



ශ්‍රී ලංකා මහ බැංකුව
இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

Tel : 2477424, 2477423, 2477311

Fax: 2346257, 2477739

E-mail: dcommunications@cbsl.lk, communications@cbsl.lk

Web: www.cbsl.gov.lk

Press Release

Issued By

Public Debt Department

Date

07th January, 2014

Democratic Socialist Republic of Sri Lanka US\$ 1.0 billion International Sovereign Bond Issue

The Central Bank of Sri Lanka (CBSL), on behalf of the Democratic Socialist Republic of Sri Lanka (Sri Lanka), successfully launched and priced a US\$ 1.0 billion 5-year International Sovereign Bond (Issue) at a yield of 6.00 per cent per annum.

The Issue represents the sixth US Dollar benchmark offering in the international bond markets by Sri Lanka since 2007 and the first Sovereign Bond issue in the international capital markets in 2014. Citigroup, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and UBS acted as Joint Lead Managers/Bookrunners on the transaction. Post announcement of the transaction, Sri Lanka conducted a series of fixed income investor update through internet based presentations and conference calls covering Asia, Middle-East, Europe and the USA.

Fitch Ratings, Moody's Investors Service and Standard and Poor's have rated the Issue at 'BB-', 'B1' and 'B+' respectively. The Issue was announced during the Asia morning on January 6, 2014 with an initial price guidance of 6.25 per cent per annum. With the firm support from investors, the order books grew steadily, allowing Sri Lanka to price the Issue at a yield of 6.00 per cent in spite of the rising benchmark US Treasury yield. This tighter yield reflects the continued confidence that the international investors have placed in the sovereign bond issuance of Sri Lanka.

The final order books stood at US\$ 3.2 billion, an oversubscription ratio of 3.2 times, from 200 accounts, achieved within eighteen hour bookbuild period. Distribution was very well diversified, with Asia taking 12 per cent, Europe 26 per cent and the US at 62 per cent. Global

Fund Managers were the largest investors in the transaction, representing 89 per cent, with Banks and Private Banks taking 8 per cent and 3 per cent respectively.

Driven by the support from existing and new investors, Sri Lanka succeeded in achieving a five-year cost of funds which is progressively lower compared to the previous Issuances. Sri Lanka's previous five-year Issuances in 2007 and 2009 were priced at yields of 8.25 per cent and 7.40 per cent respectively. This achievement is all the more impressive, given the rising bench mark US Treasury yield and also the high volatility seen in global capital markets in recent months.

Note:

This press release is not an offer of securities for sale in the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws of the United States, and may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and applicable state securities laws of the United States. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the issuer. Nothing in this press release shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful. A rating is not a recommendation to buy, sell or hold the securities and may be subject to suspension, reduction or withdrawal at any time by the rating agency.