



Republic of Cyprus

EUR 1.0bn 10 year senior unsecured notes, due November 2025

PRESS RELEASE – 27 October 2015

The Republic of Cyprus, rated BB- (positive) by Standard and Poor's, B3 (stable) by Moody's, B+ (positive) by Fitch and BL (stable) by DBRS, launched its second syndicated transaction of the year following a May 2022 benchmark in the first half of the year. The new EUR 1.0bn 10 year Reg S registered benchmark (due 4 November 2025) has a 4.25% coupon and was priced at par. Barclays, Goldman Sachs International, HSBC and Nomura were mandated as joint bookrunners on the transaction.

Background

- The objectives of the transaction were in line with the stated Public Debt Management Strategy of the Republic of Cyprus to build out an international bond yield curve, manage refinancing risk by smoothing out the debt maturity profile, enhance investor relations and expand the existing investor base

Highlights of the Transaction

- Taking advantage of stable market conditions and recent rating upgrades by both S&P and Fitch, the Republic of Cyprus launched a new 10 year benchmark transaction, due 4th November 2025, in conjunction with a switch offer of the 4.75% June 2019, 4.625% February 2020 and 6.50% May 2020 bonds
- Prior to the launch, the Republic of Cyprus had conducted a road show targeting investors in London, Paris, Frankfurt and Munich
- The purpose of offering the option to switch alongside the new issue was to give investors in the outstanding bonds maturing in 2019 and 2020 the opportunity to switch some or all of their holdings into the new 10 year bonds, thus facilitating the extension of the Republic's secondary curve while reducing the gross refinancing needs of the Republic of Cyprus in 2019 and 2020
- The mandate was officially announced to the market on Monday 26th October at 1400 CET, with initial price thoughts of 4.50% reoffer yield, to allow investors time to evaluate the transaction before an expected launch the following day. The joint lead managers started to receive indications of interest from investors for the switch offer and the new issue through the afternoon
- On Tuesday 27th October at 0900 CET, with combined indications of interest in excess of EUR 1.8bn, books were officially opened with a revised price guidance of 4.375% area
- Books continued to build over the morning, with strong interest from the international investor community, allowing for a final guidance range of 4.25% to 4.30%, and pricing at the tight end of the range with a coupon and a reoffer yield of 4.25%
- A combined orderbook of over EUR 3.35bn represents the largest orderbook generated for a Republic of Cyprus transaction since the sovereign's return to the international bond markets in June 2014
- The transaction is only the second Accelerated Switch in Europe from a sovereign and the third from an issuer in Europe. Using the accelerated format enabled Cyprus to size and price



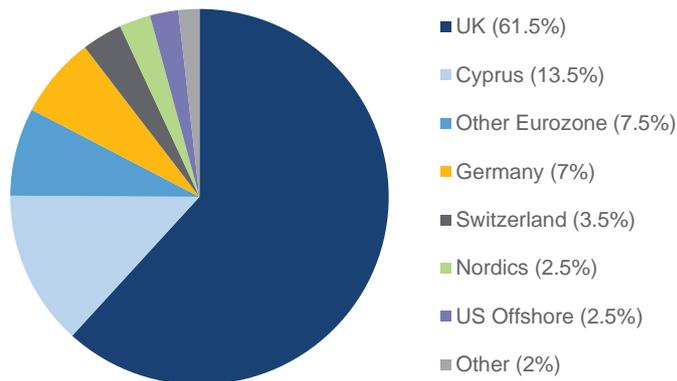
the new issue in real-time vs. tender & switch demand with the goal of increased new issue demand

- Despite the longer tenor, the spread on the new 10 year benchmark is markedly tighter than that on the 7 year benchmark priced earlier this year
- The success of this transaction represents a vote of confidence by the international bond market in the continued economic recovery of the Republic of Cyprus

Distribution Statistics

- International demand was substantial, with UK based investors accounting for 62% of the final allocations
- Fund managers and bank treasuries / private banks showed strong support accounting for 52% and 23% of the final allocations, respectively

By geography:



By investor type:

