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Press Release

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The Democratic Socialist Republic of Sri Lanka USD 2.4 billion International Sovereign Bond Offering

On March 7th, 2019, the Central Bank of Sri Lanka (CBSL), on behalf of the Democratic Socialist Republic of Sri Lanka (Sri Lanka), returned to the USD bond markets, successfully pricing a new issuance of USD 1.0 billion 5-year and USD 1.4 billion 10-year Senior Unsecured Fixed Rate Bonds (the Bonds) with maturity dates of March 14th, 2024 and March 14th, 2029, respectively. The Bonds have been rated 'B2', 'B' and 'B' by Moody's Investors Service, Standard and Poor's and Fitch Ratings respectively.

This marks Sri Lanka's thirteenth USD benchmark offering in the international bond markets since 2007, reflecting the international investor community's continued support for Sri Lanka through the years. BOC International, Citigroup, Deutsche Bank, HSBC, J.P. Morgan, SMBC Nikko and Standard Chartered Bank acted as the Joint Lead Managers and Bookrunners on the successful transaction.

Capitalizing on the strong market backdrop, and leveraging on the positive momentum generated by the recent IMF staff-level agreement on the fifth review of Sri Lanka's Extended Fund Facility, Sri Lanka announced the transaction during the Asia morning of March 7th, 2019. The joint syndicates released terms and initial price guidance for new 5-year and 10-year tranches at 7.20% area and 8.20% area respectively. The transaction saw strong interest from a wide range of high quality investors, which allowed Sri Lanka to tighten final price guidance to 6.90% (+/- 5bps) on the 5-year tranche, and 7.90% (+/- 5 bps) on the 10-year tranche. The Bonds eventually priced at the tighter end of the range during New York hours, with a yield of 6.85% and 7.85% for the new 5-year and 10-year tranches, respectively, representing price tightening of 35 bps from initial guidance, for both tranches.

The final orderbook stood at over USD 2.7 billion across 190 accounts for the 5-year tranche and over USD 4.8 billion across 252 accounts for the 10-year tranche – clearly reflecting global investors' continued confidence and positive outlook on Sri Lanka's economic growth story.

The orderbook was well diversified across both tranches. The 5-year tranche saw allocations of 39% to the U.S., 38% to Europe, and the remaining 23% to Asia. By investor type, the split was 91% to fund managers, 5% to insurance and pension funds, 3% to banks, and 1% to other investors. The 10-year tranche saw allocations of 44% to the U.S., 39% to Europe, and the remaining 17% to Asia. By investor type, the split was 90% to fund managers, 5% to insurance and pension funds, 4% to banks, and 1% to other investors.

In a first for Sri Lanka, the Bonds are also expected to be listed on the London Stock Exchange (LSE), to be admitted to the LSE's International Securities Market (ISM), in addition to the listing on the Singapore Exchange Securities Trading Limited (the SGXST), for the listing and quotation of the Bonds on the SGXST.

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