

Public Debt Management in Sri Lanka

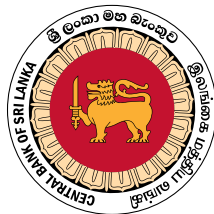
Performance in 2018
&
Strategies for 2019 and beyond




Public Debt Department
Central Bank of Sri Lanka

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Abbreviations

ADB	Asian Development Bank	LTBO	Local Treasury Bills Ordinance
ALMA	Active Liability Management Act	MLDS	Medium to Long-Term Debt Service
ATM	Average Time to Maturity	MO	Middle Office
ATR	Average Time to Refixing	MoF	Ministry of Finance
BCP	Business Continuity Plan	Moody's	Moody's Investors Service
BO	Back Office	MTDS	Medium Term Debt Management Strategy
CAR	Capital Adequacy Ratio	MTFF	Medium-Term Fiscal Framework
CBSL	Central Bank of Sri Lanka	NPV	Net Present Value
CCP	Central Counter-Party	NSB	National Savings Bank
CCPI	Colombo Consumer Price Index	O/D	Over Draft facility
CDS	Central Depository System	OBU	Off-shore Banking Unit
CPC	Ceylon Petroleum Corporation	OED	Outstanding External Debt
CSE	Colombo Stock Exchange	OMO	Open Market Operations
CWE	Corporative Wholesale Establishment	OTC	Over the Counter
DDMC	Domestic Debt Management Committee	PDD	Public Debt Department
DOD	Outstanding External Debt Disbursements Received	PD	Primary Dealer
DRS	Disaster Recovery Site	PDU	Primary Dealer Unit
DVP	Delivery Versus Payment	PMWAYR	Primary Market Weighted Average Yield Rates
EPF	Employees' Provident Fund	Repo	Repurchase
ETF	Employees' Trust Fund	ROA	Return on Assets
E-Trading	Electronic Trading	ROE	Return on Equity
FCTFF	Foreign Currency Term Financing Facility	RSSO	Registered Stocks and Securities Ordinance
FinNet	Financial Information Network	RTGS	Real Time Gross Settlement System
FIQ	Fixed Income Quote	SDR	Special Drawing Right
Fitch	Fitch Ratings	SEC	Securities and Exchange Commission of Sri Lanka
FO	Front Office	SOE	State Owned Enterprise
GDP	Gross Domestic Product	S&P	Standard and Poor's
GNP	Gross National Product	SDFR	Standing Deposit Facility Rate
GOSL	Government of Sri Lanka	SIA	Securities Investment Account
IDA	International Development Agency	SLDB	Sri Lanka Development Bond
IDR	Issuer Default Rating	SLFR	Standing Lending Facility Rate
IMF	International Monetary Fund	SSSS	Scripless Securities Settlement System
INT	Interest Payment (External)	WAYR	Weighted Average Yield Rate
ISB	International Sovereign Bond	XGS	Receipts in exports of goods and non-factor services including workers' remittances and compensation of employees.
KPI	Key Performance Indicator		
LCB	Licensed Commercial Bank		
LIBOR	London Inter-Bank Offered Rate		

KEY GOVERNMENT DEBT INDICATORS

	2011	2012	2013	2014	2015	2016	2017 ^(a)	2018 ^(b)	
Borrowings									
Approved Gross Borrowing Limit (Rs.bn)	997.0	1,139.0	1,302.5	1,478.0	1,780.0	1,699.0	1,629.0	1,893.0	
Actual Gross Borrowing (Rs.bn)	994.1	1,139.0	1,301.2	1,453.3	1,695.3	1,516.3	1,631.5	1,856.5	
Domestic Sources	671.3	656.7	952.5	1,006.3	1,139.0	942.0	1,014.8	1,144.8	
Foreign Sources	322.8	482.3	348.7	447.0	556.3	574.3	616.7	711.8	
Actual Net Borrowing (Rs.bn)	450.2 ^(a)	489.0	516.1 ^(a)	591.2	829.5	640.3	733.5	760.8	
Domestic Sources	231.2 ^(a)	202.5 ^(a)	392.4 ^(a)	378.7	592.7	248.4	294.3	437.2	
Foreign Sources	219.0 ^(a)	286.5 ^(a)	123.7 ^(a)	212.5	236.8	391.9	439.2	323.5	
Outstanding Debt									
Outstanding Government Debt (Rs.bn)	5,133.4	6,000.1	6,793.2	7,390.9	8,503.2	9,387.3	10,313.0	11,977.5	
Domestic Debt	2,804.1	3,232.8	3,832.8	4,277.8	4,959.2	5,341.5	5,594.4	6,018.0	
Foreign Debt	2,329.3	2,767.3	2,960.4	3,113.1	3,544.0	4,045.8	4,718.6	5,959.5	
Outstanding Debt (% of GDP)	71.1	68.7	70.8	71.3	77.7	78.3	76.9	82.9	
By Source ^(b)									
Domestic Debt	38.8	37.0	40.0	41.3	45.3	44.5 ^(a)	41.7 ^(a)	41.6	
Foreign Debt	32.3	31.7	30.9	30.0	32.4	33.7 ^(a)	35.2 ^(a)	41.2	
By Currency ^(b)									
Domestic	39.8	8.8	40.8	41.7	41.7	42.1	39.1	37.7	
Foreign	31.4	29.9	30.0	29.6	35.9	37.2	38.5	45.2	
ATM of Total Debt (Years)	5.41	5.74	6.92	6.62	6.73	6.41	6.17	6.16	
ATM of Domestic Debt (Years)	2.35	3.23	4.82	5.75	6.29	5.98	5.78	5.91	
Share of Domestic Debt in Total Outstanding Debt (%)	54.62	53.88	56.42	57.88	58.32	56.90	54.25	50.20	
Interest Cost									
Total Interest Cost (Rs.bn)	356.7	408.5	444.0 ^(a)	436.4 ^(a)	509.7	610.9	735.6	852.2	
Domestic Debt	288.1	317.7	343.0 ^(a)	327.9	394.3	484.2	570.6	639.5	
Foreign Debt	68.6	90.8	101.0 ^(a)	108.5 ^(a)	115.4	126.7	164.9	212.7	
Interest Cost/GDP ratio (%) ^(b)	4.94	4.68	4.83	4.2	4.7	5.1	5.5	5.9	
Interest Cost/Government Revenue ratio (%)	38.16	41.35	40.70	37.12	33.90	40.60	40.16	44.39	
Average Yield Rates (Primary Market Weighted Average)									
Treasury bills	91 day	7.28	10.72	8.95	6.58	6.32	8.26	9.10	8.40
	182 day	7.21	12.29	9.91	6.57	6.50	9.23	9.81	8.58
	364 day	7.41	12.14	10.65	6.73	6.60	10.20	10.07	9.67
	Overall Average	7.31	11.81	10.45	6.68	6.46	9.38	9.77	9.35
Treasury bonds	2-year	7.77	11.30	11.02	n.a.	7.98	11.45	11.05	-
	4-year	8.23	11.58	n.a.	n.a.	8.68	11.87	11.54	-
	5-year	8.55	13.32	10.95	8.78	8.63	12.16	11.53	10.33
	10-year	9.15	14.00	11.80	10.00	9.78	12.60	11.16	11.06
	Overall Average	8.64	12.46	11.72	10.17	9.46	12.27	11.48	10.74
Foreign Investment in Government Securities									
Non-residents' Holdings as a % of Total Outstanding Stock - Treasury bonds		9.88	9.91	10.83	9.82	6.85	5.10	7.17	3.38
Non-residents' Holdings as a % of Total Outstanding Stock - Treasury bills		10.61	11.31	9.55	7.40	0.76	1.62	3.80	1.57

n.a.: not available

(a) Revised

(b) Provisional

KEY ECONOMIC INDICATORS							
	2000	2013	2014 ^(a)	2015 ^(a)	2016 ^(a)	2017 ^(a)	2018 ^(b)
DEMOGRAPHY							
Mid-year population ('000 persons)	19,102	20,585	20,778 ^(a)	20,996	21,203	21,444	21,670
Growth of mid-year population (per cent)	1.4	0.8	0.9	0.9	1.1	1.1	1.1
Population density (persons per sq.km.)	305	328	331 ^(a)	334	338	342	346
Labour force ('000 persons)	6,827	8,034	8,049	8,214	8,311	8,567	8,388
Unemployment rate (per cent of labour force)	7.6	4.4	4.3	4.7 ^(a)	4.4	4.2	4.4
OUTPUT							
GDP at current market prices (Rs. billion)	1,258	9,592	10,361	10,951	11,996 ^(a)	13,418 ^(a)	14,450
GNI at current market prices (Rs. billion)	1,233	9,366	10,125	10,676	11,676 ^(a)	13,065 ^(a)	14,058
Per capita GDP at market prices (Rs.)	65,838	465,976	498,660 ^(a)	522,304	565,773 ^(a)	625,736 ^(a)	666,817
Per capita GDP at market prices (US dollar)	869	3,609	3,819 ^(a)	3,842	3,886 ^(a)	4,104 ^(a)	4,102
REAL OUTPUT (percentage change)							
GNI	5.8	2.8	5.1	4.8	4.3	3.4 ^(a)	3.1
GDP	6.0	3.4	5.0	5.0	4.5	3.4 ^(a)	3.2
PRICES AND WAGES (percentage change)							
CCPI (2006/07 = 100) - annual average ^(c)	-	6.9	3.3	0.9	3.7	-	-
CCPI (2006/07 = 100) - year-on-year - end period	-	4.7	2.1	2.8	4.1	-	-
NCPI (2013 = 100) - annual average ^(d)	-	-	-	3.8	4.0	7.7	2.1
NCPI (2013 = 100) - year-on-year - end period	-	-	-	4.2	4.2	7.3	0.4
Wholesale Price Index (1974 = 100) - annual average	1.7	9.2	3.2	1.0	4.2	7.4	
GDP deflator	6.7	6.2	2.9	0.6	4.8 ^(a)	8.2	4.3
EXTERNAL TRADE							
Trade balance (US dollar million)	-1,798	-7,609	-8,287	-8,388	-8,873	-9,619	-10,343
Exports (US dollar million)	5,522	10,394	11,130	10,546	10,310	11,360	11,980
Imports (US dollar million)	7,320	18,003	19,417	18,935	19,183	20,980	22,233
EXTERNAL FINANCE							
Services and income account (net) (US dollar million)	-267	-572	72	312	678	984 ^(a)	1,367
Current account balance (US dollar million)	-1,066	-2,541	-1,988	-1,883	-1,742	-2,309	-2,814
Overall balance (US dollar million)	-522	985	1,369	-1,489	-500	2,068	-1,103
Current account balance (per cent of GDP)	-6.4	-3.4	-2.5	-2.3	-2.1	-2.6	-3.2
Gross official reserves (months of same year imports)	1.7	5.0	5.1	4.6	3.8	4.6	3.7
Overall debt service ratio							
As a percentage of export of goods and services	14.7	26.8	21.7	28.2	25.6	23.9	28.9
Total external debt and liabilities (per cent of GDP)	54.5	53.7	54.1	55.7	56.8	58.6 ^(a)	58.7
EXCHANGE RATES							
Annual average Rs/US dollar	75.78	129.11	130.56	135.94	145.60	152.46	162.54
NEER (2017 = 100) (24 - currency basket) ^(e)	-	91.39	91.99	96.61	92.46	88.07	87.36
REER (2017 = 100) (24 - currency basket) ^(e)	-	101.13	103.77	109.50	106.94	106.10	89.41
Year-end Rs/US dollar	80.06	130.75	131.05	144.06	149.80	152.85	182.75
GOVERNMENT FINANCE (per cent of GDP)^(a)							
Revenue	17.2	11.9	11.5	13.3	14.1 ^(a)	13.6 ^(a)	13.3
Expenditure and net lending	26.7	17.4	17.3	20.9	19.5 ^(a)	19.2 ^(a)	18.6
Primary deficit (-) / surplus (+)	-3.8	-0.8	-1.5	-2.9	-0.2	0.0	0.6
Overall deficit (-) / surplus (+)	-9.5	-5.4	-5.7	-7.6	-5.3 ^(a)	-5.5	-5.3
MONETARY AGGREGATES (year-on-year percentage change)							
Reserve money	4.7	0.9	18.3	16.5	27.1	9.8	2.3
Domestic credit from the banking system to							
Government (net)	56.8	24.5	10.3	22.5	12.1	10.0	16.0

INTEREST RATES (per cent per annum at year end)							
Repurchase rate (overnight) SDFR	17.00	6.50	6.50	6.00	7.00	7.25	8.00
Reverse Repurchase rate (overnight) SLFR	20.00	8.50	8.00	7.50	8.50	8.75	9.00
Commercial banks' average weighted deposit rate	9.89	9.37	6.20	6.20	8.17	9.07	8.81
National Savings Bank 12-month fixed deposit rate	15.00	9.50	6.50	7.25	11.00	11.00	10.50
Commercial banks' average weighted lending rate	19.30	15.18	11.91	11.00	13.20	13.88	14.40

(a) Revised

(b) Provisional

(c) CCPI: Colombo Consumer Price Index

(d) NCPI: National Consumer Price Index

(e) NEER and REER indices have been rebased to 2017

1. Highlights of 2018

1.1 Borrowing Limit and Strategy for 2018

- The gross borrowing made in the financial year 2018 for and on behalf of the Government of Sri Lanka (GOSL), provided that the balance outstanding of such borrowing at any given time during or at the end of the financial year 2018, including contingency provision of Rs. 74.00 billion, shall not exceed Rs. 1,893.00 billion, was approved by the Parliament under the Appropriation Act, No. 30 of 2017.
- During the year 2018, of the gross borrowing limit (net of contingency provision), Rs. 1,239.00 billion was expected to be raised from domestic sources while the balance Rs. 580.00 billion was expected to be raised from foreign sources.

1.2 Actual Borrowing and Debt Level

- Actual gross borrowing was maintained within the borrowing limit approved for 2018 in the Appropriation Act, No. 30 of 2017.
- The share of total domestic borrowing to total gross borrowing (net of contingency provision) declined to 61.37 per cent in 2018 against the planned 68.11 per cent (on a face value basis).
- Total outstanding debt stock stood at Rs. 11,977.54 billion at end 2018, recording an increase of Rs. 1,664.49 billion (16.14 per cent) from the corresponding debt stock of Rs. 10,313.05 billion at end 2017.

- As a percentage of Gross Domestic Product (GDP), total outstanding debt stock increased to 82.90 per cent at end 2018 from 77.60 per cent at end 2017. Within the debt stock, domestic debt to GDP ratio declined to 41.65 per cent at end 2018 from 42.10 per cent at end 2017. Conversely, the foreign debt to GDP ratio increased to 41.24 per cent from 35.51 per cent, during the same period under review.
- At the end of 2018, the share of domestic debt accounted for 50.24 per cent of total debt stock while foreign debt accounted for 49.76 per cent, compared to 54.25 per cent and 45.75 per cent, recorded, respectively, at end 2017.
- Average Time to Maturity (ATM) of the domestic currency debt lengthened to 5.91 years in 2018 from 5.78 years in 2017, mainly due to increased issuance of medium to long-term Treasury bonds.

1.3 Interest Cost on Public Debt

- In absolute terms, interest payments amounted to Rs. 852.19 billion in 2018. This was a 15.86 per cent increase from Rs. 735.57 billion reported in 2017. Of the total interest payments, Rs. 639.48 billion accounted for domestic debt, while Rs. 212.71 billion accounted for foreign debt.
- Total interest cost, as a percentage of GDP, increased to 5.90 per cent in 2018 from 5.50 per cent in 2017. Interest cost as a percentage of Government revenue also increased to 44.39 per cent in 2018 from 40.16 per cent in 2017.

- Primary Market Weighted Average Yield Rate (PMWAYR) of Treasury bills issued through auctions declined to 9.35 per cent at end 2018 from 9.77 per cent in 2017. Further, PMWAYR of Treasury bonds issued through auctions declined to 10.74 per cent at end 2018 from 11.48 per cent at end 2017.

1.4 Interest Rates and Yield

- At end 2018, the PMWAYR of 91-day, 182-day and 364-day Treasury bills increased by 232, 169 and 230 basis points, respectively, to 10.01 per cent, 9.99 per cent and 11.20 per cent from yield rates prevailed at end 2017, in terms of all three maturities.
- During 2018, Treasury bonds of remaining maturities ranging from 2 to 15 years were issued in the PMWAYR of these Treasury bonds varied between 9.44 per cent and 12.23 per cent.

1.5 Broadening the Investor Base

- Number of investors in government securities, as recorded in the Central Depository System (CDS) of LankaSecure, increased by 0.94 per cent to 94,082 during 2018.
- At end 2018, total of investments made by foreign investors and non-resident Sri Lankans in rupee denominated Treasury bills and Treasury bonds amounted to Rs. 11.90 billion and Rs. 146.91 billion, respectively, compared to Rs. 27.55 billion and Rs. 295.06 billion, respectively, at end 2017 and Rs. 12.82 billion and Rs. 247.22 billion, respectively, at end 2016.
- Total value of the issuances of Sri Lanka Development Bonds (SLDBs) in 2018 amounted to US dollar 1,492.05 million against the maturing amount of US dollar 2,304.22 million.

1.6 Infrastructure Developments

- Public Debt Department (PDD) continued to send electronically generated periodic customer statements through e-mails, in place of printed statements for account holders who opted for e-statement facility with a view to enhancing the safety of investors in government securities. Accordingly, PDD sent 1,832 e-statements during 2018.
- The initiatives for establishment of a state of the art Electronic Trading Platform (ETP) and Central Counter-Party (CCP) arrangement for trading and settlement of government securities transactions was continued with further inclusion of a linked central securities depository for government securities under the domestic financial market infrastructure development strategy. Implementation of the process is ongoing.
- Measures have been taken to introduce SMS and/or email alert facility to notify customers of each and every movement of securities in the accounts of CDS in the LankaSecure system, with a view to improving investor safety and awareness of government securities transactions.
- In order to enhance transparency, PDD is in the process of capturing more attributes of transactions carried out in the government securities market (secondary market) to the LankaSecure system. Accordingly, information including settlement value, price and interest rate of relevant transactions will be recorded in the Scripless Securities Settlement System (SSSS).

1.7 Market Development Activities

- Streamlining the communication with the primary dealer community, PDD

conducted quarterly primary dealer Chief Executive Officers' meetings during 2018. Regular pre-bid meetings were also conducted with the participation of representatives from licensed commercial banks, primary dealers and non-primary dealer auction participants to inform the market participants regarding the upcoming Treasury bond auctions and to provide an update on recent market developments.

1.8 Awareness Programmes

- During 2018, PDD continued to facilitate several investor awareness programs and investor meetings to update the market/ investors regarding recent economic developments and prospects of the Sri Lankan economy and the government securities market. Similarly, PDD has participated in on-site promotional activities, during the year, to educate the general public on investments in government securities.

2. Public Debt Management in 2018

2.1 Overview

Successful implementation of prudent debt management strategies to achieve the lowest possible cost for Government financing, within a framework of acceptable risk levels, was the cornerstone of public debt management initiatives in 2018. Despite Central Bank's commitment to such accomplishments, several challenges emanated due to unfavourable risks that arose from domestic and external market developments. Domestically, the Central Bank maintained a flexible monetary policy and despite the reduction of the standing lending facility rate (upper bound of the policy interest rate corridor) by 25 basis points in April 2018, interest rates structure across the government securities witnessed an upward momentum. During 2018, Primary Market Weighted Average Yield Rates (PMWAYR) of 91-day, 182-day and 364-day Treasury bills increased by 232, 169 and 230 basis points to 10.01 per cent, 9.99 per cent and 11.20 per cent, respectively, in comparison to yield rates that prevailed at end 2017, partly driven by political developments since October 2018.

Notwithstanding challenging domestic and external market conditions, progressive steps were taken to improve the overall efficiency and transparency of the debt management process. Accordingly, primary dealer Chief Executive Officers' meetings were held quarterly during the year with the intention of streamlining

the communication with the primary dealer community. Regular pre-bid meetings were also conducted with the participation of representatives from licensed commercial banks, primary dealers and non-primary dealer auction participants before each Treasury bond auction. These meetings contributed to enhance the awareness among primary dealers and non-dealer bidders on the issuance process, overall issuance strategy and resource availability details enabling smooth functioning of Treasury bond auctions. The Government securities issuance calendar also provided with further information to market participants thereby bringing certainty for financing operations.

The Government of Sri Lanka (GOSL) tapped the international capital market with the issuance of new International Sovereign Bonds (ISBs) worth US dollar 2,500 million in April 2018 with maturities of 5 years and 10 years. It facilitated management of the domestic debt issuance programme with greater flexibility, during the year. Additionally, strategically issued Sri Lanka Development Bonds (SLDBs), at times of conducive market conditions positively contributed to achieving both cost and risk objectives of public debt management.

Weighted Average Time to Maturity (ATM) of domestic public debt portfolio improved to 5.9 years at end 2018 compared to 5.8 years at end 2017. On the other hand, the share of foreign currency debt to total debt increased to 54.57

per cent at end 2018 compared to 49.57 per cent at end 2017 driven mainly by exchange rate movements.

2.2 Targets and Strategies for Government Borrowings

The gross borrowing limit of GOSL for 2018, approved by the Parliament under the Appropriation Act, No. 30 of 2017 was Rs. 1,893.0 billion (including the contingency provision of Rs. 74.0 billion), an increase of Rs. 264.0 billion from the limit for 2017. Of the limit for 2018, Rs. 1,239.0 billion was expected to be raised from domestic sources while the balance Rs. 580.0 billion was expected to be raised from foreign sources.

Net borrowing requirement for 2018 was estimated at Rs. 675.0 billion. Of the estimate, Rs. 315.0 billion (46.7 per cent) was expected to be borrowed from domestic sources while the remaining Rs. 360.0 billion (53.3 per cent) was expected to be borrowed from foreign sources. Nevertheless, 61.37 per cent of the gross borrowing requirement was raised from domestic sources, almost identical to 61.36 per cent in 2017. Treasury bonds, which accounted for 41.39 per cent of total gross borrowing during 2018, was instrumental in raising funding domestically. During the year, gross borrowing from foreign sources, which amounted to Rs. 711.8 billion (38.63 per cent of the total gross borrowing during 2018) mainly consisted of commercial loans.

TABLE 1
GOVERNMENT BORROWINGS IN 2018 (a)

Item	Original Plan (b)		Actual (c)	
	Rs. billion	%	Rs. billion	%
Net Borrowing				
Domestic	315.0	46.7	437.2	57.5
Foreign	360.0	53.3	323.5	42.5
Total	675.0	100.0	760.8	100.0
Gross Borrowing by Instrument				
Domestic	1,239.0	68.1	1,130.9	61.4
Treasury Bonds (d)	700.1	38.5	762.8	41.4
Treasury Bills (net) (d)	100.0	5.5	46.7	2.5
Sri Lanka Development Bonds & Loans from Foreign Currency Banking Units	417.8	23.0	296.5	16.1
Central Bank advances	21.1	1.2	24.9	1.4
Domestic Banks and Other Sources	-	-	-	-
Foreign	580.0	31.9	711.8	38.6
Project/Programme Loans	240.0	13.2	150.1	8.1
Commercial Loans (e)	340.0	18.7	561.7	30.5
Total	1,819.0	100.0	1,842.7	100.0

(a) Book value

(b) Net borrowings as per Budget 2018

(c) Provisional

(d) Includes Treasury bonds and Treasury bills(net) issued to non-residents

(e) Includes International Sovereign bonds and non-project loans

Sources: Central Bank of Sri Lanka
Ministry of Finance

The aggregate of actual gross borrowing in 2018 was maintained within the approved borrowing limit (with contingency provision and book value adjustment). Share of gross borrowing from domestic sources was 61.37 per cent against the planned 68.11 per cent while actual gross borrowing from foreign sources accounted for 38.63 per cent against the planned 31.89 per cent. The increase in the share of foreign financing was mainly due to issuance of ISBs in 2018.

Increase of benchmark 364-day Treasury bill yield was witnessed during the first three months of 2018. The 364 day Treasury bill rate peaked towards end December 2018 due to uncertainty

of political developments. On an annual basis PMWAYR of 91, 182 and 364-day Treasury bill issuances increased by 232 bps, 169 bps and 230 bps, respectively, in 2018 compared to 2017.

The yields on government securities in the primary market behaved orderly and adjusted downward during majority of the second half of 2018, through envisaged debt issuance strategies, regular communication with market participants, availability of foreign finances to the Government and improved market sentiments. Issuance of ISBs and conducting six SLDB auctions resulted in the decrease of PMWAYR. Further, the PMWAYR increased during the latter part of 2018.

TABLE 2
PRIMARY MARKET WEIGHTED AVERAGE YIELD RATES OF TREASURY BILLS AND TREASURY BONDS

Instrument	Per cent						
	2012	2013	2014	2015	2016	2017	2018
Treasury Bills (Days)							
91	10.72	8.95	6.58	6.32	8.26	9.10	8.40
182	12.29	9.91	6.57	6.50	9.23	9.81	8.58
364	12.14	10.65	6.73	6.60	10.20	10.07	9.67
Overall Average	11.81	10.45	6.68	6.46	9.38	9.77	9.35
Treasury Bonds (Years)							
2	11.30	-	-	7.98	11.45	11.05	-
3	11.11	10.95	-	8.32	11.58	-	10.44
4	11.58	-	-	8.68	11.87	11.54	-
5	13.32	10.95	8.78	8.63	12.16	11.53	10.33
6	11.84	10.97	-	9.19	12.01	11.36	-
7	12.50	-	-	8.99	12.18	12.94	10.37
8	14.40	11.51	9.03	9.55	12.28	11.44	11.21
9	-	11.77	9.23	-	13.07	12.91	12.16
10	14.00	11.80	10.00	9.78	12.60	11.16	11.06
12	-	12.09	-	-	13.72	-	-
15	-	12.17	10.34	10.24	-	-	10.49
20	11.00	12.19	11.32	11.20	-	-	-
30	-	12.50	11.75	11.73	-	-	-
Overall Average	12.46	11.72	10.17	9.46	12.27	11.48	10.74

(a) Net of 10% withholding tax. Effective from May 3, 2002, Government has imposed withholding tax on interest of government securities. However, effective from April 2018, Government has removed the withholding tax of 10% Source: Central Bank of Sri Lanka

TABLE 3
INCREASE IN OUTSTANDING GOVERNMENT DEBT

Description	Rs. billion		
	2016	2017	2018 (a)
Net Borrowing	640.3	733.5	760.8
Effect of Parity Variance	186.6	225.2	1,063.2
Discount Effect	71.8	-25.3	-84.8
Other	-14.7	-7.6	-74.7
Total Increase	884.1	925.7	1,664.5

(a) Provisional

Sources: Central Bank of Sri Lanka
Ministry of Finance

TABLE 4
KEY DEBT INDICATORS – END 2018

Description	2016	2017	2018 (a)
Debt (b)/GDP (c) (%)	79.3	77.6	82.9
Government Budget Deficit/GDP (c) (%)	(5.4)	(5.5)	(5.3)
Interest Cost/GDP (c) (%)	5.1	5.5	5.9
Interest Cost/Government Revenue (%)	40.6	40.2	44.4
Weighted ATM of Domestic Currency Debt (Years)	6.0	5.8	5.9
Weighted ATM of Total Debt (Years)	6.4	6.2	6.2
Share of Foreign Currency Debt to Total Debt (%)	46.8	49.6	54.0

(a) Provisional

(b) Revised

(c) Base year for GDP = 2010

Sources: Central Bank of Sri Lanka
Ministry of Finance

2.3 Sovereign Rating of Sri Lanka

During 2018, three leading international sovereign rating agencies assigned a 'stable' rating outlook for Sri Lanka. On 20 November 2018, Moody's changed its rating outlook for Sri Lanka from 'negative' to 'stable', but downgraded the credit rating from 'B1' to 'B2'. Both Standard and Poor's (S&P) and Fitch Ratings though maintained their 'stable' rating outlook for Sri Lanka during 2018, however, downgraded Sri Lanka's credit rating from 'B+' to 'B' on 4 and 21 December 2018, respectively.

