



Annual Report Public Debt Management

2014

**Republic of Cyprus
Ministry of Finance
Public Debt Management Office**

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PUBLIC DEBT MANAGEMENT ANNUAL REPORT 2014

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List of abbreviations

bln	Billion (one thousand million)
BLR	Basic Lending Rate
BoC	Bank of Cyprus
CBC	Central Bank of Cyprus
CCB	Cooperative Central Bank
CEDB	Council of Europe Development Bank
CPB	Cyprus Popular Bank
CSE	Cyprus Stock Exchange
CYPGB	Cyprus Euro Medium Term Note
E	Euribor, Euro Interbank Offered Rate
ECB	European Central Bank
ECP	Euro Commercial Paper
EFSF	European Financial Stability Facility
EIB	European Investment Bank
EMTN	Euro Medium Term Note
ESM	European Stability Mechanism
EUR	Euro
GBP	Sterling
GDP	Gross Domestic Product
GGA	Government General Account
GGD	General Government Debt
IMF	International Monetary Fund
MFI	Monetary Financial Institution
MTDS	Medium Term Debt Strategy
mn	million
PDMO	Public Debt Management Office
SDR	Special Drawing Rights
SSF	Social Security Fund
TB	Treasury Bill
USD	United States Dollar
VSFR	Variable-Spread Floating Interest Rate

INTRODUCTION

Following the agreement in March 2013 with the EU, the ECB and the IMF (the Troika) on a Macroeconomic Adjustment Programme (the Programme) during the year 2014 Cyprus' economy was underway in a number of significant reforms and actions on fiscal, banking and structural issues. During this process and while the state relied on the Programme ESM-IMF funding for most of its financing needs it was able to borrow again in the international markets marking a critical point in re-establishing the sovereign regular market access.

The principles and actions of the year as regards the management of the public debt followed the direction set in the Medium Term Debt Strategy (MTDS) 2014-16. The MTDS 2014-16 laid the foundations, the important challenges and the directions of debt management for the following years. The guidelines indicated the necessity to develop the domestic market and broaden the sources of funding as a precaution to prepare for the exit from the Memorandum of Understanding with the EU, the ECB and the IMF in March 2016. They also referred to actions for managing the large redemptions in the coming years and establish market access and point out the general direction to be taken in the medium term to manage refinancing and interest rate risks.

Initial market re-entry was achieved earlier than anticipated. Indeed following a small private placement to international investors in May, the first international benchmark issuance since 2010 was launched in June 2014, a year after the start of the Macroeconomic Adjustment Programme. The proceeds of the new 2019 bond were used to repay early part of a domestic bond due in 2017, contributing thereby to the smoothing of the debt maturity profile. Additionally the weighted average maturity of debt, the average cost of debt and cash buffers were maintained within the targets stipulated in the MTDS 2014-16. No additional interest rate and foreign exchange risks were assumed in the debt portfolio in line with the MTDS 2014-2016 principle of financial risk mitigation. Finally, the Treasury Bills issuances were streamlined and maturities were re-aligned towards the year end with the aim of normalizing issuances via auctions over 2015.

Additionally towards the year end the PDMO conducted a non-deal roadshow in main European financial centres to inform investors on the economic developments and prospects of Cyprus.

Some issuance activity in the Euro Commercial Paper market was achieved but this was diverted to domestic investors with particular preference for this debt instrument. Indeed, there has been no activity of investors in the ECP market, despite parallel improvement in the access in the long term international market.

An investment framework for excess liquidity was adopted in early 2014. This allowed for the investment of surplus cash in the form of fixed term deposits or purchase of short term government securities. Given the restructuring phase of the banking sector and the conservative investment guidelines set in the investment framework the PDMO proceeded with the placement of small bank deposits over a short period of time.

During the year technical assistance was sought from the International Monetary Fund and the European Stability Mechanism on all debt management aspects.

The International Monetary Fund helped towards the design of a medium term debt strategy which was then drafted by the PDMO and adopted by the Council of Ministers for the years 2015-2019. The MTDS 2015-2019 aspires to pave the way for a sustainable return to the market access. The guidelines of this MTDS are the following four: (i) Smoothing out the maturity profile of marketable debt; (ii) Risk mitigation through increased cash reserves and management of foreign exchange and interest rate risk; (iii) Development of the government securities market; and (iv) Minimisation of medium-term cost of public debt.

In sum, this MTDS reflects all planned actions that have to be taken in a concerted manner in order to achieve stable market access combined with fiscally sustainable cost of borrowing, under acceptable levels of financial risks.

Additionally, the technical assistance of the European Stability Mechanism has focused on strengthening the infrastructure, enhancing the market intelligence function, upgrading the guarantees risk assessment methodology and designing the PDMO's internal controls system. The first report of recommendations by the ESM was delivered in December 2014.

Once the report is finalized a consultation between the ESM and the Cypriot authorities will take place for the adoption of a roadmap for the implementation of the pertinent recommendations. This is expected to commence by mid-2015 and will last throughout the MTDS reference period, i.e. until end 2019.

EUROZONE SOVEREIGN DEBT MARKET DEVELOPMENTS

Developments in the Eurozone sovereign debt markets over the course of 2014 were characterized by tightening yields and improvement in the market access for all member states. In certain member states yields are at historically lows reaching in some cases negative levels.

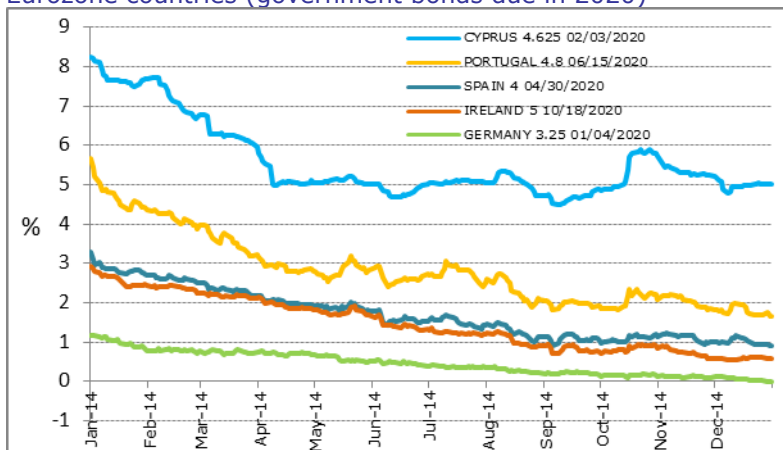
The year's improvements in the primary markets influenced positively also those Eurozone countries under or recently exited a programme. In January 2014 Ireland proceeded with its first post programme syndication, while in the same month its investment grade status was fully restored by the three main credit rating agencies. In May, Portugal exited its Programme and proceeded shortly afterwards with a primary market issuance. Greece and Cyprus, whilst still under Programmes, issued again in the international markets after a four-year absence period.

Following a continuous downward rally in nearly the entire first half of the year most Eurozone sovereign yields rebounded temporarily partly due to investors' concerns over the Eurozone growth and recovery prospects.

The announcement of results of the Asset Quality Review and stress tests by the ECB in October did not have significant impact on the sovereign bond markets as market participants seemed to have anticipated and priced its outcome. A volatility episode occurred on 15 October 2014 resulting to a brief yield spike across the Eurozone. This event seems to have been mainly influenced from a volatility increase on the US Treasuries market. While having profoundly influenced the market throughout the year, increased expectations on Quantitative Easing by the ECB exerted further downwards pressure on the yields again towards the year end.

Over the year five euro area sovereigns had their ratings upgraded. The credit ratings of Ireland, Portugal, Spain and Greece were raised. Cyprus' credit rating was also raised between two and three notches over the year.

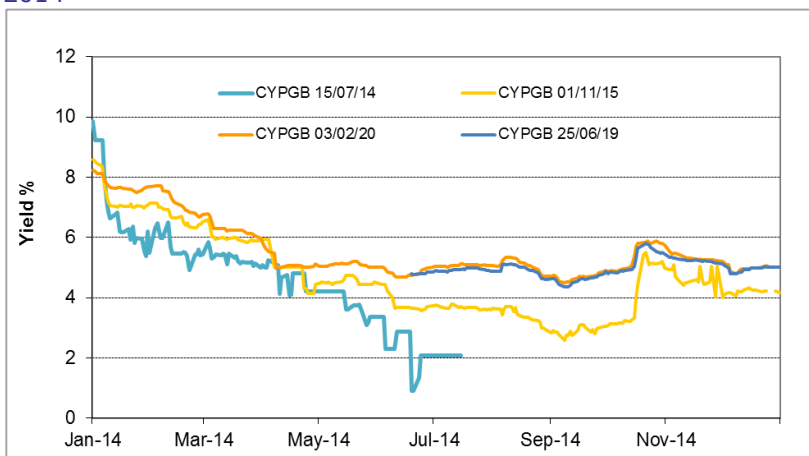
Figure 1: Secondary market yield levels of Cyprus and selected Eurozone countries (government bonds due in 2020)



Source: Bloomberg

Following the trend of late 2013 during the first four months of 2014 the Cyprus yields continued their tightening rally. Yields remained broadly stable until October 2014 when volatility around Eurozone liquidity impacted the yields negatively. These fell again following the announcements of the ECB asset quality review-stress tests in late October. The improvement in the Cyprus sovereign yields was related both to the positive assessments of the adjustment programme and to the general positive market developments in the Eurozone. Despite these macroeconomic fundamentals the low liquidity in the small debt market of Cyprus generally impacts the volatility and yield reaction.

Figure 2: Secondary yield levels for Cyprus international bonds in 2014



Source: Bloomberg

The above diagram shows the yield evolution of the Republic's international bonds, all launched under its EMTN Programme and listed at the London Stock Exchange. Liquidity for the domestic bonds listed at the Cyprus Stock Exchange remained at low levels although the trading activity around the domestic bonds increased compared to previous years, reflecting possibly larger visibility of Cyprus and search of yield by investors.

Given the secondary market shortcomings for the assessment of the cost of funding of Cyprus the primary market is of particular importance. This is further analysed in the chapter "Financing of the central government in 2014".

FINANCING OF THE CENTRAL GOVERNMENT IN 2014

The public debt remained in a generally stable level increasing from €18,48 billion at end 2013 to €18,76 billion at end 2014. With the budget balance of the central government in cash terms recording a slight surplus, the increase in the public debt is related to the enhancement of the state liquid assets.

As far as the borrowing instruments are concerned these were a mix of market and official sources. The current chapter focuses on the presentation and analysis of the annual *flows* of government financing i.e. the annual issuances and repayments.

(i) Financing of the borrowing needs of 2014

The net annual borrowing of the year, i.e. excluding short term funding of €3365 million issued and matured within 2014, was €4045 million. In total the gross annual borrowing was €7411 million including once more a large component of continuously rolled over short term debt (Table 1).

As Table 2 outlines most of the annual borrowing was issued in fact in the form of government securities. This includes however the rollover of the bank recapitalization bond and the short term debt in the form of Treasury Bills and Commercial Papers. New borrowing in the form of securities was made via the new Euro Medium Term Notes and the newly launched retail bond.

Loans made up about one third of the borrowing actions of the year and related mainly to disbursements under the ESM-IMF financing schedule.

Table 1: Summary of annual borrowing

	€ mn	%
Net annual borrowing	4045	55
Short term borrowing issued and matured within 2014	3365	45
Gross annual borrowing	7410	100

Table 2: Summary of net annual borrowing by source

	€ mn	%
Government securities	2738	68
<i>Of which:</i>		
<i>Treasury Bills and ECPs</i>	736	
<i>Retail bond</i>	61	
<i>Bank recapitalisation bond</i>	1091	
<i>EMTNs</i>	850	
Loans by ESM and IMF	1267	31
Loans by the EIB and CEDB	40	1
Total annual borrowing	4045	100

Note: The figure of €4045 million does not include debt issued and redeemed within 2014

Figure 3: Net annual borrowing by source

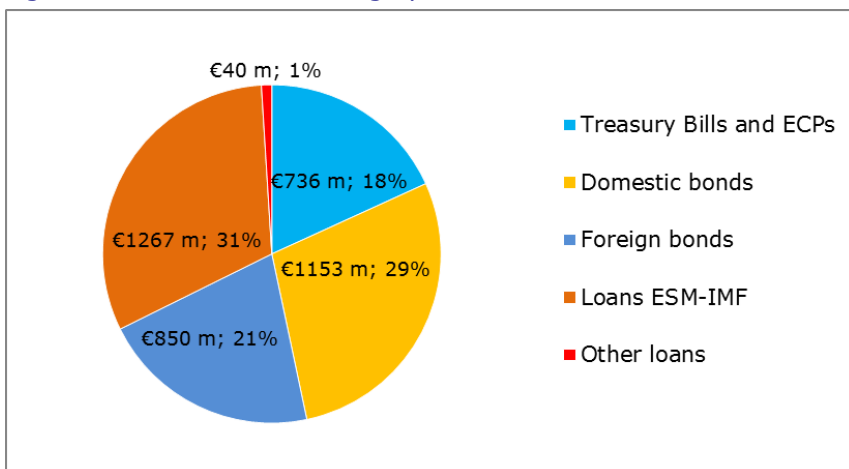


Table 3: Summary of borrowing by maturity

	€ mn	%
Short term borrowing (up to 12 months)	736	18
Medium term borrowing (1-9 years)	1941	48
Long term borrowing (10 years and more)	1368	34
Total annual financing	4045	100

Note: The figure of €4045 million does not include debt issued and redeemed within 2014

Total annual financing comprised of the net annual borrowing as well as financing from the cash surplus in the budget. Half of the annual financing was directed towards the Bank of Cyprus, through repayment and rollover of government bond. The remaining financing was undertaken for the redemption of debt maturities and some was used to accumulate liquid assets of the state (Table 4).

