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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

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Clarification on Treasury bond Service Payments

The Central Bank of Sri Lanka (CBSL) has observed media reports erroneously highlighting lack of funds to pay-off Treasury bonds before their date of maturity.

CBSL notes that there is no accuracy in above media reports and highlights the unblemished debt service payment record of the government in servicing both domestic and foreign debt. The payment of interest and principal at maturity on due dates (timely payment) and not before the due date is followed to the rule by CBSL in discharging its agency function of managing public debt on behalf of the government.

The availability of funds to pay maturity (including the interest component) for Treasury bills and coupon and maturity for Treasury bonds in 2018 also highlights the substantial liquidity available with the government in servicing its debt liabilities. The following table highlights the coupon and maturity payments for Treasury bonds so far during 2018 amounting to Rs. 324,448 million compared to only Rs. 222,020 million raised by issuing Treasury bonds.

Treasury bond service payments (01.01.2018 to 25.04.2018) in Rs. Million

Maturity Payments	Coupon / Interest Payments	Total Payments
187,638.32	136,809.71	324,448.03

During the same period, CBSL holdings of Treasury bills as at 25.04.2018 also declined substantially to Rs. 69,114 million from Rs. 293,039 million as at 25.04.2017.

CBSL also clarifies that payments made to few beneficial owners with respect to interest and maturity payments of Treasury bills and Treasury bonds but held in an account of a primary dealer whose account is frozen due to legal proceedings would be released in due course with appropriate legal clearance.