2.4 Debt Level

Total Government debt at end 2018 stood at Rs. 11,977.5 billion, recording an increase of Rs. 1,664.5 billion (16.14 per cent) over the debt

stock at end 2017. Of this increase, Rs. 760.8 billion was due to net borrowings and Rs. 1,063.2 billion was due to unfavourable exchange rate movements. However, the discount effect of Treasury bills and Treasury bonds have recorded a decrease of Rs. 84.8 billion during 2018.

Domestic debt (by source) increased by Rs. 423.6 billion (7.57 per cent) to Rs. 6,018.0 billion at end 2018 from Rs. 5,594.4 billion at end 2017 while foreign debt (by source) increased by Rs. 1,240.9 billion (26.30 per cent) to Rs. 5,959.5 billion at end 2018 from Rs. 4,718.6 billion at end 2017. Further, rupee denominated debt stock of the Government increased by Rs. 241.2 billion (4.64 per cent) to Rs. 5,441.7 billion at end 2018, compared to Rs. 5,200.5 billion at end 2017. The rupee value of foreign currency

TABLE 5
OUTSTANDING GOVERNMENT DEBT (AS AT END OF YEAR 2018)

	2016	2017	2018 (a)
Outstanding Debt (Rs. billion) - By Source			
Domestic	5,341.5	5,594.4	6,018.0
Foreign (b)	4,045.8	4,718.6	5,959.5
Total	9,387.3	10,313.0	11,977.5
Outstanding Debt (Rs. billion) - By Currency			
Domestic	4,989.5	5,200.5	5,441.7
Foreign (b)	4,397.8	5,112.5	6,535.8
Total	9,387.3	10,313.0	11,977.5
Outstanding Debt (% of GDP) - By Source (c)			
Domestic	45.12	42.10	41.65
Foreign (b)	34.17	35.51	41.24
Total	79.29	77.60	82.89
Outstanding Debt (% of GDP) - By Currency (c)			
Domestic	42.14	39.13	37.66
Foreign (b)	37.15	38.47	45.23
Total	79.29	77.60	82.89

(a) Provisional

(b) Excludes outstanding loans of Projects under state owned business

Sources: Central Bank of Sri Lanka
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denominated Government debt stock increased by Rs. 1,423.3 billion (out of which Rs. 1,063.2 billion was in account of adverse exchange rate fluctuations) to Rs. 6,535.8 billion at end 2018 compared to Rs. 5,112.5 billion at end 2017.

In spite of the increase in total domestic debt stock of the Government, year on year, the share of domestic debt in total Government debt decreased to 50.24 per cent at end 2018 compared to 54.25 per cent recorded at end 2017.

TABLE 6
CHANGE IN OUTSTANDING FOREIGN CURRENCY DENOMINATED DEBT IN RUPEE TERMS - CURRENCY WISE

Currency	2016	2017	Rs. billion 2018 (a)
Special Drawing Rights	21.1	73.9	125.2
Japanese Yen	26.7	19.4	106.6
US Dollar	473.6	443.0	1131.2
Euro	2.5	24.5	17.8
Other	-282.2	112.0	-139.9
Total	241.7	672.8	1240.9
Memo: Year End Exchange Rates (Sri Lankan Rupees per Unit of Foreign Currency)			
Special Drawing Rights	201.38	217.69	253.51
Japanese Yen	1.29	1.36	1.65
US Dollar	149.80	152.85	182.75
Euro	157.87	182.49	208.99

(a) Provisional

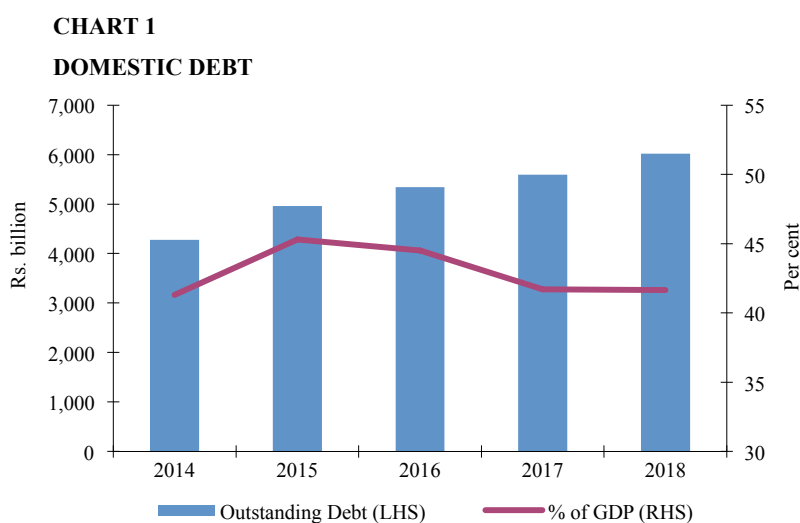
Sources: Central Bank of Sri Lanka
Ministry of Finance

Further, total domestic debt as a percentage of GDP decreased to 41.65 per cent at end 2018 from 42.10 per cent recorded at end 2017. Meanwhile, the total foreign debt (by source) as a percentage of GDP increased to 41.24 per cent at end 2018 from 35.51 per cent recorded at end 2017, partly due to adverse exchange rate fluctuations.

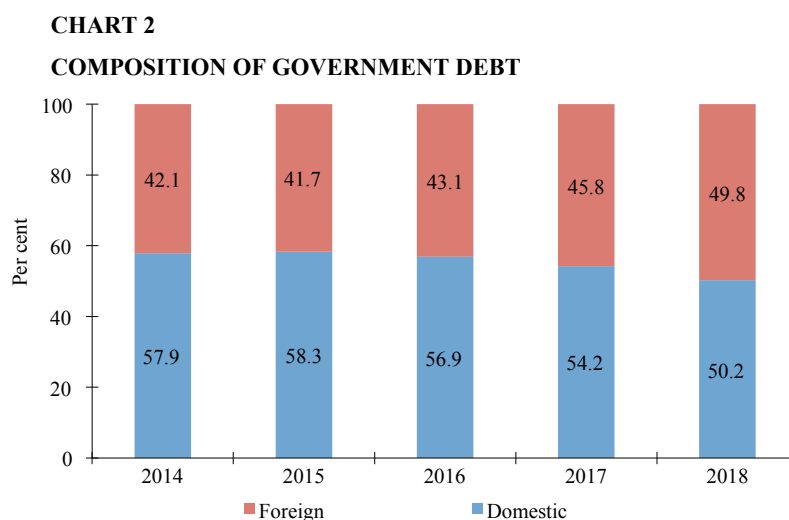
2.5 The Structure of the Public Debt Portfolio

2.5.1 Domestic Debt

In line with the debt strategy for 2018, net funds mobilised by the Central Bank of Sri Lanka through rupee denominated tradable government securities amounted to Rs. 437.2 billion. As there were no new Rupee loans issued and matured in 2018, the stock of rupee loans remained unchanged at Rs. 24.1 billion at end 2018.



2.5.2 Composition of Government Debt



2.5.3 Domestic Debt by Investor Base

The Employees' Provident Fund (EPF), National Savings Bank (NSB), insurance companies and other institutional investors continued to be the major holders of domestic debt of the Government with a holding of Rs. 3,702.7 billion (61.53 per cent) of the total domestic debt at end 2018 compared to Rs. 3,265.9 billion (58.38 per cent) at end 2017.

Banking sector, consisting of Licensed Commercial Banks (LCBs) and the Central Bank, investments in domestic debt instruments of the Government decreased by Rs. 13.2 billion (0.57 per cent) to Rs. 2,315.3 billion at end 2018 compared to Rs. 2,328.5 billion held at end 2017. The amount of domestic debt held by LCBs decreased to Rs. 2,071.2 billion at end 2018 from that of Rs. 2,119.1 billion held at end 2017. Meanwhile, holding of Treasury bonds by LCBs also decreased by Rs. 145.3 billion to Rs. 658.1 billion, in 2018.

2.5.4 Maturity Structure of the Domestic Debt Portfolio

Short-term domestic debt as a percentage of total domestic debt marginally increased to 18.62 per cent at end 2018 compared to 18.43 per cent recorded at end 2017. ATM of Treasury bonds increased to 6.9 years at end 2018 compared to 6.7 years recorded at end 2017. However, ATM of Treasury bills remained unchanged at

0.4 years in both 2017 and 2018. Overall, ATM of domestic currency debt portfolio marginally improved to 5.9 years at end 2018 compared to 5.8 years recorded at end 2017.

2.5.5 Foreign Debt

The rupee value of foreign debt (by source) increased by Rs. 1,240.9 billion to Rs. 5,959.5 billion during the year from Rs. 4,718.6 billion at end 2017. In line with the increase in the volume of foreign debt stock, total outstanding foreign debt stock (by source) as a percentage of GDP also increased to 41.2 per cent by the end of 2018 from 35.5 per cent recorded in 2017. The increase was mainly due to subdued growth of nominal GDP and unfavourable parity adjustment owing to the depreciation of the rupee against major currencies.

2.5.6 Composition of Foreign Debt

Total rupee value of outstanding foreign debt from concessional and commercial sources stood at Rs. 2,705.8 billion (45.40 per cent) and Rs. 3,253.7 billion (54.60 per cent), respectively, at end 2018. When compared with 2017, corresponding debt from concessional and commercial sources stood at Rs. 2,130.5 billion (45.15 per cent) and Rs. 2,588.1 billion (54.85 per cent), respectively. Therefore, the mix of both concessional and commercial foreign debt remained quasi identical during 2017 and 2018.

TABLE 7
DURATION AND AVERAGE TIME TO MATURITY (ATM) OF DOMESTIC CURRENCY DEBT (AS AT END OF YEAR)

Instrument	Duration (a) (Years)			Average Time to Maturity (Years)		
	2016	2017	2018 (a)	2016	2017	2018 (a) (b)
Treasury Bills	0.4	0.4	0.4	0.4	0.4	0.4
Treasury Bonds	3.9	4.1	4.1	7.1	6.7	6.9
Rupee Loans	4.3	3.8	3.2	6.1	5.1	4.1
Overall	3.3	3.6	3.6	6.0	5.8	5.9

(a) Weighted average maturity of the cash flows

(b) Provisional

Source: Central Bank of Sri Lanka

**TABLE 8.1
COMPOSITION OF FOREIGN DEBT**

Category	2017		2018 (a)	
	Total Equivalent Amount in Rupees Billion	%	Total Equivalent Amount in Rupees Billion	%
Bilateral	992.2	21.0	1,163.3	19.5
Multilateral	1,198.2	25.4	1,451.4	24.4
Sovereign Bonds	1,475.0	31.3	2,220.4	37.3
Foreign Holdings in Treasury Bills and Treasury Bonds	322.6	6.8	158.8	2.7
Other	730.6	15.5	965.6	16.2
Total	4,718.6	100.0	5,959.5	100.0

(a) Provisional

Sources: Central Bank of Sri Lanka
Ministry of Finance

**TABLE 8.2
COMPOSITION OF FOREIGN DEBT**

Category	2017		2018 (a)	
	Total Equivalent Amount in Rupees Billion	%	Total Equivalent Amount in Rupees Billion	%
Concessional	2,130.5	45.2	2,705.8	45.4
Bilateral	675.5	14.3	953.3	16.0
Multilateral	954.7	20.2	1,392.9	23.4
Other	500.3	10.6	359.7	6.0
Commercial	2,588.1	54.8	3,253.7	54.6
Sovereign Bonds	1,475.0	31.3	2,220.4	37.3
Bilateral	316.6	6.7	210.0	3.5
Multilateral	243.6	5.2	58.6	1.0
Foreign Holdings in Treasury Bills and Treasury Bonds	322.6	6.8	158.8	2.7
Other	230.3	4.9	605.9	10.2
Total	4,718.6	100.0	5,959.5	100.0

(a) Provisional

Sources: Central Bank of Sri Lanka
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Foreign investors' preference for government securities decreased considerably in 2018, similar to many other frontier and emerging market economies. Accordingly, investments in Treasury bills and Treasury bonds by foreigners decreased to Rs. 158.8 billion at end 2018 from Rs. 322.6 billion recorded at end 2017.

CHART 3

FOREIGN OUTSTANDING IN TREASURY BILLS AND TREASURY BONDS - 2016 to 2018

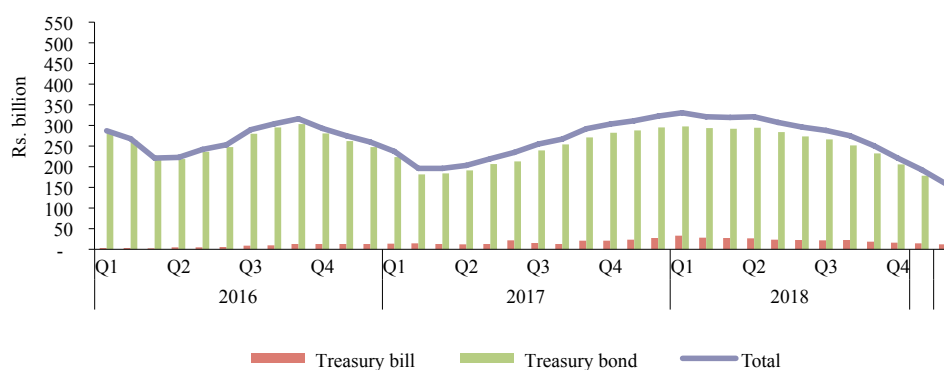


TABLE 9

MATURITY, GRANT ELEMENT & INTEREST RATES OF EXTERNAL DEBT - 2018

Category	Grace Period (Years)	Repayment Period (Years)	Grant Element (%)	Avg. Interest Rates (a) (% p.a.)
Bilateral	0 - 21	0 - 40	0 - 100	2.37
Multilateral	0 - 18	0 - 41	0 - 100	1.52
Commercial	0 - 14	0 - 30	(13) - 61	7.10
Export Credit	0 - 18	0 - 23	(12) - 100	4.98
Average				4.46

(a) Interest paid in 2018/ Disbursed outstanding debt as at end 2017

Sources: Central Bank of Sri Lanka
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2.5.7 Currency Composition of Foreign Debt

More than 93.00 per cent of the total foreign debt stock at end 2018 comprised of four major currencies viz. US dollar, Special Drawing Rights (SDR), Japanese yen and euro. In 2018, the share of SDR, Japanese yen and euro denominated foreign debt declined while the share of US dollar denominated foreign debt increased, mainly due to the higher issuance of ISBs during the year. The external debt denominated in Sri Lankan rupee decreased significantly to 2.67 per cent at end 2018 from 6.84 per cent recorded in 2017 due to decrease in foreign holdings of Treasury bills and bonds.

2.5.8 Usage of Foreign Debt

Debt raised through external sources was mainly used for the development of economic services including agriculture development. It was also deployed to bring about industrial changes and social and administrative improvements in the country. Of the total outstanding external debt at end 2018, 48.23 per cent was utilised for the development of economic services while 8.42 per cent and 1.06 per cent were utilised for the development of social services and import of commodities, respectively. Further, 15.43 per cent of total external debt was utilised for the development of transportation systems including roads and bridges and ground transport was assigned 6.05 per cent.

TABLE 10

CURRENCY COMPOSITION OF FOREIGN DEBT (AS AT END OF YEAR)

Currency	2016	2017	Per cent 2018
US Dollar	54.56	56.17	63.45
Special Drawing Rights	18.68	17.58	16.02
Japanese Yen	12.28	10.94	10.45
Sri Lankan Rupee (b)	6.43	6.84	2.67
Euro	4.54	4.41	3.79
Other	3.52	4.06	3.62
Total	100.00	100.00	100.00
Memo: Total External Debt (Rs.billion)	4,045.80	4,718.62	5,959.55

(a) Provisional

Sources: Central Bank of Sri Lanka

(b) Non-residents' investments in Treasury Bills and Treasury Bonds

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TABLE 11
USE OF EXTERNAL DEBT BY MAJOR SECTORS (a)

Economic Sector (b)	Rs. billion			
	2017	%	2018 (c)	%
1. Economic Services	2,434.02	51.58	2,874.39	48.23
1.1 Agricultural Development	199.87	4.24	233.03	3.91
Agriculture	47.26	1.00	52.55	0.88
Fishing	8.59	0.18	9.32	0.16
Forestry	5.80	0.12	6.20	0.10
Plantation	30.68	0.65	33.52	0.56
Irrigation & Related Activities	89.67	1.90	108.70	1.82
Livestock Development	17.86	0.38	22.75	0.38
1.2 Industrial/Construction	1,421.17	30.12	1,727.45	28.99
Energy	426.37	9.04	480.75	8.07
Water Supply	235.63	4.99	295.63	4.96
Industrial Development	27.12	0.57	29.03	0.49
Roads & Bridges	729.97	15.47	919.75	15.43
Other Construction	2.10	0.04	2.29	0.04
1.3 Service Sector	660.63	14.00	745.21	12.50
Telecommunications	22.04	0.47	23.05	0.39
Ports & Shipping	221.31	4.69	248.47	4.17
Ground Transport	311.42	6.60	360.52	6.05
Air Transport	39.24	0.83	41.71	0.70
Finance, Insurance, etc.	65.95	1.40	71.19	1.19
Trade	0.67	0.01	0.27	0.00
1.4 Other Economic Services	152.35	3.23	168.71	2.83
Land Development	0.60	0.01	0.68	0.01
Management & Institutional Development	21.90	0.46	25.15	0.42
Information Technology Development	10.65	0.23	12.02	0.20
Private Sector Development	53.15	1.13	57.26	0.96
Rural Development	63.71	1.35	71.01	1.19
Science & Technology	2.35	0.05	2.59	0.04
2. Social Services	420.62	8.91	502.07	8.42
Education & Training	102.78	2.18	121.38	2.04
Health & Social Welfare	68.06	1.44	81.75	1.37
Environment	36.84	0.78	44.95	0.75
Housing & Urban Development	50.90	1.08	65.14	1.09
Labour & Vocational Training	27.02	0.57	35.76	0.60
Media	0.09	0.00	0.09	0.00
Rehabilitation	83.65	1.77	97.68	1.64
Sewerage	3.09	0.07	3.34	0.06
Tsunami Rehabilitation	48.18	1.02	51.98	0.87
3. Commodities & Food	62.73	1.33	63.27	1.06
Commodities	45.24	0.96	45.16	0.76
Food	17.49	0.37	18.10	0.30
4. Other Activities	1,801.25	38.17	2,519.82	42.28
Total Outstanding Debt	4,718.62	100.00	5,959.55	100.00

(a) Based on Outstanding External Debt data recorded in Commonwealth Secretariat Debt Recording & Management System (CS-DRMS) at end December 2018. Sovereign bond issues in 2010, 2011, 2012, 2014, 2015, 2016, 2017 & 2018 and Treasury Bills and Treasury Bonds held by non-residents are recorded under other activities

(b) Excludes outstanding loans of Projects under state owned business enterprises

(c) Provisional

Sources: Central Bank of Sri Lanka
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3. Servicing Public Debt in 2018

3.1 Debt Service Payments

Central Bank of Sri Lanka continued servicing of public debt by repayment of principal and interest amounts falling due and other contractual obligations pertaining to debt obtained by the Government of Sri Lanka.

Total debt service payments made in 2018 increased significantly by 30.29 per cent to Rs. 2,088.6 billion compared to Rs. 1,603.0 billion recorded in 2017. Amortisation payments amounted to Rs. 1,236.4 billion (59.20 per cent) of total debt service payments in 2018, while interest payments amounted to Rs. 852.2 billion (40.80 per cent). In 2018, Rs. 1,561.4 billion (74.76 per cent) was paid on account of domestic debt and the remaining Rs. 527.2

billion (25.24 per cent) was paid on account of foreign debt. Total debt service payments as a percentage of government's total revenue increased substantially to 108.78 per cent in 2018 compared to 87.53 per cent recorded in 2017. Further, total debt service payments increased to 14.45 per cent of Gross Domestic Product (GDP) in 2018 from 11.95 per cent of GDP recorded in 2017, reflecting a 30.29 per cent increase in total debt service payments in nominal terms.

3.2 Amortisation of Debt

Total debt amortisation payments increased considerably by 42.52 per cent to Rs. 1,236.4 billion in 2018 from Rs. 867.5 billion in 2017, mainly due to the substantial increase in

TABLE 12
DEBT SERVICE PAYMENTS

Category	Rs. billion	
	2017	2018 (a)
Domestic	1,213.5	1,561.4
Principal Payments (b)	642.9	921.9
Interest Payments (c)	570.6	639.5
Foreign (d)	389.6	527.2
Principal Payments (e)	224.6	314.5
Interest Payments (f)	164.9	212.7
Total Payments	1,603.0	2,088.6

(a) Provisional

Sources: Central Bank of Sri Lanka

(b) Excludes Treasury Bond payments to non-residents

(c) Excludes Treasury Bills & Treasury Bond interest payments to non-residents

(d) Excludes debt service payments on SOE

(e) Includes Treasury Bond payments to non-residents

(f) Includes Treasury Bills & Treasury Bond interest payments to non-residents

amortisation payments of Treasury bonds and Sri Lanka Development Bonds (SLDBs). Total amortisation payments as a percentage of total revenue of the government increased to 64.39 per cent in 2018 from 47.36 per cent recorded in 2017. Payments made on domestic debt represented 74.56 per cent (Rs. 921.9 billion) of total amortisation payments during the year. The balance Rs. 314.5 billion (25.44 per cent) represented payments made on foreign debt. Accordingly, total amortisation payments as a percentage of GDP increased to 8.56 per cent in 2018 against 6.46 per cent in 2017.

3.2.1 Amortisation of Domestic Debt

Amortisation payments of domestic debt increased by Rs. 279.0 billion (43.40 per cent) to Rs. 921.9 billion in 2018 from Rs. 642.9 billion recorded in 2017, reflecting an increase in amortisation payments of all domestic debt instruments. The increase was largely driven by considerably higher repayment of Treasury bonds and SLDBs. Amortisation payments of Treasury bonds increased by 40.92 per cent to Rs.501.5 billion in 2018 from Rs. 355.9 billion in 2017 while such payments of SLDBs increased by 27.46 per cent to Rs. 363.6 billion in

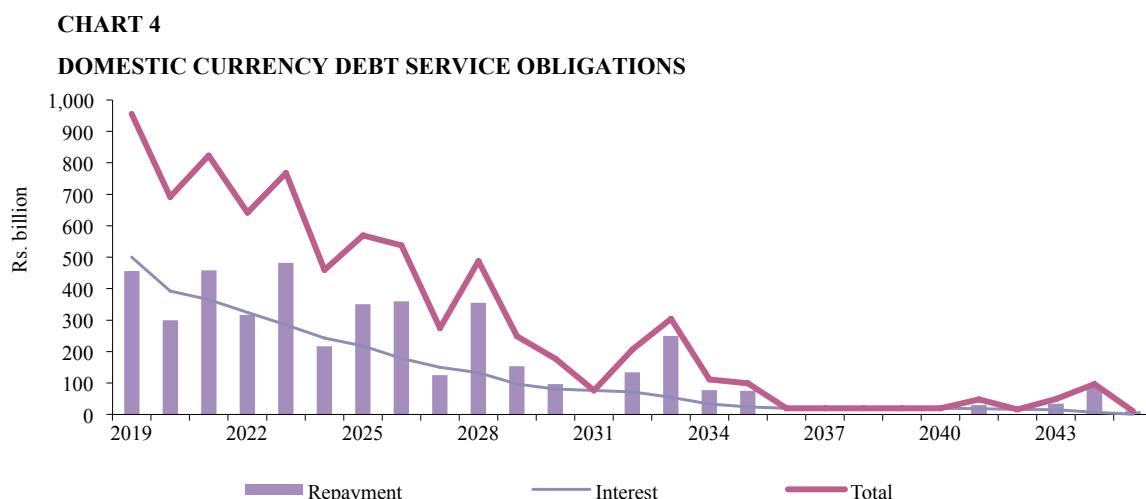


TABLE 13
AMORTIZATION OF DEBT

Source/ Instrument	2016	2017	2018
Domestic Debt	572.4	642.9	921.9
Treasury Bonds (b)	245.6	355.9	510.0
Rupee Loans	-	-	-
Foreign Currency Banking Unit Loans	8.7	1.8	47.8
Sri Lanka Development Bonds	317.5	285.2	363.6
Other Domestic	0.61	-	0.57
Foreign Debt (c)	169.1	224.6	314.5
Treasury Bonds held by Foreigners	23.8	5.1	7.5
Sovereign Bonds	-	-	-
Other	145.3	219.5	307.0
Total Amortization Payments	741.5	867.5	1,236.4

(a) Provisional

Sources: Central Bank of Sri Lanka

(b) Excludes Treasury bond interest payments to non-residents

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(c) Includes Treasury bond interest payments to non-residents and Excludes debt service payments on SOEs

2018 from Rs. 285.2 billion in 2017. Moreover, amortisation payments on Off-shore Banking Unit (OBU) loans and SLDBs increased significantly to Rs. 47.8 billion year on year, due to maturing of Treasury bonds and SLDBs and repayment of loans obtained through OBUs and the Foreign Currency Term Financing Facility (FCTFF).