Table 4: Summary of use of annual financing

	€ mn	€ mn	%
Increase in cash and cash reserves		255	6
Banking sector needs		2041	50
Of which repayment of bond	950		
Of which rollover of bond	1091		
Debt maturities		1811	44
Total annual financing		4107	100
Of which: financing via borrowing		4045	
Financing from cash budget surplus		62	

Note: banking sector needs refer to the recapitalisation bond under domestic law issued in 2012 to Cyprus Popular Bank which in 2013 was transferred to the balance sheet of Bank of Cyprus.

A description and analysis of the government financing by tenor and instrument is provided below.

Short term borrowing

Treasury Bills: Treasury Bills were issued and rolled-over throughout the entire year.

In total Treasury Bills amounting to €3445 million were issued out of which €2748 million or 80% matured within the same calendar year. The remaining €697 million will mature within 2015.

The cost of short term borrowing continued to be high even though it followed a declining trend. The volume-weighted average yield was 4,14% down from 5,00% of the previous year.

Treasury Bills were issued by private placements only. The investors during the year were banking institutions, public sector legal entities and pension and provident funds, all being Cyprus residents.

Euro Commercial Paper (ECP): Total ECPs issued during 2014 were of the order of €677 million. This figure reflects to the largest extent a continuous rollover of one-month ECPs. At year end €40 million were outstanding. The weighted average yield of ECP issuance was 4,66% for maturities of 1 to 3 months.

Medium and long term borrowing

The Republic issued two bonds to the international market under the EMTN Programme, one via syndication and the other by private placement. It also received the fourth, fifth and sixth tranches by the ESM and the IMF and secured long term financing for infrastructure projects from the European Investment Bank and the Council of Europe Development Bank¹.

Government securities:

A Euro Medium Term Note was issued via private placement in May 2014 for a nominal amount of €100 million due in 2021 and a coupon rate of 6,50%. This was the first issuance to international investors since late 2010. This placement together with the overall Eurozone favourable developments of the time reactivated demand for Cyprus bonds and created the conditions to proceed with a 5-year benchmark bond issuance in June 2014 for a coupon rate of 4,75% and a nominal amount of €750 million. This benchmark bond initiated the gradual return to the international capital markets of the Republic of Cyprus after a four-year absence (see Box).

Moreover in May a new retail bond was launched under domestic law to natural persons only. The bond, issued in monthly series, has a tenor of 6 years with an option of early repayment after a 30-day notice period and carries a step-up coupon rate. The 2014 bond carries a coupon between 2,75% - 5,75%, which averages a return of 4,125% if the bond is held for the entire 6-year period. The total amount raised in the first 8 months of issuance was €61 million.

¹ The sixth tranche by the IMF was postponed due to delay in the implementation of the foreclosures legislation.

Loans:

The disbursements from the ESM and the IMF totaled €1267 million which resulted from €233 million of the fourth tranche in April, €684 million of the fifth tranche in July and €350 million of the sixth tranche in December. The ESM disbursed €1100 million whilst IMF the remaining €167 million.

Finally, the European Investment Bank (EIB) and the Council of Europe Development Bank (CEDB) disbursed amounts of €15 million and €25 million respectively for project financing of primary and secondary education. The loan of the EIB carries a floating interest rate of 0,99% over the Euribor rate, whilst the loan by the CEDB carries a fixed interest rate of 1,46%. They are both amortised annually with the final capital payment due in 2039.

Box: Cyprus €750 million 4,750% 5-year benchmark bond due 25 June 2019

Following positive secondary market yield developments since the beginning of 2014 supported by strong progress in the Economic Adjustment Programme and after an earlier small private placement, Cyprus launched a new benchmark bond initiating its gradual return to the international capital markets. The 5-year benchmark bond has a nominal amount of €750 million and a coupon of 4,750% (yield 4,850%). The bond was the first international benchmark bond issuance of Cyprus since late 2010.

The mandate for the organization of a series of fixed income meetings was announced on 10th June. A global investor call was arranged on 13th June and physical meetings in London on 16th-17th June enabling Cyprus to update investors on (i) the recent developments with regards to the implementation of the ESM/IMF programme, (ii) the general economic situation and fiscal performance (iii) the financial situation of the banking sector and (iv) the expected funding programme and financing actions for 2014 and 2015.

Given very constructive feedback received from investors during the roadshow, initial pricing thoughts (IPTs) were released on 17th June for a 5-year Euro benchmark at 5% area (yield). For reference, the secondary trading level of the Republic's existing note maturing in February 2020 was 4,80% in yield.

Following a very constructive IPT process with €1,5 billion of interest, the orderbook officially opened on 18th June with guidance at 4,90% area (yield).

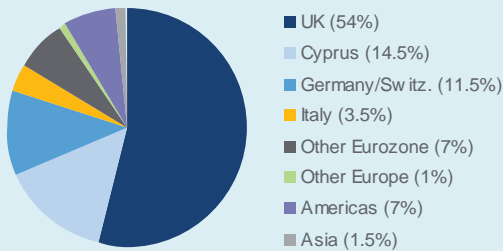
The orderbook grew steadily and closed at 11:30 CET with more than 150 investors taking part to the transaction and a total amount requested close to €2 billion enabling to launch a €750 million transaction (from €500 million minimum initially targeted) at 4,85%. The transaction priced at 15:20 CET at a reoffer yield for investors of 4,85% implying a spread of 414,1bps over the mid-swap reference.

Summary of terms and conditions

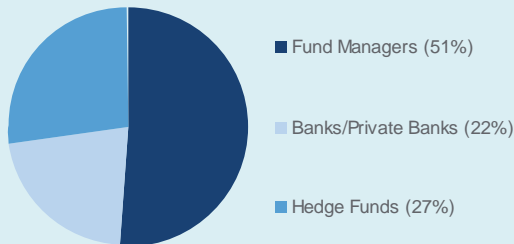
Issuer	The Republic of Cyprus
Format	RegS Registered only, CACs
Pricing date	18 th June 2014
Settlement date	25 th June 2014
Maturity date	25 th June 2019
Size	EUR 750.000.000
Coupon	4,750% annual Act/Act (ICMA)
Re-offer price	99,565%
Re-offer yield	4,850%
Re-offer spread	MS +414,1bps
Denominations	1k+1k
Listing / Law	London Stock Exchange / English law
ISIN	XS1081101807
Joint bookrunners	Deutsche Bank, Goldman Sachs International, HSBC, UBS, VTB Capital

Figure 4: summary of distribution

Distribution by region



Distribution by type



(ii) Debt redemptions

During 2014 a total of €1061 million of medium and long term debt was redeemed. About half of this formed two EMTNs of total €585 million with the rest being attributed to domestic bond maturities and loan amortisations.

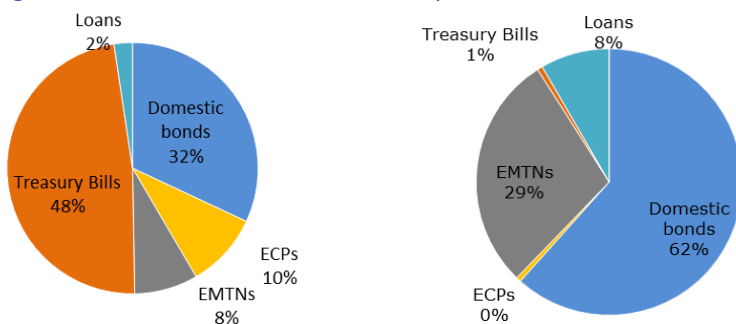
The continuous rollover of short term securities of €750 million in tenors of just 1 to 3 months throughout the year caused a surge in the debt maturity aggregate figure. The continuous refinancing resulted in the gross maturity figure of about €4,1 billion for Treasury Bills and ECPs. The annual change in the stock of short term debt was in fact a reduction of €26 million.

A further significant component of debt maturities was the Bank of Cyprus recapitalisation bond of €1,99 billion which matured in July. According to the terms of the recapitalization bond the government has a unilateral option to roll it over until July 2017. The actual redemption for this bond was €950 million so that a new zero-coupon bond for €1091 million was issued.

This resulted in ameliorating the maturities of the year 2017, right after the end of the Macroeconomic Adjustment Programme.

The full list of debt redemptions of the year is shown in Tables 12-14 of the Statistical Appendix.

Figure 5: Gross and net debt redemptions in 2014



Review of the annual financing profile

With the cash budget recording a balanced outcome the annual financing needs related entirely to the refinancing of debt. The disbursements by the ESM-IMF of €1267 million more than compensated the year's medium-long term debt redemptions of €756 million. The financing needs of the state were covered comfortably and further liquid assets were accumulated.

Despite the above the refinancing risk stemming from short term debt remained high, particularly in the first half of the year. Treasury Bills were issued via private placements while the weighted yield averaged 4,48% in the first quarter of 2014 to decline to 3,51% in the final quarter.

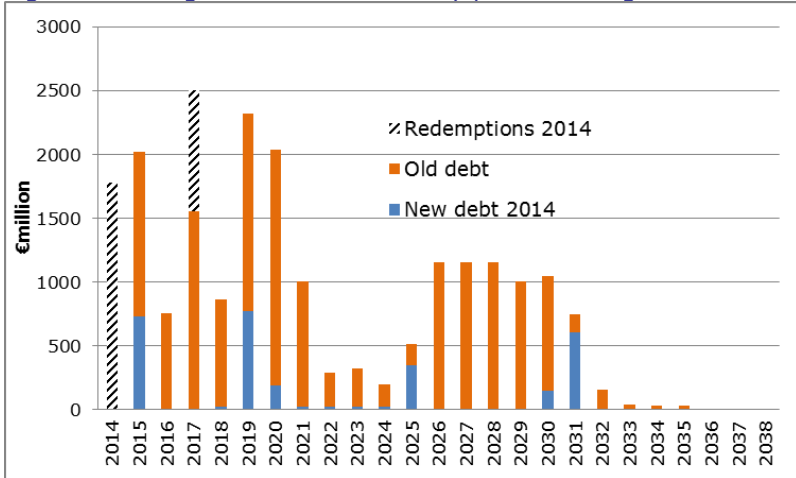
The long term market issuances were significant both in terms of signaling the gradual return of the sovereign to the international capital markets as well as for the use of their proceeds to repay early domestic debt and thus smoothen the maturity profile. An overview of the change in the maturity profile from the actions of 2014 is shown in Figure 6. The new issuances due in 2015 relate to short term debt, those of 2019-2020 to the international bonds whilst the new debt in further years relates to the Programme loans.

Cyprus attracted again international investors whilst only a few domestic investors participated in the government short term and long term debt issuances. This was an unsurprising development given the restructuring stage of the main domestic credit institutions.

The volume-weighted borrowing cost of gross short term securities was 4,14 % and that of long term issuances 5,09%². The weighted average of the market borrowing cost was 4,73%. Including the borrowing from official sources, the annual borrowing cost is estimated at 3,51% based on year-end base rates for the floating-rate debt.

² The bank recapitalization bond is assumed throughout this report to be a long term security due in 2017.

Figure 6: Change in the debt maturity profile through 2014 actions



THE SIZE AND COMPOSITION OF GOVERNMENT DEBT

The Maastricht criterion for public debt is defined as the gross debt of the general government at nominal value, consolidated over the sectors of the general government. In the case of Cyprus the relevant subsectors are the central government, the local authorities and the Social Security Fund.

Sections (i) and (ii) show the size, historical evolution and structure of the consolidated general government debt, whereas section (iii) deals separately with the unconsolidated general government debt. Valuation and methodology is according to the Eurostat definition of public debt in ESA2010 terms.

(i) Size and evolution of general government debt

Evolution of government debt

The debt to GDP ratio marked an increase over 2014 from 102% to 107%. This increase is related to accumulation of cash since the annual fiscal outcome in cash terms was slightly positive and the reduction in nominal GDP.

