



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 **June 25, 2019**

The Democratic Socialist Republic of Sri Lanka U.S.\$2.0 billion International Sovereign Bond Offering

On June 24th, 2019, the Central Bank of Sri Lanka (“CBSL”), on behalf of the Democratic Socialist Republic of Sri Lanka (“Sri Lanka”), returned to the U.S. dollar bond markets, successfully pricing a new issuance of U.S.\$500 million 5-year and U.S.\$1.5 billion long 10-year Senior Unsecured Fixed Rate Bonds (the “Bonds”) with maturity dates of June 28th, 2024 and March 28th, 2030, respectively. The Bonds have been rated ‘B2’, ‘B’ and ‘B’ by Moody’s Investors Service, Standard and Poor’s and Fitch Ratings, respectively.

This represents Sri Lanka’s fourteenth U.S. dollar benchmark offering in the international bond markets since 2007, and its second transaction this year. The long 10-year tranche marks the longest tenor issuance to date in the international market, underlining the international investor community’s continued support for Sri Lanka and their confidence in the country’s economic fundamentals and long-term growth prospects. Also, the long 10-year tranche has been appropriately defined in line with Sri Lanka’s future debt service obligations and debt management strategy. 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 conducive market backdrop, Sri Lanka announced the transaction during the Asia morning of June 24th, 2019. The joint syndicates released terms and initial price guidance for new 5-year and long 10-year tranches at 6.60% area and 7.80% area, respectively. The transaction saw strong interest from a wide range of high quality investors, which allowed the Republic to tighten final price guidance to 6.40% (+/- 5bps) on the 5-year tranche, and 7.60% (+/- 5 bps) on the long 10-year tranche. The Bonds eventually priced at the tighter end of the range during New York hours, with a yield of 6.35% and 7.55% for the new 5-year and long 10-year tranches, respectively, representing price tightening of 25 bps from initial guidance, for each of the tranches.

The final orderbook stood at over U.S.\$1.8 billion across 165 accounts for the 5-year tranche and over U.S.\$4.4 billion across 290 accounts for the long 10-year tranche, reflecting total subscription of U.S.\$

6.2 billion (over three times over subscription), clearly highlighting global investors' continued confidence in Sri Lanka and their positive outlook on Sri Lanka's economic growth story.

The orderbook was well diversified across both tranches. The 5-year tranche saw allocations of 30% to the U.S., 50% to Europe, the Middle East and Africa (EMEA), and the remaining 20% to Asia. By investor type, the split was 80% to fund managers, 9% to insurance, pension funds and corporates, 8% to bank treasury, and 3% to private banks and other investors. The long 10-year tranche saw allocations of 44% to the U.S., 40% to EMEA, and the remaining 16% to Asia. By investor type, the split was 87% to fund managers, 6% to insurance, pension funds and corporates, 5% to bank treasury, and 2% to private banks and other investors.

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.