3.2.2 Amortisation of Foreign Debt

Rupee value of total amortisation payments on account of foreign debt amounted to Rs. 314.5 billion in 2018, an increase of Rs. 89.9 billion (40.01 per cent), compared to 2017.

Amortisation payment on account of Treasury bonds held by foreign investors increased by

CHART 5

FOREIGN CURRENCY DEBT SERVICE OBLIGATIONS

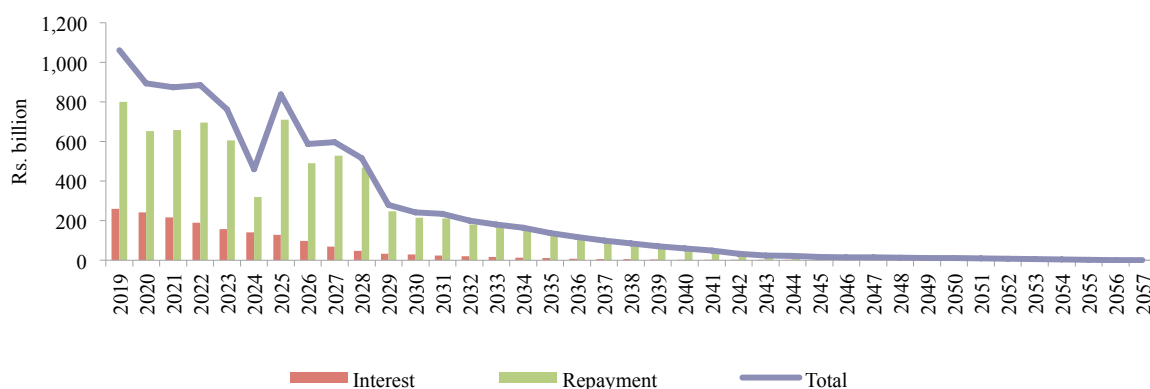


TABLE 14
TREASURY BILLS PRIMARY AUCTION WEIGHTED AVERAGE YIELD RATES (a)

Period	End December 2017	2018				Per cent
		End Quarter 1	End Quarter 2	End Quarter 3	End Quarter 4	
		91 Days	7.69	8.17	8.32	8.56
182 Days	8.30	8.52	8.85	8.60	9.99	
364 Days	8.90	9.69	9.39	9.51	11.20	

a) WAYR of each quarter end Treasury bill auction issue with each maturity

Source: Central Bank of Sri Lanka

TABLE 15
PRIMARY MARKET WEIGHTED AVERAGE INTEREST COST ON DOMESTIC BORROWING (a)

Instrument	2016	2017	Per cent
			2018 (c)
Treasury Bills	9.38	9.77	9.35
Treasury Bonds	12.27	11.48	10.74
Rupee Loans (b)	-	-	-

(a) Weighted average interest cost = $\sum(\text{Amount issued} * \text{Yield}) / \text{Total amount issued}$

Source: Central Bank of Sri Lanka

(b) No new rupee loans were issued in 2015,2016,2017

(c) Net of 10% withholding tax. Effective from May 3, 2002, Government has imposed withholding tax on interest of government securities. However, effective from April 1, 2018, Government has removed the withholding tax of 10%

TABLE 16
INTEREST COST ON PUBLIC DEBT

	Rs. billion		
Source/ Instrument	2016	2017	2018 (a)
Domestic Debt	484.2	570.6	639.5
Treasury Bills (b)	78.8	81.3	74.5
Treasury Bonds (c)	356.8	438.2	501.5
Rupee Loans	2.9	2.9	2.9
Loans from Foreign Currency Banking Units	1.7	2.4	4.8
Sri Lanka Development Bonds	33.4	33.8	41.0
Other Domestic (d)	10.6	12.1	14.9
Foreign Debt (e)	126.7	164.9	212.7
Total Interest Cost	610.9	735.6	852.2

(a) Provisional

Sources: Central Bank of Sri Lanka

(b) Excludes Treasury bill interest payments to non-residents

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(c) Excludes Treasury bond interest payments to non-residents

(d) Includes interest on overdraft facility taken from Commercial Banks, administrative borrowings etc

(e) Includes Treasury bill and Treasury bond interest payments to non-residents and Excludes debt service payments on SOEs

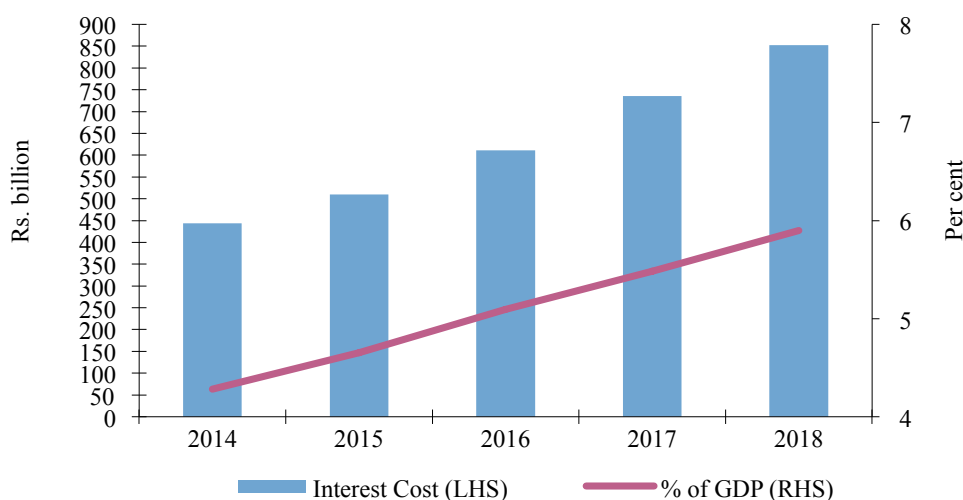
Rs. 2.4 billion to Rs. 7.5 billion in 2018 from Rs. 5.1 billion in 2017. As in 2017, there were no amortisation payments of International Sovereign Bonds (ISBs) during 2018. Higher repayment of project and term loan facilities and the depreciation of rupee against major foreign currencies led to the increase in other foreign debt amortisations by Rs. 87.5 billion (39.87 per cent) to Rs. 307.0 billion, in 2018.

3.3 Interest Cost

Total interest cost on public debt increased by Rs. 116.6 billion (15.86 per cent) to Rs. 852.2 billion in 2018, compared to Rs. 735.6 billion recorded in 2017, due to increased domestic and foreign interest payments partly resulted from adverse exchange rate fluctuations. The total interest cost on public debt as a percentage of GDP increased to 5.90 per cent in 2018 from

CHART 6

TOTAL INTEREST COST



5.48 per cent in 2017. Further, the expenditure on payment of interest on public debt increased to 44.39 per cent of the total government revenue in 2018 compared to 40.16 per cent in 2017.

3.3.1 Interest Cost on Domestic Debt

Interest payments on domestic debt increased by 12.07 per cent to Rs. 639.5 billion in 2018 from Rs. 570.6 billion in 2017. High domestic interest payments were mainly due to increase in interest payments on Treasury bonds reflecting increased issuances and the increase in outstanding domestic debt stock by 7.57 per cent (Rs. 423.6 billion). Interest payments on Treasury bonds increased by 14.45 per cent to Rs. 501.5 billion in 2018 from Rs. 438.2 billion in 2017 while interest payments on Treasury bills decreased by 8.31 per cent to Rs. 74.5 billion in 2018 compared to Rs. 81.3 billion in 2017. Treasury bond and Treasury bill interest payments accounted for 78.42 per cent and 11.65 per cent of the total domestic debt interest payments in 2018, respectively.

3.3.2 Interest Cost on Foreign Debt

Total interest payments on foreign debt increased substantially by Rs. 47.8 billion (28.96 per cent) to Rs. 212.7 billion in 2018 from Rs. 164.9 billion in 2017, mainly due to the increase in the stock of both non-concessional and concessional foreign borrowings, higher interest payments on foreign commercial borrowings and the

depreciation of the rupee against major foreign currencies. Nonetheless, the stock of non-concessional loans including commercial loans increased by 25.72 per cent while the stock of concessional loans increased by 27.01 per cent year on year. Interest payments on foreign debt in rupee terms increased as a result of the depreciation of the rupee against major foreign currencies during the year.

3.4 Future Debt Service Obligations

The continuation of extending the maturity structure of government securities including the issuance of longer maturity Treasury bonds in the domestic market enabled the government to further re-align its debt service obligations in 2018. The improvements made to the maturity profile of the domestic debt is reflected by the spreaded-out future domestic currency debt service obligations, that is expected to mature over the medium-term horizon. The distribution of foreign currency denominated debt obligations across longer maturities was also considered during 2018 amidst the volatile interest rates environment in international capital markets by issuing a higher volume in 10 year ISBs in 2018. Appropriate strategies to manage total cost of repayments and interest payments of foreign debt were consistently evaluated within the overall public debt service payments across the medium term.

4. Market Operations in 2018

4.1 Overview

Discharging its statutory responsibility as the agent of the Government for management of public debt in terms of the Section 113 of the Monetary Law Act, the Central Bank of Sri Lanka implemented the Government's borrowing programme for 2018. When implementing the borrowing programme, the Central Bank ensured that funds were raised at the lowest possible cost and a prudent degree of risk, subject to market conditions prevailed at that time. To this end, the Central Bank issued several tradable debt instruments, namely Treasury bills, Treasury bonds and Sri Lanka Development Bonds (SLDBs) in the domestic market and International Sovereign Bonds (ISBs) in the international capital market within the overall borrowing limit specified under the Appropriation Act, No. 30 of 2017. The External Resources Department of the Ministry of Finance raised external loan facilities by way of project loans, commodity loans and syndicated financing facilities during the year.

In April 2018, the Central Bank reduced its Standing Lending Facility Rate (SLFR) by 25 basis points to 8.50 per cent. In November 2018, the two policy rates of the Central Bank, the Standing Deposit Facility Rate (SDFR) and SLFR, were increased by 75 basis points and 50 basis points to 8.00 per cent and 9.00 per cent, respectively, while reducing the statutory

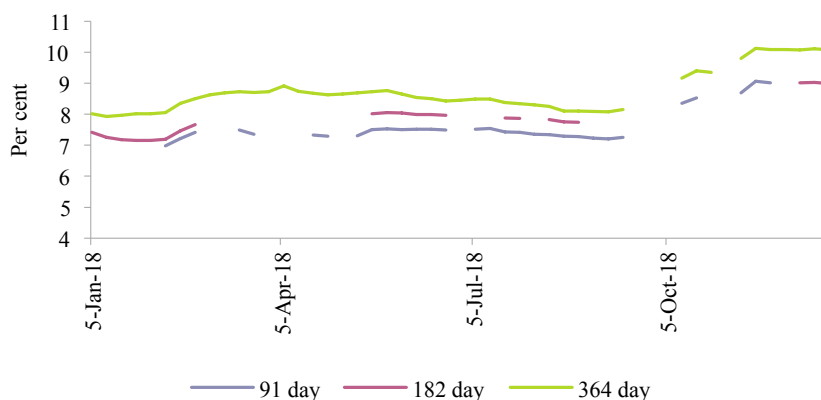
reserve requirement by 150 basis points to 6.00 per cent, thus neutralising the tightening impact of the policy rate increase. Reflecting the Government's increased funding requirement and the delay in realisation of envisaged foreign financing receipts, an increasing trend was observed in the Government securities primary market yield rates during the first quarter of 2018. Positive market sentiment that prevailed with the receipt of the ISB proceeds in April 2018 was somewhat dampened by the net outflow of foreign investments from the government securities market mainly due to tight global financial conditions. As a result, the yield rates of the government securities primary market did not adjust downwards but remained mainly at levels, until September 2018. However, due to continued net outflow of foreign investments coupled with tight liquidity conditions and increased uncertainty emanating from political developments, an upward pressure was observed on the yield rates during the fourth quarter of 2018.

4.2 Primary Market for Treasury Bills

Treasury bills continued to be used as the key debt instrument by the Government to manage short-term cash-flow requirement through issuance of three standard maturities (91-day, 182-day and 364-day).

CHART 7

TREASURY BILL PRIMARY MARKET WEIGHTED AVERAGE YIELDS



In aggregate, Rs. 1,653.3 billion, on a face value basis, was mobilised through the issuance of Treasury bills in 2018 compared to Rs. 1,624.3 billion in 2017. The face value of outstanding Treasury bills at end 2018 was amounted to Rs. 758.8 billion in comparison to Rs. 724.7

points, respectively, on a net basis, during 2018. Accordingly, as at end 2018, the PMWAYRs of 91-day, 182-day and 364-day maturity Treasury bills were recorded at 10.01 per cent, 9.99 per cent and 11.20 per cent, respectively.

TABLE 17
TREASURY BILLS PRIMARY MARKET WEIGHTED AVERAGE YIELD RATES (a)

Period	End December 2017	2018				Per cent
		End Quarter 1	End Quarter 2	End Quarter 3	End Quarter 4	
91 Days	7.69	8.17	8.32	8.56	10.01	
182 Days	8.30	8.52	8.85	8.60	9.99	
364 Days	8.90	9.69	9.39	9.51	11.20	

a) WAYR of each quarter end Treasury bill auction issue with each maturity

Source: Central Bank of Sri Lanka

billion recorded at end 2017. Further, 51 weekly Treasury bill auctions were conducted by the Central Bank in 2018.

The Treasury bill Primary Market Weighted Average Yield Rates (PMWAYRs), which increased in the first quarter returned to stable levels during the second and third quarters and increased again towards the latter part of the year. Compared to the levels prevailed at end 2017, the yield rates of 91-day, 182-day and 364-day maturity Treasury bills increased by 232 basis points, 169 basis points and 230 basis

4.3 Primary Market for Treasury Bonds

During the year, 11 Treasury bond auctions offering multiple maturities in the range of 2-15 years were conducted, where the PMWAYR for Treasury bonds ranged between 9.44 per cent and 12.23 per cent. Meanwhile, as at end 2018, there were 59 outstanding Treasury bond series.

The Average Time To Maturity (ATM) of Treasury bond portfolio increased to 6.9 years at end 2018 from 6.7 years reported at end

2017. Further, existing Treasury bond series were continued to be re-opened during 2018 at opportune times with the intention of increasing the liquidity of the benchmark Treasury bond series available in the market. This strategy also contributed to the improvement of secondary market activities.

Meanwhile, improved predictability and discipline instilled by the new Treasury bond auction system introduced in July 2017 coupled with the prudent debt management strategies adopted by the Central Bank, helped easing the pressure on interest rates in the domestic market. Accordingly, the PMWAYRs of Treasury bonds issued in 2018 declined significantly by 77 basis points to 10.74 per cent compared to that of 11.51 per cent recorded in 2017.

4.4 Sri Lanka Development Bonds

Funds raised through the issuances of SLDBs in 2018 amounted to US dollar 1,492.1 million. The funds raised, enabled the Central Bank to successfully manage both issuance arrangements and yield rates of other domestic debt instruments. The US dollar denominated SLDBs were issued at floating and fixed rates prevailed at the time of such issuances. These SLDB issuances coupled with the successful issuance of 5-year and 10-year maturity ISBs amounting to US dollar 1,250 million each, at yield rates of 5.75 per cent and 6.75 per cent, respectively, in April 2018, paved way for effective implementation of strategies formulated for an orderly domestic debt market, resulting in a low and stable domestic interest rate environment.

Meanwhile, the outstanding SLDB stock decreased to US dollar 3,361.0 million at end 2018 compared to US dollar 4,173.2 million

recorded at end 2017. Licensed Commercial Banks (LCBs) were the main investors of SLDBs and the majority of such investments were held to maturity by these banks.

4.5 Secondary Market Yield Rates

In line with the developments observed in primary market yield rates during the year, an upward adjustment was observed in the secondary market yield rates as well. Accordingly, as per indicative quotes reported by primary dealers, compared to end 2017, 91-day, 182-day and 364-day secondary market Treasury bill yields increased by 199 basis points, 167 basis points and 202 basis points, respectively, by end 2018.

Secondary market yields of medium to long-term Treasury bonds also showed an upward adjustment in line with the movement of yield rates of short term government securities in the secondary market. Accordingly, compared to end 2017, the secondary market yields of 2-year, 5-year, 8-year and 10-year maturity Treasury bonds increased by 179 basis points, 162 basis points, 161 basis points and 172 basis points, respectively, by end 2018.

Reflecting the tight global financial conditions prevailed in 2018 as well as the impact of normalisation of the interest rates in the United States on emerging market economies, including Sri Lanka, a net outflow of foreign investments in Treasury bills and Treasury bonds of US dollar 990.0 million was recorded in 2018, compared to the net inflow of US dollar 440.6 million recorded in 2017. Accordingly, the outstanding foreign holdings of Treasury bills decreased to Rs. 11.9 billion as at end 2018 compared to Rs. 27.6 billion recorded at end 2017, while, Treasury bonds owned by foreign investors also

recorded a decline where the foreign holdings decreased to Rs. 146.9 billion at end 2018 compared to Rs. 295.1 billion recorded at end 2017.

Total transaction volume of government securities (Treasury bills and Treasury bonds) on an outright basis during 2018 was recorded at Rs. 6,328.6 billion compared to Rs. 4,633.8 billion recorded in 2017.

5. The Medium-Term Debt Management Strategy 2019 - 2023

5.1 Overview

The Medium-Term Debt Management Strategy (MTDS) of a country provides a framework for a prudent borrowing programme that is intended to be executed over the medium-term with the objective of maintaining public debt at a sustainable level. Also, the MTDS facilitates to make informed choice on how the government's financing requirement is to be met under a given set of constraints and potential risks. Further, this is a rolling plan for the period under consideration.

The aim of developing MTDS for Sri Lanka is to map out a clear debt management policy with quantitative targets. The strategy thereby creates a framework for debt management measures, and its principal objective is to ensure that the government's financing needs and payment obligations are met at the lowest possible cost with a prudent degree of risk, in line with the Annual Budget of the Government and the medium-term policy direction announced by the Central Bank and the Medium Term Fiscal Framework (MTFF) of the Ministry of Finance (MoF).

The MTDS for 2019-2023, which is a rolling plan, articulates the Government's strategies for managing the public debt over the next five years within the defined overall profile of risk parameters. In formulating MTDS, particularly

considerations such as potential variation in debt servicing costs and its budgetary impact, linkages with other key improvements in debt sustainability and the need for the development of the domestic debt markets were factored. The MTDS eventually aims at containing risks to the Government's balance sheet while minimizing the potential public debt-related burden and maximizing resource availability for other sectors of the economy.

Accordingly, with the assistance of the International Monetary Fund (IMF) and the World Bank (WB), the Central Bank and the MoF jointly developed a MTDS for the country and published the same in the Central Bank website. MTDS is mainly focused on containing the foreign currency debt as a share of total debt, improving the Average Time to Maturity (ATM) of the foreign currency debt portfolio, and limiting the debt maturing in 1 year by end-2023. The strategy takes into account the changes in local and global economy and reflects current developments while enunciating, on an ongoing basis, of the required adjustments in implementing overall targets stipulated in MTDS. However, the underlying debt management targets stipulated in the current MTDS is subject to an ongoing review in line with future macroeconomic and external sector developments.

5.2 Stated objectives of the MTDS 2019-2023

The primary objective of MTDS is to ensure that the government's financial needs are met at the lowest possible cost with a prudent level of risk over the medium term. In addition, the following secondary objectives are defined in MTDS to facilitate the primary objective.

- (a) Evaluating and managing the risks involved in different debt compositions;
- (b) Facilitating coordination with fiscal and monetary management;
- (c) Enhancing the transparency in public debt management;
- (d) Enhancing the efficiency and competition of the primary market for government securities;
- (e) Broadening and deepening of the secondary market for government securities;
- (f) Diversification of investor and instrument base;
- (g) Enhancing the efficiency of the secondary market by developing a dynamic benchmark yield curve across the term structure;
- (h) Enhancing debt dynamics;
- (i) Publishing a Treasury bond and Treasury bill issuance/ settlement calendar on a rolling basis; and
- (j) Upgrading the infrastructure of the domestic debt market supported by an e-trading platform together with a central clearing arrangement.

5.3 Expected benefits of the MTDS

The following benefits are expected to be accrued through implementation of MTDS.

5.3.1 Evaluating the cost-risk trade-off

The MTDS evaluates costs and risks associated with various strategies available for financing the Government's borrowing requirement and recommends the appropriate strategy to manage sustainable debt portfolio for the country. Further, clearly defined MTDS would avoid the possibility of making one sided decisions on the basis of the cost while compromising on risk parameters.

5.3.2 Identifying and managing risks

Despite limited alternative financing sources for meeting the government borrowing requirement, MTDS allows the Central Bank, to identify, estimate and monitor risks associated with such alternative funding sources. Identification of risks associated with alternative financing options on a proactive basis, provides the Central Bank an opportunity to put in place an appropriate risk mitigating mechanisms to reap the benefits of such alternatives and manage risk implications.

5.3.3 Coordination

The MTDS facilitates proper coordination of debt management in line with fiscal policy, monetary policies and other macroeconomic variables. The MTDS framework allows understanding the constraints, including domestic debt market developments and balance of payment issues. Such smooth policy coordination allows each agency to focus more clearly on its core objectives to achieve transparency and

accountability on public debt management of the country, without compromising on respective policy considerations.

5.3.4 Identification of constraints

The MTDS allows the Central Bank to identify constraints that affect its primary objective as fiscal agent of the Government well in advance, so that suitable remedial measures can be formulated and implemented to ease-off such constraints in collaboration with the MoF.

5.4 MTDS and the macroeconomic framework

Consistency between MTDS and the overall macroeconomic framework need to be ensured to accomplish specified MTDS targets. It is also imperative that the interlinkages and feedback effects are well articulate and that coordination mechanisms are in place. These interlinkages are likely to be more significant for developing and emerging market countries, partly due to underdeveloped domestic debt markets, and partly due to capacity constraints and relatively weak institutional setting. In this circumstance, close coordination is vital to ensure that the overall policy mix is sustainable.

The key interlinkages between MTDS and other key policy areas, also indicating how cost risk analysis is used to pull this information together and inform the choice of MTDS:

- **MTDS and fiscal planning and debt sustainability** - The level of debt financing required for a financial year is mainly determined by the fiscal policy of the country. Therefore, MTDS should be formulated within a fully operational MTF.

- **MTDS and monetary policy** - The Monetary policy regime, the instruments used for monetary policy operations, the institutional setting, as well as the credibility of the monetary policy, all have important implications for MTDS.
- **MTDS, exchange rate policy and balance of payments** - The exchange rate policy, the balance of payments trends and subsequent developments in the real exchange rate may have consequences for MTDS. Accordingly, debt servicing may spike if the exchange rate is volatile. In general, borrowing in foreign currencies requires a good understanding of balance of payments trends and coordination with exchange rate policies.
- **MTDS and the development of domestic debt markets** - The trade-offs between domestic borrowing and the foreign borrowing is always capped by the level of development observed in the domestic debt market and the private sector crowding out considerations. The MTDS helps to identify key challenges in this area and formulate strategies to address those challenges.
- **MTDS and annual borrowing plan** - An annual borrowing plan should be developed, consistent with the MTDS and taking account of the underlying volatility in government cash flows. The borrowing plan helps to operationalize the MTDS. The specifics on size and timing of new borrowing are determined in conjunction with the forecast of cash needs given the expected implementation of the annual budget, and taking in to account of any specific market characteristics or creditor

behavior, and objectives of regular and stable issuance in the domestic market.

The MTFE of the Government, as articulated in 2019 budget, is designed to further strengthen the fiscal consolidation process by reducing the budget deficit and improving the Government debt profile. The fiscal consolidation programme aims to reduce fiscal imbalances and decelerate debt accumulation. The Government aims to reduce the budget deficit in the medium-term, expecting a primary surplus and to reduce budget deficit to 3.2 per cent of the Gross Domestic Product (GDP) in 2023, to reduce the debt stock gradually to around 82.6 per cent of GDP by 2019, and further to around 71.2 per cent of GDP by 2023. Further, continuation of fiscal consolidation efforts together with institutional reforms to eliminate deep-rooted structural issues in the fiscal front and policy stability in fiscal operations are imperative to reinforce fiscal sustainability in Sri Lanka over the medium term.

5.5 Implementation of the MTDS 2019 – 2023

5.5.1 MTDS targets

The primary objective of MTDS is to ensure that the government's financial needs are met at the lowest possible cost with a prudent level of risk over the medium term. Based on the main objective, some key risk areas have been identified and given priority when developing MTDS in 2019. Such risks are identified as refinancing risk, interest rate risk and exchange rate risk. The Government is of the view that quantitative targets will facilitate a more sustainable and a predictable debt strategy

independent of political or other exogenous impacts. Once targets for a set of risk indicators have been established, they help to more clearly to communicate objectives like “risk” and “cost,” and the tradeoffs between them. Quantitative targets allow also for clear comparisons versus the realizations of the underlying indicators.

Accordingly, specific MTDS targets have been set to mitigate the above risks in the medium term. However, the underlying debt management targets stipulated in the current MTDS is subject to periodical reviews in line with future macroeconomic developments.

The key debt portfolio risk for Sri Lanka are foreign exchange and refinancing risks. Foreign currency denominated debt as a percent of total debt, the ATM of the foreign currency debt portfolio and the amount of debt maturing within a year as a percent of total debt were therefore selected as the debt management targets to be achieved by end-2023.

The targets, for 2019-2023, as set out in the MTDS are as follows.

5.5.2 Cost and risk of the MTDS

The proposed strategy has been developed to achieve the set targets identified under the MTDS within the stipulated time period. Therefore, the strategy has been designed to mitigate the foreign currency risk and the maturity risk of the debt portfolio over the period from 2019-23. It reduces the share of annual gross borrowings over time so that foreign currency share of the total debt stock reaches a sustainable level, while maintaining an acceptable level of ATM of the foreign currency debt and reducing the debt maturing in a year. The strategy aims to

TABLE 18**KEY DEBT MANAGEMENT TARGETS**

Indicator	2018	As at end 2023
Ratio of Foreign Currency Debts to Total Debts (%)	54.0	54.0
Average Time to Maturity of Foreign Currency Debt (years)	6.6	6.6
Debt maturing within a year (percent of total debt)	16.4	15.7

Source: MoF and Central Bank

contain the exposure to foreign currency risk over the medium term by keeping the share of foreign currency borrowings at 2018 levels.