The accumulation of debt over the past few years has caused significant scrutiny and analysis of the sustainability of debt. The joint assessment in 2013 by the IMF and the European Commission concluded that via the €10 billion Economic Adjustment Programme the public debt was sustainable and following a declining path up to the foreseeable horizon of 2020. Since then the debt sustainability analysis has been repeated at regular intervals reaching to the same conclusion.

In the decade between 1995 and 2004 the general government debt followed an increasing path from 47% of GDP to 65% of GDP. Following years of fiscal consolidation, and due to the use of available sinking funds, the debt-to-GDP ratio reached a low of 45% of GDP in 2008. Since then, fiscal slippage and low to negative growth rates and, most recently, capital injections into the banking sector, contributed to a considerable increase in the debt relative to GDP.

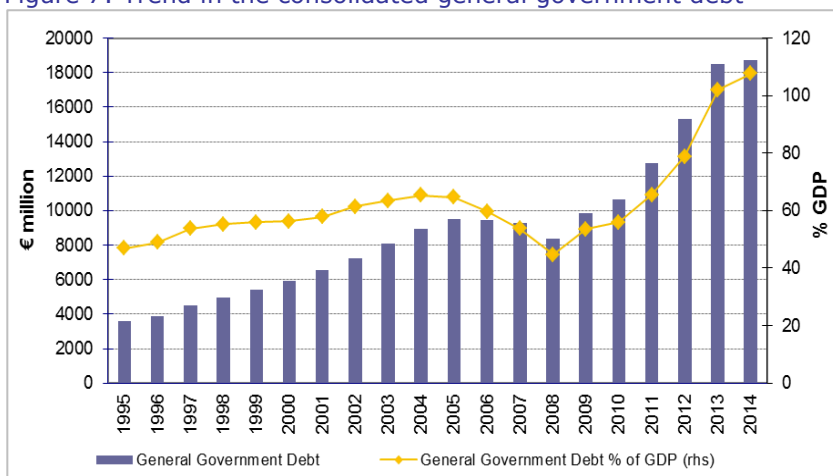
Between 2009-2011 the fiscal deterioration was the main contributor to the increase in the public debt. Between 2012-2013 both the fiscal deficit and the negative growth rate contributed to

the debt deterioration but additionally the state capital support of the Cyprus Popular Bank in 2012 and of the cooperative sector in 2013 increased the public debt by a total of €3,3 billion.

The banking crisis resulted in state support to the domestic bank of currently €2,5 billion or about 14% of the gross public debt by end 2014. These funds relate to the state recapitalisation of Cyprus Popular Bank and the cooperative sector via debt securities. Further €950 million of the bank recapitalisation bond to Cyprus Popular Bank have been repaid to the Bank of Cyprus.

It is important to highlight that despite the sharp increase in the public debt of the past few years the strong fiscal outcome of 2014 and the positive growth of 2015 indicate that debt is stabilising earlier and at lower levels than originally anticipated.

Figure 7: Trend in the consolidated general government debt

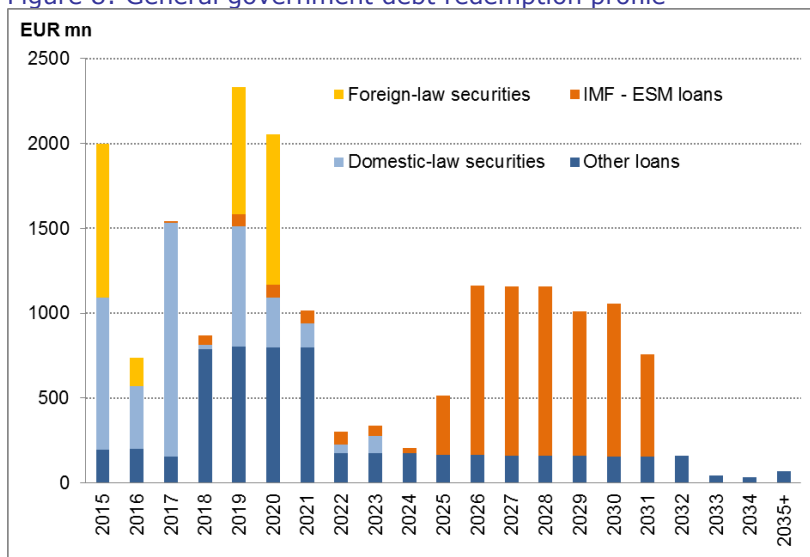


Maturity profile

The weighted average maturity of the general government debt is 8 years. Whilst in average terms the maturity is strong, a significant share of debt (about 40%) falls due within 5 years with 2019-2020 presenting the peak maturities. As in the past, the peak maturities relate to Euro Medium Term Notes. The longest debt redemption point is the year 2039.

The IMF loans disbursed to date are due between 2017 and 2024. The loans by the ESM have an average maturity of 15 years and the currently outstanding disbursements are due between 2025 and 2031. Under the new terms the bilateral loan from the Russian Federation has an annual amortization between 2018 and 2021.

Figure 8: General government debt redemption profile



Note: the government bond for the recapitalization of Cyprus Popular Bank is due in 2015 with the possibility of extension up to 2017. In this figure it is shown to mature in 2017.

(ii) Composition of the General Government Debt

Short term and long term debt

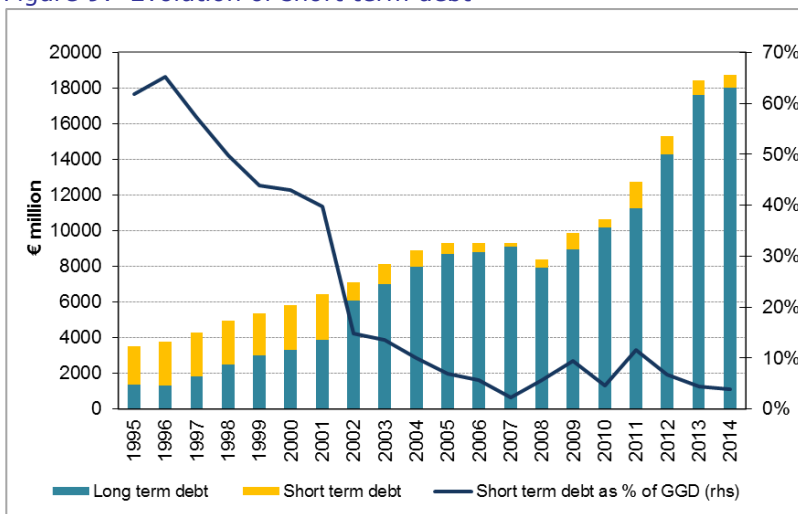
Short term debt, i.e. debt with an original maturity of up to 12 months, has experienced a sharp decline since the mid 1990's. The bulk of this type of borrowing by the government was undertaken from the Central Bank of Cyprus which, in contrary to market-based financing, entailed no refinancing risk. In 2002, with the abandonment of Central Bank financing all pending obligations of the government with the Central Bank of Cyprus were converted into a 30-year loan, thus immediately reducing the short term debt balance from 40% of outstanding debt in 2001 to just 5% in 2002. After 2005 short term debt remained below the threshold of 10%

of outstanding debt. In the last two years the share of short term debt remained at 4% of outstanding debt.

It is noteworthy that the Cyprus Popular Bank state support was in the form of a one year zero coupon government bond, with an option for the Government to rollover until 2017. Thus, the bond can be considered as a medium-term obligation and is not included in this Report in the short term debt. With the resolution of Cyprus Popular Bank in 2013 the bond was transferred to the balance sheet of Bank of Cyprus.

The total debt, i.e. both short term and long term, with *remaining* maturity within 12 months, is analysed in the chapter “Risk management”.

Figure 9: Evolution of short term debt



Breakdown by financing instrument

The Cyprus’ debt is composed of official and private loans as well as foreign-law and domestic-law securities (Figure 10).

During the year the share of loans increased in the total of debt both in absolute and relative terms due to the redemption of securities and their replacement via ESM and IMF loans. In

absolute terms, foreign securities remained fairly stable due to new issuances whilst domestic securities decreased.

Short term financing instruments, i.e. Treasury Bills and Euro Commercial Papers, accounted for about 4% of outstanding debt. Figure 11 shows the breakdown of the category of loans. Foreign loans make up about 84% of total loans. They are composed by the loans by the ESM, the bilateral Russian loan and long term loans from the EIB and the Council of Europe Development Bank. Finally, the loans granted via the EFSF to Greece, Ireland and Portugal, as attributed to the creditor countries including Cyprus, are included in the debt statistics³.

Loans from domestic sources represent 14% of the outstanding stock of loans. The long term loan from the Central Bank of Cyprus signed in 2002 with the abandoning of state financing from the Central Bank forms the largest component of domestic loans. Another sizeable loan was concluded with the Cooperative Central Bank from 2007 and relates to school committees, which are part of the central government. A further component is formed by the bank loans of the state owned enterprises categorized within the central government. Finally, there is a large number of outstanding bank loans of local authorities mainly granted for infrastructure projects.

Loans are predominately from official sources, as commercial bank loans are about 6% of the loan stock (Figure 11).

³ The creditor countries have an equal amount of assets, as loans granted, in their balance sheet corresponding to the share of liabilities, i.e. the accumulated debt by the EFSF. However, any assets which may offset debt are not included in the general government debt, as this is reported on a gross basis.

Figure 10: General government debt by instrument, 31 Dec. 2014

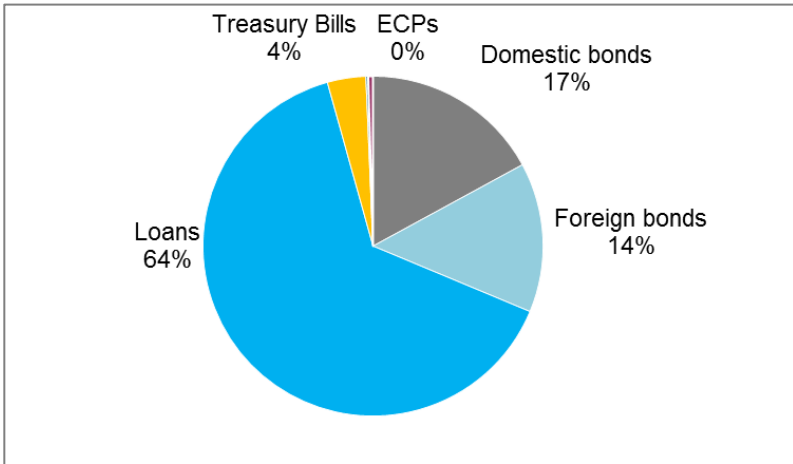
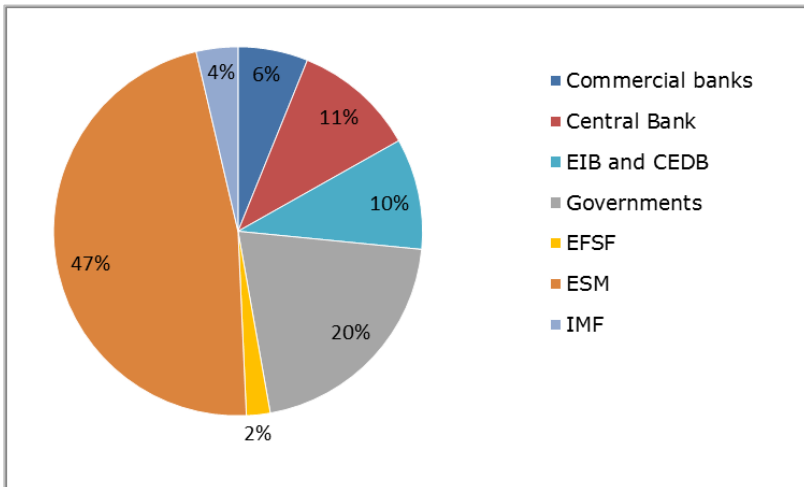


Figure 11: Breakdown of loans by source, 31 Dec. 2014

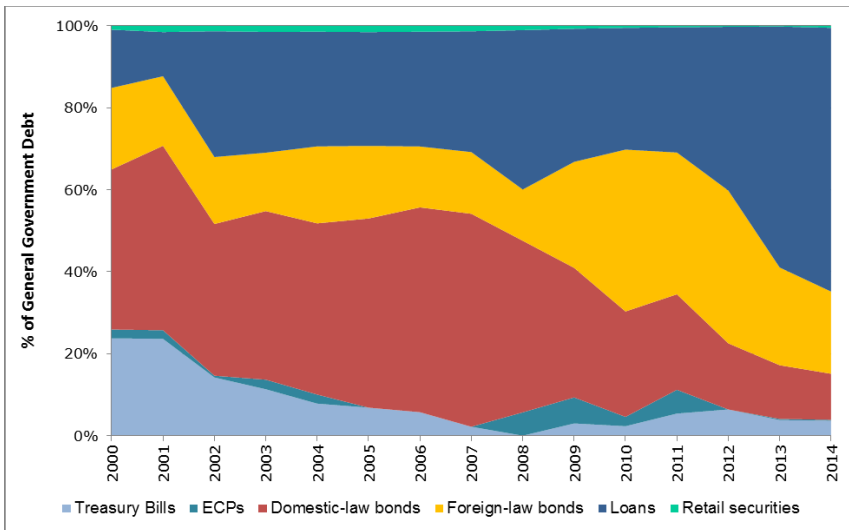


In a historical comparison, Figure 12 shows the breakdown of debt stock by financing instrument.

