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CENTRAL BANK OF SRI LANKA

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Press Release

Issued By

Public Debt Department

Date

08 April 2014

Democratic Socialist Republic of Sri Lanka US\$ 500 million 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\$ 500 million 5-year International Sovereign Bond (Issue) on 07.04.2014 at a yield of 5.125 per cent per annum which was the lowest among all the US Dollar benchmark offering by Sri Lanka in the international bond markets. The issue represents the balance of the US\$ 1,500 million approved International Sovereign Bond programme for 2014.

The Issue was the seventh benchmark offering by Sri Lanka since 2007. Citigroup, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank acted as Joint Lead Managers/Bookrunners on the transaction. 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 afternoon on April 7, 2014 with an initial price guidance of 5.50 per cent per annum. With the post announcement interest from investors across Asia, Middle-East, Europe and the USA, Sri Lanka priced the Issue at a yield of 5.125 per cent. This tighter yield reflects the continued confidence that the international investors have placed in the sovereign bond issuance of Sri Lanka. The final order book stood at US\$ 4.25 billion, an oversubscription ratio of 8.3 times, from 287 accounts, achieved within a six-hour bookbuild period. Distribution of investors was very well diversified, with Asia taking 32 per cent, Europe 22 per cent and the US at 46 per cent. Global Fund Managers were the largest investors in the transaction, representing 81 per cent, with Banks, Private Banks and insurance agencies taking 13 per cent, 3 per cent and 3 per cent respectively.

Driven by the support from existing and new investors, Sri Lanka succeeded in establishing a new benchmark for five-year funds which is substantially lower compared to the previous Issuances. Sri Lanka's previous five-year Issuances in 2007, 2009 and January 2014 were priced at yields of 8.25 per cent, 7.40 per cent and 6.00 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:

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