Under the proposed MTDS the share of debt maturing within a year is expected to decrease over the next 5 years while ATM of the foreign currency debt remains at the current (2018) level. Re-directing the debt portfolio from foreign currency to domestic currency debt needs to be in line with further development of the domestic currency market as well as enhanced foreign inflows. This limits the ability to implement very large changes in financing framework in the medium term. The expected decline in the share of debt maturing within a year is largely due to the increase in issuances of long tenor instruments in the medium term.

5.4.3 Strategy implementation

The success of MTDS solely depends on the achievement of the targets set therein. However, the implementation of the proposed strategy will be challenging as it requires a credible commitment from the Government to ensure the envisaged path for primary surplus and economic growth are achieved. Downside risks could materialize with sharp depreciation of the rupee against foreign currencies in an environment where the potential growth is greater than the

actual growth, owing to short-term capital outflows and a rise in import expenditure. Further, the impact on the balance of payments emanating from the lack of a robust growth in non-debt creating inflows such as exports and Foreign Direct Investments (FDIs) with lower than expected foreign currency earnings from other economic activities may severely affect the exchange rate and the macro-economic framework therein, creating significant pressure on the implementation of the MTDS.

The MTDS will be implemented with the collaboration of the Central Bank, the MoF and any other relevant agencies. They will implement, monitor, evaluate and revise the MTDS periodically.

5.6 Issues and challenges of implementing MTDS

5.6.1 Lack of dynamism of the benchmark yield curve for Government securities

A dynamic benchmark yield curve is an essential element for a well-functioning secondary market for government securities and other financial instruments. Frequent issuance of long term benchmark bonds and re-issuances of existing securities have improved market liquidity. However, due to its segmented nature and lower volumes of transactions in the secondary

market for long term maturities, the dynamism in the secondary market on the longer-end of the benchmark yield curve is a concern.

5.6.2 Lack of secondary market participation due to liquidity requirements

Since 2004, the settlement of government securities transactions in the secondary market have been made through Scripless Securities Settlement System (SSSS) and Real Time Gross Settlement System (RTGS). These systems employ, a Delivery Versus Payment Model-1 (DVP-1) settlement mechanism that settles each security and payment instruction individually, irrevocably on real time basis, using funds and securities in the participants' settlement account and securities accounts held in the RTGS and SSSS, respectively. Accordingly, each secondary market transaction in government securities is required to be settled bilaterally and on gross basis, where market participants are expected to maintain substantial amounts of liquidity in both security and rupee terms to effect the transactions. As a result of this liquidity requirements, it hinders the growth of transaction volumes of government securities in the secondary market.

5.6.3 Lack of effective cash flow forecasting and cash balance management of the Government

Although, the Government prepares cash flow forecasts and deals with cash balance management practices, a timely information on the aggregate level of overnight cash balances and the accuracy of such information is essential for the formulation of an efficient borrowing

programme. Furnishing accurate and timely forecasts on government cash flows and the end-of-day balances would enhance efficiency of the MTDS.

5.6.4 Decrease of concessional and project related external loan disbursements

In recent years, Sri Lanka has witnessed a steady decline in the borrowings with concessional terms due to the increase in the per capita income of the country with the graduation to an upper middle income country. Therefore, Sri Lanka will not be eligible for new concessional borrowings and this may increase reliance on commercial external borrowing in the future.

5.6.5 Increased foreign currency denominated debt maturities

Extensive foreign currency borrowings in recent years, especially the increase in international commercial borrowings have intensified foreign currency risk. Further, continuous issuance of short to medium term foreign currency debt securities such as International Sovereign Bonds (ISBs) and Sri Lanka Development Bonds (SLDBs) will increase bunching of maturities in short to medium term horizon. Increased borrowing from international financial markets will increase the annual interest payment liability and will result in increasing pressure on the country's balance of payments and external reserves. Similarly, comparatively high level of foreign currency denominated debt along with flexible exchange rates may expose the public debt portfolio to exchange rate and interest rate risks provided both exchange rates and interest rates move against the Government of Sri Lanka.

5.7 Measures taken to address the issues and challenges of implementing MTDS

5.7.1 Standardization of market regulations and other legal documents

The Central Bank has already identified the importance of amending the existing legal framework and market regulations governing the public debt management of the country and measures have been taken to amend the existing Registered Stocks and Securities Ordinance and Local Treasury Bills Ordinance to be on par with current market developments. These initiatives will enhance transparency, market liquidity, safety of investors and improve the overall efficiency of the public debt management.

5.7.2 Enhancing market transparency through system reforms

In order to enhance the market transparency and create more predictability in the auctioning process, the the Central Bank has started conducting pre-bid meetings on forthcoming Treasury bond auctions and publishes an auction calendar in concurrence with the MoF, informing the market on future Treasury bond issuances on quarterly rolling basis. Accordingly, the Central Bank issues benchmark maturities of Treasury bond in 2 year, 5 year, 8 year and 10-year tenures through regular auctions according to the published auction calendar. Also, the Central Bank ensures the issuance of benchmark maturities at regular intervals to facilitate an active and liquid government securities market. Further, the Central Bank introduced a new primary issuance system for Treasury bonds replacing the fully auction based issuance system for Treasury bonds that has been in practice

since February 2015. The main objective of introducing the new Treasury bond system was to further improve the efficiency of the process of funding the Government at the least possible cost while maintaining the transparency of the financing arrangements.

5.7.3 Conducting of liability management activities

The Parliament approved the Active Liability Management Act (ALMA) in March 2018 and this will enable the Government of Sri Lanka (GOSL) to proactively address part of the refinancing requirements ahead of time (reduce rollover peaks) and extend the maturity duration and / or smoothen repayments structure of ISBs and other debt maturities. In general, liability management will help GOSL to diversify the investor base, provide opportunities to streamline cost of borrowing based on market conditions, extend the duration of the liability portfolio, reduce refinancing risk in near term and create a favorable price tension for any new issuances. Further, the ALMA would enable the Central Bank to initiate liability management exercises in the domestic and foreign market in the form of building buffers, switching, buy-backs, pre-funding, reverse auctions. The Central Bank in consultation with the MoF will initiate necessary actions to implement liability management on future debt obligations.

5.7.4 Establishing Electronic Trading Platform (ETP) and Central Counterparty Settlement System (CCP)

In order to deepen and broaden the secondary market for government securities, preliminary measures have been taken by the Central Bank to establish a distinct ETP and CCP arrangement

for government securities. The effective debt instruments in the secondary market with implementation of ETP and CCP will establish a view to enhance transparency and reduce a mechanism to disseminate information on asymmetrical information risk.

6.

Risk Management in Public Debt and Sustainability of External Debt

6.1 Risk Management in Public Debt

Public debt management in Sri Lanka has become one of the key policy priority in recent years due to increasing debt stock and debt service component of Government expenditure. Risk management of the Government debt portfolio needs to go beyond passive risk mitigation strategies and explore active means of cost and risk mitigation. The public debt portfolio should be managed prudently, considering its impact on budgetary allocations of the Government, bunching issues of the debt stock and sustainable maintenance of public debt.

Public debt management needs to be aligned with the Government's medium-term macro fiscal framework. A robust mechanism of risk management contains predetermined risk tolerance limits and portfolio preference, measurement, monitoring, independent risk identification and reporting by the Middle Office (MO) of Public Debt Department (PDD) consistent with internationally accepted best practices and norms.

6.2 Risks Pertaining to the Public Debt Portfolio

During the year, Central Bank continued its efforts to manage refinancing (rollover risk) and market (exchange rate and interest rate) risks of the public debt portfolio within reasonable

levels. Impact of other risks such as liquidity risk, legal risk, operational risk and reputational risk have been also factored into the risk management framework with appropriate risk mitigation strategies during the year.

6.3 Analysis of the Risk Profile of the Public Debt Portfolio

6.3.1 Refinancing Risk: Refinancing or rollover risk is the likelihood that the reissue of existing debt would be at an unusually high cost or, in the extreme case, cannot be reissued at all.

The Average Time to Maturity (ATM) and the ratio of short-term debt to total outstanding debt are two widely used indicators to measure refinancing risk of a debt portfolio and considered by the Central Bank when assessing refinancing risk of Government debt. Risk tolerance levels of these indicators are specified in the Medium-Term Debt Management Strategy (MTDS) for Sri Lanka. The overall ATM of the Government debt portfolio recorded 6.16 years at end 2018 from 6.17 years at end 2017. The ATM of domestic currency debt was improved to 5.91 years in 2018 from 5.78 years in 2017 due to issuance of Treasury bonds maturing in the medium to long-term. The ATM of foreign currency debt was decreased to 6.34 years in 2018 from 6.52 years in 2017 due to the issuance foreign currency denominated government securities of short to medium-term maturities,

foreign project loans and syndicated loans. The ATM of foreign currency debt was brought down to sustain the cost of the foreign currency debt issued, in view of market conditions being unfavourable.

The share of domestic currency debt with a remaining maturity of less than or equal to one year (short-term debt as at the end of the year) to outstanding domestic currency debt increased to 21.07 per cent at end 2018 compared to 20.36 per cent at end of 2017, due to higher issuance of Treasury bills to accomplish the rollover requirement of the Government's domestic debt portfolio. The share of short-term foreign currency debt with a remaining maturity of less than or equal to one year (as at the end of the year) to total foreign currency debt decreased to 3.28 per cent in 2018 compared to 8.14 per cent in 2017, mainly due to decreased issuance of SLDBs with short maturities in 2018 compared

to 2017. In general, the total short-term debt with a remaining maturity of less than or equal to one year (as at the end of the year) as a percentage of total outstanding debt increased to 11.12 per cent at end 2018 compared to 10.27 per cent at end 2017 due to increased domestic currency debt with a remaining maturity of less than or equal to one year.

6.3.2 Interest Rate Risk: Interest rate risk refers to the risk associated with the impact of changes in market interest rates on servicing cost of public debt. In terms of measuring and managing interest rate risk in the public debt portfolio, three indicators, namely, the duration of the debt stock, Average Time to Re-fixing (ATR) and the ratio of floating interest rate debt to total debt are used by the Central Bank .

Duration is an indicator, which measures the time taken to payback the initial investment of

TABLE 19
RISK ASSESSMENT INDICATORS (AS AT END OF YEAR)

Indicator	Domestic Currency Debt		Foreign Currency Debt		Aggregate	
	2017	2018 (a)	2017	2018 (a)	2017	2018 (a)
Refinancing Risk						
Average Time to Maturity (ATM) (yrs)	5.78	5.91	6.52	6.34	6.17	6.16
Short-term (remaining maturity less than or equal to one year) / Outstanding Debt (%) (a)	20.36	21.07	8.14	3.28	10.27	11.12
Interest Risk						
Duration (yrs)	3.61	3.56	4.76	4.31	4.22	4.01
Average Time to Re-fixing (ATR) (yrs)	5.78	5.91	5.39	5.27	5.57	5.54
Floating Rate Debt / Outstanding Debt (%)	-	-	34.46	29.02	17.09	15.83
Foreign Exchange Risk						
Share of Foreign Currency Commercial Debt / Official Reserves (%)	-	-	-	-	197.65	259.25
Share of Foreign Currency Debt / Total Debt (%)	-	-	-	-	49.57	54.57

(a) Provisional

Source: Central Bank of Sri Lanka

the debt stock in present value terms. Duration of the overall public debt portfolio declined to 4.01 years in 2018 from 4.22 years in 2017, mainly due to issuance of medium-term foreign currency debt maturities including International Sovereign Bonds (ISBs) which decreased the duration of foreign currency debt to 4.31 years in 2018 from 4.76 years in 2017. The ATM of the domestic currency debt decreased marginally to 3.56 years in 2018 from 3.61 years in 2017.

ATR of the debt portfolio measures the average time in which debt coupons are re-fixed. For zero coupon bonds or bonds with fixed coupons, ATR is the residual life of the bond. For floating rate bonds, ATR is the time left until fixing of the next coupon. The ATR of the overall debt portfolio decreased marginally to 5.54 years at end 2018 from 5.57 years at end 2017. The ATR of foreign currency debt portfolio decreased to 5.27 years in 2018 from 5.39 years in 2017 whilst the ATR of rupee denominated debt has increased to 5.91 years by the end of 2018 from 5.78 years recorded by the end of 2017. The exposure of Government debt to interest rate changes decreased during 2018 as indicated by the decline in the ratio of outstanding floating interest rate debt to total outstanding debt to 15.83 per cent at end 2018 from 17.09 per cent at end 2017. This was evidenced by the decline in floating rate foreign currency debt to total foreign currency debt which decreased to 29.02 per cent at end 2018 from 34.46 at end 2017.

6.3.3 Exchange Rate Risk: Exchange rate risk arises due to adverse fluctuations in the exchange rate, where depreciation of domestic currency increases the rupee value of debt servicing cost of foreign currency denominated debt

and the outstanding value of foreign currency denominated debt. The significant exposure arises as the Government mainly sources revenue in domestic currency and foreign debt servicing is made in foreign currency and hence arising the need to enhance foreign currency revenue to the Government. CBSL continued to use the ratio of foreign currency debt to total debt to assess the degree of susceptibility of the debt portfolio to exchange rate risk. The share of foreign currency denominated debt in the total debt increased to 54.50 per cent at end 2018 from 49.52 per cent at end 2017, indicating higher exposure to foreign currency risk. However, cost and risk factors were maintained at prudent levels when issuing foreign currency debt to finance the Government borrowing requirement in 2018. The increase in the relative share of foreign currency denominated debt stock was mainly attributable to weakening of the domestic currency, increase in net borrowings through ISBs and loans from foreign currency banking units. The share of commercial foreign currency debt to official reserves indicator deteriorated 259.25 per cent at end 2018 from 197.65 per cent at end 2017. This was attributable to reduction in official reserves to US dollar 6,919 million in 2018 from US dollar 7,959 million in 2017 and the increase in outstanding foreign currency debt on commercial terms.

6.3.4 Liquidity Risk: PDD executed prudent strategies to enhance the liquidity risk profile of the government securities market during 2018. The strategies included continuation of issuance of benchmark maturities of Treasury bonds across the yield curve which started in 2017 and publishing the quarterly updated Treasury bond auction calendar, in order to improve the

efficiency in the government securities market. Treasury bond auction calendar improves market transparency, predictability and well preparedness for market participants and holds the Government accountable. New Treasury bond auction system introduced in 2017 ensured improved liquidity from Treasury bond auctions at the lowest possible cost of issuances. Continued confidence of the international investor community was also evident in 2018, as it was revealed by 2.6 times oversubscribed ISB issuance in April 2018.

6.3.5 Operational Risk: Operational risk is endogenous to an institution, which means that it cannot be captured and measured as easily as rollover, interest rate, exchange rate or liquidity risk and therefore institution specific.

Operational risks that are inherent in public debt management were upheld at the minimum possible levels in 2018 while actions were assumed to improve further mitigation of operational risks. These operational risk management procedures included various stringent internal controls which were in line with the international best practices and risk management principles. The segregation of duties and responsibilities among the divisions of PDD were top-notch where the Front Office (FO) involved in issuance of debt, MO involved in risk management of debt and Back Office (BO) maintained the unblemished debt servicing record of the Government in settling debt obligations on time.

The departmental operational manual of PDD was updated during 2018 with the approval of the Monetary Board to be in line with the latest

international best practices relevant to risk management of public debt. Also, the divisions of the PDD were physically segregated with restricted access and the FO division of the PDD was installed with a voice recording system in order to mitigate operational risks.

Steps were taken to introduce an SMS alert and an e-mail facility for government securities movements in the LankaSecure System's central depository to improve the investor protection and awareness. This process is expected to be fully implemented in 2019. Further, the new primary issuance system which was introduced for Treasury bonds with effect from 27 July 2017, was reviewed and the approval of the top management has been granted to continue the system with a more market oriented approach. A second review is to be done in 2019 and further suggestions will be accommodated during 2019.

Dual access control for auction related systems is in place as an internal control to ascertain transparency. Fully automated Scripless Securities Settlement System (SSSS) and Real-time Gross Settlement System (RTGS) are in operation to facilitate delivery versus payment, thereby minimising the settlement risk of the Government debt portfolio while protecting participants to a transaction. Continuation of a comprehensive Business Continuity Plan (BCP) is in place with a fully-fledged Disaster Recovery Site (DRS), to support crucial public debt management activities in the event of a contingency. BCP and DRS that are mandatory for every direct dealer in government securities were periodically tested in 2018.

6.4 Sustainability of External Debt

Sustainable debt is the level of debt that enables a debtor country to fulfil its current and future debt service obligations, without resorting to further debt relief or rescheduling and accumulation of arrears, while facilitating economic growth. In general, it is the ability to raise debt at the lowest possible cost and a prudent level of risk, efficient usage of the debt raised for the earmarked purpose of issuance and to service the debt as payment obligations fall due without restructuring, defaulting or compromising long-term goals and objectives.

Maintenance of the external debt sustainability is vital for an economy like Sri Lanka since the external debt has to be repaid in foreign currency whereas access to foreign currency resources required to settle foreign currency obligations, to safeguard the foreign investor interests, to maintain a favourable ratings outlook and to protect inter-sovereign relationships is scarce.

Sustainability of external debt can be determined using various indicators, where there is no unanimity in adopting a sole indicator as each has its own strengths and weaknesses. These indicators are primarily in the nature of ratios, comparisons between two relevant variables and the relation thereon and thus facilitate policy makers in the management of external debt. These indicators can be regarded as measures of a country's solvency as they evaluate the stock of external debt at a given time in relation to the country's ability to generate sufficient resources to repay.

Sustainability of external debt can be determined using five groups of indicators, namely, liquidity monitoring indicators, debt burden indicators,

debt structure indicators, Net Present Value (NPV) indicators and dynamic indicators. The external debt indicators discussed in this review are mainly constructed as a proportion of receipts from exports of goods and non-factor services including workers' remittances and compensation of employees (XGS), which are absorbed for servicing of external debt. Further, XGS indicates the country's capability of acquiring foreign exchange.

6.4.1 Liquidity Monitoring Indicators

Liquidity monitoring indicators determine the capacity of a country to settle its external liabilities falling due. These ratios measure the outflow of foreign currency for external debt service payments compared to non-debt creating foreign currency inflows, i.e., XGS excluding foreign direct investments and include: interest service ratio, medium & long-term debt service ratio, total debt service ratio and short-term debt ratio.

The interest service ratio, which measures the interest cost of external debt as a percentage of XGS has increased to 4.80 per cent in 2018 from 4.12 per cent in 2017 despite increase in XGS. However, as this ratio has been considerably low (less than 5 per cent), the impact of rising external interest payments was minimal. The medium & long-term debt service ratio, measuring both principal and interest payments for external debt (excludes repayments for non-residents holdings Treasury bills) as a percentage of XGS increased to 4.80 per cent in 2018 from 4.12 per cent in 2017. The total debt service ratio takes into account interest payments to non-residents holding Treasury bills as well and increased to 11.88 per cent in 2018 from 9.70 per cent in

2017. The short-term debt ratio, which measures face value payments made to non-residents for their treasury bill holdings compared to XGS has improved to 0.27 per cent in 2018 from 0.69 per cent in 2017.

6.4.2 Debt Burden Indicators

Debt burden indicators are used to assess the burden imposed on an economy by external debt and signal risk of debt distress. For this purpose, a comparison of outstanding external debt disbursements received (DOD) with XGS was preliminarily used. This ratio evaluates the amount of foreign debt as a proportion of exports of goods and services. It shows the debt burden level over repayment capacity earned from exports. Another indicator is the ratio of DOD to Gross National Product (GNP), which measures a country's foreign debt level to its GNP.

Indicating increased pressure on external debt repayment capacity, both the DOD to GNP and the DOD to XGS have increased to 42.39 per cent and 134.51 per cent, respectively, at end 2018 compared to 36.48 per cent and 117.75 per cent, respectively, recorded at end 2017.

6.4.3 Debt Structure Indicators

External debt portfolio has a great impact on the level of risk exposure of a country and such exposure is measured by rollover ratio, which evaluates principal payments against disbursements received. This ratio reflects a country's ability to meet its debt service obligations via external disbursements received. In 2018, the country's rollover ratio increased to 40.26 per cent compared to 25.93 per cent in 2017. The increase was due to rise in principal

payments as well as the decrease in receipts of disbursements.

Alternatively, short-term debt to DOD, which indicates the face value of Treasury bill payments to non-residents as a percentage of DOD is used to assess the risk exposure. The ratio improved to 0.20 per cent at end 2018 compared to 0.58 per cent at end 2017 due to increase of DOD and decrease of the Treasury bill face value payments to non-residents.

6.4.4 Net Present Value Indicators

Two NPV indicators are broadly used to measure sustainability of the external debt. The first is the ratio of NPV of future debt service obligations to GNP which compares future debt service payments in present value terms, given a general level of current economic activities. The second, is the ratio of NPV of future debt service obligations to XGS. The objective of using this ratio is to compare future debt service payments with country's capability of acquiring foreign exchange. The ratio of NPV of debt servicing to GNP marginally increased to 0.33 in 2018 compared to 0.28 in 2017 and NPV of debt servicing to XGS ratio increased to 1.05 in 2018 compared to 0.91 in 2017.

6.4.5 Debt Dynamic Indicators

Debt dynamic indicators compare the growth in cost of borrowing with the growth in exports earnings and the overall economic growth, separately. The ratio of average interest rate of the debt portfolio to the rate of export growth was 1.14 in 2018 compared to the 0.54 recorded in 2017, as a result of the reduction in the growth rate of XGS and the increase in the growth of average rate of interest in 2018 compared to

TABLE 20
OVERALL DEBT SUSTAINABILITY

Indicator	Per cent		
	2016	2017	2018 (a)
Overall Debt Sustainability			
Debt/GDP	78.20	76.90	82.89
Share of Foreign Debt Service Payments /Official Reserves (b)	32.81	32.02	41.69

(a) Provisional

Source: Central Bank of Sri Lanka

(b) Official reserves at end of the previous year

2017. The ratio of average interest rate to the rate of GNP growth has increased to 0.59 per cent in 2018 from 0.30 per cent in 2017 due to relatively low GNP growth that prevailed in 2018.

6.4.6 Overall Sustainability of Debt

Overall debt sustainability could be assessed under overall debt to GDP ratio and ratio of foreign debt service payments to official reserves.

TABLE 21
EXTERNAL DEBT SUSTAINABILITY INDICATORS (AS AT END OF YEAR) (a)

Description	2015	2016	2017	2018 (b)
Liquidity Monitoring Indicators (c)				
Interest Service Ratio (INT/XGS) (%)	3.55	3.52	4.12	4.80
Medium & Long-term Debt Service Ratio (MLDS/XGS) (%)	12.30	8.22	9.70	11.88
Total Debt Service Ratio (TDS/XGS) (%)	12.30	8.23	9.72	11.90
Short-term Debt Ratio (Short-term Debt/XGS) (%)	0.16	0.36	0.69	0.27
Debt Burden Indicators				
DOD/GNP (%)	33.21	35.16	36.48	42.39
DOD/XGS (%)	109.05	112.49	117.75	134.51
Debt Structure Indicators				
Rollover Ratio (Principal Payments/ Disbursements) (c) (%)	55.83	23.71	25.93	40.26
Short-term Debt / Total DOD (%)	0.14	0.32	0.58	0.20
NPV Indicators (d)				
NPV of Debt Service/GNP	0.23	0.24	0.28	0.33
NPV of Debt Service/XGS	0.77	0.79	0.91	1.05
Dynamic Indicators (e)				
Avg. Rate of Interest/Rate of Growth of Export	4.07	0.26	0.54	1.14
Avg. Rate of Interest/Rate of Growth of GNP	0.41	0.38	0.30	0.59

(a) Based on central government debt

Source: Central Bank of Sri Lanka

(b) Provisional

(c) Including Treasury bill & Treasury bond payments to non-residents

Note: Premature unloading of foreign investments in Treasury bonds treated as repayments to the external sector that resulted to deteriorate several sustainability indicators such as Medium & Long term Debt Service Ratio, Total Debt Service Ratio, Rollover Ratio etc

(d) NPV calculation is based on UN-ESCAP definitions and methodology

Note: DOD represents total disbursed external debt outstanding

GNP: gross national product

XGS: exports of goods and non factor services including workers' remittances and compensation of employees

TDS: total external debt service payments

INT: external interest payments

MLDS: external medium and long-term debt service payments and,

NPV represents the present value of the stream of future debt payments on foreign debt, discounted at CIRR.

Total outstanding debt to GDP, measures a country's potential to pay off total outstanding debt with the country's total production of goods and services. The debt to GDP ratio has increased in 2018 to 82.9 per cent from 76.9 per cent in 2017. This adverse movement of debt to GDP ratio is mainly due to subdued economic growth as a result of spillovers of the global economic downturn. However, as the gradual recovery of global economy is underway, the debt to GDP ratio is expected to improve in the medium-term to 70.0 per cent of GDP by 2023.

The share of foreign debt service payments to official reserves indicates the capability to meet external debt obligations falling due with the official reserves, which mainly consist of foreign currency and highly liquid assets. This ratio deteriorated to 41.69 per cent in 2018 from 32.02 per cent in 2017 due to relative increase in foreign debt service payments and reduction in official reserves, during the year.