It is apparent that the contribution of loans to the total of debt has gradually increased over time. The sharp increase of 2002 relates to the conversion of outstanding central bank financing into a long-term loan for the amount of €1,64 billion. In 2012 the proportion of loans increased due to the replacement of debt as securities by the bilateral Russian loan. Similarly the large financing via ESM loans further increased the share of loans in the debt over 2013 and 2014 so that about two thirds of the current outstanding stock of debt is in the form of loans.

During 2009-2010 the EMTN securities replaced the state traditional borrowing from the domestic market. Importantly since 2009 there had been no significant issuance of the domestic bonds, except for the recapitalization bond, indicating that the domestic debt market is diminishing in size and importance and a switch to the international capital markets is taking place.

Figure 12: Historical breakdown of general government debt by instrument, 31 Dec. 2014



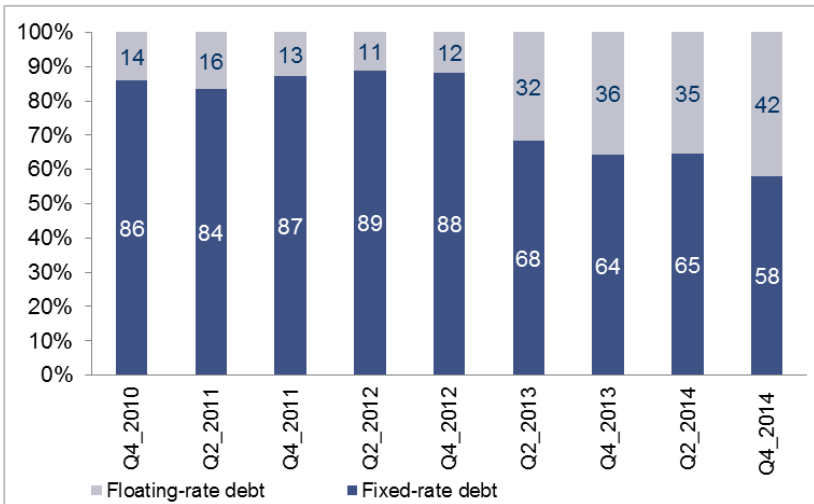
Breakdown by interest type

All debt securities carry fixed interest rate, although issuance of bonds and notes at other coupon types is available. The variable interest rates in the debt portfolio stem exclusively from loans.

An important change in the debt stock characteristics has been taking place since 2013 due to the borrowing by the ESM and the IMF at floating interest rates. This borrowing, which replaces old mainly fixed-rate, debt has contributed to the increase in the variable-rate debt share. Furthermore, loans by the European Investment Bank and the Council of Europe Development Bank carry typically floating rates with low margins over the Euribor. Moreover, a €417 million long term loan from a local bank for School Committees is indexed to floating rate. Finally, nearly all loans of the local authorities and state owned enterprises from domestic credit institutions carry floating interest rates.

In total, the proportion of floating interest debt stands at 42% of the general government debt or at €7905 million. Although this is a considerable share a further breakdown of floating-rate debt indicates that most loans are indexed at low margins over the Euribor rate whilst the interest rates of the ESM and the IMF loans are forecast to remain at low levels in the long term (see also Chapter "Risk management").

Figure 13: evolution of interest rate type of debt



Breakdown by currency

Cyprus currently follows a policy of issuing preferably only in euros. However, securities can be issued in foreign currency when opportunities arise. Such issuances are simultaneously fully hedged via swap agreements.

At end 2014 there were no debt securities denominated in foreign currency. However loans by the IMF are denominated in Special Drawing Rights an international reserve asset whose value is determined by a basket of four currencies⁴. Servicing of the IMF loans is thus executed in SDRs which carry a foreign exchange risk. At end 2014 loans of IMF were the only debt in foreign currency and made up 2% of the total debt stock. By the end of the Programme period this component is projected to rise but not exceed 5% of the outstanding debt.

Breakdown by government sector

The three subsectors of the general government in Cyprus are the central government, which includes all activities under the state Budget and some state-owned enterprises⁵, the local authorities and the Social Security Fund.

According to the Eurostat definition the public debt is reported in consolidated form, i.e. any obligations among the general government subsectors are not shown explicitly.

The vast majority of the consolidated General Government debt, in gross terms, is made up by the central government debt, which is analysed in detail throughout this Report. At 31 December 2014, the outstanding central government debt accounted for 99% of the general government debt. This share has historically been fairly constant.

In absolute terms, the local authorities' debt increased steadily over the years, albeit at low growth rates, until the year 2011

⁴ The euro is one of the four base currencies, a fact that contributes positively to the containment of the volatility of the SDR/EUR exchange rate.

⁵ The state owned enterprises categorised within the central government and which have an outstanding debt balance are the Cyprus Organisation for Storage and Management of Oil Stocks and the Cyprus Sports Authority.

where a first absolute level reduction appeared. Since 2011 the stock of local authorities' loans has been declining due to continuous amortisation and absence of new borrowing. At end 2014 the stock of the local authorities' debt was €125 million. This marked a significant reduction over end 2013 debt of the local authorities which stood at €255 million. Indeed, during 2014 the central government assumed a new loan with a foreign bank replacing various local authorities as debtor. The borrowing of local authorities relates normally to infrastructure projects and typically the creditors are local credit and cooperative institutions. This debt is thus in the form of long term bank loans with a floating interest rate.

The third subsector of the general government, the Social Security Fund, does not have an outstanding debt balance. On the contrary, the Fund records an annual surplus which is invested with the central government, the total balance of which constitutes intragovernmental borrowing. This intragovernmental asset-liability relation is presented in section (iii) of this Chapter.

Breakdown by investor origin

The Public Debt Management Office as the debt issuer has full investor records at the primary market. Given that domestic securities listed in the Cyprus Stock Exchange have low tradability the issuance records can be considered representative of the secondary market investor profile. The reverse holds for the foreign-issued EMTN bonds, whereby secondary market trading is more active. Secondary market records are available only to international depositories (Euroclear and Clearstream).

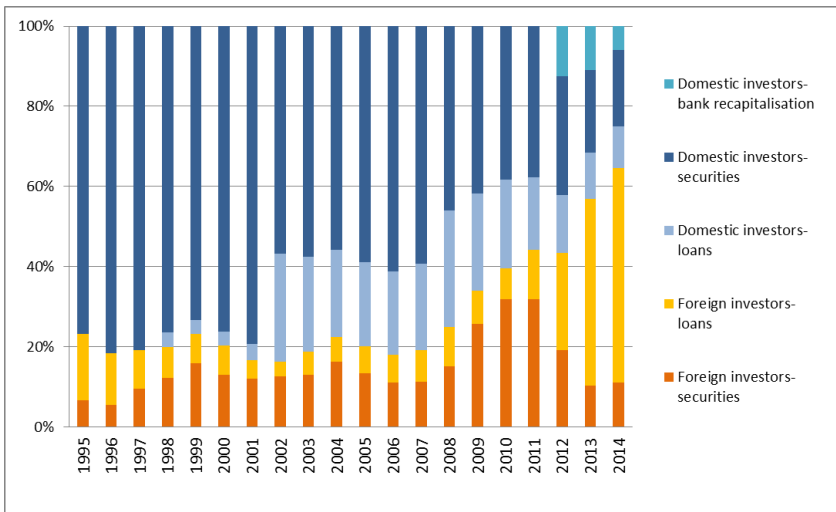
Historically, foreign capital inflows related to debt purchases were recorded either via supranational organisations, such as the EIB, or via the short term ECP securities. Long term securities were issued for the first time in 1997 for USD300 million. Further issuances followed during 1998-1999 and 2002-2004 in euro as a foreign currency. These issuances naturally increased the share of foreign investors in the total debt.

During 2009 and 2010 foreign issued debt increased considerably with the placement of three securities for €1 – 1,5 billion each. The majority of investors at these issuances were non-residents. In 2012 foreign creditor share increased further through the bilateral loan from the Russian Federation. The state recapitalization of the

banking sector during the same year affected the resident ownership of debt. Hence in relative terms the foreign and domestic ownership share in 2012 remained stable.

Over 2013 a large redistribution of debt holdings took place, which was enhanced in 2014. More specifically, foreign and domestic capital market investors were replaced by foreign official debt holders in the form of loans. This category exceeded half the total debt holdings at end 2014. Importantly however, the share of foreign investors in securities remained constant during 2014 so that Cyprus maintained its international debt capital markets presence.

Figure 14: Debt holders at primary issuance (est.)



Note: Excluding debt for EFSF

(iii) Investments of the Social Security Fund and Administered Funds

Investments between the government subsectors, that is between the central government, the local authorities and the Social Security Fund, are not considered public debt according to the methodology followed by the Eurostat.

For Cyprus, the Social Security Fund due to its historical annual surpluses has a very large stock of investments with the central government. Investments of the Social Security Fund in the form of deposits with the government or by ownership of government securities, at the year end 2014, amounted to €7455 million. The Fund, which is reported as a single account is, in fact, composed of five different accounts:

1. The Social Security Fund;
2. The Unemployment Benefits Account;
3. The Central Holiday Fund;
4. The Termination of Employment Fund; and
5. The Insolvency Fund

➤ Intragovernmental deposits

The majority of assets of the Social Security Fund are in the form of deposits. Annually, the surplus of the SSF is invested within the government. At the year end, the balance of the SSF in the form of deposits stood at €7455 million marking a slight reduction from the previous year balance of €7586 million.

➤ Intragovernmental investments in government securities

Following the decision of the Council of Ministers for the creation of a reserve, the Fund has invested in government EMTN bonds and domestic bonds. The Fund also rolled over its 52-week Treasury Bill due in November 2014 for further 12 months for a yield of 3,75% and nominal amount of €55 million. The investments in government paper totals €426 million and is presented in further detail in Table 10 of the Statistical Appendix.

It is noted that the SSF maintains also deposits with credit institutions amounting to a total of €62 million at the end of 2014. These funds do not constitute part of the general government debt.

➤ Intragovernmental investments of the Administered Funds

There are five Administered Funds of the central government with an outstanding balance at the year end of €131 million. These are:

1. The Government Hourly Employees Provident Fund
2. The Human Resources Development Authority Fund
3. The Turkish Cypriot Properties Fund
4. The Agricultural Insurance Organisation Fund
5. The Hunting Fund

The surpluses of these Funds are invested in 13-week Treasury Bills.

Finally, the only intragovernmental debt existing between the local authorities and the central government is a €10 million loan which was granted in 2011 by the Municipality of Nicosia to the central government at a variable interest rate extending to 2035, with a 5-year grace period.

COST OF PUBLIC DEBT

The financial cost of the public debt is expressed mainly via the interest payments to service the debt⁶. This Chapter outlines the relative impact of interest on the economy and public finances as well the debt portfolio average cost. All relevant indicators are presented in Table 7 of the Appendix.

Brief historical overview

Historically a significant share of government revenue, reaching up to 10%, was diverted towards servicing of the public debt. The decrease of the public debt over 2007-2008 contributed to the reduction in interest payments towards 6% of the government revenue before these started increasing again from 2011 onwards.

The increase in the stock of public debt and the rise in the borrowing cost itself caused a direct increase of interest expenditure which was offset partly by the low base rates. Additionally, the negative growth rates of 2012-2013 exacerbated the impact of interest payments on the GDP. By 2013 the interest payments of Cyprus to its GDP were higher than the Eurozone average (Figure 15). The borrowing from official sources first impacted in the 2014 interest payments. These marked a decline benefiting from the considerable improvement in the borrowing cost which compensated the overall debt increase.

Another useful indicator is the weighted average cost of public debt, although this alone does not indicate its burden on the public finances or the economy as a whole. The weighted average cost of the public debt stock in the past four years moved according to the developments in the new funding, indicating the impact of new flows on the stock of debt. Between 2010-12 the average cost of debt increased to 4,2% before starting declining trend (Figure 16).

⁶ The cost of public debt to the society can be analysed from various aspects. For example, in the context of what is called intergenerational equity, to the extent that borrowed funds are directed towards current consumption instead of infrastructure or sustainable development expenditure, the state borrowing allows for the current generation to benefit at the cost of the next generation. Nonetheless, at moderate levels debt is considered to improve welfare and enhance growth.

Developments over 2014

Over the year 2014 interest payments as a share to GDP are estimated to have fallen to 2,83%. This improvement resulted despite the decline in nominal GDP, due to a number of factors that affected the level of interest payments.

Interest payments over 2014 benefited from the further reduction in base rates which impacted on floating rate debt, the gradual reduction in the short term borrowing cost and, clearly, from the new long-term borrowing both from market and official sources replacing older more expensive debt.

The weighted average marginal interest rate, i.e. the cost of the new borrowing raised over the year weighted by its volume, is estimated at around 3,5% based on the year-end level of base rates.

The weighted average marginal *market* interest rate of the year was 4,73% marking an improvement vis-à-vis the 5,00% short term market borrowing rate of 2013 (no long term market borrowing was feasible over 2013). Indeed the 2014 average market borrowing rate resulted from both short term and long term market issuances, indicating the first return to the international capital markets.

The weighted average interest rate for the total stock of debt improved considerably over the year. The weighted average interest rate fell from 3,03% at end 2013 to 2,92% at end 2014.

Outlook

The driving forces on the development of the average borrowing cost and the total interest payments have mixed implications.

As regards the immediate future borrowing rates, the marginal impact of refinancing on the interest payments (new debt replacing old debt) should be beneficial as the bulk of needs until the first quarter of 2016 will be covered by the low cost ESM-IMF loans. At the same time the positive impact from the expected decline of market borrowing rates may be offset by the sovereign borrowing at longer tenors. Hence no significant positive impact is anticipated from the market financing actions in the immediate horizon.

Additionally, the reduction in the base rates over 2014 will have their first concrete impact over 2015, due to the time lag in indexing. However, as regards the outstanding stock of floating-rate debt, base rates in the short to medium term are expected to increase and impact negatively on interest payments.

Overall near-term total interest payments are forecast to be approximately the same level as 2014.

Figure 15: Interest payments on public debt

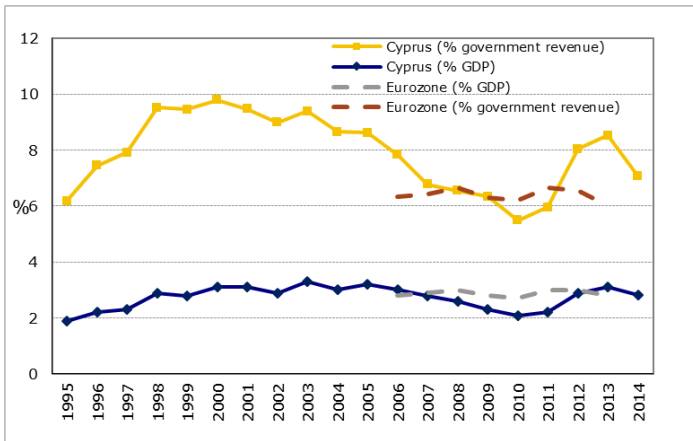
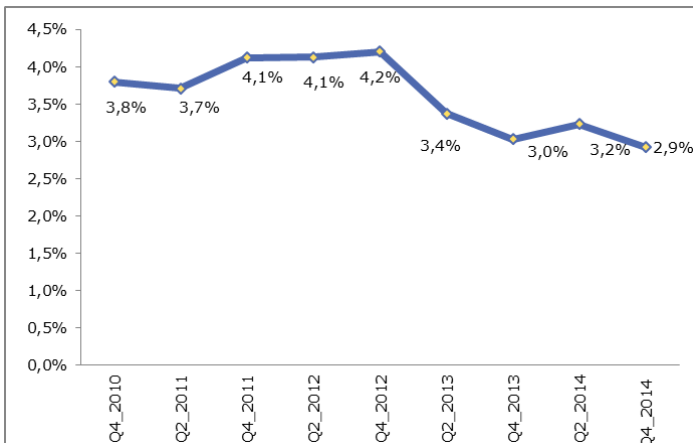


Figure 16: Weighted average cost of debt



CASH MANAGEMENT

The Government General Account, which in the Cyprus' Constitution is called the Consolidated Fund, is the government's main account held with the Central Bank of Cyprus. Credit balances at the account do not earn any interest.

Cash management by the Public Debt Management Office covers the setting of minimum and maximum liquidity amounts within which the State should cover its cash flow needs of a given period as well as the utilisation of any excess liquidity should this arise.

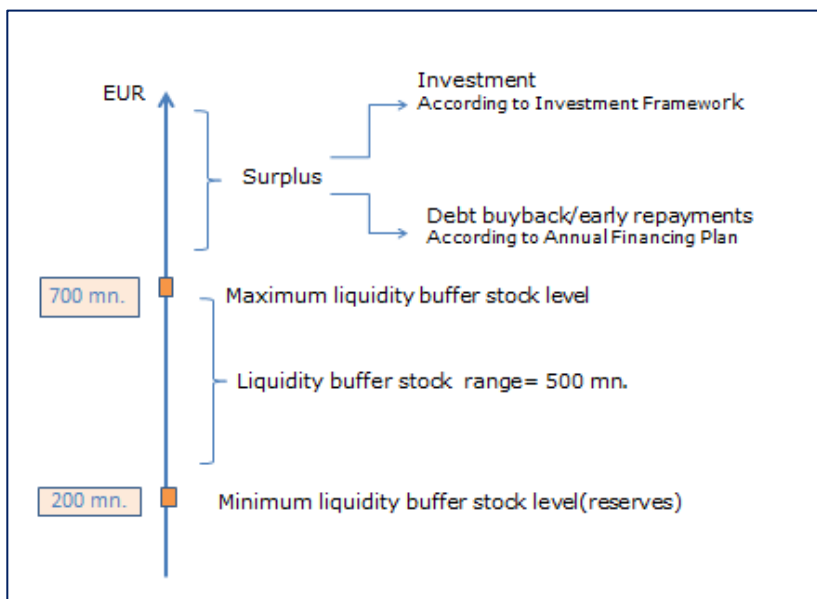
The Public Debt Management Law states that the minimum and maximum liquidity range should be decided by the Council of Ministers. The limits are variable and can change at least quarterly. The minimum and maximum liquidity amounts have been set by the Council of Ministers at €200 million and €500 million respectively and are held at different accounts at the Central Bank. This allows effectively a liquidity range of €500 million for all cash flow management operations, and additional €200 million as reserves (Figure 17).

If the cash balance at the Government General Account moves below the €500 million benchmark point the State has to borrow to cover the difference. If on the other hand liquidity exceeds €500 million the State may, but is not required to, proceed with an investment of the surplus or undertake a debt buyback or prepayment.

The investment framework of excess liquidity is drafted by the Public Debt Management Office and approved by the Minister of Finance. The latest Investment Framework was endorsed in early 2014, and specifies relevant parameters for the investment of excess liquidity in money market instruments.

During 2014 cash levels evolved above €500 million. Under the Investment Framework of 2014, certain investment activities were undertaken in the form of fixed term deposits in the domestic banking system over May and June. Table 15 of the Appendix shows the cash balances at monetary financial institutions during the year.

Figure 17: Institutional structure of the government cash management



RISK MANAGEMENT

The covering of the government financing needs and the public debt management function implies unavoidable financial and operational risks for the State. The general principle followed is that risk minimisation takes priority over cost minimisation.

There are a few categories of financial risk with the most important being the market risk and the refinancing risk. The developments of 2014 had mixed results on the debt portfolio risks. The official borrowing by the ESM and IMF has certainly led to an improvement in the debt maturity profile, thereby mitigating refinancing and liquidity risks. At the same time however these loans carry a floating interest rate whilst the IMF loans furthermore, are denominated in foreign currency. These two features exacerbate the market risk resulting from interest rates and foreign exchange rates. Additionally, the debt maturities in the immediate post-Programme period, and specifically between 2017-2020, pose refinancing risks.

It is important to highlight that risk management of public debt does not, in the ordinary application, cover the debt sustainability assessment since the latter is related mostly to fiscal and macroeconomic indicators, conventionally the GDP and the fiscal balance. Thus the debt sustainability analysis focuses on macroeconomic factors and prospects and is not the subject of public debt management.

Market risk

Market factors result in risks for the existing or expected debt portfolio, via the fluctuations in the markets of interest and exchange rates.

(i) Interest rate risk

This risk aspect refers to the readjustment or refixing of interest rates at the time of refinancing of outstanding debt and at the fluctuation of interest rates at the pre-defined payment dates for debt carrying floating rate debt.

Even though a significant volume of redemptions is due within 12 or 24 months its refinancing is expected to be covered via the ESM-IMF loans at low interest rates so that the interest rate risk

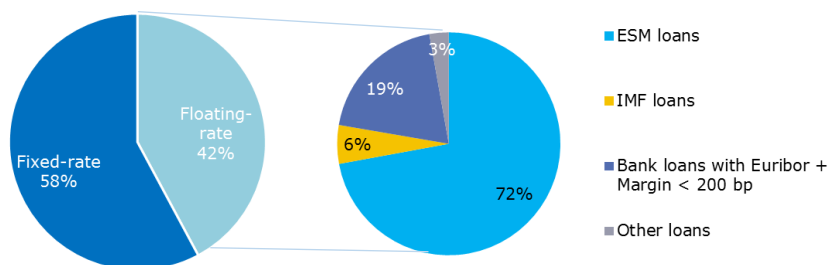
stemming from the refinancing of debt redemptions is contained at, effectively, the lowest level possible. Moreover the refinancing of the short term debt is achieved at gradually lower interest rates.

However, the market risk from floating rate debt is on an increasing trend. At year end 2014 about 42% of outstanding debt or €7,9 billion was variable interest rate debt (Figure 18). This compares to 12% of outstanding debt at year end 2012, prior to the Programme financing. Indeed, both the ESM and the IMF loans are at floating interest rates⁷. The ESM-IMF loans form already a quarter of the debt stock and by the Programme end they are projected to exceed 40% of the outstanding stock.

Furthermore, commercial bank loans by local authorities and the central government carry floating rate interest. Additionally most loans for project financing are granted by supranational organisations such as the European Investment Bank and are linked to the Euribor with small margins.

A breakdown of the floating interest rate debt (Figure 18) indicates that the vast majority of this debt is low-base rate and low-margin debt. Thus, the interest rate risk stemming from floating rate debt is expected to be limited.

Figure 18: Composition of interest rates, 31st Dec. 2014



⁷ Actually the IMF loans have a large predefined fixed component and a smaller floating rate component.

(ii) Foreign exchange risk

Debt dominated or linked to foreign currency increases instability in the servicing of debt or interest.

Since its entry into the Eurozone, borrowing in foreign currency has been kept at low levels and for short tenors only. During 2014 there were no market issuances in foreign currency.

However, the loans from the IMF are denominated in Special Drawing Rights a specific unit of measurement of the Fund, which is based on a basket of four basic currencies. Therefore amounts vary at withdrawal and servicing of interest and capital according to the value of SDR in terms of euro. Currently the IMF loans are the only debt denominated in foreign currency and account for 2% of outstanding total debt. While future withdrawals from the IMF will increase foreign-currency denominated debt. Its share is expected to remain below 5% of the total debt.

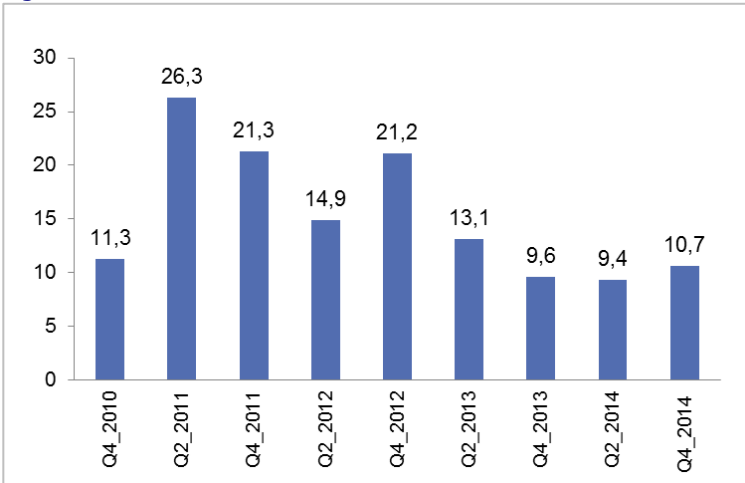
The weakening of the euro has resulted in an appreciation of the IMF debt denominated in SDRs. Whilst the nominal amounts at the time of withdrawal were €421 million, at year end exchange rates this debt was valued at €443 million. Capital repayments to the IMF do not start before 2017.

Refinancing and liquidity risk

One indicator commonly used to capture the refinancing risk is the share of debt due within 12 months, both short term and long term.

