



THE REPUBLIC OF CYPRUS
MINISTRY OF FINANCE | PUBLIC DEBT MANAGEMENT OFFICE
EUR 1.5 billion 2.375% new 10-year benchmark due 25 September 2028

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PRESS RELEASE – 18th September 2018

The Republic of Cyprus rated Ba2/BBB-/BB+/BB (stable/stable/positive/positive) by Moody's/S&P/Fitch/DBRS has today issued a new EUR1.5bn RegS fixed rate benchmark due 25 September 2028. The deal pays a coupon of 2.375% and has a reoffer yield of 2.400%, equivalent to a spread of +143.5bp over mid-swaps and +192.5bp over the DBR 0.250% Aug-28. The joint lead managers of this transaction are BARCLAYS, J.P. MORGAN, MORGAN STANLEY and SG CIB. The new bond will be listed on the London Stock Exchange in accordance with English law via the Republic of Cyprus's EMTN programme (ISIN: XS1883942648).

Execution Highlights

- The Republic of Cyprus, via the Public Debt Management Office, had been actively monitoring market conditions and opportunities for debt issuance in international capital markets throughout 2018.
- This week was chosen as a suitable window for issuance, taking advantage of supportive underlying conditions in the international capital markets, as well as following an upgrade from Standard & Poor's to investment grade (BBB-). The ratings action brings Cyprus back to investment grade status for the first time since 2012.
- The Republic of Cyprus officially announced its mandate for a new 10yr benchmark the morning of Monday, 17th September 2018, with pricing expected in the near future subject to market conditions. With the mandate announcement, a netroadshow was also released in order to inform investors of the latest economic developments in the country.
- At 8.02 GMT the morning of Tuesday, 18th September 2018, initial pricing thoughts ("IPTs") were released for the new 10yr benchmark at 2.60% area. The transaction attracted sizable investor interest, and with indications of interest ("Iols") in excess of €3bn (excl. JLM interest), at 9:05 GMT the orderbook officially opened, with revised guidance of 2.50% area.
- The orderbook continued to grow with orders totalling in excess of €4.75bn (excl. JLM interest) by 10:11 GMT, which allowed the reoffer yield to be set at 2.40%. Shortly thereafter at 10:56 GMT, a €1.5bn transaction issue was launched, given the size and quality of the orders received. The orderbook closed at 11:00 GMT with a final size of € 5.675bn (excl. JLM interest) and approx. 279 different investors participating in the transaction, representing the largest orderbook Cyprus has achieved since its return to markets in June 2014.
- At 15:44 GMT, the transaction officially priced with a reoffer of 2.40%, equivalent to a spread of +143.5bp over mid-swaps and +192.5bp over the DBR 0.250% Aug-28.
- Ahead of announcement, fair value was identified by the lead manager group as approximately 2.25%. This was derived from Cyprus' existing bond trading levels and by analysing the steepness of peer sovereign curves out to the 10-year maturity. This analysis implies a new issue concession for the new transaction of approximately 15bp.



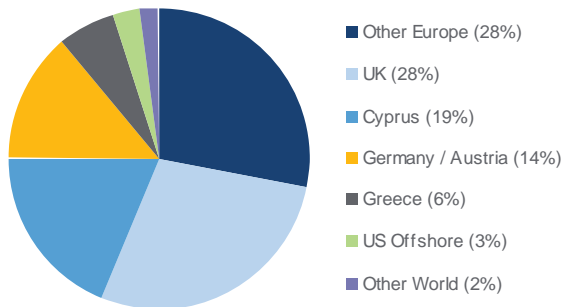


- The new 10yr benchmark, which extends the existing Cyprus yield curve, represents the lowest reoffer yield (2.40%) and the lowest coupon (2.375%) that the Republic of Cyprus has ever achieved in international capital markets for a benchmark size Euro-denominated syndicated issuance. By notional size, it is also the largest syndicated Euro transaction from the sovereign since the return to capital markets in 2014, and matches the largest ever transaction for the sovereign in this currency.

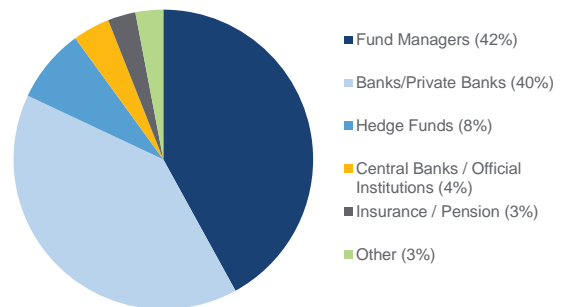
Summary of distribution

- By geography, the Republic of Cyprus has achieved a broad distribution, comprised largely of international investors across Europe (28%) and the UK (28%).
- By investor type, the quality of the orderbook was high with real-money demand dominating the orderbook. Fund Managers were the largest investor class at 42%, closely followed by banks and private banks (40%).

Distribution by Region



Distribution by Type



Summary of Terms and Conditions

Issuer	The Republic of Cyprus
Issuer Ratings	Ba2 (sta)/BBB- (sta)/BB+ (pos)/BB (pos) (Moody's/S&P/Fitch/DBRS)
Format	Reg S Registered only, CACs
Size	EUR 1.5bn
Maturity Date	25 September 2028
Settlement Date	25 September 2018 (T+5)
Coupon	2.375%, Annual, ACT/ACT
Reoffer	99.780 / 2.40% p.a.
Spread vs. Mid Swaps	+143.5bps vs. 10yr Swap Rate spot @ 0.965%
Spread vs. BM	+192.5bps vs. DBR 0.250% Aug-28 spot @ 97.830 / 0.475%
Denominations	1k+1k
Law/Listing	English Law / London Stock Exchange
Target Market	Eligible counterparties, Professional clients and Retail clients (all distribution channels)
Docs	EMTN Programme
ISIN	XS1883942648
Joint Lead Managers	BARC/JPM(B&D)/MS/SG CIB



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