Special Appendix

Major Developments in the Government Securities Market in Sri Lanka


- 1923 - Enactment of the Local Treasury Bills Ordinance (LTBO) enabling the Government to borrow through the issue of Treasury bills
- 1937 - Enactment of the Registered Stock and Securities Ordinance (RSSO) enabling the Government to borrow through the issue of medium and long-term government securities
- 1941 - Commencement of Treasury bill issues under parliamentary approval
- 1949 - Enactment of the Monetary Law Act entrusting the Central Bank of Ceylon to act as the agent of the government in managing public debt
- 1957 - Enactment of the Foreign Loans Act
 - Enactment of the Tax Reserve Certificates Act
- 1981 - Commencement of the issuance of six months (182-day) Treasury bills. Prior to 1981, only three months (91 days) Treasury bills were issued.
 - Introduction of secondary market operations for Treasury bills
- 1982 - Enactment of the Loans (Special Provisions) Act
- 1986 - Commencement of weekly issues of Treasury bills. Fortnightly issues of Treasury bills on the 1st and the 15th of each month had taken place before 1986.
 - Introduction of Tap system through the regional offices of the Central Bank of Sri Lanka.
- 1989 - Issuance of Treasury bills with multiple maturities of 91-days, 182-days and 364-days
 - Introduction of the Treasury Certificates of Deposit Act
 - Tap system extended through authorized agents
- 1992 - Introduction of accredited Primary Dealer (PD) system. Eleven PDs consisting of eight licensed Commercial Banks (LCBs) and three non-bank dealers were appointed
- 1993 - Introduction of repurchase agreements on Treasury bills
- 1994 - Reforming the PD system. Eighteen PDs consisting of thirteen LCBs and five non-bank dealers were appointed.
- 1995 - Phasing out of non- competitive bidding by public sector institutional investors
 - Introduction of reverse repurchase transactions on Treasury bills
 - Fixing and prior announcement of Treasury bills to be issued under each maturity
 - Amendment of LTBO and RSSO to facilitate the issue of scripless Treasury bills and Treasury bonds and maintenance of the Central Depository System (CDS)
- 1997 - Commencement of the issuance of Treasury bonds
 - Formation of the Association of Primary Dealers in June 1997

- 1998 - Introduction of an electronic bidding facility
- 2000 - Introduction of the dedicated PD system, where only the dedicated companies were appointed as PDs.
- 2001 - Issuance of Sri Lanka Development Bonds (SLDBs)
- 2002 - Expansion of PD system to LCBs
- 2003 - Enactment of the Fiscal Management (Responsibility) Act
 - Introduction of a Code of Conduct for PDs
 - CBSL moved from a system of 'passive' Open Market Operations (OMO) to an 'active' OMO system in order to enhance the effectiveness and market orientation of monetary policy operations.
 - Introduction of a screen based trading platform for government bonds.
- 2004 - Conversion of Treasury bills and Treasury bonds issued in scrip form into scripless form pursuant to the Regulations issued under LTBO and RSSO in 2004.
 - Introduction of Scripless Securities Settlement System (SSSS) (on Delivery Versus Payment (DVP) basis) and the CDS for government securities
 - Issue of government securities in scripless form
- 2005 - Issuance of first index-linked Treasury bonds
 - Issue of the first sovereign credit rating of Sri Lanka by Standard and Poor's (S&P) and Fitch Ratings (Fitch).
- 2006 - Introduction of the risk weighted capital adequacy framework for PDs
 - Opening up the Treasury bond market to foreign investors with an aggregate ceiling of 5 per cent of the outstanding bonds.
 - Issue of Sri Lanka Nation Building Bonds (SLNBBs)
 - Suspension of the participation of PDs in the CBSL's OMOs
- 2007 - Opening of retail outlets to sell government securities
 - Lifting the suspension of PDs' participation in the CBSL's OMOs
 - Enhancement of the aggregate ceiling of 5 per cent to 10 per cent in respect of investment in Treasury bonds by foreign investors.
 - Issuance of the first International Sovereign Bond (ISB) of US dollar 500 million in the international capital market.
- 2008 - Authorizing LCBs to invest in the ISB issued by the Government of Sri Lanka (GOSL), in the secondary market.
 - Opening up of the Treasury bill market to foreign investors with the aggregate ceiling of 10 per cent of the outstanding bills.
 - Introduction of the PC based payment and securities settlement system as part of the Business Continuity Plan (BCP) of the LankaSettle System.
- 2009 - Issuance of the second ISB of US dollar 500 million.
 - Opening up of the Treasury bill and Treasury bond market to the sri lankan diaspora and migrant workforce

- Providing concessions in obtaining Dual Citizenship status by ex-Sri Lankans (holding foreign citizenship) who invest in Sri Lanka government Treasury bonds subject to certain conditions.
 - Extending the yield curve on government securities up to 10 years
 - Increasing the maximum number of days accepted by the LankaSecure system for future value dated transactions from 31 calendar days to 364 calendar days
 - Upgrading of the sovereign credit rating outlook by S&P and Fitch
 - Setting up of the Domestic Debt Management Committee (DDMC) by the Monetary Board on 05 November 2009.
- 2010
- Introduction of participant managed intraday liquidity facility to the LankaSettle and LankaSecure Systems
 - Introduction of an analytical tool to develop a Medium-term Public Debt Management Strategy
 - Conducting a workshop for the dealers and treasury officials of PDs on the development of domestic and international economy
 - Issuance of the third ISB of US dollar 1,000 million with 10 year maturity.
 - Issue of first sovereign credit rating of Sri Lanka by Moody's Investors Service (Moody's) and upgrading of the sovereign credit rating of Sri Lanka by Fitch and S&P.
- 2011
- Issuance of the fourth ISB of US dollar 1,000 million with 10 year maturity.
 - Upgrading the sovereign credit ratings of Sri Lanka by Fitch, S&P and Moody's.
 - Appointment of three new participants to LankaSecure including one PD and two LCBs namely, WealthTrust Securities Limited, Amana Bank Limited and Axis Bank Limited.
 - Limit on foreign investments in government securities was increased from 10 per cent to 12.5 per cent of the total outstanding stock of Treasury bills and Treasury Bonds.
- 2012
- Issuance of the fifth ISB of US dollar 1,000 million with 10 year maturity.
 - Upgrading of LankaSettle and LankaSecure (new version 3.6) with many new features to make the day-to-day business operations more efficient and effective.
 - Standardization of investor information registration in the CDS in LankaSecure.
 - Implementation of an Electronic Trading (E-Trading) platform to promote the secondary market for Government securities.
 - Issuance of 20 year Treasury Bonds.
 - Fitch affirmed Sri Lanka's foreign- and local-currency Issuer Default Rating (IDRs) at BB- with a "Stable" outlook in May 2012.
 - Moody's affirmed Sri Lanka's rating of B1 with a "Positive" outlook in November 2012.
 - S&P's affirmed Sri Lanka's rating of B+ with "Stable" outlook in December 2012.
- 2013
- Issuance of 30 years Treasury Bonds.
 - Half-yearly Treasury Bond primary auction calendar was published.
 - Conducted investor awareness programmes and investor meetings in Europe, East Asia including mainland China, and Middle East and in the USA.
 - Streamlined investor records in CDS by having unique identification numbers for each participant.

- Commenced a survey to identify investors who wish to receive the periodic statements in the electronic form instead of printed statements sent through mail.
- Measures have been initiated to put in place an E-Trading platform and a central counterparty arrangement by end 2015 for trading and settlement of domestic financial market transactions including the transactions in government securities.
- Introduction of a new computer information system for foreign debt service payments to increase the efficiency of the foreign debt service payment process.
- Simplification of guidelines relating to investments in Government securities by foreign investors, sri lankan diaspora and migrant workforce under Securities Investment Account (SIA) in April 2013.
- Issued the direction on assessment of fitness and propriety of directors and officers performing executive functions of primary dealer companies in May 2013.
- PDs were permitted to act as market makers in corporate bonds or debentures and permitted to invest up to a limit of 5 per cent of total investments in quoted shares, quoted debentures or bonds and quoted commercial papers in July 2013.
- Pan Asia Banking Corporation PLC was appointed as a PD in terms of the RSSO and the LTBO in August 2013.
- Issued the direction on funds remaining unclaimed in the customer accounts maintained by the dealer direct participants in September 2013.
- The Hong Kong & Shanghai Banking Corporation Ltd. and Perpetual Treasuries Ltd. were appointed as PDs in terms of the RSSO and the LTBO in September 2013.
- Customer Charter for PDs in Government securities was introduced in November 2013.
- PDs were permitted to engage in covered short selling of Treasury bills and Treasury bonds up to the amount of successful bids accepted and confirmed at primary auctions in December 2013.
- 2014 - Issued US dollar 1,000 million 5 year International Sovereign Bond at a yield rate of 6.00 per cent.
- The Sri Lanka Development Bond (SLDB) issuance was authorized up to a limit of US dollar 750 million for 2014.
- Issued US dollar 500 million 5-year International Sovereign Bond at a yield rate of 5.125 per cent.
- Union Bank of Colombo PLC was appointed as a PD in terms of the RSSO and LTBO .
- 2015 - The SLDB issuance was authorized up to a limit of US dollar 1,500 million for 2015.
- In addition to issuance of SLDBs at floating rate, issuance of SLDBs at fixed rates in different maturities was approved.
- A ten year International Sovereign Bond was issued for US dollars 650 million at 6.125 per cent per annum.
- SLDBs issuance limit was increased from US dollar 1,500 million to US dollar 2,500 million.
- Multi-currency functionality in Lankasettle system was enabled to facilitate the Scripless trading and recording of legal ownership of SLDBs, denominated in US dollar, with the objective to promote the secondary market for SLDBs.

- Under the provision of the LTBO, the parliament granted approval for an increase in authorized limit of Treasury bills from Rs.850 billion to Rs.1, 250 billion.
 - The direction on minimum core capital requirement was revised, increasing the minimum unimpaired core capital to be maintained by the primary dealer companies from Rs. 300 million to Rs. 1,000 million.
 - The direction on capital adequacy ratio was revised, increasing the minimum risk weighted capital adequacy ratio to be maintained by the primary dealer companies from 8 per cent to 10 per cent.
 - A 10-year International Sovereign Bond was issued for US dollars 1,500 million at 6.850 per cent per annum.
 - The threshold of investment in Treasury bills and Treasury bonds by foreigners reduced from 12.5 per cent to 10 per cent of the total outstanding stock of Treasury bills and Treasury bonds.
- 2016
- The SLDB issuance was authorized up to a limit of US dollar 2,500 million for 2016.
 - Change the minimum investment amount in SLDBs from US dollar 100,000 to US dollar 10,000.
 - Five year and ten-year International Sovereign Bonds were issued for US dollars 500 million and US dollar 1,000 million at 5.75 per cent and 6.825 per cent per annum respectively.
 - A Circular was issued on “recording of ownership of government securities in the LankaSecure Central Depository System” to all Participants of LankaSettle system to ensure compliance with LankaSettle system rules (Version 2.1)
 - The regulatory and supervisory functions of the Central Bank in relation to PDs and other participants have been assigned to the Director, Department of Supervision of Non-Bank Financial Institutions.
 - All PDs were directed to use the Bloomberg trading platform designed for Sri Lanka to conduct all inter-primary dealer outright trades and report yield rates and volumes of all outright trades carried out over-the-counter in excess of Rs.50 million with non-primary dealer investors within 30 minutes of each trade.
 - The above circular was extended to all Licensed Commercial Banks and Licensed Specialized Banks to conduct all outright trades with other banks and primary dealers and report yield rates and volumes of all outright trades carried out over-the-counter in excess of Rs. 50 million, within 30 minutes of each such trade
- 2017
- The SLDB issuance was authorized up to a limit of US dollar 1,500 million for 2017.
 - A circular was issued to all Licensed Commercial Banks, Licensed Specialized Banks and PDs to use the Bloomberg trading platform (Fixed Income Quote - FIQ) to:
 - Quote repurchase rates, tenures and volumes
 - Report rates, tenures and volumes of all repurchase transactions carried out over-the-counter within 30 minutes of each such trade of Rs. 100 million or above and
 - Report all inter participant transactions.
 - The SLDB issuance limit was re-authorized up to a limit of US dollar 3,000 million for 2017.
 - A ten year International Sovereign Bonds was issued for US dollars 1,500 million with a coupon of 6.20 per cent per annum.
- Introduction of a new primary issuance system for Treasury Bonds.

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- 2018
- The Sri Lanka Development Bond issuance was authorized up to a limit of US dollar 3,000 million for 2018.
 - Issuance of ISBs was upsized up to a limit of US dollar 2,500 million for 2018 within the overall foreign currency borrowing limit of US dollar 5,000 million through the issuance of ISBs and SLDBs.
 - The Active Liability Management Act, No. 8 of 2018 (ALMA) was passed by the Parliament.

Glossary

Average Time to Maturity - Weighted average time to maturity of all the debt securities/loans in the debt portfolio.

Benchmark Bond - A bond that provides a standard against which the performance of other bonds can be measured. Government bonds are often used as benchmark bonds. This is also referred to as “benchmark issue”.

Bunching of Debt Stock - An excessive amount of debt maturing on a given date or within a given period of time.

Central Counterparty (CCP) - A central counterparty interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the performance of open contracts. A CCP becomes counterparty to trades with market participants through novation, an open-offer system, or through an analogous legally binding arrangement. CCPs have the potential to reduce significantly risks to participants through the multilateral netting of trades and by imposing more-effective risk controls on all participants and, as a result, they can reduce systemic risk in the markets they serve.

Central Depository - A computerized central system which records primary issuance of scripless securities and their trades taking place in the secondary market.

Coupon - The interest payment made to bond holders during the lifetime of the bond. Coupon payments are usually paid semi-annually. The annual amount of interest is equal to the principal value times the coupon rate.

Debt Sustainability - The level of debt which allows a debtor country to meet its current and future debt service obligations in full, without recourse to further debt relief or rescheduling, avoiding accumulation of arrears, while allowing an acceptable level of economic growth.

Duration - The weighted average maturity of the cash flows of a debt security/portfolio.

DVP/III - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day.

E-Trading - It is an Information Technology enabled trading mechanisms which enables traders to connect, place orders and conduct trading activities for a pre-determined tangible/intangible types of items.

Floating Rate Bond - A bond that has a variable coupon equal to a money market reference rate, like LIBOR plus a spread. The spread is a value that remains constant.

FinNet - Financial Information Network (FinNet) is a common interface to submit financial information by banks, finance companies, leasing companies and primary dealers.

Grace Period - Period of time provided for in a loan agreement for commencement of repayment of the loan.

Grant Element - A measure of concessionality of a loan, calculated as the difference between the face value of the loan and the sum of discounted future debt service payments to be made by the borrower expressed as a percentage of the face value of the loan.

Index Linked Bond - A bond, which pays a coupon that, varies according to some underlying index usually the Consumer Price Index.

Intra-day liquidity - Funds, which can be accessed during a business day and settled on the same day, usually to enable financial institutions to make payments on real time.

LIBOR - The London Inter Bank Offered Rate. This rate is used as a reference rate by the international banking markets and is commonly the basis on which lending/borrowing margins are fixed.

Maturity - Refers to the date on which the issuer has promised to redeem the issue by paying the principal value. The number of days or years until the date of redemption is called the maturity period.

Novation - Replacement of a contract between the original counterparties with two new contracts; one between the buyer's clearing agent and the CCP, and another between the CCP and the seller's clearing agent.

Open Market Operations - The process of which the Central Bank buys or sells securities in the open market to control the volume of money (liquidity) or price of money (interest rates).

Outright Transactions - Transactions by which ownership (title) of the securities are transferred permanently to the buyer.

Parity Variance - Effect of the appreciation/ depreciation of foreign currencies against the local currency on the existing foreign currency debt portfolio stated in the local currency

Primary Dealer - An intermediary appointed by the Central Bank to deal in government securities.

Primary Market - Market where securities are first issued to buyers.

Repayment Period - The period during which the debt obligation is to be repaid.

Repurchase Transaction - A transaction involving a sale of securities with an agreement to reverse the transaction on a future date.

Risk Weighted Capital Adequacy Ratio - The ratio computed by dividing available capital by the risk weighted assets.

Running Cost Ratio - The interest paid as a proportion of the outstanding debt stock at the beginning of the year.

Rupee Loan - A medium to long-term debt instrument issued with maturities more than two years on tap basis or as private placements by the Central Bank on behalf of the government under the Registered Stock and Securities Ordinance. Interest rates of this instrument are determined administratively.

Scripless Securities - Treasury bills and Treasury bonds issued in book entry form or as paperless securities.

Secondary Market - The market where securities are traded and exchanged among buyers and sellers after the securities are issued at the primary market.

Short Selling - The sale of an asset (a security/ stock, commodity futures contract, corporate or sovereign bond) that is not owned by the seller at the time of sale. Short selling are of two kinds, namely “Naked Short Selling and “Covered Short Selling”.

Special Drawing Rights - The unit of account of the International Monetary Fund of which the value is based on a basket of key international currencies.

Sovereign Bond - A debt security issued by a sovereign government denominated in domestic or a foreign currency. The foreign currency most likely is a hard currency.

Sovereign Credit Rating - Sovereign Credit Rating is an assessment of the credit worthiness of a country or sovereign entity. At the request of the country, a credit rating agency will evaluate the country’s economic and political environment to determine representative credit ratings.

Statutory Reserve Ratio - Percentage of deposits, which the commercial banks should keep with the central bank, through which the central bank can influence their credit creating ability.

Treasury Bill - A short-term debt instrument issued usually on a discount basis and for maturities of 91, 182, and 364 days by the CBSL on behalf of the government under the Local Treasury Bills Ordinance.

Treasury Bond - A medium to long-term debt instrument issued by the CBSL on behalf of the government under the Registered Stock and Securities Ordinance.

Yield - The coupon or discount when expressed as a percentage of the price.

Yield Curve - A graphical depiction of the relationship between the yield on the securities and different maturities.

Zero Coupon Bond - A bond that does not pay interest during the life of the bond. Instead, investors buy a zero coupon bond at a deep discount on the face value. The face value of the bond is paid at the maturity.

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Definitions and Explanatory Notes

The following general notes supplement the footnotes given below the individual tables:

1. In an attempt to bring the material up-to-date provisional figures are included in some tables.
2. Figures in some tables have been rounded off to the nearest final digit. Hence there may be slight discrepancy between the total as shown and the sum of its components.
3. Differences as compared with previously published figures are due to subsequent revisions.
4. Values indicated within parenthesis are negative values.
5. The following symbols have been used throughout:-

n.a. = not available

- = nil

... = negligible

6. Primary dealer industry financial indicators for 2012 have been adjusted to represent the audited figures.
7. Primary dealer industry figures have been adjusted to accommodate the change for exempting LCBs from the requirements on risk weighted capital adequacy framework with effect from 14.02.2013. Therefore, adjusted figures for the capital requirement represent only the 'Standalone PDs'. This change has been applied for all past years as well.

CENTRAL GOVERNMENT OUTSTANDING DEBT

CENTRAL GOVERNMENT OUTSTANDING DEBT

TABLE 1

Rs. million

Year (a)	Domestic debt					Foreign Debt (b,c)	Total Debt	As a % of GDP (d)		
	Treasury Bills (b)	Rupee Loans	Treasury Bonds (c)	Other	Total			Domestic	Foreign	Total
1953	184	731	-	129	1,044	205	1,249	23.2	4.6	27.8
1954	105	782	-	66	953	211	1,164	20.1	4.4	24.5
1955	60	829	-	-	889	232	1,121	17.0	4.4	21.4
1956	68	882	-	-	950	258	1,208	18.6	5.1	23.7
1957	65	962	-	105	1,132	278	1,410	21.8	5.3	27.1
1958	140	1,007	-	91	1,238	293	1,531	22.5	5.3	27.9
1959	320	1,102	-	138	1,560	307	1,867	24.3	4.8	29.1
1960	550	1,217	-	170	1,937	345	2,282	28.9	5.1	34.0
1961	750	1,397	-	198	2,345	407	2,752	34.1	5.9	40.0
1962	1,000	1,515	-	179	2,694	412	3,106	38.7	5.9	44.6
1963	1,125	1,684	-	222	3,031	489	3,520	41.1	6.6	47.7
1964	1,250	1,909	-	216	3,375	549	3,924	43.3	7.0	50.3
1965	1,300	2,150	-	246	3,696	739	4,435	45.7	9.1	54.9
1966	1,425	2,475	-	295	4,195	1,074	5,269	50.3	12.9	63.2
1967	1,500	2,785	-	298	4,583	1,376	5,959	50.7	15.2	65.9
1968	1,750	3,118	-	329	5,197	1,578	6,775	48.5	14.7	63.2
1969	1,750	3,409	-	354	5,513	1,800	7,313	47.1	15.4	62.5
1970	1,950	3,925	-	420	6,295	2,394	8,689	46.1	17.5	63.6
1971	2,025	4,512	-	446	6,983	2,795	9,778	49.7	19.9	69.6
1972	2,325	5,103	-	498	7,926	2,936	10,862	52.0	19.3	71.2
1973	2,250	5,812	-	522	8,584	3,705	12,289	46.6	20.1	66.8
1974	2,250	6,591	-	604	9,445	2,859	12,304	39.7	12.0	51.8
1975	2,350	7,560	-	949	10,859	3,705	14,564	40.9	13.9	54.8
1976	2,700	9,001	-	990	12,691	4,968	17,659	42.0	16.4	58.5
1977	2,500	10,391	-	1,501	14,392	10,593	24,985	39.5	29.1	68.6
1978	2,635	12,049	-	1,684	16,368	14,583	30,951	38.4	34.2	72.5
1979	3,000	14,929	-	1,705	19,634	15,840	35,474	37.5	30.2	67.7
1980	9,800	17,611	-	1,659	29,070	22,276	51,346	43.7	33.5	77.2
1981	13,920	20,025	-	1,573	35,518	29,172	64,690	41.8	34.3	76.1
1982	17,320	25,800	-	2,147	45,267	35,267	80,534	45.6	35.5	81.1
1983	17,400	31,953	-	2,416	51,769	46,688	98,457	42.6	38.4	81.0
1984	14,860	33,228	-	3,564	51,652	53,681	105,333	33.6	34.9	68.5
1985	22,280	36,570	-	3,761	62,611	67,673	130,284	38.6	41.7	80.3
1986	26,173	39,130	-	4,196	69,499	86,208	155,707	38.7	48.0	86.8
1987	29,850	44,957	-	4,190	78,997	111,812	190,809	40.2	56.8	97.0
1988	43,700	49,797	-	5,099	98,596	125,657	224,253	44.4	56.6	101.0
1989	57,246	54,217	-	6,099	117,562	156,298	273,860	46.7	62.0	108.7
1990	67,968	54,677	-	11,251	133,896	176,883	310,779	41.6	55.0	96.6
1991	72,968	66,823	-	12,328	152,119	214,579	366,698	40.9	57.6	98.5
1992	87,096	69,180	-	13,744	170,020	235,539	405,559	40.0	55.4	95.4
1993	97,196	105,707	-	10,782	213,685	270,224	483,909	42.8	54.1	96.9
1994	98,896	137,554	-	12,669	249,119	301,812	550,931	43.0	52.1	95.1
1995	113,771	157,928	-	17,711	289,410	346,286	635,696	43.3	51.9	95.2
1996	124,996	205,975	-	25,731	356,702	359,685	716,387	46.4	46.8	93.2
1997	114,996	239,475	10,000	23,269	387,740	376,331	764,071	43.5	42.3	85.8
1998	119,996	250,570	48,915	43,945	463,426	461,273	924,699	45.5	45.3	90.8
1999	124,996	262,056	104,867	51,546	543,465	507,866	1,051,331	49.1	45.9	95.0
2000	134,996	263,888	204,124	73,652	676,660	542,040	1,218,700	53.8	43.1	96.9
2001	170,995	292,813	229,174	122,983	815,965	636,741	1,452,706	58.0	45.3	103.3
2002	210,995	287,701	347,128	102,562	948,386	721,956	1,670,343	60.0	45.6	105.6
2003 (e)	219,295	248,414	483,107	69,153	1,019,969	843,882	1,863,851	56.0	46.3	102.3
2004 (e)	243,886	164,758	643,349	91,396	1,143,389	996,138	2,139,527	54.7	47.6	102.3
2005 (e)	234,174	140,563	751,569	139,416	1,265,722	956,621	2,222,342	51.6	39.0	90.6
2006 (e)	257,732	116,713	885,972	218,813	1,479,230	1,103,418	2,582,648	50.3	37.5	87.9
2007 (e)	307,012	131,509	1,018,852	257,825	1,715,198	1,326,487	3,041,685	47.9	37.1	85.0
2008 (e)	402,600	130,009	1,281,978	325,641	2,140,228	1,448,734	3,588,962	48.5	32.8	81.4
2009 (e)	441,032	112,292	1,513,512	334,120	2,400,955	1,760,467	4,161,422	49.8	36.5	86.2
2010 (e)	514,442	87,709	1,643,887	319,624	2,565,662	2,024,583	4,590,245	40.0	31.6	71.6
2011 (e)	590,885	61,961	1,819,251	331,988	2,804,085	2,329,280	5,133,365	38.8	32.3	71.1
2012 (e)	629,070	58,386	2,095,054	450,304	3,232,813	2,767,299	6,000,112	37.0	31.7	68.7
2013 (e)	700,137	55,518	2,452,360	624,811	3,832,825	2,960,424	6,793,249	40.0	30.9	70.8
2014 (e)	694,767	55,518	2,844,054	683,444	4,277,783	3,113,116	7,390,899	41.3	30.0	71.3
2015 (e)	658,240	24,088	3,305,248	971,620	4,959,196	3,544,031	8,503,227	45.3	32.4	77.7
2016 (e)	779,581	24,088	3,714,787	823,051	5,341,507	4,045,796	9,387,303	44.5	33.7	78.2
2017 (e)	697,154	24,088	3,822,620	1,050,565	5,594,427	4,718,618	10,313,045	41.7	35.2	76.9
2018 (e) (f)	746,887	24,088	4,140,661	1,106,356	6,017,992	5,959,547	11,977,539	41.6	41.2	82.9

(a) From 1950 to 1973, outstanding position as at end September and since then as at end December.

Sources: Central Bank of Sri Lanka
Department of Census and Statistics

(b) Rupee denominated Treasury bills issued to foreign investors from 2008 and to the Sri Lankan diaspora and migrant workers from 2009 are excluded from domestic debt and included in foreign debt.

(c) Rupee denominated Treasury bonds issued to foreign investors from 2007 and to the Sri Lankan diaspora and migrant workers from 2009 are excluded from domestic debt and included in foreign debt.

(d) From 2003, based on GDP estimates by the Department of Census and Statistics.

(e) Excludes Government Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured in 14th November, 2016) and Rs. 78,441 million issued to CPC in January 2012 (of which Rs. 21,779 million matured in 01st January 2017 and the current outstanding is Rs. 56,662 million) and Rs. 13,125 million issued to capitalize Sri Lanka Airlines in March 2013 (matured in 01st June, 2018).

(f) Provisional.

