



**THE REPUBLIC OF CYPRUS
MINISTRY OF FINANCE | PUBLIC DEBT MANAGEMENT OFFICE
EUR 1 billion 3.750% new 7-year benchmark due 26 July 2023**

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PRESS RELEASE – 19TH July 2016

The Republic of Cyprus rated B1/BB-/B+/B (stable/positive/positive/stable) by Moody's/S&P/Fitch/DBRS priced a EUR1bn RegS registered only fixed rate notes issue due 26 July 2023. The deal pays a coupon of 3.750% and has a reoffer price of 99.698 / reoffer yield is 3.800% to give a spread of +376.5bp over mid-swaps, equivalent to +420.6bp over the 2% Aug-2023 DBR. Joint lead managers are BARCLAYS, J.P. MORGAN, MORGAN STANLEY, SG CIB and VTB Capital. Listing is in London under English law and launched off the issuer's EMTN programme. (ISIN XS1457553367).

Execution Highlights

- The Republic of Cyprus has been considering over the past few months a return to the international capital markets to diversify its funding sources and further develop the benchmark sovereign bond credit curve. Significantly, this transaction is the first from the Republic of Cyprus following the successful exit from the Economic Adjustment Programme in March 2016
- Since the exit from the Economic Adjustment Programme, the Public Debt Management Office has been monitoring both the international market conditions as well as the internal developments and was authorised by the Minister of Finance to approach the market on Monday the 18th of July.
- In the afternoon of Monday the 18th of July, the Republic of Cyprus announced to the market that it had mandated Barclays, J.P. Morgan, Morgan Stanley, SG CIB and VTB Capital to lead manage a new 7-year Euro benchmark to be launched in the near future.
- At 08:26 LDN on Tuesday 19th July, initial pricing thoughts ("IPTs") were released for a 7-year Euro benchmark at 4% area (yield). For reference, the secondary trading level of the Republic's existing notes maturing respectively in May 2022 and November 2025 were 3.43% and 3.85% in yield terms.
- The IPTs process attracted over EUR 2.0 billion of orders and at 10:56 LDN guidance was released at 3.900% area (yield). The orderbook continued to build, reaching EUR 2.6 billion by 13:05 LDN, at which time the yield was set at 3.800% with the transaction size set at EUR 1 billion.
- The orderbook closed at 13:30 LDN with a final size of EUR 2.5 billion with more than 180 investors taking part in the transaction. The transaction priced at a reoffer yield for investors of 3.800% implying a spread of 376.5bps over the mid-swap reference.
- This 7-year benchmark priced with the lowest re-offer yield (3.800%) and equal-lowest coupon (3.750%) ever achieved by the Republic of Cyprus for a Euro benchmark. With this transaction, the Republic of Cyprus has demonstrated its ongoing market access at attractive levels, reflecting the recent performance of outstanding debt instruments and the country's outlook.



Summary of distribution

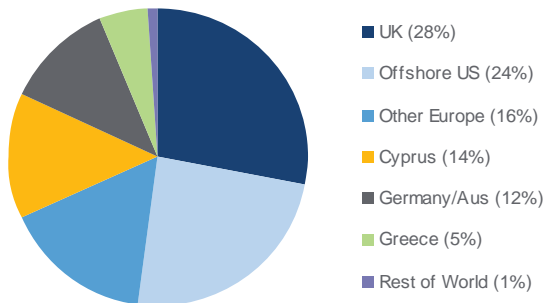
- By geography, the Republic of Cyprus has achieved a broad distribution dominated by international investors, across Europe, the UK, and other international investors.

Statistics: UK 28%, US Offshore 24%, Other Europe 16%, Cyprus 14%, Germany/Austria 12%, Greece 5%, Rest of World 1%

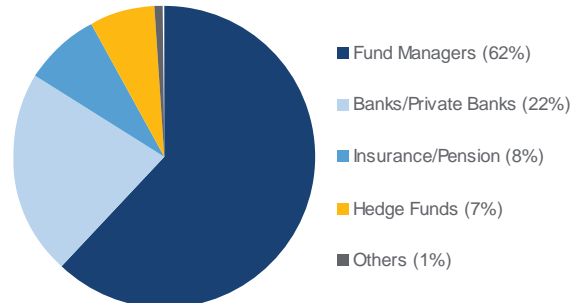
- By investor type, the quality of the orderbook was high with real-money demand dominating the orderbook. Fund Managers were the largest investor class at 62%, and well supported by Banks/Private Banks and Insurance/Pension accounts.

Statistics: Fund Managers 62%, Banks / Private Banks 22%, Insurance/Pension 8%, Hedge Funds 7%, and Others 1%

Distribution by Region



Distribution by Type



Summary of Terms and Conditions

Issuer	The Republic of Cyprus
Issuer Ratings	B1 (stab)/BB- (pos)/B+ (pos)/B (stab) (Moody's/S&P/Fitch/DBRS)
Format	Reg S Registered only, CACs
Size	EUR 1bn
Maturity Date	26 July 2023
Settlement Date	26 July 2016 (T+5)
Coupon	3.750%, Annual, ACT/ACT
Reoffer	99.698 / 3.800% p.a.
Spread vs BM	420.6bps vs DBR 2% Aug-2023s spot @ 117.29 / -0.406%
Spread vs MS	376.50bps vs 7y MS spot @ 0.035%
Denominations	1k+1k
Law/Listing	English Law / London Stock Exchange
Docs	EMTN Programme
ISIN	XS1457553367
Lead Managers	BARC/JPM(B&D)/MS/SG CIB/VTBC



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