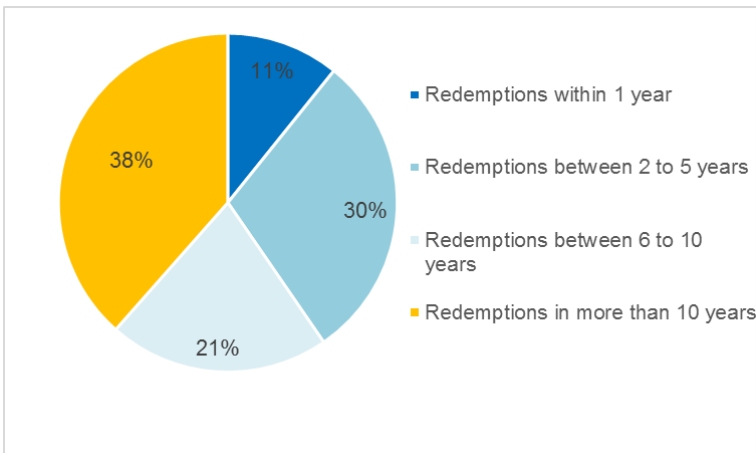
All redemptions due within 12 months at the end of the year 2013 were refinanced by the ESM-IMF loans with the exemption of short term debt which Cyprus refinanced from the domestic market. Thus refinancing risk effectively was reduced to the refinancing risk of short term debt only. While the short term debt was successfully rolled over this was feasible by private placements to a few investors at very short term tenors (mostly 1 to 3 months). The short term debt therefore posed refinancing risks; however these were controlled.

Figure 19: Share of debt due within 12 months



Even though it is the most direct risk indicator the share of debt due within 12 months is naturally limited by the fact that it does not detect significant debt redemptions beyond the 12-month horizon. Thus a second important indicator is the debt refinancing structure grouped in periods.

Figure 20: Debt refinancing structure (% GGD) at 31st Dec. 2014



The refinancing risk is the main source of vulnerability in the debt portfolio. Figure 20 indicates that most of the public debt falls due either in the short to medium term (within 5 years) or in the long run (more than 10 years). The debt due within 5 years poses immediate refinancing risks with about €7,5 billion maturing within this period. In fact, certain years have peak maturities exceeding €2 billion. In order to mitigate these risks the Republic of Cyprus has adopted the MTDS 2015-2019 which allows for transactions of liability management nature.

Finally the aggregate debt maturity, i.e. the volume-weighted average remaining maturity of debt, shows a general overview of the refinancing risk. The weighted average remaining maturity remained unchanged over 2014 at 8 years improving slightly from 7,9 years the year before.

The state liquidity levels were comfortable throughout the year mitigating thereby the liquidity risk. This was due to the fiscal outcome being better than expected thus allowing for cash accumulation. The constant short term debt maturities were always refinanced and the liquidity buffers which existed at the beginning of the year were maintained. Table 15 of the Statistical Appendix lists the monthly cash balances of the government of the year.

Refinancing risk for 2015 is expected to be at low levels. If Programme assessments are positive all fiscal needs and long term debt redemptions will be covered timely by the available Programme funding. Sizeable refinancing risks can realise only due to an abrupt reduction in short term funding or the realisation of large contingent liabilities. Notwithstanding this, there are existing comfortable cash levels and for the second event in particular there is further untapped financing in the Programme adequate to absorb a contingent liability shock.

Finally, debt servicing is not expected to evolve at large deviations from the planned payments even if the debt stock carrying floating interest rate or denominated in foreign currency is at an increasing trend. Thus servicing of interest is not expected to significantly influence the management of cash and liquidity indicators.

Credit risk

Credit risk for the government as a borrower results from various counterparties when entering into

- (i) derivative transactions such as swaps
- (ii) operations for the management of excess liquidity i.e. money market (deposit) operations with market counterparties.

By the year end there were no outstanding derivative exposures. Deposit levels in the money market were very low so that the credit risk had been reduced down to nearly a zero level.

Operational risk

Government borrowing transactions and public debt management is associated with a certain degree of operational risk. Improving internal infrastructure, procedures and material controls is a never ending effort which aims at minimising operational risk.

CONTINGENT LIABILITIES

Contingent liabilities are not part of public debt and thus have no direct impact on the government accounts. However, for the assessment of the long term sustainability of public finances and their risks, it is important to examine the contingent or off-balance sheet liabilities, i.e. those liabilities whose realisation depends on future events.

Contingent liabilities in the form of government guarantees, express the explicit commitment of the Republic of Cyprus to guarantee the fulfillment of financial obligations for which the guarantee is issued.

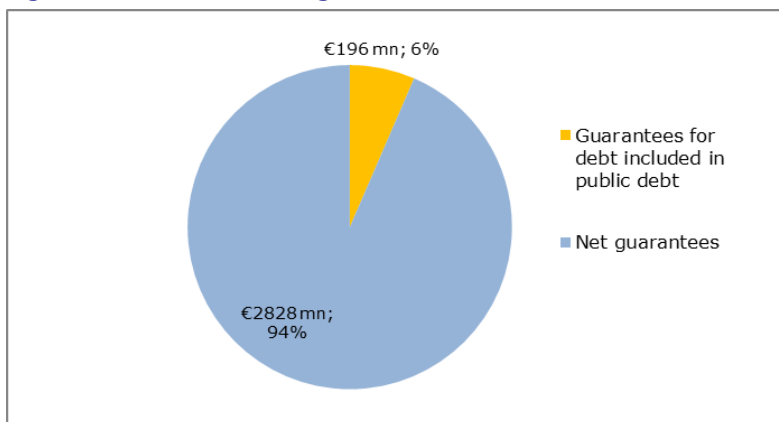
This Chapter describes the main developments as regards existing, new and old guarantee schemes. The full list of guarantees by entity is found in Table 11 of the Statistical Appendix.

Gross and net stock of guarantees

The outstanding amount of government guarantees at end 2014 was €3,02 billion or about 17 percent of GDP, as compared to €3,12 billion at end 2013. The total guarantees portfolio is denominated in Euro.

Excluding guarantees granted to entities of the general government, i.e. the debt of which is already part of the general government debt, the figure reduces to €2,83 billion. This net guarantee balance accounts to 16% of the GDP.

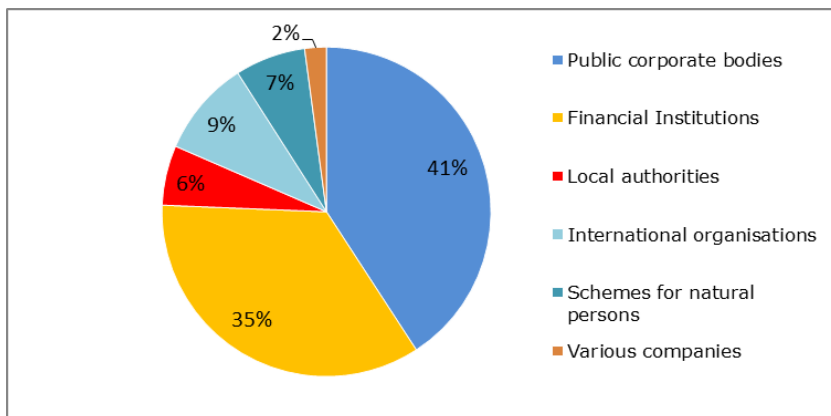
Figure 21: Gross and net guarantees



Outline of outstanding stock of gross guarantees

As can be seen in Figure 22, public corporate bodies, or state-owned enterprises make up the largest component of guarantee beneficiaries. The second largest group, the financial institutions, actually refers to, a single beneficiary, the Bank of Cyprus.

Figure 22: Gross guarantees by category of beneficiary at end 2014



Guarantees provided to legal entities

The analysis of the beneficiaries comprising the group of legal entities is presented below.

Public Corporate Bodies

The beneficiaries comprising the said category are the Sewerage Boards, the Electricity Authority of Cyprus (EAC), the Cyprus State Fairs Authority, the Cyprus Broadcasting Corporation, the Cyprus Sports Organisation, the Cyprus Olympic Committee, the Central Slaughter-House Board and the Cyprus Theatrical Organisation.

The value of the outstanding government guarantees for loans of the said category is €1,24 billion of which €0,7 billion relates to Sewerage Boards and €0,5 billion relates to the EAC. The purposes of the guarantees to Sewerage Boards are either the facilitation of their infrastructure funding or the construction of sewerage systems, while the purposes of the guarantees for loans provided to the EAC are to improve its capital position in order to cover its

general needs including the EAC generation expansion plant, the upgrade of the transmission systems and the development of the transmission and distribution systems.

Financial Institutions

The guarantees provided to the Bank of Cyprus Ltd for an amount of €1,0 billion were intended to facilitate the issuance of debt instruments eligible to be used as collateral for liquidity purposes. The said guarantees were initially granted to ex Cyprus Popular Bank and transferred to Bank of Cyprus Ltd in 2013. New guarantees were provided to financial institutions over 2014 for on-lending to domestic enterprises. This new scheme is elaborated later in this Chapter.

Local Authorities

The beneficiaries comprising the said category are the Municipalities and Community Boards of the Republic of Cyprus, which together form the local authorities. The value of the outstanding government guarantees for loans of the said category is €177 million, of which €171 million refers to guarantees provided to the Municipalities and €6 million concerns guarantees provided to the Community Boards. The purposes of the guarantees provided to Municipalities are either for securing funding for new infrastructure such as road construction works and car parking spaces or for improvements in existing infrastructure. The purposes of the guarantees provided to Community Boards are the restoration of road transportation, the construction of pedestrian roads or general improvements in the community infrastructure.

International Organisations

The beneficiary comprising the said category is the European Financial Stability Facility (EFSF). The value of the outstanding government guarantees for loans of the said beneficiary is €285 million. The purpose of the guarantees provided to EFSF is to secure the issuance of bonds by EFSF, so as to address the European sovereign debt crisis and preserve the financial stability in Europe by providing financial assistance to Eurozone states in case of economic difficulty.

Various companies

This category actually comprises the following subcomponents:

- Companies with share capital participation by the state, other than financial institutions
- Private companies
- Not-for-profit organisations

There is one company with share capital participation by the state, other than financial institutions, namely the Cyprus Airways Ltd. The value of the outstanding government guarantees is €34 million. The purpose of the guarantees for loans to Cyprus Airways Ltd were to refinance its existing indebtedness and to improve its working capital.

Private companies are local companies of different business sectors of the economy. The value of the outstanding government guarantees for loans of the said category is €29 million. The purposes of the guarantees for loans provided to the said companies are for the improvement of working capital and for the enhancement of business activities.

The only beneficiary comprising the not-for-profit organisations is the Satirical Theatre, a private theatre. The value of the outstanding government guarantees for loans of the said beneficiary is €2 million. The purpose of the guarantees for loans provided to the said beneficiary is for the completion of the construction of the cultural center of Vladimiros Kaukaridis.

Government Guarantees provided to natural persons

The value of the outstanding government guarantees of natural persons is €211 million or about 7% of total guarantees. The purposes of the guarantees for loans provided to natural persons are mainly for housing (72%) and business (26%) funding. These were granted mainly via a public corporate body the Agency for Equal Distribution of Burdens.

Evolution of outstanding guarantees and provision of new schemes over 2014

Most guarantees showed an overall decline due to normal credit amortisations by the debtors. Exceptions to this trend were the loans by a few private entities, the central slaughterhouse and natural persons.

During 2014 new guarantees were provided to financing schemes of Small and Medium Entreprises. Guarantees of €24 million were provided to the Bank of Cyprus and €12,5 million to the Cooperative Central Bank. The credits are granted originally by the European Investment Bank via the domestic banks for on-lending to domestic enterprises. The state guarantees the domestic banks for any on-lent amounts.

Furthermore, the guarantees for three loans by the Electricity Authority were raised from 80% to 100% of the outstanding loan amounts resulting in a €71 million increase in guarantees. These credits relate to the improvement or expansion of energy producing units and the transmission system.

A guarantee of €1 billion to the Bank of Cyprus for the issuance of bank bonds was renewed for a further period of 6 months.

Risk assessment of government guarantees

The Public Debt Management Law requires the Public Debt Management Office to regularly assess the financial risk of outstanding government guarantees and newly proposed ones.

The first Risk Assessment Report was submitted to the Minister of Finance on 30th September 2014. The findings of this report contributed also to the fiscal risk statement of the Ministry of Finance which was submitted together with the proposed State Budget 2015 to the Parliament.

CREDIT RATING DEVELOPMENTS

Over the year there was an overall improvement of the Cyprus sovereign credit rating. Furthermore the credit rating agencies with which the Republic maintains a contractual relation, shared similar views about the credit risk of Cyprus.

In April Fitch, having earlier differentiated between foreign and domestic debt, changed the ratings from CCC (domestic)/B- (foreign) to uniform B- without any further changes during the year. In April Standard and Poor's upgraded to the level of B to proceed by October to an upgrade by a further notch of B+. DBRS also upgraded from CCC to B(low) in the first half of the year. In November Moody's upgraded their rating by three notches to B3.

With respect to the Republic's outlook Moody's along with Standard and Poor's revised from positive to stable. DBRS maintained the outlook as stable throughout the year. Fitch initially revised Cyprus outlook to stable and then to positive.

Regarding the rationale of the rating and outlook improvements the agencies made reference to a shallower recession along with the government's budgetary consolidation measures which contributed to a smaller than expected general government deficit in terms of GDP. Additionally the stabilisation of the Cypriot banking sector, and in particular the strengthening of the largest banks, was cited as the second contributing factor to the improvement in the credit rating.

According to the credit rating agencies, the Republic's environment remains challenging particularly regarding the asset quality of Cyprus' banks which continues to decline despite banking sector overall stabilisation and recapitalisation as well as the uncertainty regarding the effect from the elimination of remaining capital controls on international transactions.

As in the past, further unsolicited assessments have taken place by other agencies with which the Republic does not have any contractual relations.

The solicited credit ratings of the Republic of Cyprus at 31st December 2014 are shown below⁸:

Agency	Long term debt	Short term debt	Latest stand
DBRS	B (low)	R-5	27-06-2014
Moody's	B3	Not-Prime	14-11-2014
Fitch	B-	B	24-10-2014
Standard and Poor's	B+	B	24-10-2014

⁸ More recent developments in the sovereign credit rating of the Republic of Cyprus are available at the website of the Public Debt Management Office, www.mof.gov.cy/pdmo

STATISTICAL APPENDIX

Data for 2014 is provisional. Reference date for all data in the Statistical Appendix is the 31st Dec. 2014, unless otherwise stated

Table 1: Historical evolution of government debt

	Consolidated gross general government debt (€ mn)	Consolidated gross general government debt (% GDP)
1995	3589,5	46,8
1996	3896,2	48,9
1997	4478,1	53,7
1998	4981,6	55,2
1999	5416,8	56,0
2000	5813,6	55,2
2001	6452,7	56,9
2002	7096,3	60,1
2003	8108,5	63,6
2004	8882,6	64,7
2005	9299,8	63,3
2006	9330,9	58,9
2007	9307,3	53,7
2008	8388,1	44,7
2009	9864,5	53,5
2010	10769,7	56,5
2011	12869,3	66,0
2012	15430,9	79,5
2013	18518,8	102,2
2014	18764,2	107,2

Table 2: Government debt by instrument and lender (€ mn)

<u>A. DOMESTIC</u>			5888,1
I. LONG TERM		5203,3	
1. Domestic bonds	2108,4		
- Monetary Financial Institutions	1604,4		
- Private Sector	504,0		
2. Domestic bonds	1091,3		
Banking sector capitalisation	1091,3		
2. Retail securities	87,2		
3. Loans	1916,4		
- Central Bank of Cyprus	1297,0		
- Local Authorities	126,2		
- Loan for School Committees	416,7		
- Loans of state-owned enterprises	76,6		
II. SHORT TERM		684,8	
1. Treasury Bills	684,8		
- Monetary Financial Institutions	327,3		
- Private Sector	357,5		
<u>B. FOREIGN</u>		12821,1	12860,7
I. LONG TERM			
1. Long term loans	9900,4		
-ESM and IMF	6143,0		
-Bilateral governments	2500,0		
-EIB and CEDB	1134,4		
-other	124,8		
2. Euro Medium Term Notes	2668,7		
3. EFSF loans	252,0		
II. SHORT TERM		39,6	
Euro Commercial Papers	39,6		
<u>C. GROSS GENERAL GOVERNMENT DEBT</u>			<u>18764,2</u>

Note:

Consolidated figures, i.e. obligations among subsectors of the general government are omitted.

Table 3: Outstanding securities in the foreign market**EURO COMMERCIAL PAPERS**

Issue	Tenor (months)	Yield %	Maturity	ISIN	€ mn
06-10-2014	3	3,51	07-01-2015	XS1119993688	40
Total outstanding ECPs					40

EURO MEDIUM TERM NOTES

Issue	Tenor (years)	Coupon %	Maturity	ISIN	€ mn
01-11-2010	5	3,750	01-11-2015	XS0554655505	863
25-02-2011	5	4,750	25-02-2016	XS0596907104	170
25-06-2014	5	4,750	25-06-2019	XS1081101807	750
03-02-2010	10	4,625	03-02-2020	XS0483954144	786
02-05-2014	6	6,500	02-05-2020	XS1064662890	100
Total outstanding EMTNs					2669

Total outstanding securities in the foreign market**2709***Note:*

The nominal amount of issue of EMTN due in Nov. 2015 and Feb. 2020 is €1000 million respectively; the balance to the figures shown above relates to the ownership by the Social Security Fund or other government entities.

Table 4: Outstanding securities in the domestic market**TREASURY BILLS**

Issue	Yield %	Maturity	ISIN	€ mn
08-07-2014	4,00	07-01-2015	CY0144720816	26
07-10-2014	3,50	07-01-2015	CY0145010811	13
07-10-2014	3,50	07-01-2015	Not listed	13
07-10-2014	3,50	07-01-2015	Not listed	13
06-11-2014	3,40	07-01-2015	CY0145130817	8
17-10-2014	3,90	16-01-2015	CY0145050817	13
06-11-2014	3,50	06-02-2015	CY0145180812	13
06-11-2014	3,50	06-02-2015	CY0145140816	13
17-10-2014	4,08	16-02-2015	CY0145060816	17
05-12-2014	3,40	06-03-2015	CY0145380818	13
17-10-2014	4,13	16-03-2015	CY0145070815	21
17-04-2014	4,93	16-04-2015	CY0144550817	52
17-10-2014	4,25	17-04-2015	CY0145080814	26
17-10-2014	4,38	15-05-2015	CY0145090813	30
17-10-2014	4,43	15-06-2015	CY0145100810	34
17-10-2014	4,50	14-07-2015	CY0145110819	39
Total outstanding Treasury Bills ⁹				696

DOMESTIC BONDS

Issue	Yield %	Maturity	ISIN	€ mn
03-01-2005	6,00	03-01-2015	CY0049420819	7,1
04-01-2012	6,00	04-01-2015	CY0142270814	62,7
20-01-2005	6,00	20-01-2015	CY0049450816	12,8
28-02-2005	6,00	28-02-2015	CY0049510817	58,5
20-04-2005	6,00	20-04-2015	CY0049560812	28,6
09-06-2005	5,25	09-06-2015	CY0049620814	14,2
30-09-2005	4,75	30-09-2015	CY0049710813	17,6
02-12-2005	4,75	02-12-2015	CY0049770817	8,9
02-01-2006	4,50	02-01-2016	CY0049790815	102,6
30-03-2006	4,50	30-03-2016	CY0049880814	59,8
02-06-2006	4,50	02-06-2016	CY0049930817	14,0
09-06-2011	5,00	09-06-2016	CY0141980819	25,2
11-07-2006	4,50	11-07-2016	CY0049990811	102,5
09-10-2006	4,50	09-10-2016	CY0140090818	49,5
26-10-2001	6,60	26-10-2016	CY0047860818	6,9
04-01-2007	4,50	04-01-2017	CY0140160819	85,4
15-02-2007	4,50	15-02-2017	CY0140190816	82,0
02-04-2007	4,50	02-04-2017	CY0140330818	85,4
15-04-2002	5,60	15-04-2017	CY0048900811	13,3

⁹ Treasury Bills shown at nominal value

28-09-2007	4,50	28-09-2017	CY0140500816	17,8
29-01-2003	5,10	29-01-2018	CY0048440818	13,7
23-04-2003	4,60	23-04-2018	CY0048610816	5,1
23-10-2003	4,60	23-10-2018	CY0048870816	0,8
26-02-2004	4,60	26-02-2019	CY0049070812	3,8
24-06-2004	6,10	24-06-2019	CY0049250810	7,2
01-07-2013	4,50	01-07-2019	CY0143820815	692,6
20-04-2005	6,10	20-04-2020	CY0049570811	85,4
09-06-2005	5,35	09-06-2020	CY0049630813	68,3
01-07-2013	4,75	01-07-2020	CY0143830814	82,7
09-06-2011	6,00	09-06-2021	CY0141990818	43,6
01-07-2013	5,00	01-07-2021	CY0143790810	75,0
25-08-2011	6,50	25-08-2021	CY0142120811	23,1
01-07-2013	5,25	01-07-2022	CY0143800817	52,7
01-07-2013	6,00	01-07-2023	CY0143810816	99,4
Banking sector capitalisation				
01-07-2014	0,00	01-07-2015	CY0144690811	1091,3
Total outstanding domestic bonds ¹⁰				3200
RETAIL SECURITIES				
Savings Certificates	3,85%	perpetual		26,7
Retail bonds	4,13%	2020		61,1
Total outstanding retail securities				88
Total outstanding securities in the domestic market				3983

¹⁰ Outstanding volumes may differ from listed volumes at the CSE due to debt buybacks

Table 5: Outstanding loans

Creditor	Interest rate %	Currency	Maturity	Balance € mn
Central government				
<u>Foreign Loans</u>				
KA Finanz	E+1,13	EUR	2016	104,7
EIB	0	EUR	2016	1,9
French Treasury	2	EUR	2017	0,5
CEDB	E+0,28	EUR	2018	4,8
EIB	5,35	EUR	2019	37,2
Russian Federation	4,5	EUR	2021	2500,0
EIB	1	EUR	2022	0,3
EIB	1	EUR	2022	0,9
CEDB	E+0,30	EUR	2023	13,1
CEDB	E+0,30	EUR	2023	30,0
IMF	BLR+1,00	SDR	2024	442,5
EIB	1	EUR	2025	1,4
CEDB	E+0,60	EUR	2025	47,5
EIB	1	EUR	2026	0,5
CEDB	E+0,15	EUR	2026	68,6
EIB	E+0,70	EUR	2026	20,0
CEDB	E+0,09	EUR	2027	14,3
CEDB	3,7	EUR	2028	41,1
EIB	4,45	EUR	2029	37,3
CEDB	1,46	EUR	2029	25,0
CEDB	E+0,48	EUR	2029	15,2
CEDB	E+0,48	EUR	2029	9,4
CEDB	E+0,55	EUR	2030	5,8
ESM	BLR+0,10	EUR	2031	5700,0
CEDB	E+0,81	EUR	2033	8,0
EIB	VSFR	EUR	2033	169,2
EIB	VSFR	EUR	2035	74,2
EIB	E+0,06	EUR	2035	86,3
EIB	VSFR	EUR	2035	53,0
EIB	E+50	EUR	2039	55,0
EIB	E+1,37	EUR	2037	200,0
EIB	E+0,33	EUR	2038	56,0
EIB	E+0,44	EUR	2038	57,9
<u>Domestic loans</u>				
Central Bank	3,00	EUR	2032	1296,9
Coop. Central Bank	E+1,50	EUR	2032	416,7

Central government entities

Cyprus Sports Organisation

EUR

18,5

KODAP

EUR

70,4

Total central government outstanding loans**11.684,1**

Table 6: General government debt maturity profile (€ mn)

	Domestic securities		Foreign securities		Domestic loans	Foreign loans	Total
	TBs	bonds	ECPs	EMTNs			
2015	685	210	40	863	94	98	1990
2016	0	360	0	170	96	106	732
2017	0	1375	0	0	98	64	1537
2018	0	20	0	0	100	742	862
2019	0	704	0	750	101	774	2329
2020	0	236	0	886	103	766	1991
2021	0	142	0	0	105	767	1014
2022	0	53	0	0	107	141	301
2023	0	99	0	0	109	126	334
2024	0	0	0	0	111	91	202
2025	0	0	0	0	104	412	516
2026	0	0	0	0	106	1057	1163
2027	0	0	0	0	108	1049	1157
2028	0	0	0	0	111	1048	1159
2029	0	0	0	0	113	895	1008
2030	0	0	0	0	116	938	1054
2031	0	0	0	0	118	637	755
2032	0	0	0	0	121	37	158
2033	0	0	0	0	6	37	43
2034	0	0	0	0	6	28	34
2035	0	0	0	0	0	28	28
2036	0	0	0	0	0	17	20
2037	0	0	0	0	0	15	19
2038	0	0	0	0	0	7	15
	685	3200	40	2669	1934	9882	18425

Notes:

1. Consolidated figures on the general government level
2. The bond for the recapitalization of the banking sector is included in the debt redemptions of the year 2017
3. The retail securities of €87 mn and loans for the EFSF of €252 mn are not included in the table
4. A flat redemption profile for the local authorities loans and the loans of the central government entities is assumed