CENTRAL GOVERNMENT DEBT

TABLE 2

OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR

Item	2014	2015	2016	2017	2018
					Provisional
Total Domestic Debt	4,277,783	4,959,196	5,341,507	5,594,427	6,017,992
By Maturity					
Short-Term	941,162	913,291	968,396	1,031,181	1,134,553
Treasury Bills (a) (b)	694,767	658,240	779,581	697,154	746,887
Provisional Advances from the Central Bank	143,898	151,132	83,307	199,801	198,633
Import Bills held by Commercial Banks	25,542	4	0	-	-
Other Liabilities to the Banking Sector net of Bank Deposits	76,386	103,345	105,508	134,227	189,034
Other (Administrative Borrowing)	570	570	0	-	-
Medium and Long-term	3,336,620	4,045,905	4,373,111	4,563,246	4,883,439
Rupee Loans	55,518	24,088	24,088	24,088	24,088
Treasury Bonds (b) (c)	2,844,054	3,305,248	3,714,787	3,822,620	4,140,661
Sri Lanka Development Bonds	391,083	668,458	572,199	637,886	614,219
Other	45,966	48,111	62,037	78,652	104,471
By Debt Instrument	4,277,783	4,959,196	5,341,507	5,594,427	6,017,992
Rupee Loans	55,518	24,088	24,088	24,088	24,088
Treasury Bills (a) (b)	694,767	658,240	779,581	697,154	746,887
Treasury Bonds (b) (c)	2,844,054	3,305,248	3,714,787	3,822,620	4,140,661
Sri Lanka Development Bonds	391,083	668,458	572,199	637,886	614,219
Provisional Advances	143,898	151,132	83,307	199,801	198,633
Other	148,463	152,031	167,545	212,879	293,504
By Institution	4,277,783	4,959,196	5,341,507	5,594,427	6,017,992
Banks	1,669,882	1,924,036	2,114,901	2,328,544	2,315,320
Central Bank					
By Debt Instrument	267,676	256,050	414,950	209,412	244,128
Treasury Bills (a) (b)	123,496	104,754	331,389	9,908	45,797
Treasury Bonds (b) (c)	-	-	-	-	-
Other (d)	144,180	151,296	83,560	199,504	198,331
Commercial Banks					
By Debt Instrument	1,402,206	1,667,986	1,699,952	2,119,133	2,071,192
Rupee Loans	15,870	15,870	15,870	15,870	15,870
Treasury Bills (a) (b)	278,296	340,664	244,139	463,198	489,199
Treasury Bonds (b) (c)	595,067	517,614	731,942	803,455	658,106
Sri Lanka Development Bonds	391,083	668,458	572,199	637,886	614,219
Other	121,890	125,382	135,802	198,723	293,798
Non bank sector					
By Debt Instrument	2,607,901	3,035,160	3,226,606	3,265,883	3,702,671
Rupee Loans	39,648	8,218	8,218	8,218	8,218
Treasury Bills (a) (b)	292,975	212,822	204,052	224,048	211,891
Treasury Bonds (b) (c)	2,248,987	2,787,635	2,982,845	3,019,164	3,482,555
Other (h)	26,291	26,485	31,490	14,453	7
By Institution	2,607,901	3,035,160	3,226,606	3,265,883	3,702,671
National Savings Bank	379,877	428,236	426,771	447,792	494,976
Employees' Provident Fund	441,106	592,220	1,778,276	1,930,141	2,147,176
Other	1,786,918	2,014,704	1,021,558	887,950	1,060,519
Total Foreign Debt (e)	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547
By Type					
Project Loans	1,904,599	2,180,388	2,361,118	2,610,547	3,149,905
Non-Project Loans	1,208,516	1,363,642	1,684,678	2,108,070	2,809,642
Commodity	69,993	71,470	69,101	62,727	63,267
Other	1,138,523	1,292,173	1,615,577	2,045,344	2,746,375
By Institution	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547
Concessional Loans	1,490,978	1,729,895	1,897,680	2,130,482	2,705,836
Multi-lateral	704,044	794,485	855,998	954,662	1,392,857
Bi-lateral	786,934	935,410	1,041,682	1,175,820	1,312,979
Non-Concessional Loans	457,668	507,046	538,859	560,207	268,556
Multi-lateral	183,916	199,945	220,551	243,581	58,586
Bi-lateral	273,751	307,101	318,308	316,626	209,970
Commercial Loans	1,164,470	1,307,090	1,609,257	2,027,928	2,985,156
International Sovereign Bonds	655,243	958,014	1,220,870	1,475,049	2,220,411
Non-resident investments in Treasury bills	55,500	5,045	12,816	27,552	11,909
Non-resident investments in Treasury bonds	401,710	298,734	247,222	295,059	146,914
Other (f)	52,017	45,296	128,350	230,269	605,921
Total Outstanding Government Debt	7,390,899	8,503,227	9,387,303	10,313,045	11,977,539

(a) Outstanding Treasury bills and Treasury bonds have been adjusted for secondary market transactions.

Sources: Central Bank of Sri Lanka

(b) Excludes non resident holdings.

Ministry of Finance

(c) Excludes Government Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured in 14th November, 2016) and Rs. 78,441 million issued to CPC in January 2012 (of which Rs. 21,779 million matured in 01st January 2017 and the current outstanding is Rs. 56,662 million) and Rs. 13,125 million issued to capitalize Sri Lanka Airlines in March 2013 (matured in 01st June, 2018).

(d) Includes provisional advances.

(e) Excludes outstanding loans of projects under state owned business enterprises.

(f) Includes outstanding defence loans.

(g) Outstanding amount of loans obtained by public corporations under Treasury guarantee.

(h) Includes sinking fund.

CENTRAL GOVERNMENT DEBT

COMPOSITION OF OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR

TABLE 3

Source	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (a)
I. Foreign Debt	1,448,734	1,760,467	2,024,583	2,329,280	2,767,299	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547
1.1 Project Loans (b) (c)	1,261,304	1,362,806	1,461,729	1,640,117	1,846,772	1,938,909	1,904,599	2,180,388	2,361,118	2,610,547	3,149,905
1.2 Non -Project Loans	187,430	397,661	562,854	689,163	920,527	1,021,515	1,208,516	1,363,642	1,684,678	2,108,071	2,809,642
Commodity (c)	66,499	62,304	54,653	53,460	56,599	61,597	69,993	71,470	69,101	62,727	63,267
Other (d)	120,931	335,357	508,201	635,703	863,928	959,918	1,138,523	1,292,173	1,615,577	2,045,344	2,746,375
2. Domestic Debt	2,140,228	2,400,955	2,565,662	2,804,085	3,232,813	3,832,825	4,277,783	4,959,196	5,341,507	5,594,427	6,017,992
2.1 Rupee Loans	130,009	112,292	87,709	61,961	58,386	55,518	55,518	24,088	24,088	24,088	24,088
2.2 Treasury Bills (e)	402,600	441,032	514,442	590,885	629,070	700,137	694,767	658,240	779,581	697,154	746,887
2.3 Treasury Bonds (e) (f)	1,281,978	1,513,512	1,643,887	1,819,251	2,095,054	2,452,360	2,844,054	3,305,248	3,714,787	3,822,620	4,140,661
2.4 Sri Lanka Development Bonds	158,805	168,079	173,877	183,845	222,994	369,215	391,083	668,458	572,199	637,886	614,219
2.5 Central Bank Advances (g)	76,308	73,881	77,879	94,743	111,292	109,167	143,898	151,132	83,307	199,801	198,633
2.6 Other (h)	90,528	92,160	67,869	53,400	116,017	146,429	148,463	152,031	167,545	212,879	293,504
Total	3,588,962	4,161,422	4,590,245	5,813,074	6,000,112	6,793,249	7,390,899	8,503,227	9,387,303	10,313,045	11,977,539

(a) Provisional.

(b) Represents the amounts withdrawn and outstanding on the loans contracted with the IBRD, USA, Canada, Denmark, People's Republic of China, Germany, UK, India, IDA, ADB, Netherlands, Kuwait, OPEC, Japan, UAE, IFAD, Skandinaviska Enskilda Bankens -Sweden, Solomon Brothers Incorporated-New York, Bank Indosuez, BFCF-France, Citi bank International of USA, Australia, Austria, Saudi Arabian Fund, EIB, Hong Kong and Korea.

(c) Represents the amounts withdrawn and outstanding on the loans contracted with the USA, Canada, Germany, Japan, France, India, Italy, Pakistan and Netherlands.

(d) Includes cash loans received from the ADB, USA, China, Germany, Japan, OPEC, outstanding defence deferred loans, Treasury bonds and Treasury bills held by non-residents and sovereign bond issues.

(e) Excludes non resident holdings.

(f) Excludes Government Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured in 14th November, 2016) and Rs. 78,441 million issued to CPC in January 2012 (of which Rs. 21,779 million matured in 01st January 2017 and the current outstanding is Rs. 56,662 million) and Rs. 13,125 million issued to capitalize Sri Lanka Airlines in March 2013 (matured in 01st June, 2018).

(g) Excludes contributions to international financial organizations.

(h) Includes administrative borrowings arising from foreign loans channeled through government or semi - government agencies and outstanding balance of borrowing from Offshore Banking Units (OBUs)

Sources: Central Bank of Sri Lanka
Ministry of Finance

CENTRAL GOVERNMENT DEBT

TABLE 4

OWNERSHIP OF OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR

Owner	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (a)
I. Domestic Debt (b)	2,140,228	2,400,955	2,565,662	2,804,085	3,232,813	3,832,825	4,277,783	4,959,196	5,341,507	5,594,427	6,017,992
1.1 Banking Sector	657,425	705,766	691,716	886,221	1,060,317	1,433,773	1,669,882	1,924,036	2,114,901	2,328,545	2,315,320
Central Bank	239,248	109,593	78,376	263,329	265,198	112,396	267,676	256,050	414,950	209,412	244,128
Commercial Banks	418,177	596,172	613,340	622,892	795,119	1,321,377	1,402,205	1,667,986	1,699,951	2,119,133	2,071,192
1.2 Non Bank Sector	1,482,804	1,695,189	1,873,945	1,917,864	2,172,495	2,399,053	2,607,900	3,035,160	3,226,606	3,265,884	3,702,671
Market Borrowings	1,478,553	1,685,638	1,866,267	1,916,930	2,171,562	2,385,120	2,607,330	3,034,590	3,226,606	3,265,884	3,702,671
Savings Institutions	204,067	257,084	286,514	314,319	330,150	358,243	379,877	428,236	426,771	447,792	494,976
Insurance Funds	25,976	34,490	32,839	34,356	33,768	30,849	30,536	50,597	57,944	72,305	67,506
Provident and Pension Funds (c)	698,192	835,402	884,279	959,303	1,204,729	1,428,534	1,474,560	1,655,336	1,826,633	1,942,739	2,243,834
Official Fund (d)	107,234	132,485	167,374	161,568	178,900	202,118	221,584	252,615	271,630	289,154	317,840
Private Business (e)	443,084	426,177	495,261	447,385	424,015	365,376	500,773	647,807	643,628	513,894	578,516
Non Market Borrowings	4,251	9,551	7,678	933	933	13,933	570	570	0	-	-
2. Foreign Debt	1,448,734	1,760,467	2,329,280	2,329,280	2,767,299	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547
Total	3,588,962	4,161,422	4,894,942	5,133,365	6,000,112	6,793,249	7,390,899	8,503,227	9,387,303	10,313,045	11,977,539

(a) Provisional.

(b) Excludes Government Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured in 14th November, 2016) and Rs. 78,441 million issued to CPC in January 2012 (of which Rs. 21,779 million matured in 01st January 2017 and the current outstanding is Rs. 56,662 million) and Rs. 13,125 million issued to capitalize Sri Lanka Airlines in March 2013 (matured in 01st June, 2018).

(c) Trusts, Benevolent, Pension and Provident Funds and Employees Provident Fund.

(d) The Central Government, Local Authorities, State Corporations, Departmental and other official funds.

(e) Includes the value of Treasury Certificates of Deposits.

Sources: Central Bank of Sri Lanka

Ministry of Finance

DOMESTIC DEBT

TABLE 5

DETAILS OF OUTSTANDING TREASURY BONDS AS AT END 2018 (a)

Rs.million				
Maturity Date	Issue Date	Series	ISIN	Face Value
15-Jan-19	15-Jan-11	05.65%2019A	LKB00819A158	32,244.45
15-Jan-19	15-Jan-17	10.75%2019A	LKB00219A151	48,479.00
1-May-19	1-May-09	08.50%2019A	LKB01019E016	93,974.55
1-Jul-19	1-Jul-13	10.60%2019A	LKB00619G019	109,578.20
15-Sep-19	15-Sep-13	10.60%2019B	LKB00619H155	115,584.62
1-Nov-19	1-Nov-11	08.00%2019A	LKB00819K017	55,851.09
1-May-20	1-May-15	09.25%2020A	LKB00520E014	110,089.00
1-Jun-20	1-Jun-12	08.00%2020A	LKB00820F015	33,896.05
1-Aug-20	1-Aug-10	06.20%2020A	LKB01020H017	71,515.90
15-Dec-20	15-Dec-15	09.50%2020A	LKB00520L159	83,590.00
1-Mar-21	1-Mar-16	10.75%2021A	LKB00521C016	109,124.00
1-May-21	1-May-12	09.00%2021A	LKB00921E014	75,778.09
1-Aug-21	1-Aug-13	11.00%2021A	LKB00821H019	100,414.06
15-Oct-21	15-Oct-14	09.45%2021A	LKB00721J157	55,456.00
15-Dec-21	15-Dec-16	11.50%2021A	LKB00521L157	117,783.00
1-Jan-22	1-Jan-12	08.00%2022A	LKB01022A018	97,934.25
1-Jul-22	1-Jul-13	11.20%2022A	LKB00922G017	114,772.09
1-Oct-22	1-Oct-13	10.00%2022A	LKB00922J011	104,208.41
15-Mar-23	15-Mar-18	10.00%2023A	LKB00523C152	100,000.00
15-May-23	15-May-17	11.50%2023A	LKB00623E156	103,565.00
15-Jul-23	15-Jul-18	10.20%2023A	LKB00523G153	65,000.00
1-Sep-23	1-Sep-12	09.00%2023A	LKB01123I017	22,428.00
1-Sep-23	1-Sep-13	11.20%2023A	LKB01023I019	99,881.32
1-Oct-23	1-Oct-03	07.00%2023A	LKB02023J016	67,366.00
1-Jan-24	1-Jan-14	11.40%2024A	LKB01024A014	102,434.80
1-Aug-24	1-Aug-16	11.00%2024A	LKB00824H013	107,327.00
1-Dec-24	1-Dec-14	06.00%2024A	LKB01024L011	7,000.03
15-Mar-25	15-Mar-15	10.25%2025A	LKB01025C157	106,672.00
1-May-25	1-May-13	09.00%2025A	LKB01225E019	16,986.90
1-Aug-25	1-Aug-15	11.00%2025A	LKB01025H016	132,027.00
15-Oct-25	15-Oct-17	10.35%2025A	LKB00825J156	95,000.00
1-Feb-26	1-Feb-12	09.00%2026A	LKB01326B011	21,050.00
1-Mar-26	1-Mar-11	05.35%2026A	LKB01526C014	90,586.00
1-Jun-26	1-Jun-14	11.00%2026A	LKB01226F014	112,998.23
1-Aug-26	1-Aug-16	11.50%2026A	LKB01026H014	126,237.00
20-Dec-26	20-Dec-16	05.00%2026A	LKB01026L206	9,142.22
15-Jun-27	15-Jun-17	11.75%2027A	LKB01027F156	112,000.00
21-Jul-27	21-Jul-17	11.00%2027A	LKB01027G212	5,000.00
15-Dec-27	15-Dec-17	11.25%2027A	LKB01027L154	7,500.00
15-Mar-28	15-Mar-18	10.75%2028A	LKB01028C151	93,000.00
1-May-28	1-May-13	09.00%2028B	LKB01528E016	92,783.72
1-Jul-28	1-Jul-12	09.00%2028A	LKB01628G019	94,571.20
1-Sep-28	1-Sep-13	11.50%2028A	LKB01528I017	75,084.00
1-Jan-29	1-Jan-14	13.00%2029A	LKB01529A012	83,087.54
1-May-29	1-May-14	13.00%2029B	LKB01529E014	69,785.34
15-May-30	15-May-15	11.00%2030A	LKB01530E152	96,102.00
1-Jan-32	1-Jan-12	08.00%2032A	LKB02032A016	99,070.50
1-Oct-32	1-Oct-12	09.00%2032A	LKB02032J017	35,294.85
15-Jan-33	15-Jan-18	11.20%2033A	LKB01533A154	105,000.00
1-Jun-33	1-Jun-13	09.00%2033A	LKB02033F013	101,455.90
1-Jul-33	1-Jul-13	13.25%2033A	LKB02033G011	23,511.76
1-Nov-33	1-Nov-13	09.00%2033B	LKB02033K013	20,008.84
1-Jan-34	1-Jan-14	13.25%2034A	LKB02034A012	77,858.98
15-Mar-35	15-Mar-15	11.50%2035A	LKB02035C155	74,565.00
1-Jan-41	1-Jan-16	12.00%2041A	LKB02541A016	29,885.00
1-Jun-43	1-Jun-13	09.00%2043A	LKB03043F011	33,809.25
1-Jan-44	1-Jan-14	13.50%2044A	LKB03044A010	10,969.85
1-Jun-44	1-Jun-14	13.50%2044B	LKB03044F019	77,861.76
1-Mar-45	1-Mar-15	12.50%2045A	LKB03045C013	10,058.00
Treasury bond outstanding as end Dec 2018				4,344,237.75

a) Includes Government Treasury bonds of Rs. 56,662 million issued to CPC in January 2012 (The amount of Treasury bonds issued to CPC was Rs. 78,441 million in January 2012. But due to maturity of Treasury bonds amounting to Rs. 21,779 million in 01st January 2017, the current outstanding is Rs. 56,662 million).

Source: Central Bank of Sri Lanka

DOMESTIC DEBT

TABLE 6

DETAILS OF OUTSTANDING SRI LANKA DEVELOPMENT BONDS AS AT END 2018

US dollar million

Maturity Date	Issue Date	Series	ISIN	Face Value
3-Oct-19	3-Oct-14	SLDB2019A	LKG00519J036	15.00
30-Jan-19	29-Jun-15	SLDB2019B	LKG00419A301	35.00
30-Jan-19	19-Oct-15	SLDB2019B	LKG00419A301	2.50
30-Jan-19	23-Jan-17	SLDB2019B	LKG00419A301	85.00
30-Jan-19	30-Jun-17	SLDB2019B	LKG00419A301	73.93
17-Mar-19	17-Mar-17	SLDB2019C	LKG00219C178	341.25
17-Mar-19	9-May-17	SLDB2019C	LKG00219C178	62.15
17-Mar-19	17-Mar-17	SLDB2019C	LKH00219C177	7.00
1-Apr-20	1-Apr-15	SLDB2020A	LKG00520D011	100.00
1-Apr-20	23-Jan-17	SLDB2020A	LKG00520D011	118.00
29-Jun-20	29-Jun-15	SLDB2020B	LKG00520F297	37.00
29-Jun-20	19-Oct-15	SLDB2020B	LKG00520F297	50.00
29-Jun-20	30-Jun-17	SLDB2020B	LKG00520F297	107.65
17-Mar-20	17-Mar-17	SLDB2020C	LKG00320C174	208.77
17-Mar-20	9-May-17	SLDB2020C	LKG00320C174	44.28
17-Mar-20	17-Mar-17	SLDB2020C	LKH00320C173	4.00
22-Jan-20	22-Jan-18	SLDB2020D	LKG00220A220	93.15
1-May-20	1-May-18	SLDB2020E	LKH00220E015	7.50
1-May-20	17-Sep-18	SLDB2020E	LKH00220E015	54.40
30-Jun-21	30-Jun-17	SLDB2021A	LKG00421F306	158.10
30-Jun-21	28-Mar-18	SLDB2021A	LKG00421F306	20.47
22-Jan-21	22-Jan-18	SLDB2021B	LKG00321A226	114.59
1-May-21	2-Jul-18	SLDB2021C	LKH00321E011	693.89
17-Mar-22	17-Mar-17	SLDB2022A	LKG00522C175	154.23
17-Mar-22	9-May-17	SLDB2022A	LKG00522C175	89.75
17-Mar-22	30-Jun-17	SLDB2022A	LKG00522C175	175.32
22-Jan-22	22-Jan-18	SLDB2022B	LKG00422A222	113.66
16-Mar-22	16-Mar-18	SLDB2022C	LKG00422C160	27.00
1-May-22	1-May-18	SLDB2022D	LKH00422E017	20.00
1-May-22	2-Jul-18	SLDB2022D	LKH00422E017	6.11
1-May-22	17-Sep-18	SLDB2022D	LKH00422E017	25.46
22-Jan-23	22-Jan-18	SLDB2023A	LKG00523A227	149.17
16-Mar-23	16-Mar-18	SLDB2023B	LKG00523C165	42.08
16-Mar-23	28-Mar-18	SLDB2023B	LKG00523C165	104.53
16-Mar-23	16-Mar-18	SLDB2023B	LKH00523C164	0.02
1-May-23	1-May-18	SLDB2023C	LKH00523E012	20.02
Total				3,360.98

Source: Central Bank of Sri Lanka

DOMESTIC DEBT

TABLE 7

DETAILS OF OUTSTANDING RUPEE LOANS AS AT END 2018

Rs.million

Maturity Date	Issue Date	Series	Interest Rate	Face Value
2/1/23	2/1/93	12%2023	12.00	24,088.0
Total				24,088.0

Source: Central Bank of Sri Lanka

DOMESTIC DEBT

TABLE 8

CHANGES IN RELATIVE COMPOSITION OF GOVERNMENT SECURITIES (a)

	2014	2015	2016	2017	2018
1. Maturity (%)					
Short Term	19	17	17	15	15
Medium and Long Term	81	83	83	85	85
2. Marketability (%)					
Marketable	98	99	99	99	100
Non-marketable	2	1	1	1	0
3. Investor base (%)					
Central Bank	3	3	7	0	1
Commercial Banks	25	22	22	28	24
Captive Sources	54	52	55	53	55
Others	18	24	16	19	21
4. Maximum maturity of Treasury Bond issued during the year (yrs)					
	30	30	29	10	15

(a) Treasury bills, Treasury bonds and Rupee loans only. Excludes Treasury bills and Treasury bonds held by non-residents.

Sources: Central Bank of Sri Lanka
Ministry of Finance

DOMESTIC DEBT

TABLE 9

MATURITY PROFILE OF DOMESTIC DEBT AS AT END 2018 (a)

Rs. million

Maturity Year	Instrument					Total
	Treasury Bill (b)	Treasury Bond (b)(c)	Rupee Loan	Sri Lanka Development Bonds (d)	Loans from Foreign Currency Banking Units (d)	
2019	693,805	455,712	-	113,639	100,512	1,363,669
2020	-	299,091	-	150,723	-	449,814
2021	-	458,555	-	180,383	-	638,938
2022	-	316,915	-	111,757	-	428,672
2023	-	458,240	24,088	57,716	-	540,044
2024	-	216,762	-	-	-	216,762
2025	-	350,686	-	-	-	350,686
2026	-	360,013	-	-	-	360,013
2027	-	124,500	-	-	-	124,500
2028	-	355,439	-	-	-	355,439
2029	-	152,873	-	-	-	152,873
2030	-	96,102	-	-	-	96,102
2031	-	-	-	-	-	-
2032	-	134,365	-	-	-	134,365
2033	-	249,977	-	-	-	249,977
2034	-	77,859	-	-	-	77,859
2035	-	74,565	-	-	-	74,565
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	29,885	-	-	-	29,885
2042	-	-	-	-	-	-
2043	-	33,809	-	-	-	33,809
2044	-	88,832	-	-	-	88,832
2045	-	10,058	-	-	-	10,058
2046	-	-	-	-	-	-
2047	-	-	-	-	-	-
Total	693,805	4,344,238	24,088	614,219	100,512	5,776,862

(a) Other liabilities to the banking sector are not included.

Sources : Central Bank of Sri Lanka

(b) Includes Treasury bonds and Treasury bills issued to non-residents.

(c) Includes Government Treasury bonds of Rs. 56,662 million issued to CPC in January 2012 (The amount of Treasury bonds issued to CPC was Rs. 78,441 million in January 2012. But due to maturity of Treasury bonds amounting to Rs. 21,779 million in 01st January 2017, the current outstanding is Rs. 56,662 million).

(d) Exchange rate used for conversion is 1 US dollar = Rs. 182.7499 as at end 2018.

DOMESTIC DEBT

TABLE 10

FUTURE DOMESTIC CURRENCY DEBT OBLIGATIONS AS AT END 2018 (a) (b)

Rs. million

Year	Capital	Interest	Grand Total
2019	455,712	500,239	955,951
2020	299,091	392,954	692,045
2021	458,555	364,856	823,412
2022	316,915	324,707	641,622
2023	482,328	285,115	767,443
2024	216,762	242,325	459,086
2025	350,686	218,029	568,714
2026	360,013	177,856	537,870
2027	124,500	149,592	274,092
2028	355,439	132,444	487,883
2029	152,873	96,187	249,060
2030	96,102	80,965	177,067
2031	-	75,679	75,679
2032	134,365	71,716	206,082
2033	249,977	54,131	304,108
2034	77,859	33,612	111,471
2035	74,565	24,166	98,731
2036	-	19,879	19,879
2037	-	19,879	19,879
2038	-	19,879	19,879
2039	-	19,879	19,879
2040	-	19,879	19,879
2041	29,885	18,085	47,970
2042	-	16,292	16,292
2043	33,809	14,771	48,580
2044	88,832	7,253	96,085
2045	10,058	629	10,687
2046	-	-	-
2047	-	-	-
Total	4,368,326	3,380,997	7,749,323

(a) Represents capital payments (Face values of Treasury bonds and Rupee loans) and interest payments (coupon payments of Treasury bonds, interest payments for Treasury bills and Rupee loans) as at end 2018.

Sources: Central Bank of Sri Lanka

(b) Treasury bill interest is considered rollover.

DOMESTIC DEBT

TABLE 11

OWNERSHIP OF TREASURY BILLS (a)

Ownership	Rs million										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (b)
1. Bank Sector	251,453	197,532	223,351	355,552	373,753	447,004	401,792	445,418	575,528	473,106	534,996
1.1 Central Bank	163,584	37,451	2,993	169,797	154,005	3,053	123,496	104,754	331,389	9,908	45,797
1.2 Commercial Banks	87,869	160,081	220,358	185,756	219,748	443,951	278,296	340,664	244,139	463,198	489,199
2. Non Bank Sector	151,146	243,499	291,091	235,333	255,317	253,133	292,975	212,822	204,053	224,048	211,891
2.1 Employees' Provident Fund	1	420	5,969	-	33,410	13,969	1,000	-	41,057	74,475	36,321
2.2 Other Provident Funds	55	-	15	1,279	122	45	-	162	77	49	1,091
2.3 Savings Institutions	20,791	42,677	52,541	58,733	61,972	68,328	47,945	67,766	18,049	38,378	21,881
2.4 Insurance and Finance Companies	10,988	7,192	12,072	11,010	19,097	28,629	47,461	47,375	57,918	58,093	64,628
2.5 Departmental and Other Official Funds	16,431	21,452	20,636	5,968	2,566	8,114	10,986	7,570	7,616	760	3,036
2.6 Private and Other	102,882	171,757	199,858	158,344	138,149	134,048	185,582	89,949	79,336	52,293	84,933
3 Foreign Investors (c)	6,358	40,410	57,317	70,123	80,184	73,916	55,500	5,045	12,816	27,552	11,909
Total	408,958	481,441	571,759	661,008	709,254	774,053	750,267	663,285	792,397	724,706	758,796

(a) Adjusted for secondary market transactions.

(b) Provisional.

(c) Includes rupee denominated Treasury bills held by foreign investors from 2008 and the Sri Lankan diaspora and migrant workers from 2009.

Sources: Central Bank of Sri Lanka
Ministry of Finance

DOMESTIC DEBT

TABLE 12

OWNERSHIP OF TRASURY BONDS (a) (b)

Ownership	Rs million										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (c)
1. Bank Sector	90,082	188,576	162,215	206,547	244,770	386,398	595,067	517,613	731,942	803,455	658,106
1.1 Commercial Banks	90,082	188,576	162,215	206,547	244,770	386,398	595,067	517,613	731,942	803,455	658,106
2. Non Bank Sector	1,191,897	1,324,936	1,481,672	1,612,704	1,850,284	2,065,962	2,248,986	2,787,635	2,982,845	3,019,164	3,482,555
2.1 Employee's Provident Fund	607,770	718,717	814,451	927,374	1,117,360	1,356,389	1,450,144	1,612,461	1,737,219	1,855,665	2,110,855
2.2 Other Provident Funds	9,507	13,766	19,872	7,550	30,639	35,031	315	42,713	48,060	-	42,549
2.3 Savings Institutions	164,457	195,588	221,805	246,418	261,309	285,915	327,932	358,470	406,722	407,415	471,095
2.4 Insurance and Finance Companies	26,410	33,194	33,624	34,410	31,711	26,636	42,742	58,808	68,124	68,305	56,937
2.5 Departmental and Other Official Funds	90,778	21,949	36,963	37,006	37,596	187,904	210,598	245,045	264,014	285,278	311,688
2.6 Private and Other	292,975	341,722	354,957	359,946	371,669	174,087	217,255	470,138	458,707	402,501	489,431
3 Foreign Investors (c)	17,647.00	145,124	183,538	199,531	317,603	403,486	401,710	298,734	247,222	295,059	146,914
Total	1,299,625	1,658,636	1,827,425	2,018,782	2,412,657	2,855,846	3,245,763	3,603,982	3,962,009	4,117,678	4,287,576

(a) Adjusted for secondary market transactions.

(b) Excludes Treasury bonds amounting to Rs. 78,447 million issued to settle dues to CPC in January 2012. Due to maturity of some of those bonds in January 2017, the outstanding amount remained as Rs. 56,662.

(c) Provisional.

(d) Includes rupee denominated Treasury bonds held by foreign investors from 2007 and the Sri Lankan diaspora and migrant workers from 2009.

Sources: Central Bank of Sri Lanka
Ministry of Finance

DOMESTIC DEBT

TABLE 13

OWNERSHIP OF RUPEE LOANS

Ownership	Rs. million										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (a)
1. Bank Sector - Commercial Banks	15,870	17,252	17,615	16,234	15,870	15,870	15,870	15,870	15,870	15,870	15,870
2. Non Bank Sector	114,139	95,040	70,094	45,727	42,516	39,648	39,648	8,218	8,218	8,218	8,218
2.1 Savings Institutions	18,820	18,820	12,168	9,168	6,868	4,000	4,000	2,000	2,000	2,000	2,000
2.2 Departmental and Other Official Funds (b)	8,400	6,111	6,103	6,101	5,190	6,101	6,101	-	-	-	-
2.3 Employees' Provident Fund	68,539	56,583	40,921	23,100	23,100	23,100	23,100	-	-	-	-
2.4 Other Provident Funds	12,327	11,417	10,369	7,358	7,358	6,447	6,447	6,218	6,218	6,218	6,218
2.5 Other State Corporations	1,575	1,575	-	-	-	-	-	-	-	-	-
2.7 Other (c)	4,477	535	532	-	-	-	-	-	-	-	-
Total	130,009	112,292	87,709	61,961	58,386	55,518	55,518	24,088	24,088	24,088	24,088

(a) Provisional.

(b) Including Employees' Trust Fund.

(c) Comprises co-operative banks, other companies, institutions and individuals.

Sources: Central Bank of Sri Lanka
Ministry of Finance

FOREIGN DEBT

TABLE 14

COMPOSITION OF OUTSTANDING FOREIGN DEBT AS AT END 2018 (a)

Creditor Category/ Use of Funds	Rs. million					
	Bi-lateral	Multi-lateral	Commercial	Export Credit	Total Debt	% of Total
Cash (b)	434	78	2,093,711		2,094,222	35.14
Commodity	6,531			175	6,706	0.11
Food	18,103		(0.00)		18,103	0.30
Goods & Services	14,655			23,803	38,458	0.65
Programme	20,901	131,657			152,558	2.56
Project	1,102,509	1,302,829	2,262	589,748	2,997,348	50.29
Other (c)	133	16,879	615,698	19,442	652,153	10.94
Total Debt	1,163,265	1,451,443	2,711,671	633,168	5,959,547	100.00
%	19.52	24.35	45.50	10.62	100.00	

(a) Provisional

(b) Includes Sovereign bond issued in 2009, 2010, 2011, 2012, 2014, 2015, 2016, 2017 and 2018.

(c) Includes Treasury bonds and Treasury bills held by non-residents.

Sources: Central Bank of Sri Lanka
Ministry of Finance

FOREIGN DEBT

TABLE 15

OWNERSHIP OF OUTSTANDING FOREIGN DEBT

Source	Rs. million									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ^(a)
1. Multi-lateral	665,040	674,936	721,916	844,292	903,540	887,960	994,430	1,076,549	1,198,243	1,451,443
ADB	344,661	358,872	383,461	448,421	478,796	471,762	533,806	569,686	632,237	785,509
EIB	20,463	18,792	18,054	23,438	23,248	21,133	29,728	27,518	29,193	31,255
IBRD	0	0	0	322	4,530	6,987	10,382	27,760	28,462	37,008
IDA	284,074	281,217	302,244	349,997	373,085	363,052	391,149	417,636	467,832	548,283
IFAD	10,309	11,032	13,007	16,013	17,419	17,098	18,631	21,520	24,405	28,251
OPEC	2,173	1,913	2,052	2,699	2,998	4,783	7,547	9,309	12,743	17,398
Nordic Development Fund	3,360	3,110	3,099	3,403	3,464	3,145	3,187	3,119	3,370	3,741
2. Bi-lateral	684,750	739,213	842,804	1,035,907	823,180	793,196	888,971	945,754	992,157	1,163,265
Canada	8,488	8,134	7,701	8,269	7,409	6,339	5,373	5,275	5,254	5,230
France (b)	15,021	18,427	19,503	24,273	26,861	24,698	25,406	24,448	27,977	32,264
Germany	58,279	50,263	47,547	51,164	52,112	43,342	40,726	39,145	43,506	46,937
India	17,902	17,292	41,927	78,322	102,843	119,982	137,413	142,277	145,071	166,915
Japan	426,767	478,931	529,013	547,515	468,366	416,408	457,483	486,199	506,829	613,656
Kuwait	5,103	5,237	5,799	6,194	5,749	5,357	6,765	7,774	8,768	12,124
Netherlands	291	87	0	-	-	-	-	-	-	-
People's Republic of China	46,641	56,459	59,497	67,434	67,154	87,743	117,284	131,604	135,728	150,939
Saudi Arabian Fund	2,328	2,338	2,544	2,648	3,868	4,982	10,724	13,255	16,722	21,752
USA	46,952	42,414	40,318	41,386	38,854	35,246	34,594	31,798	28,925	28,910
Other	56,978	59,633	88,957	208,702	49,963	49,100	53,205	63,978	74,007	84,537
3. Financial Markets	410,676	610,433	764,560	887,100	1,233,704	1,431,959	1,660,630	2,023,493	2,528,218	3,344,839
Riggs National Bank	3,476	3,140	2,984	3,064	2,922	2,651	2,607	2,336	2,110	2,262
Indo-Suez Bank (France & Stockholm)	-	-	-	-	-	-	-	-	-	-
Bankers Trust Co.	560	466	399	356	275	184	101	-	-	-
Solomon Bros. Inc. - New York	270	157	54	0	0	-	-	-	-	-
Citi Bank/NEXI	0	-	-	-	-	-	201.40	-	-	-
Export-Import Bank of China (c)	-	-	-	-	-	146,262.00	192,889.00	242,416	299,405	392,041
Other (d)	406,370	606,670	761,124	883,680	1,230,507	1,282,863	1,464,832	1,778,741	2,226,703	2,950,536
International Sovereign bonds	114,384	221,906	341,704	445,063	457,636	655,243	958,014	1,220,870	1,475,049	2,220,411
Non-resident investments in Treasury bills	40,409.60	57,317	70,123	80,184	73,916	55,500	5,045	12,816	27,552	11,909
Non-resident investments in Treasury bonds	145,124	183,538	199,531	317,604	403,486	401,710	298,734	247,222	295,059	146,914
Other	106,452	143,909	149,766	40,829	295,470	170,410	203,039	297,833	429,043	571,301
Total	1,760,466	2,024,583	2,329,280	2,767,299	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547

(a) Provisional

(b) Includes loans from Financial Institutions.

(c) Excludes outstanding loans of Projects under State Owned Business Enterprises

(d) Includes outstanding defence loans, Rupee denominated Treasury bonds (since 2007) and Treasury bills (since 2008) held by foreign investors and proceeds from the international sovereign bond issuances.

Sources: Central Bank of Sri Lanka
Ministry of Finance

FOREIGN DEBT

TABLE 16

FOREIGN LOANS - 2018

Rs million

Type and Source	Gross Receipts	Repayments	Net Change in the Liability	Liability as at end December 2018
1. Project Loans	215,100	174,259	539,358	3,149,905
ADB	63,694	29,825	154,100	782,244
Australia	159	2,128	98	11,517
Austria	2,990	2,652	2,653	18,772
Canada	-	348	21	3,842
China (a)	53,696	31,493	103,109	529,322
Denmark	-	3,199	(2,350)	5,193
EIB	-	2,959	2,062	31,255
Finland	-	448	(265)	1,193
France	11,512	3,308	16,287	54,803
Germany	406	2,758	3,073	41,360
Hong Kong	2,274	360	2,249	2,573
India	7,951	11,260	21,915	152,261
IDA	19,854	17,941	78,516	534,591
Japan	25,672	31,279	106,737	614,048
Korea	2,566	1,327	9,999	65,136
Kuwait	2,278	830	3,356	12,124
Netherlands	4,989	5,653	6,045	38,508
Opec Fund for International Development	3,196	1,312	4,655	17,398
Saudi Arabian Fund	2,708	1,533	5,030	21,752
Spain	755	1,113	2,412	21,484
Sweden	-	3,620	(636)	16,551
UK	2,569	8,664	4,049	52,715
USA	1,506	3,002	2,594	23,530
Other	6,325	7,246	13,650	97,733
2. Non-Project Loans	691,886	174,231	701,571	2,809,642
2.1 Commodity Loans	-	3,831	4	23,590
Canada	-	180	(45)	1,388
France	-	-	-	-
India	-	2,680	(71)	14,655
Pakistan	-	620	(206)	2,404
Germany	-	351	326	5,143
Netherlands	-	-	-	-
USA	-	-	-	-
Japan	-	-	-	-
2.2 Other Loans	691,886	170,400	701,567	2,786,052
ADB	-	1,352	(829)	3,265
China	174,510	466	187,488	196,408
USA	17,487	2,564	616	18,103
Germany	-	25	32	434
Japan	-	-	-	-
Other (b)	499,889	165,993	514,260	2,567,843
Memo: Liability due to variations in exchange rates (c)			963,181	
Grand Total	906,986	348,489	1,240,929	5,959,547

(a) Excludes outstanding loans of projects under State Owned Enterprises.

Sources: Central Bank of Sri Lanka

(b) Includes rupee denominated Treasury bonds and Treasury bills held by foreign investors, proceeds from the international sovereign bond issuances and foreign currency term financing facility.

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(c) This includes the impact of exchange rate variation.

FOREIGN DEBT

TABLE 17

FOREIGN LOAN DISBURSEMENTS BY SOURCE

Rs million

Category	Disbursements									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (a)
1. Lender	256,402	327,878	322,771	482,259	392,351	451,430	509,201	713,181	866,224	781,104
Bi-lateral	60,131	59,272	78,739	109,165	83,109	73,690	66,955	56,884	59,375	51,029
Multi-lateral	48,547	52,685	54,459	65,782	63,335	61,156	71,924	104,900	93,912	91,669
Commercial(b) (c)	109,371	163,892	144,963	250,505	158,918	281,350	311,659	481,295	616,814	561,750
Export Credits	38,353	52,028	44,611	56,807	86,989	35,234	58,664	70,102	96,123	76,656
2. Use of Funds	356,402	327,878	322,771	482,259	447,465	451,430	509,201	713,181	866,224	781,104
Cash (c)	57,404	111,926	109,488	130,695	139,483	195,989	87,035	319,689	228,473	170,923
Commodity	-	-	-	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-	-	-	-
Goods & Services	314	126	3,254	2,316	8,195	626	1,064	344	1,330	-
Programme	593	4,788	194	-	21	-	-	27,517	456	20,796
Project	145,850	158,770	174,097	227,041	272,433	164,352	190,923	201,752	246,944	193,931
Technical Assistance	275	302	232	210	39	241	35	-	290	374
Other (c)	151,967	51,967	35,507	121,997	27,294	90,221	230,145	163,880	388,732	395,081

(a) Provisional.

(b) Includes Sovereign bond issued in 2009, 2010, 2011, 2012, 2014, 2015, 2016, 2017 and 2018.

(c) Includes Treasury bonds and Treasury bills(net) issued to non-residents since 2007.

Sources: Central Bank of Sri Lanka
Ministry of Finance

DEBT SERVICE PAYMENTS

TABLE 18

GOVERNMENT DEBT REPAYMENTS AND INTEREST PAYMENTS

Rs.million

Year	Principal Repayments			Interest Payments		
	Domestic (a)	Foreign (b)	Total	Domestic (c)	Foreign (d)	Total
1980	902	600	1,502	1,787	412	2,199
1981	1,001	607	1,608	3,025	713	3,738
1982	1,938	674	2,612	4,189	915	5,104
1983	3,860	1,165	5,025	5,336	1,270	6,606
1984	764	1,465	2,229	5,115	1,623	6,738
1985	5,108	1,789	6,897	5,458	1,970	7,428
1986	4,505	3,020	7,525	6,553	2,209	8,762
1987	902	4,690	5,592	7,593	2,564	10,157
1988	4,471	5,209	9,680	9,694	2,896	12,590
1989	3,796	5,742	9,538	11,015	3,337	14,352
1990	7,304	4,906	12,210	16,990	3,678	20,668
1991	12,901	4,881	17,782	17,960	4,113	22,073
1992	18,123	7,955	26,078	21,201	4,739	25,940
1993	20,327	6,963	27,290	25,101	5,102	30,203
1994	15,065	7,606	22,671	32,520	5,511	38,031
1995	28,069	8,477	36,546	32,064	6,162	38,226
1996	22,749	10,491	33,240	42,184	6,739	48,923
1997	15,232	13,251	28,483	48,554	6,692	55,246
1998	41,617	18,351	59,968	47,598	7,300	54,898
1999	20,322	21,440	41,762	53,371	8,752	62,123
2000	81,244	23,282	104,526	62,185	9,015	71,200
2001	56,844	27,921	84,765	84,560	9,747	94,307
2002	130,786	37,057	167,843	105,897	10,617	116,514
2003	185,083	34,425	219,508	113,540	11,586	125,126
2004	147,740	33,041	180,781	105,878	13,904	119,782
2005	203,347	21,360	224,707	113,164	6,995	120,159
2006	247,536	45,989	293,525	133,787	16,990	150,777
2007	251,900	65,934	317,834	158,701	23,980	182,681
2008	258,720	121,609	380,330	182,198	30,277	212,475
2009	403,723	114,716	518,439	273,977	35,698	309,675
2010	389,672	78,184	467,856	297,127	55,464	352,592
2011	439,894	98,789	538,683	288,134	68,565	356,699
2012	415,441	193,529	608,970	317,659	90,839	408,498
2013	496,042	203,993	700,035	354,706	108,160	462,865
2014	449,554	183,109	632,662	327,934	115,660	443,595
2015	523,824	284,293	808,117	394,289	115,386	509,674
2016	572,442	169,107	741,549	484,182	126,713	610,895
2017	642,875	224,609	867,484	570,623	164,942	735,566
2018 (e)	921,881	314,480	1,236,361	639,482	212,708	852,190

(a) Excludes Treasury bond payments to non-residents .

Sources: Central Bank of Sri Lanka

(b) Includes Treasury bond payments to non-residents

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(c) Excludes Treasury bill & Treasury bond interest payments to non-residents .

(d) Includes Treasury bill & Treasury bond interest payments to non-residents.

(e) Provisional.

ISSUES AND MATURITIES OF DOMESTIC DEBT IN 2016, 2017 and 2018

Rs. million

	Maturity (M)	2016			2017			2018 (a)		
		Issues	Repayments	Net Issues	Issues	Repayments	Net Issues	Issues	Repayments	Net Issues
Treasury Bills	0 < M ≤ 91 days	549,427	495,504	53,923	597,024	696,540	(99,516)	753,525	783,020	(29,495)
	91 < M ≤ 182 days	604,084	688,659	(84,575)	613,672	532,270	81,401	205,632	432,123	(226,491)
	182 < M ≤ 364 days	481,838	322,075	159,763	413,571	463,147	(49,576)	694,102	404,026	290,076
Total		1,635,349	1,506,238	129,111	1,624,266	1,691,957	(67,691)	1,653,259	1,619,169	34,091
Treasury Bonds	1 year	-	13,500	(13,500)	-	-	-	-	-	-
	2 year	59,012	23,026	35,986	68,479	39,759	28,720	-	59,012	(59,012)
	3 year	50,800	22,195	28,605	-	148,894	(148,894)	90,020	72,878	17,142
	4 year	75,172	67,147	8,025	42,183	29,910	12,273	-	-	-
	5 year	87,898	111,822	(23,924)	102,185	157,382	(55,197)	205,000	258,970	(53,970)
	6 year	22,100	67,899	(45,799)	55,565	38,979	16,587	-	117,652	(117,652)
	7 year	8,050	-	8,050	26,605	-	26,605	95,000	48,119	46,881
	8 year	82,461	-	82,461	122,576	-	122,576	47,000	11,280	35,720
	9 year	47,176	-	47,176	20,346	-	20,346	50,000	500	49,500
	10 year	110,737	-	110,737	110,876	-	110,876	171,000	18,261	152,739
	11 year	-	-	-	-	-	-	-	14,677	(14,677)
	12 year	-	-	-	-	-	-	-	-	-
	13 year	21,660	4,397	17,263	-	-	-	-	-	-
	14 year	68,665	-	68,665	-	-	-	20,000	-	20,000
	15 year	-	-	-	-	-	-	85,000	4,900	80,100
	19 year	-	-	-	-	-	-	-	-	-
	20 year	-	-	-	-	-	-	-	-	-
	25 year	29,885	-	29,885	-	-	-	-	-	-
	30 year	-	-	-	-	-	-	-	-	-
Total		663,616	309,986	353,630	548,815	414,923	133,892	763,020	606,249	156,771
Rupee Loans	4/7 year	-	-	-	-	-	-	-	-	-
	4/8 year	-	-	-	-	-	-	-	-	-
	3/10 year	-	-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-	-	-
Sri Lanka Dev. Bonds	≤ 1 year	178,826	231,139	(52,312)	90,882	144,723	(53,841)	-	93,533	(93,533)
	2 year	18,153	10,185	7,968	86,271	55,927	30,344	24,395	34,271	(9,876)
	3 year	-	62,810	(62,810)	73,181	59,543	13,638	130,722	43,900	86,822
	4 year	-	1,727	(1,727)	24,270	-	24,270	29,979	2,380	27,599
	5 year	-	11,634	(11,634)	63,920	-	63,920	48,996	189,470	(140,473)
Total		196,979	317,495	(120,516)	338,524	260,193	78,331	234,093	363,553	(129,461)
Loans from OBUs	≤ 1 year	14,980	-	14,980	33,282	-	33,282	62,377	-	62,377
	2 years	-	-	-	-	-	-	-	-	-
	3 years	-	-	-	-	-	-	-	-	-
Total		14,980	-	14,980	33,282	-	33,282	62,377	-	62,377
Grand Total		2,510,924	2,133,719	377,205	2,544,887	2,367,074	177,814	2,712,749	2,588,971	123,778

(a) Provisional.

Sources: Central Bank of Sri Lanka

AUCTION AND PRIMARY ISSUE DETAILS IN 2016, 2017 AND 2018 (a)

Rs. million

	2016			2017			2018 (b)		
	Treasury Bills	Treasury Bonds	Rupee Loans	Treasury Bills	Treasury Bonds	Rupee Loans	Treasury Bills	Treasury Bonds	Rupee Loans
Auctions									
Number of Auctions	52	23	-	52	16	-	51	11	-
Amount Offered	1,264,000	564,000	-	1,293,500	598,000	-	1,012,500	741,000	-
Bids Received	2,984,590	2,651,027	-	3,549,127	1,783,714	-	2,912,519	1,736,753	-
Amount Accepted	844,611	654,474	-	1,111,174	536,315	-	928,326	763,020	-
CBSL Purchases	790,738	-	-	513,092	-	-	724,934	-	-
Placements	-	9,142	-	-	12,500	-	-	-	-
Total Issues	1,635,349	663,616	-	1,624,266	548,815	-	1,653,259	763,020	-

(a) Face Value.

(b) Provisional.

Source: Central Bank of Sri Lanka

GOVERNMENT BORROWINGS

TABLE 21

GOVERNMENT BORROWING LIMITS AND USAGE IN 2016, 2017 AND 2018 - BOOK VALUE

Rs. billion

	2016		2017		2018	
	Approved Limit	Usage	Approved Limit	Usage	Approved Limit	Usage
1. Gross Borrowing	1,509	1,516	1,525	1,596	1,819	1,843
1.1. Domestic	990	942	1,075	979	1,239	1,131
1.2. Foreign	519	574	450	617	580	712
2. Sources of Financing						
2.1. Domestic Financing	990	942	1,075	979	1,239	1,131
2.1.1. Rupee Loans	-	-	-	-	-	-
2.1.2. Treasury Bonds (a)	542	575	631	514	700	763
2.1.3. Treasury Bills (net) (a)	58	106	125	(68)	100	47
2.1.4. CBSL Advances	33	-	19	116	21	25
2.1.5. Sri Lanka Development Bonds	357	197	225	339	384	234
2.1.6. Loans from Foreign Currency Banking Units	-	15	75	33	34	62
2.1.7. Other	-	49	-	45	-	-
2.2 Foreign Financing	519	574	450	617	580	712
2.2.1. Project/Programme Loans	309	255	230	236	240	150
2.2.2. Commercial Loans (b)	210	320	220	381	340	562
Total Financing	1,509	1,516	1,525	1,596	1,819	1,843

(a) Includes Treasury bonds and Treasury bills issued to non-residents.

(b) Includes International Sovereign bonds and non-project loans.

Sources: Central Bank of Sri Lanka
Ministry of Finance

GOVERNMENT BORROWINGS

TABLE 22

FINANCING OF THE GOVERNMENT NET CASH DEFICIT

Item	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (a)
1. NET CASH SURPLUS (+) / DEFICIT (-)	(322,329)	(486,626)	(451,924)	(455,207)	(551,142)	(612,599)	(801,408)	(980,776)	(640,325)	(688,818)	(760,769)
1.1 Revenue and Grants	708,596	746,359	858,372	973,476	1,030,128	1,098,355	1,169,543	1,413,318	1,725,278	1,914,288	1,973,505
1.2 Expenditure (b)	(1,030,925)	(1,232,984)	(1,310,295)	(1,428,683)	(1,581,271)	(1,710,955)	(1,970,952)	(2,394,094)	(2,365,603)	(2,603,105)	(2,734,275)
2. FINANCING OF THE DEFICIT	322,329	486,626	451,924	455,207	551,142	612,599	801,408	980,776	640,325	688,818	760,769
2.1 Domestic Financing	314,312	245,556	202,229	231,224	257,847	487,542	525,843	743,973	248,411	249,574	437,234
2.1.1 Domestic Market Borrowings	309,694	234,276	191,999	236,021	252,409	474,542	539,206	743,973	248,411	249,574	329,351
Rupee Loans	-	1,904	-	-	-	-	-	-	-	-	-
Less: Direct Repayments	1,500	19,621	24,583	25,748	3,576	2,868	-	31,430	-	-	-
Net	(1,500)	(17,717)	(24,583)	(25,748)	(3,576)	-	-	(31,430)	-	-	-
Treasury Bills	69,766	49,008	82,796	79,616	16,782	53,510	26,077	(26,375)	98,482	(81,666)	52,885
Treasury Bonds	192,356	201,935	140,440	168,401	154,548	252,125	369,135	442,582	349,814	109,146	374,542
Sri Lanka Development Bonds (SLDBs)	65,497	7,564	11,073	5,268	18,359	140,277	20,968	222,967	(120,516)	53,289	(129,461)
Central Bank Advances	15,629	(2,428)	3,998	16,864	16,549	(2,125)	34,731	7,234	(67,825)	116,494	(1,168)
Other Borrowings from Banks (c)	(43,598)	(2,918)	(7,291)	13,730	45,139	31,725	101,967	133,400	(19,926)	71,186	78,496
Use of Cash Balances	11,544	(1,169)	(14,434)	(22,109)	4,609	1,898	(13,672)	(4,405)	8,383	(18,874)	(45,943)
2.1.2 Domestic Other Borrowings (d)	4,618	11,280	10,230	(4,798)	5,438	13,000	(13,363)	-	-	-	107,883
2.2 Foreign Financing	8,018	241,070	249,694	223,983	293,295	125,057	275,565	236,803	391,914	439,243	323,535
2.2.1 Project Loans	114,600	146,717	163,860	174,523	228,808	164,191	188,025	201,655	254,559	220,129	219,354
Less: Repayments	47,762	66,059	55,360	63,632	80,958	98,231	96,634	117,031	145,266	170,617	196,239
Net	66,838	80,658	108,500	110,892	147,850	65,960	91,391	84,623	109,293	49,512	23,115
2.2.2 Non-project Loans	(58,820)	160,412	141,194	113,092	145,445	59,098	184,174	35,148	282,620	389,731	300,420
Commodity Loans	58	314	126	3,254	2,316	8,195	626	1,064	344	1,330	-
Less: Repayments	5,771	5,871	6,100	5,793	5,634	5,226	4,814	5,443	5,306	9,441	10,091
Net	(5,713)	(5,557)	(5,974)	(2,539)	(3,319)	2,969	(4,188)	(4,379)	(4,963)	(8,112)	(10,091)
Other loans (e)	14,970	208,755	163,893	144,995	255,700	156,664	270,023	34,084	306,117	442,394	418,982
Less: Repayments	68,077	42,786	16,724	29,364	106,937	100,535	81,661	1,618,119	18,534	44,550	108,471
Net	(53,107)	165,969	147,169	115,631	148,764	56,128	188,362	(127,734)	287,583	397,843	310,511

(a) Provisional.

