

**Frequently Asked Questions for the Government Bonds for Natural Persons**  
**(Retail bonds)**

**1. What are the government bonds for natural persons/ individuals?**

Government bonds for natural persons (retail bonds) are specially designed to meet the characteristics of natural persons as investors (performance, security, liquidity).

**2. What are the characteristics of this particular bond?**

This bond will have a maturity of six years but with the possibility of early repayment with 30 days' notice and step-up interest rate which increases depending on the time that the investor will have it in his possession.

**3. What is the interest rate that would the bond bring?**

The bond will bring a step-up interest rate structure, i.e. depending on the maturity in the possession of an investor the offered interest rate increases as shown in the table below:

Time of possession of the bond	Annual interest rate
Up to 24 months	2,50%
Over 24 months and up to 48 months	2,75%
Over 48 months and up to 60 months	3,00%
Over 60 months and up to 72 months	3,25%

Interest is paid annually and is not capitalized.

**4. What is the taxation to which the bonds for individuals are subject to?**

Interest income from government bonds for individuals is subject to imposition of special contribution for defense amounting to 3% (only residents of Cyprus). Interest income after the imposition of the special contribution for defense is presented in the table below:

Time of possession of the bond	Annual Interest rate	Interest after the imposition of special contribution for defense (3%)
Up to 24 months	2,50%	2,425%
Over 24 months and up to 48 months	2,75%	2,667%

Over 48 months and up to 60 months	3,00%	2,910%
Over 60 months and up to 72 months	3,25%	3,152%

Therefore the average rate if the investor maintain the bond until the end of the six-year period, amounts to 2,7079% after the imposition of the special contribution for defence.

### **5. Which is the role of the Cyprus Stock Exchange in the government retail bonds?**

The issuer of the bond is the Republic of Cyprus. The CSE has undertaken the process of applications as well as general servicing of investors. The bonds are not admitted to trading in CSE.

### **6. When can an investor buy these bonds?**

These bonds will be issued on a monthly basis. On the first working day of each month there will be a new series issued, for which the investors may submit application in the previous month. For example, the value date for the September 2015 version will be on September 1<sup>st</sup> and the CSE will accept applications from 3 to 20 August 2015.

### **7. Which body approves the applications?**

Applications will be evaluated and approved by the Public Debt Management Office of the Ministry of Finance

### **8. What is the procedure for buying bonds?**

(a) Completing the application form and attach relevant documents

(i) Completing the application form

(If the applicant has no securities a/c in the CSE, (s)he must open an account, with the completion of the related application)

(ii) The following documents have to be sent or delivered together with the application form:

- Copy of ID card
- Copy of account of a Utility Service (for verification of address)
- Form/Bank letter showing the IBAN and the BIC code of the applicant's bank account.
- For payment: cheque in the name of the Accountant General of the

Republic, or copy of electronic transfer to the General Government Account  
(see clause 2.4 in General Terms)

**(b) Submitting an application**

Applications may be submitted

(i) in person at the Cyprus Stock Exchange in special designed counters located on the ground floor, during the first twenty calendar days of each month (working days), between the hours of 08:00-14:15 and 15:00 – 17:00 (May-August), or 08:00-14:30 and 15:00-18:00 (September-April).

or

(ii) by post. The form may be sent to the following address: Cyprus Stock Exchange, 71-73 Vyronos Avenue, P.O. box 25427, 1096, Nicosia. In the cases where the applications are sent by mail, applications should be in their original form, duly signed and certified by an official certifier.

It is also noted that, in order to be considered valid, the application should have a postmark within the dates for submission of applications, as specified in the relevant Special Terms of the issuance.

**9. Are there any expenses that must be paid by the investor?**

If there is not already an account in the CSE, the opening cost is 10 euros. The CSE also charges annually 0,003% on the security holder's balance.

**10. What is the procedure for early repayment of bonds for individuals?**

The investor can proceed into early full/ partial liquidation of bonds held by completing a special application form and submitting it to the CSE. Within 30 days the Republic will pay the relevant amount according to the investor's payment instructions.

**11. How will the Republic of Cyprus pay the interest and the capital (including early repayment)?**

All payments related to bonds will be made via bank transfer to the accounts specified by the investor.

Public Debt Management Office  
Ministry of Finance  
Nicosia  
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