



THE REPUBLIC OF CYPRUS
MINISTRY OF FINANCE | PUBLIC DEBT MANAGEMENT OFFICE
EUR 500 million 0.625% new 5-year benchmark due 3 December 2024
and EUR 750 million 2.750% new 30-year benchmark due 3 May 2049

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PRESS RELEASE – 25th April 2019

The Republic of Cyprus rated BBB-/Ba2/BBB-/BBL (stable/stable/stable/stable) by S&P/Moody's/Fitch/DBRS came to market on 24th April 2019 with a new dual tranche transaction, consisting of a new €500mn long 5-year (Dec-24) and a new €750mn 30-year (May-49). The 5-year and 30-year benchmarks were priced with reoffer spreads of m/s+60bp and m/s+175bp, with coupons of 0.625% and 2.750%, respectively. The joint lead managers of this transaction were BARCLAYS, DEUTSCHE BANK, GOLDMAN SACHS, J.P. MORGAN, MORGAN STANLEY and SG CIB.

Transaction Background

- Taking advantage of the prevailing favourable conditions in the primary market, the Republic of Cyprus, via the Public Debt Management Office, proceeded with issuing new 5-year and 30-year benchmarks for general financing purposes of the Republic.

Execution Highlights

- The Republic of Cyprus officially announced its intention to come to market with a dual tranche transaction, consisting of benchmarks maturing in December 2024 and May 2049, the morning of Tuesday, 23rd April 2019, and that pricing was expected in the near future, subject to market conditions.
- At 8:10 LDN the morning of Wednesday, 24th April 2019, initial price thoughts (“IPTs”) were announced for the new 5-year tranche at m/s+80bp area and for the new 30-year tranche at m/s+200bp area. The transaction attracted sizeable investor interest from the onset, and at 9:05 LDN with indications of interest (“Iols”) in excess of €4.6bn for each tranche, books opened officially, with revised guidance at m/s+65bp area and m/s+185bp area for the 5-year and 30-year, respectively.
- The orderbook continued to grow with orders totalling in excess of €4.9bn for the 5-year and in excess of €5.9bn for the 30-year at 10:25 LDN, at which point final terms were released. The size of the 5-year tranche was set at €500mn with a final reoffer spread of m/s+60bp, while the size of the 30-year tranche was set at €750mn, with a final reoffer spread of m/s+175bp.
- The orderbooks for both tranches closed at 10:45 LDN. Final orders for the 5-year were in excess of € 4.8bn (incl. €350mn JLM interest) from more than 183 individual orders, while final orders for the 30-year tranche were in excess of €6.3bn (incl. €150mn of JLM interest) from more than 270 individual orders. Combining both tranches, the transaction attracted the largest orderbook the Republic of Cyprus has received since returning to the capital markets in June 2014.

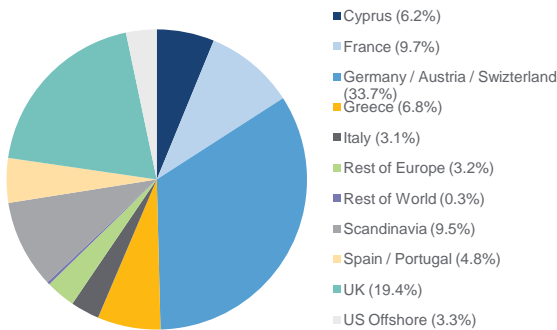


- At 16:21 LDN, the 30-year tranche officially priced at m/s+175bp, equivalent to a reoffer yield of 2.835% and a spread of +220.8bp over the DBR Aug-48. Shortly thereafter at 16:24 LDN, the 5-year tranche officially priced at m/s+60bp, equivalent to a reoffer yield of 0.673% and a spread of +110bp over the OBL Apr-24.
- Before the announcement of the transaction, the joint lead managers identified the fair value of a new 5-year tranche as m/s+60bp area, and the fair value of a new 30-year at m/s+170bp area. The fair value of the 5-year was calculated using Cyprus' existing curve, while the fair value of the 30-year was calculated analyzing the steepness of peer sovereign curves between 15- and 30-year maturities. These analyses imply that the 5-year tranche priced flat to fair value, while the 30-year offered investors a c.5bp concession vs. theoretical fair value in the secondary market.
- The new 30-year tranche, which extends Cyprus' yield curve, represents the first 30-year benchmark that Cyprus has ever issued, as well as the longest-dated bond the sovereign has ever issued. Moreover, the new 5-year priced with the lowest reoffer yield (0.673%) and lowest coupon (0.625%) of any syndicated benchmark transaction by the Republic of Cyprus.