(b) Excludes government debt repayments.

(c) Includes cash items in process of collection in the Central Bank and commercial banks, government import bills, overdraft and borrowings from offshore banking units of commercial banks (OBUs).

(d) Includes non market borrowings and proceeds from the long lease of Hambantota Port in 2017 and 2018.

(e) Includes proceeds from the international sovereign bond issuances and foreign currency term financing facility.

Sources : Central Bank of Sri Lanka
Ministry of Finance

COST OF BORROWING

TABLE 23

TREASURY BILLS PRIMARY AUCTION YIELD RATES AND COMPOSITE RATE - 2018

Year	Month	Weighted Average Yield Rates of Treasury Bills (Net of Tax)			
		91 Days	182 Days	364 Days	Composite Rate
2017	January	8.95	9.94	10.29	9.58
	February	9.18	10.09	10.47	9.82
	March	9.49	10.45	10.92	10.37
	April	9.70	10.73	11.06	10.86
	May	9.62	10.45	10.77	10.48
	June	9.60	10.32	10.55	10.37
	July	9.53	10.06	10.28	10.11
	August	8.94	9.15	9.47	9.27
	September	8.71	9.10	9.34	9.18
	October	8.77	9.10	9.43	9.13
	November	8.59	8.97	9.46	9.04
	December	8.02	8.62	9.11	8.82
		Total	9.01	9.80	10.07
2018	January	-	8.04	8.86	8.41
	February	8.07	8.15	9.12	8.63
	March	8.22	-	9.66	9.59
	April	8.13	-	9.72	9.62
	May	8.31	8.93	9.67	9.47
	June	8.34	8.87	9.46	9.24
	July	8.33	8.75	9.34	9.13
	August	8.11	8.64	9.10	8.81
	September	8.13	-	9.09	8.80
	October	9.37	9.75	10.32	10.02
	November	9.90	9.99	11.15	10.92
	December	-	10.01	11.22	10.76
		Total	8.40	8.58	9.67

Source: Central Bank of Sri Lanka

COST OF BORROWING

TABLE 24

TREASURY BOND AUCTIONS IN 2018

Series	Settlement Date	Maturity Date	Maturity Period (Years)	Amount Offered (Rs. million.)	Bids Received (Rs. million.)	Amount Accepted (Rs. million.)	Coupon Rate (%)	Weighted Average Yield (With Tax) (a)	Weighted Average Yield (After Tax) (a)
09.50%2020A	2-Jan-18	15-Dec-20	3	8,000.00	32,637.00	8,000.00	9.50	10.61	9.55
11.00%20206A	2-Jan-18	1-Jun-26	8	22,000.00	48,615.00	22,000.00	11.00	11.17	10.06
11.50%2023A	1-Feb-18	15-May-23	5	40,000.00	90,780.00	40,000.00	11.50	10.49	9.44
11.20%2033A	1-Feb-18	15-Jan-33	15	40,000.00	91,569.00	40,000.00	11.20	11.17	10.05
10.75%2021A	2-Mar-18	1-Mar-21	3	25,000.00	47,690.00	17,020.00	10.75	10.95	9.85
11.00%2025A	2-Mar-18	1-Aug-25	7	15,000.00	34,184.00	15,000.00	11.00	11.48	10.34
10.00%2023A	2-Apr-18	15-Mar-23	5	50,000.00	91,550.00	50,000.00	10.00	10.68	10.68
11.50%2028A	2-Apr-18	1-Sep-28	10	30,000.00	55,705.00	30,000.00	11.50	11.18	11.18
09.50%2020A	1-May-18	15-Dec-20	3	10,000.00	50,108.00	10,000.00	9.50	9.79	9.79
10.35%2025A	1-May-18	15-Oct-25	7	15,000.00	50,138.00	15,000.00	10.35	10.11	10.11
10.00%2023A	1-Jun-18	15-Mar-23	5	50,000.00	111,477.00	50,000.00	10.00	10.51	10.51
10.75%2028A	1-Jun-18	15-Mar-28	10	40,000.00	106,905.00	40,000.00	10.75	10.72	10.72
11.20%2033A	16-Jul-18	15-Jan-33	15	45,000.00	115,032.00	45,000.00	11.20	10.88	10.88
10.35%2025A	16-Jul-18	15-Oct-25	7	35,000.00	110,407.00	35,000.00	10.35	10.53	10.53
10.20%2023A	15-Aug-18	15-Jul-23	5	45,000.00	84,225.00	45,000.00	10.20	9.91	9.91
10.75%2028A	15-Aug-18	15-Mar-28	10	53,000.00	131,698.00	53,000.00	10.75	10.20	10.20
09.45%2021A	17-Sep-18	15-Oct-21	3	30,000.00	47,774.00	30,000.00	9.45	10.03	10.03
10.35%2025A	17-Sep-18	15-Oct-25	7	30,000.00	63,957.00	30,000.00	10.35	10.32	10.32
10.20%2023A	15-Oct-18	15-Jul-23	5	20,000.00	48,625.00	20,000.00	10.20	11.69	11.69
11.20%2033A	15-Oct-18	15-Jan-33	14	20,000.00	55,049.00	20,000.00	11.20	11.90	11.90
11.75%2027A	15-Nov-18	15-Jun-27	9	50,000.00	100,570.00	50,000.00	11.75	12.16	12.16
13.00%2029B	15-Nov-18	1-May-29	10	48,000.00	103,545.00	48,000.00	13.00	12.23	12.23
11.50%2021A	17-Dec-18	15-Dec-21	3	25,000.00	69,515.00	25,000.00	11.50	11.88	11.88
11.50%2026A	17-Dec-18	1-Aug-26	8	25,000.00	76,250.00	25,000.00	11.50	12.23	12.23

(a) Effective from May 3, 2002, Government imposed a 10% withholding tax on interest of Government Securities. However, from April 1, 2018 this tax was removed. The rates quoted are adjusted for withholding tax. Source: Central Bank of Sri Lanka

COST OF BORROWING

Table 25

TREASURY BILL AUCTIONS IN 2018

Issue Date	Amount Offered (Rs. million.)			Amount Bids Received (Rs. million.)			Amount Bids Accepted (Rs. million.)			Weighted Average Yield Rates (Before tax) (a)			Weighted Average Yield Rates (After Tax) (a)		
	91 Days	182 Days	364 Days	91 Days	182 Days	364 Days	91 Days	182 Days	364 Days	91 Days	182 Days	364 Days	91 Days	182 Days	364 Days
5-Jan-18	-	8,000.0	15,500.0	-	30,678.0	26,385.0	-	12,037.0	11,463.0	-	9.15	9.89	-	8.24	8.90
12-Jan-18	-	9,000.0	13,500.0	-	45,181.0	36,809.0	-	9,000.0	13,500.0	-	8.95	9.78	-	8.06	8.80
19-Jan-18	-	9,000.0	12,500.0	-	32,532.0	18,864.0	-	13,173.0	8,327.0	-	8.86	9.83	-	7.97	8.85
26-Jan-18	-	12,000.0	14,500.0	-	35,566.0	30,138.0	-	17,341.0	9,159.0	-	8.84	9.89	-	7.96	8.90
2-Feb-18	-	9,500.0	17,000.0	-	30,788.0	44,468.0	-	10,966.0	15,534.0	-	8.83	9.89	-	7.95	8.90
9-Feb-18	3,500.0	10,000.0	13,500.0	11,410.0	21,408.0	32,720.0	3,500.0	5,787.0	17,713.0	8.61	8.88	9.94	7.75	7.99	8.94
16-Feb-18	4,000.0	11,500.0	13,000.0	13,250.0	19,385.0	19,033.0	10,105.0	9,385.0	9,010.0	8.91	9.21	10.31	8.02	8.29	9.28
23-Feb-18	9,000.0	10,000.0	11,000.0	21,660.0	19,550.0	31,256.0	10,270.0	4,484.0	15,246.0	9.15	9.46	10.50	8.24	8.52	9.45
2-Mar-18	8,000.0	9,000.0	13,000.0	19,756.0	17,470.0	41,578.0	-	-	24,000.0	-	-	10.65	-	-	9.59
9-Mar-18	6,000.0	9,000.0	15,000.0	18,200.0	18,331.0	35,769.0	-	-	21,169.0	-	-	10.73	-	-	9.66
16-Mar-18	4,000.0	7,500.0	14,000.0	14,485.0	16,471.0	48,688.0	2,000.0	-	23,500.0	9.25	-	10.78	8.32	-	9.70
23-Mar-18	4,000.0	7,000.0	15,000.0	15,287.0	17,255.0	51,527.0	4,000.0	-	22,000.0	9.08	-	10.74	8.17	-	9.66
30-Mar-18	6,000.0	6,000.0	13,500.0	12,464.0	9,304.0	35,432.0	-	-	25,500.0	-	-	10.77	-	-	9.69
6-Apr-18	5,000.0	7,000.0	16,000.0	12,141.0	13,014.0	66,060.0	-	-	28,000.0	-	-	9.91	-	-	9.91
13-Apr-18	5,000.0	7,000.0	16,000.0	15,250.0	16,200.0	64,044.0	-	-	25,000.0	-	-	9.71	-	-	9.71
20-Apr-18	4,000.0	6,000.0	18,000.0	10,227.0	13,524.0	62,255.0	4,000.0	-	24,000.0	8.15	-	9.65	8.15	-	9.65
27-Apr-18	3,000.0	5,000.0	20,000.0	6,872.0	11,957.0	69,677.0	3,000.0	-	25,000.0	8.10	-	9.59	8.10	-	9.59
4-May-18	4,000.0	5,000.0	19,000.0	9,828.0	11,920.0	55,293.0	-	-	27,000.0	-	-	9.61	-	-	9.61
11-May-18	6,000.0	6,000.0	16,000.0	9,785.0	9,750.0	42,396.0	1,625.0	-	20,034.0	8.11	-	9.65	8.11	-	9.65
18-May-18	7,000.0	7,000.0	14,000.0	11,902.0	13,750.0	45,321.0	4,895.0	1,807.0	21,298.0	8.33	8.90	9.70	8.33	8.90	9.70
25-May-18	7,000.0	7,000.0	12,000.0	11,664.0	14,674.0	36,887.0	3,716.0	6,135.0	16,149.0	8.37	8.94	9.73	8.37	8.94	9.73
1-Jun-18	3,000.0	4,000.0	5,000.0	9,000.0	10,035.0	47,262.0	2,500.0	1,066.0	8,434.0	8.34	8.93	9.62	8.34	8.93	9.62
8-Jun-18	2,500.0	2,500.0	5,000.0	7,100.0	7,360.0	41,228.0	312.0	4,010.0	5,678.0	8.34	8.87	9.49	8.34	8.87	9.49
15-Jun-18	2,000.0	4,000.0	6,000.0	4,250.0	8,425.0	35,850.0	246.0	3,805.0	7,949.0	8.34	8.87	9.44	8.34	8.87	9.44
22-Jun-18	2,000.0	3,000.0	9,000.0	7,050.0	9,875.0	35,592.0	2,000.0	3,000.0	9,000.0	8.32	8.85	9.37	8.32	8.85	9.37
29-Jun-18	2,500.0	3,500.0	8,000.0	3,300.0	4,980.0	16,723.0	-	-	10,133.0	-	-	9.39	-	-	9.39
6-Jul-18	3,000.0	4,000.0	8,000.0	4,540.0	5,930.0	20,543.0	990.0	555.0	9,481.0	8.35	8.85	9.43	8.35	8.85	9.43
13-Jul-18	3,000.0	4,000.0	7,000.0	8,374.0	5,520.0	32,247.0	5,111.0	-	8,889.0	8.37	-	9.43	8.37	-	9.43
20-Jul-18	3,000.0	3,000.0	9,000.0	14,503.0	12,100.0	56,570.0	3,000.0	3,000.0	9,000.0	8.25	8.75	9.31	8.25	8.75	9.31
27-Jul-18	6,000.0	6,000.0	12,000.0	12,500.0	9,993.0	53,898.0	300.0	2,693.0	19,007.0	8.24	8.74	9.27	8.24	8.74	9.27
3-Aug-18	4,000.0	5,000.0	15,500.0	11,078.0	7,600.0	61,426.0	5,169.0	-	19,331.0	8.17	-	9.23	8.17	-	9.23
10-Aug-18	5,000.0	3,000.0	12,500.0	13,600.0	6,620.0	62,615.0	5,000.0	2,620.0	12,880.0	8.16	8.70	9.16	8.16	8.70	9.16
17-Aug-18	5,000.0	4,000.0	11,000.0	15,035.0	12,640.0	56,442.0	5,000.0	4,000.0	11,000.0	8.10	8.62	9.00	8.10	8.62	9.00
24-Aug-18	4,000.0	2,000.0	12,000.0	11,988.0	10,740.0	28,875.0	4,000.0	2,000.0	12,000.0	8.09	8.60	9.00	8.09	8.60	9.00
31-Aug-18	5,000.0	-	7,500.0	11,520.0	-	25,655.0	5,000.0	-	7,500.0	8.03	-	8.99	8.03	-	8.99
7-Sep-18	4,000.0	-	7,000.0	9,552.0	-	21,226.0	4,000.0	-	7,000.0	8.00	-	8.97	8.00	-	8.97
14-Sep-18	4,000.0	-	12,500.0	8,400.0	-	21,199.0	4,000.0	-	12,500.0	8.07	-	9.05	8.07	-	9.05
21-Sep-18	4,000.0	1,500.0	12,000.0	6,800.0	3,742.0	18,453.0	-	-	-	-	-	-	-	-	-
28-Sep-18	3,000.0	-	5,000.0	7,000.0	-	10,302.0	1,800.0	-	3,302.0	8.56	-	9.51	8.56	-	9.51
5-Oct-18	2,000.0	-	4,000.0	3,095.0	-	10,827.0	-	-	-	-	-	-	-	-	-
12-Oct-18	4,000.0	-	7,000.0	6,500.0	-	10,811.0	4,000.0	-	7,000.0	9.28	-	10.19	9.28	-	10.19
19-Oct-18	2,000.0	1,000.0	5,000.0	5,323.0	2,950.0	19,192.0	3,371.0	300.0	4,226.0	9.48	9.75	10.44	9.48	9.75	10.44
26-Oct-18	3,500.0	-	4,000.0	8,100.0	-	26,193.0	-	-	5,500.0	-	-	10.39	-	-	10.39
2-Nov-18	3,000.0	-	10,000.0	4,174.0	-	19,660.0	-	-	-	-	-	-	-	-	-
9-Nov-18	2,000.0	2,000.0	12,000.0	4,196.0	2,450.0	19,920.0	3,296.0	500.0	9,570.0	9.65	9.99	10.89	9.65	9.99	10.89
16-Nov-18	3,000.0	2,000.0	9,000.0	10,050.0	2,788.0	25,555.0	2,100.0	-	7,756.0	10.07	-	11.25	10.07	-	11.25
23-Nov-18	3,000.0	3,500.0	9,000.0	8,030.0	10,189.0	30,307.0	4,500.0	-	11,000.0	10.01	-	11.21	10.01	-	11.21
30-Nov-18	-	8,000.0	10,000.0	-	23,788.0	34,181.0	-	-	18,000.0	-	-	11.20	-	-	11.20
7-Dec-18	-	6,000.0	13,000.0	-	18,073.0	40,176.0	-	6,000.0	13,000.0	-	10.01	11.20	-	10.01	11.20
14-Dec-18	-	7,000.0	16,000.0	-	16,750.0	31,636.0	-	8,300.0	13,817.6	-	10.03	11.24	-	10.03	11.24
21-Dec-18	-	8,000.0	10,000.0	-	22,800.0	40,060.0	-	8,000.0	10,000.0	-	9.99	11.20	-	9.99	11.20

(a) Effect from May 3, 2002, Government imposed a 10% withholding tax on interest of government securities. (However, this tax was removed effect from April 1, 2018). The rates quoted are adjusted for withholding tax.

Source: Central Bank of Sri Lanka

COST OF BORROWING

SRI LANKA DEVELOPMENT BONDS AUCTIONS IN 2018

TABLE 26

Date of Issue	Amount Accepted (US dollar. million.)	Maturity Period (Years)	Weighed Average Margin
22-Jan-18	2.50	2	2.35
22-Jan-18	2.50	2	2.40
22-Jan-18	0.05	2	2.60
22-Jan-18	1.00	2	2.75
22-Jan-18	7.00	2	2.85
22-Jan-18	10.00	2	2.90
22-Jan-18	10.00	2	3.00
22-Jan-18	25.00	2	3.15
22-Jan-18	30.00	2	3.19
22-Jan-18	5.10	2	3.20
22-Jan-18	5.00	3	3.10
22-Jan-18	10.00	3	3.15
22-Jan-18	9.00	3	3.20
22-Jan-18	7.00	3	3.25
22-Jan-18	2.00	3	3.30
22-Jan-18	2.00	3	3.40
22-Jan-18	2.00	3	3.45
22-Jan-18	1.42	3	3.50
22-Jan-18	0.40	3	3.51
22-Jan-18	0.40	3	3.52
22-Jan-18	0.40	3	3.54
22-Jan-18	0.51	3	3.55
22-Jan-18	0.40	3	3.56
22-Jan-18	1.02	3	3.60
22-Jan-18	11.43	3	3.65
22-Jan-18	0.02	3	3.70
22-Jan-18	16.55	3	3.75
22-Jan-18	10.02	3	3.80
22-Jan-18	5.00	3	3.85
22-Jan-18	0.02	3	3.90
22-Jan-18	5.00	3	4.00
22-Jan-18	25.00	3	4.09
22-Jan-18	4.00	4	3.40
22-Jan-18	3.00	4	3.45
22-Jan-18	9.00	4	3.50
22-Jan-18	8.00	4	3.55
22-Jan-18	2.00	4	3.60
22-Jan-18	5.00	4	3.65
22-Jan-18	23.01	4	3.75
22-Jan-18	2.00	4	3.80
22-Jan-18	30.55	4	3.90
22-Jan-18	14.10	4	3.95
22-Jan-18	12.00	4	3.98
22-Jan-18	1.00	4	4.00
22-Jan-18	9.07	5	3.70
22-Jan-18	9.00	5	3.75
22-Jan-18	3.00	5	3.80
22-Jan-18	3.00	5	3.85
22-Jan-18	2.05	5	3.90
22-Jan-18	4.00	5	3.95
22-Jan-18	0.20	5	3.96
22-Jan-18	3.00	5	3.97
22-Jan-18	3.00	5	3.98
22-Jan-18	2.00	5	3.99
22-Jan-18	20.04	5	4.00
22-Jan-18	8.00	5	4.05
22-Jan-18	5.00	5	4.10
22-Jan-18	25.00	5	4.12
22-Jan-18	22.00	5	4.15

Date of Issue	Amount Accepted (US dollar. million.)	Maturity Period (Years)	Weighed Average Margin
22-Jan-18	15.00	5	4.18
22-Jan-18	5.00	5	4.20
22-Jan-18	1.00	5	4.22
22-Jan-18	5.81	5	4.25
22-Jan-18	4.00	5	4.30
16-Mar-18	6.00	4	3.75
16-Mar-18	6.00	4	3.80
16-Mar-18	15.00	4	3.85
16-Mar-18	5.00	5	3.90
16-Mar-18	5.00	5	3.95
16-Mar-18	5.00	5	4.00
16-Mar-18	16.00	5	4.10
16-Mar-18	0.50	5	4.15
16-Mar-18	10.58	5	4.20
16-Mar-18	0.02	5	5.90
28-Mar-18	7.00	3	3.25
28-Mar-18	3.00	3	3.30
28-Mar-18	0.55	3	3.50
28-Mar-18	2.50	3	3.55
28-Mar-18	2.05	3	3.60
28-Mar-18	5.37	3	3.65
28-Mar-18	1.00	5	3.80
28-Mar-18	1.00	5	3.85
28-Mar-18	0.85	5	3.90
28-Mar-18	0.50	5	3.95
28-Mar-18	0.05	5	3.99
28-Mar-18	48.52	5	4.00
28-Mar-18	15.00	5	4.02
28-Mar-18	10.00	5	4.03
28-Mar-18	0.05	5	4.04
28-Mar-18	13.51	5	4.05
28-Mar-18	0.50	5	4.07
28-Mar-18	3.00	5	4.09
28-Mar-18	10.55	5	4.10
1-May-18	2.50	2	5.15
1-May-18	2.50	2	5.20
1-May-18	2.50	2	5.25
1-May-18	5.00	4	5.47
1-May-18	5.00	4	5.50
1-May-18	5.00	4	5.52
1-May-18	5.00	4	5.70
1-May-18	5.00	5	5.55
1-May-18	5.00	5	5.60
1-May-18	2.50	5	5.70
1-May-18	7.52	5	5.75
2-Jul-18	0.10	3	5.00
2-Jul-18	693.79	3	5.25
2-Jul-18	0.11	4	5.40
2-Jul-18	2.00	4	5.50
2-Jul-18	2.00	4	5.52
2-Jul-18	2.00	4	5.54
17-Sep-18	0.25	2	4.25
17-Sep-18	0.25	2	4.50
17-Sep-18	5.00	2	4.80
17-Sep-18	5.25	2	4.85
17-Sep-18	6.25	2	4.90
17-Sep-18	2.00	2	4.92
17-Sep-18	2.00	2	4.94
17-Sep-18	3.50	2	4.95

Date of Issue	Amount Accepted (US dollar. million.)	Maturity Period (Years)	Weighed Average Margin
17-Sep-18	2.00	2	4.96
17-Sep-18	5.00	2	5.00
17-Sep-18	4.25	2	5.05
17-Sep-18	4.90	2	5.10
17-Sep-18	4.50	2	5.15
17-Sep-18	0.50	2	5.18
17-Sep-18	4.50	2	5.20
17-Sep-18	4.25	2	5.25
17-Sep-18	0.06	4	5.20
17-Sep-18	1.00	4	5.35
17-Sep-18	0.50	4	5.40
17-Sep-18	0.50	4	5.43
17-Sep-18	0.40	4	5.45
17-Sep-18	1.00	4	5.54
17-Sep-18	1.00	4	5.55
17-Sep-18	1.00	4	5.57
17-Sep-18	5.00	4	5.75
17-Sep-18	5.00	4	5.80
17-Sep-18	5.00	4	5.85
17-Sep-18	5.00	4	5.90

Source: Central Bank of Sri Lanka

SECONDARY MARKET OPERATIONS

TABLE 27

SECONDARY MARKET TRANSACTIONS AS REPORTED BY PRIMARY DEALERS

Rs.million

	2011	2012	2013	2014	2015	2016	2017	2018 (a)
1. Outright Transactions	1,268,287	1,584,095	2,070,161	3,839,729	3,600,396	2,872,317	2,024,446	1,994,100
1.1. Treasury Bills								
Purchased	239,168	374,597	345,516	322,216	228,769	299,261	362,496	319,689
Sold	398,622	672,438	683,458	710,446	689,602	554,792	546,045	534,508
Total	637,790	1,047,035	1,028,973	1,032,662	918,371	854,053	908,541	854,197
1.2. Treasury Bonds								
Purchased	326,589	259,999	509,585	1,370,621	1,181,721	885,600	468,991	511,038
Sold	303,908	277,061	531,603	1,436,446	1,500,304	1,132,664	646,914	628,865
Total	630,497	537,060	1,041,187	2,807,067	2,682,025	2,018,264	1,115,905	1,139,903
2. Repurchase Transactions	5,915,725	6,246,422	10,235,395	8,223,558	11,763,524	18,095,909	13,611,491	12,138,303
2.1. Treasury Bills								
Repo	1,215,200	1,510,151	2,078,440	1,319,875	2,294,059	2,983,674	2,101,970	1,843,858
Reverse Repo	159,057	219,855	650,290	436,778	794,382	474,593	140,844	69,669
Total	1,374,257	1,730,006	2,728,731	1,756,653	3,088,441	3,458,267	2,242,814	1,913,527
2.2 Treasury bonds								
Repo	3,936,271	3,989,074	6,761,249	5,409,509	6,720,895	9,321,832	7,428,325	8,089,681
Reverse Repo	605,196	527,341	745,416	1,057,396	1,954,188	5,315,810	3,940,352	2,135,095
Total	4,541,468	4,516,416	7,506,664	6,466,905	8,675,083	14,637,642	11,368,677	10,224,776
3. Total Transactions	7,184,012	7,830,517	12,305,556	12,063,287	15,363,920	20,968,226	15,635,937	14,132,403

(a) Provisional.

Source: Central Bank of Sri Lanka

SECONDARY MARKET OPERATIONS

TABLE 28

SECONDARY MARKET TRANSACTIONS RECORDED IN THE LANKASECURE (a)

Rs. million

	2014	2015	2016	2017	2018
1 Treasury bills					
1.1 Outright Purchases / Sales	1,547,014	1,357,827	1,397,399	1,030,508	1,050,040
1.2 Repo / Rev. Repo	13,513,736	8,731,226	8,682,167	10,370,688	7,493,916
Total	15,060,750	10,089,053	10,079,566	11,401,196	8,543,956
2 Treasury bonds					
2.1 Outright Purchases / Sales	4,158,537	4,020,581	4,402,623	3,603,279	5,278,590
2.2 Repo / Rev. Repo	19,223,122	34,385,232	42,288,083	33,571,531	31,184,585
Total	23,381,659	38,405,813	46,690,706	37,174,809	36,463,175
Total Transactions	38,442,409	48,494,866	56,770,272	48,576,005	45,007,131

(a) Note:

Source: Central Bank of Sri Lanka

- All transactions have been recorded in the LankaSecure System in Face Value basis.
- Accuracy of the information is subject to the accuracy of the data recorded by the system participants in the LankaSecure System.





