



Republic of Cyprus

EUR 850mm 7 year Senior Unsecured notes due 27 June 2024

PRESS RELEASE – 20 June 2017

The Republic of Cyprus, rated BB+ (stable) by Standard and Poor's, B1 (positive) by Moody's, BB- (positive) by Fitch and BBL (stable) by DBRS, successfully launched its first syndicated transaction of the year, pricing a new EUR 850mm 7 year Reg S registered benchmark due 27 June 2024. The bond has a coupon of 2.750% and was priced at 99.686%. Citi, Goldman Sachs International and HSBC 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 the stable market backdrop and the recent rating upgrades by both DBRS and S&P, the Republic of Cyprus launched a new 7 year benchmark transaction, due 27th June 2024, in conjunction with a switch offer of the 4.75% June 2019, 4.625% February 2020 and 6.50% May 2020 bonds
- The purpose of offering the option to switch alongside the new issue was to give investors of the outstanding 2019 and 2020 bonds, the opportunity to switch some or all of their holdings into the new 7 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
- Prior to the launch of the transaction, the Republic of Cyprus had conducted a global roadshow targeting investors in London, Frankfurt, Paris, Zurich, Munich and the US. Based on positive feedback received from investors, the issuer opted for the 7 year maturity
- The mandate for a new EUR 7 year benchmark was officially announced to the market on Monday 19th June at 1510 CET. Initial price thoughts of reoffer yield of 3.000% area were released simultaneously, to gather indications of interest overnight
- On the back of the strong investor demand overnight with new issue interest reaching in excess of EUR 1.9bn, books were officially opened on Tuesday, 20th June at 0915 CET, with a revised price guidance of 2.900% area
- Demand continued to grow throughout the European morning, with strong interest from the international investor community, allowing the issuer to further tighten the yield by 10bps and set at 2.800%, thereby announcing closure of books for new issue accounts at 1130 CET and at 1225 CET for switch accounts
- Combined final demand of over EUR 4.2bn represents the largest orderbook generated for a Republic of Cyprus benchmark transaction, since the sovereign's return to the international bond markets in June 2014
- The accelerated switch tender format enabled Cyprus to size and price the new issue in real-time vs. tender & switch demand. Close to EUR 560mm of new notes were switched among the outstanding June 2019, Feb 2020 and May 2020 investors, allowing the issuer to comfortably print EUR 850mm, while extending their secondary curve

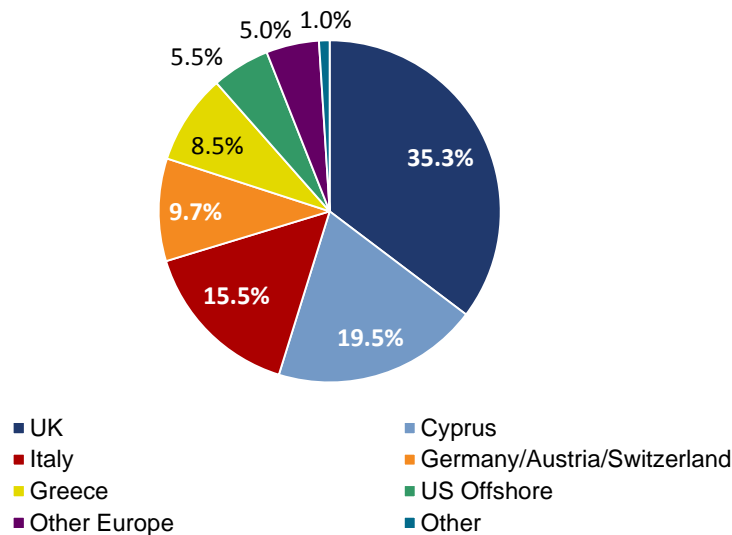


- The deal was priced at 1720 CET with a cash price of 99.686% and a re-offer yield of 2.800%, thereby offering a new issue premium of 5bps over the interpolated secondary yield curve of the sovereign
- The success of this transaction highlights the strong support from the international investor base for the Republic of Cyprus

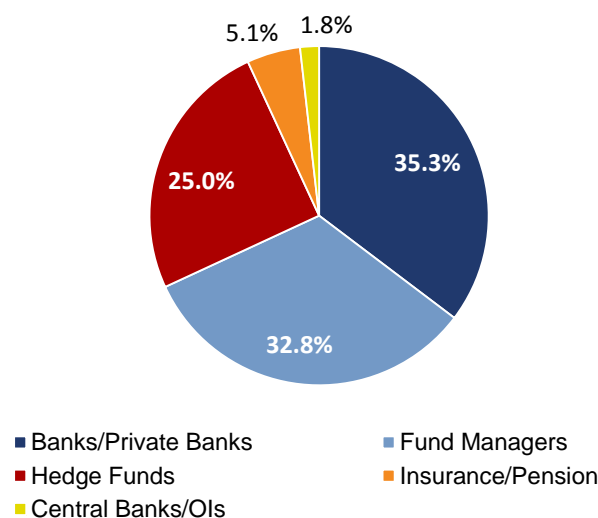
Distribution Statistics

- The transaction was dominated by strong international participation, with UK based investors accounting for 35% of the final allocations
- Bank treasuries / private banks and fund managers took up the lion's share of final allocations, accounting for 35% and 33% respectively

By geography:



By investor type:





Republic of Cyprus EUR 850 million 7-year Benchmark due 27 June 2024

Terms and Conditions

Issuer:	The Republic of Cyprus, acting through the Public Debt Management Office, of the Ministry of Finance
Issuer Ratings:	B1/BB+/BB-/BBL (pos/stab/pos/stab) by Moody's, S&P, Fitch and DBRS
Status:	Senior, unsubordinated
Distribution	Reg S Cat 1
Form of the Notes	Registered
ISIN:	XS1637276848
Common Code	163727684
Principal Amount:	EUR 850,000,000.00
Coupon:	2.750%, annual, ACT/ACT (ICMA)
Pricing Date:	20 June 2017
Settlement Date:	27 June 2017 (T+5)
Maturity Date:	27 June 2024
Mid Swap Rate	0.378%
Reoffer Spread to Mid Swap	+242.2bps
Benchmark:	DBR 1.50 15/05/2024
Benchmark Yield:	-0.183% (ref price of 112.95%)
Reoffer Spread to Benchmark:	+298.3bps
Reoffer Yield:	2.800%
Reoffer Price:	99.686%
Redemption:	100.00% of Principal Amount
Listing:	London Stock Exchange's Regulated Market
Business Days	TARGET 2, Following Business Day Convention, Unadjusted
Documentation:	Issuer's EMTN Programme dated 7 th June 2017
CACs:	Yes
NGN/NSS:	Yes; NSS
Governing Law:	English law
Denomination:	EUR 1K + 1K
Joint Lead Managers:	Citi, Goldman Sachs International, HSBC