Table 7: Debt servicing

	2010	2011	2012	2013	2014
Interest payments (€ mn)	395	430	566	563	495
General Government Debt (GGD, € mn)	10770	12869	15431	18519	18764
Tax revenue (TR, € mn)	4606	4711	4623	4364	4397
Total government revenue (GR, € mn)	7186	7212	7039	6610	7014
Interest payments (% GDP)	2,07	2,21	2,92	3,11	2,83
Interest payments (% GGD)	3,67	3,34	3,67	3,04	2,64
Interest payments (% TR)	8,57	9,13	12,25	12,91	11,26
Interest payments (% GR)	5,49	5,96	8,05	8,52	7,06

Note:

Interest payments exclude intragovernmental interest payments to the Social Security Fund

Table 8: Weighted average cost of general government debt

2010/Q4	2011/Q4	2012/Q4	2013/Q4	2014/Q4
3,8%	4,1%	4,2%	3,0%	2,9%

Table 9: Weighted average maturity of general government debt (years)

2010/Q4	2011/Q4	2012/Q4	2013/Q4	2014/Q4
5,7	4,6	4,7	7,9	8,0

Table 10: Investments of the Social Security Fund with the central government (€)

Deposits with the Central Government	7.454.553.852
Social Insurance Fund	6.848.414.002
Unemployment Benefits Account	50.831.716
Termination of Employment Fund	328.950.284
Central Holiday Fund	59.942.646
Insolvency Fund	166.415.204
Investment in Cyprus government treasury bill 3.750% mat. 11/11/2015	55.020.000
Investment in Cyprus government bond 6.000% mat. 4/1/2015	20.000.000
Investment in Cyprus government bond 3.750% mat. 1/11/2015	137.178.868
Investment in Cyprus government bond 4.625% mat. 3/2/2020	204.100.100
Investment in Cyprus government bond 6.000% mat. 9/6/2021	10.000.000
Total	7.880.852.820

Note:

Table excludes deposits with credit institutions of €62mn at 31/12/2014.

Table 11: Government guarantees (€)

Outstanding amount as at	31-12-2014	31-12-2013
Municipalities *	171.265.346	213.029.711
Community Boards*	6.418.995	6.870.912
	177.684.341	219.900.623
PUBLIC AND OTHER ORGANISATIONS		
Public Corporate Bodies		
Sewerage Boards	687.628.073	685.188.752
Electricity Authority of Cyprus	502.256.916	542.122.993
Cyprus State Fairs Authority	145.737	138.909
Cyprus Broadcasting Corporation*	0	9.474.905
Cyprus Sports Organisation *	18.544.662	20.308.827
Central Agency for Equal Distribution of Burdens	209.798.443	223.946.966
Cyprus Olympic Committee	1.918.450	2.314.261
Central Slaughter-house Board	20.547.085	21.486.380
Cyprus Theatrical Organisation*	<u>210.920</u>	<u>319.109</u>
	1.441.050.286	1.505.301.102
Not for Profit Organisations	<u>1.116.591</u>	<u>1.143.365</u>
	1.442.166.877	1.506.444.467
ENTERPRISES		
Companies with share capital participation by the Government		
Bank of Cyprus	1.024.000.000	1.000.000.000
Cooperative Central Bank	12.500.000	
Cyprus Airways	34.233.671	28.407.288
Companies		
ETKO, LOEL, etc.	23.882.682	21.927.295
Cooperative Societies	18.497.838	17.031.513
Sundries	5.121.184	5.123.505
	1.118.235.375	1.072.489.601

NATURAL PERSONS	1.453.803	1.412.609
INTERNATIONAL ORGANISATIONS		
European Financial Stability Facility	285.217.162	321.951.043
TOTAL GUARANTEED LOANS	3.024.757.552	3.122.198.343

* These entities are included in the General Government sector, and therefore their loans are part of the General Government Debt.

**Table 12: Matured securities in the domestic market
1-1-2014 to 31-12-2014**

TREASURY BILLS

Issue	Yield %	Maturity	ISIN	€ mn
10-10-2013	4,39	09-01-2014	CY0144090814	167
19-10-2013	4,20	25-01-2014	Not listed	5
25-10-2013	4,20	25-01-2014	CY0144110810	20
27-12-2013	4,92	27-01-2014	CY0144320815	110
01-11-2013	5,05	06-02-2014	CY0144150816	100
11-11-2013	5,05	06-02-2014	CY0144190812	100
19-12-2013	4,30	17-02-2014	CY0144310816	101
27-01-2014	4,92	27-02-2014	CY0144370810	100
17-02-2014	4,20	19-03-2014	CY0144430812	101
19/12-2013	4,30	19-03-2014	CY0144300817	101
19-12-2013	4,20	19-03-2014	Not listed	1
27-02-2014	4,87	31-03-2014	CY0144440811	100
09-01-2014	4,20	09-04-2014	CY0144340813	167
27-01-2014	4,20	09-04-2014	Not listed	5
27-01-2014	4,20	09-04-2014	CY0144360811	20
19-03-2014	4,20	17-04-2014	CY0144500812	101
31-03-2014	4,86	30-04-2014	CY0144520810	100
06-02-2014	4,50	08-05-2014	CY0144410814	200
30-04-2014	4,82	30-05-2014	CY0144570815	100
19-03-2014	4,30	18-06-2014	CY0144510811	101
19-03-2014	4,20	18-06-2014	Not listed	1
30-05-2014	4,74	30-06-2014	CY0144610819	100
09-04-2014	4,20	08-07-2014	Not listed	5
09-04-2014	4,20	08-07-2014	CY0144540818	187
18-06-2014	4,52	18-07-2014	CY0144660814	116
30-06-2014	4,45	30-07-2014	CY0144680812	100
08-05-2014	4,50	07-08-2014	CY0144580814	200
18-07-2014	3,80	08-09-2014	CY0144760812	15
18-06-2014	4,10	17-09-2014	CY0144650815	20
18-06-2014	3,90	07-10-2014	Not listed	1
08-07-2014	3,90	07-10-2014	Not listed	5
08-07-2014	3,90	07-10-2014	CY0144730815	167
18-07-2014	3,90	17-10-2014	CY0144790819	111
30-07-2014	4,00	29-10-2014	CY0144820814	100
07-08-2014	3,90	06-11-2014	CY0144840812	210
07-10-2014	3,30	06-11-2014	CY0145000812	50
12-11-2013	4,75	11-11-2014	CY0144200819	53
17-10-2014	3,75	17-11-2014	CY0145030819	10
07-10-2014	3,40	05-12-2014	CY0144990815	55
29-10-2014	3,60	05-12-2014	CY0145150815	100
06-11-2014	3,30	05-12-2014	CY0145170813	70

17-10-2014	3,80	16-12-2014	CY0145040818	10
				3487

DOMESTIC BONDS

Issue	Coupon %	Maturity	ISIN	€ mn
09-01-2009	5,00	09-01-2014	CY0140870813	100
15-01-2009	5,00	16-01-2014	CY0140890811	140
26-02-2004	4,50	26-02-2014	CY0049060813	3,8
24-06-2004	6,00	24-06-2014	CY0049240811	5,0
01-07-2013	0,00	01-07-2014	CY0143840813	1987,0
18-11-2004	6,00	18-11-2014	CY0049360817	34,2
09-12-2004	6,00	09-12-2014	CY0049390814	21,1
				2291,1

SAVINGS CERTIFICATES

1

**Table 13: Matured securities in the foreign market
1-1-2014 to 31-12-2014**

EURO COMMERCIAL PAPERS

Issue	Yield %	Maturity	ISIN	€ mn
04-12-2013	5,010	07-01-2014	XS1002053863	50
13-12-2013	4,860	13-01-2014	XS1006239435	2
07-01-2014	5,010	06-02-2014	XS1013452542	50
17-01-2014	4,310	17-02-2014	XS1020130776	2
06-02-2014	4,910	10-03-2014	XS1031990341	50
26-02-2014	4,910	28-03-2014	XS1040041052	50
10-03-2014	4,810	10-04-2014	XS1045111553	50
28-03-2014	4,810	28-04-2014	XS1051768056	50
10-04-2014	4,710	12-05-2014	XS1056381830	50
28-04-2014	4,710	28-05-2014	XS1063681719	50
12-05-2014	4,710	12-06-2014	XS1067932043	50
28-05-2014	4,710	30-06-2014	XS1074025948	50
09-06-2014	4,510	09-07-2014	XS1076507174	85
12-06-2014	4,710	14-07-2014	XS1078095202	50
30-06-2014	4,460	30-07-2014	XS1084367439	50
				689

EURO MEDIUM TERM NOTES

Issue	Coupon %	Maturity	ISIN	€ mn
07-06-2012	6,000	07-06-2014	XS0789055810	85
15-07-2004	4,375	15-07-2014	XS0196506694	500
				585

**Table 14: Loan amortisations by creditor
1-1-2014 to 31-12-2014**

	€ mn
European Investment Bank	27,7
Council of Europe Development Bank	17,4
French Treasury	0,1
Central Bank of Cyprus	53,8
Cooperative Central Bank	23,2
KA Finanz	48,1
	170,3

Table 15: Central government liquid assets (€ mn)

		Cash at the Central Bank of Cyprus	Deposits at MFIs	Total
2008	31-Dec.	99,9	0	99,9
2009	31-Dec.	223,1	16,5	239,6
2010	31-Dec.	131,3	1,5	132,8
2011	31-Dec.	805,6	16,5	822,1
2012	31-Oct.	223,8	19,5	243,3
	30-Nov.	199,2	19,5	218,7
	31-Dec.	148,7	69,5	218,2
2013	31-Oct.	1243,0	6,5	1249,5
	30-Nov.	1019,0	6,5	1025,5
	31-Dec.	761,0	6,5	767,4
2014	31-Jan	799,8	6,5	806,3
	28-Feb	809,4	6,5	815,9
	31-Mar.	749,5	6,5	756,0
	30-Apr.	1096,0	6,5	1102,5
	31-May	1075,8	66,5	1142,3
	30-Jun.	1810,9	46,5	1857,4
	31-Jul.	742,5	6,5	749,0
	31-Aug.	945,7	6,5	952,2
	30-Sep.	977,4	6,5	983,9
	31-Oct.	1069,8	6,5	1076,3
	30-Nov.	1031,4	6,5	1037,9
	31-Dec.	1015,9	6,5	1022,4

Table 16: Historical credit ratings**Long term local currency**

Fitch		Moody's		S&P	
B-	25-04-2014	B3	14-11-2014	B+	24-10-2014
CCC	05-07-2013	Caa3	10-01-2013	B	25-04-2014
RD	28-06-2013	B3	08-10-2012	B-	29-11-2013
CCC	03-06-2013	Ba3	13-06-2012	CCC+	03-07-2013
B-	25-01-2013	Ba1	12-03-2012	SD	28-06-2013
BB-	21-11-2012	Ba3	04-11-2011	CCC	21-03-2013
BB+	25-06-2012	Baa1	27-07-2011	CCC+	20-12-2012
BBB-	27-01-2012	A2	24-02-2011	B	17-10-2012
BBB	10-08-2011	Aa3	03-01-2008	BB	01-08-2012
A-	31-05-2011	A1	10-07-2007	BB+	13-01-2012
AA-	12-07-2007	A2	19-07-1999	BBB	27-10-2011
AA	04-02-2002			BBB+	29-07-2011
				A-	30-03-2011
				A	16-11-2010
				A+	24-04-2008
				A	01-12-2004
				A+	12-08-2003
				AA-	03-12-1999
				AA	09-11-1998
				AA+	16-07-1996

Short term local currency

Fitch		Moody's		S&P	
B	25-06-2012	NP	12-03-2012	B	29-11-2013
F3	10-08-2011	P-3	04-11-2011	C	03-07-2013
F1	31-05-2011	P-2	27-07-2011	SD	28-06-2013
F1+	12-07-2007	P-1	06-11-1989	C	20-12-2012
F1	01-02-2002			B	13-01-2012
				A-3	27-10-2011
				A-2	30-03-2011
				A-1	12-08-2003
				A-1+	16-07-1996

Note: a credit upgrade is indicated in green colour and a downgrade in red

Contact

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Links

- ▶ www.cyprus.gov.cy (Government Web Portal)
- ▶ www.mof.gov.cy (Ministry of Finance)
- ▶ www.centralbank.gov.cy (Central Bank of Cyprus)
- ▶ www.treasury.gov.cy (Treasury of the Republic)
- ▶ www.mof.gov.cy/cystat (Cyprus Statistical Service)
- ▶ www.cysec.gov.cy (Securities and Exchange Commission)
- ▶ www.cse.com.cy (Cyprus Stock Exchange)
- ▶ www.cipa.org.cy (Cyprus Investment Promotion Agency)