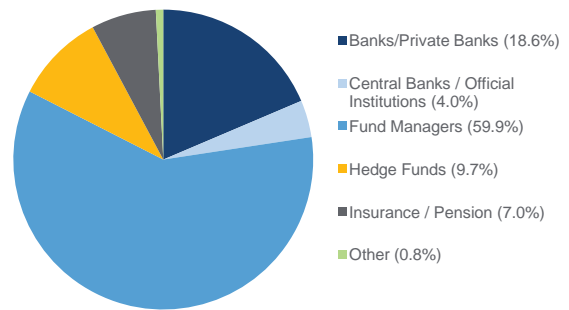
Summary of Distribution

- Both of Cyprus' new benchmarks attracted a notably high quality and diverse set of investors. With regard to the geographical distribution, over 92% of orders for both tranches were from international investors. Of these participants, the majority for both tranches originated between Germany / Austria / Switzerland, as well as the United Kingdom.
- In terms of investor type, the majority of investors for both tranches were fund managers, followed by banks and private banks.

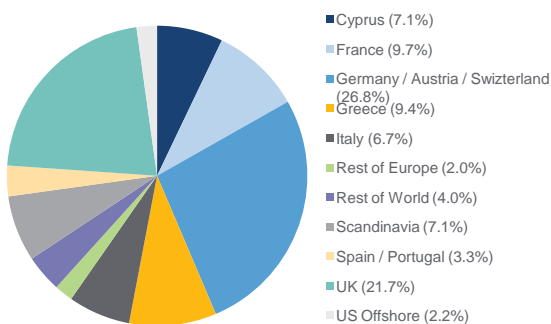
5-Year Distribution by Region



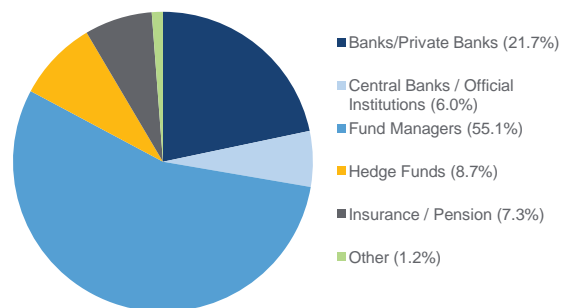
5-Year Distribution by Investor Type



30-Year Distribution by Region



30-Year Distribution by Investor Type





Summary of distribution

Issuer	Republic of Cyprus	
Issuer Ratings	BBB- (stable)/Bα2 (stable)/BBB- (stable)/BBL (stable) (S&P/Moody's/Fitch/DBRS)	
Format	Reg S Registered only, CACs	
Size	EUR 500mn	EUR 750mn
Maturity Date	3 December 2024	3 May 2049
Settlement Date	3 May 2019	
Coupon	0.625%, Annual, ACT/ACT	2.750%, Annual, ACT/ACT
Reoffer	99.738 / 0.673% p.a.	98.298 / 2.835% p.a.
Spread vs. Mid Swaps	+60bps vs. Interpolated 5yr Swap Rate spot @ 0.073%	+175bps vs. 30yr Swap Rate spot @ 1.085%
Spread vs. BM	+110bps vs. OBL 0.000% Apr-24 spot @ 102.140/ -0.427%	+220.8bps vs. DBR 1.250% Aug-48 spot @ 116.630 / 0.627%
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	XS1989405425	XS1989383788
Joint Lead Managers	BARC/DB/GS(B&D)/JPM/MS/SG CIB	



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