillary services and/or perform investment activities from a place outside the Republic of Cyprus to persons within, or resident or domiciled in the Republic of Cyprus;
- (iii) it will not perform any action relating to investment services, ancillary services, investment activities in contravention of the IFL and/or the regulations made pursuant to or in relation thereto; and
- (iv) it has otherwise complied with all provisions of the Public Offer and Prospectus Law, Law 114(I)/2005.

GENERAL

No action has been or will be taken in any jurisdiction by the Dealers or the Republic that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular, or any part thereof including any Pricing Supplement, or any other offering or publicity material relating to the Notes, in any jurisdiction where action for that purpose is required. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells, or delivers Notes or has in its possession or distributes this Offering Circular, or any part thereof including any Pricing Supplement, or any such other material, in all cases at its own expense.

Selling restrictions may be modified by the agreement of the Republic and the relevant Dealers. Any such modification will be set out in the Pricing Supplement issued in respect of each Tranche to which it relates or in a supplement to this Offering Circular.

General Information

- (1) The Republic will make application for Bearer Notes and Registered Notes represented by a Regulation S Global Note to be cleared through Clearstream, Luxembourg and Euroclear and/or such other clearing systems as may be agreed between the Republic and the relevant Dealer(s) and as specified in the relevant Pricing Supplement. The Common Code and the ISIN numbers, if any, for each Series will be contained in the Pricing Supplement relating thereto. The Republic will make an application with respect to any Restricted Notes of a Registered Series to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Restricted Notes of each Tranche of a Registered Series will be confirmed in the applicable Pricing Supplement. The CINS and CUSIP numbers, if any, for each Series will be contained in the Pricing Supplement relating thereto. Application may be made for acceptance for trading of Restricted Notes in The Nasdaq Stock Market Inc's private offerings, resales and trading through automated linkages ("PORTAL") system.
- (2) The establishment of the Programme, the subsequent increase in Programme size and updates have been approved by the House of Representatives of Cyprus and the execution of all documents in connection with the Programme has been authorised by the Ministry of Finance of Cyprus. The Ministry of Finance of Cyprus has also confirmed that all payments in respect of the Notes will be free of Cypriot taxes and that no withholding on account of Cypriot taxes will be required in respect of any such payment and that no Cypriot stamp duties will be payable in respect of the Notes.
- (3) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction. However, Notes may be listed on any other stock exchange or market and unlisted Notes may be issued pursuant to the Programme.
- (4) The Republic is not involved in any litigation or arbitration proceedings which are material in the context of the Programme or the issue of Notes under the Programme nor, so far as the Republic is aware, are any such litigation or arbitration proceedings pending or threatened.
- (5) Copies of the following documents will be available for inspection, at the specified offices of each of the Paying Agents in London during normal business hours, for so long as Notes may be issued pursuant to this Offering Circular:
 - (a) Fiscal Agency Agreement (which includes the forms of the Registered Note and Bearer Note, Coupons and Talons)
 - (b) the Deed of Covenant
 - (c) the Ministry of Finance Undertaking
 - (d) each Pricing Supplement for Notes that are listed on the London Stock Exchange or any other stock exchange and
 - (e) this Offering Circular, together with any supplement to this Offering Circular or further Offering Circular.

THE REPUBLIC
acting through the Ministry of Finance

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