

# 2017

## **PUBLIC DEBT MANAGEMENT IN SRI LANKA**

Performance in 2017 and  
Strategies for 2018 and beyond




Public Debt Department  
Central Bank of Sri Lanka

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&  
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## Abbreviations

ABMI	Asian Bond Market Initiatives	OED	Outstanding External Debt
ADB	Asian Development Bank	OTC	Over The Counter
ATM	Average Time to Maturity	PDD	Public Debt Department
ATR	Average Time to Refixing	PD	Primary Dealer
BCP	Business Continuity Plan	PDU	Primary Dealer Unit
BPS	Basis Points	PMWAYR	Primary Market Weighted Average Yield Rates
CAR	Capital Adequacy Ratio	Repo	Repurchase
CBSL	Central Bank of Sri Lanka	ROA	Return on Assets
CCP	Central Counter party	Road Map	'ROAD MAP: Monetary and Financial Sector Policies
CCPI	Colombo Consumer Price Index	ROE	Return on Equity
CDS	Central Depository System	RSSO	Registered Stocks and Securities Ordinance
CIPC	Cash In Process of Collection	RTGS	Real Time Gross Settlement System
CPC	Ceylon Petroleum Corporation	RWCAF	Risk Weighted Capital Adequacy Framework
CSE	Colombo Stock Exchange	RWCAR	Risk Weighted Capital Adequacy Ratio
CWE	Corporate Wholesale Establishment	SDR	Special Drawing Right
DDP	Dealer Direct Participant	SEC	Securities and Exchange Commission of Sri Lanka
DRS	Disaster Recovery Site	SOE	State Owned Enterprise
DVP	Delivery Versus Payment	S&P	Standard and Poor's
EPF	Employees' Provident Fund	SIA	Securities Investment Account
ETF	Employees' Trust Fund	SLDB	Sri Lanka Development Bond
E-Trading	Electronic Trading	SLIBOR	Sri Lanka Inter-Bank Offered Rate
Fitch	Fitch Ratings	SPD	Superintendent of Public Debt
GDP	Gross Domestic Product	SSSS	Scripless Securities Settlement System
GNP	Gross National Product	T-bill	Treasury bill
GOSL	Government of Sri Lanka	T-bond	Treasury bond
IDA	International Development Agency	TDS	Total External Debt Service Payments
IDR	Issuer Default Rating	WAYR	Weighted Average Yield Rate
IMF	International Monetary Fund	WB	World Bank
INT	Interest Payment (External)	XGS	Receipts from exports of goods and non-factor services including workers' remittances and compensation of employees.
ISB	International Sovereign Bond		
KPI	Key Performance Indicator		
LCB	Licensed Commercial Bank		
LIBOR	London Inter-Bank Offered Rate		
LTBO	Local Treasury Bills Ordinance		
MLDS	Medium to Long-Term Debt Service		
Moody's	Moody's Investors Service		
MTDS	Medium Term Debt Management Strategy		
NPV	Net Present Value		
NSB	National Savings Bank		
O/D	Over Draft facility		
OBU	Off-shore Banking Unit		

## KEY GOVERNMENT DEBT INDICATORS

	2010	2011	2012	2013	2014	2015	2016 <sup>(a)</sup>	2017 <sup>(b)</sup>	
<b>Borrowings</b>									
Approved Gross Borrowing Limit (Rs.bn)	980.0	997.0	1,139.0	1,302.5	1,478.0	1,780.0	1,699.0	1,629.0	
Actual Gross Borrowing (Rs.bn)	922.1	994.1	1,139.0	1,301.2	1,453.3	1,695.3	1,516.3	1,596.1	
Domestic Sources	594.2	671.3	656.7	952.5	1,006.3	1,139.0	942.0	1,014.8	
Foreign Sources	327.9	322.8	482.3	348.7	447.0	556.3	574.3	616.7	
Actual Net Borrowing (Rs.bn)	451.0	457.4	489.0	601.2	591.2	829.5	640.3	733.5	
Domestic Sources	201.3	233.4	286.5	456.5	378.7	592.7	248.4	294.3	
Foreign Sources	249.7	224.0	202.5	144.7	212.5	236.8	391.9	439.2	
<b>Outstanding Debt</b>									
Outstanding Government Debt (Rs.bn)	4,590.2	5,133.4	6,000.1	6,793.2	7,390.9	8,503.2	9,387.3	10,313.0	
Domestic Debt	2,565.6	2,804.1	3,232.8	3,832.8	4,277.8	4,959.2	5,341.5	5,594.4	
Foreign Debt	2,024.6	2,329.3	2,767.3	2,960.4	3,113.1	3,544.0	4,045.8	4,718.6	
Outstanding Debt (% of GDP)	81.9	78.5	68.7	70.8	70.7	76.6	78.8	77.6	
By Source <sup>(b)</sup>									
Domestic Debt	40.0	38.8	37.0	40.0	41.3	45.3	44.9	42.1	
Foreign Debt	31.6	32.3	31.7	30.9	30.0	32.4	34.0	35.5	
By Currency <sup>(b)</sup>									
Domestic	40.7	39.8	38.8	40.8	41.7	41.7	42.1	39.1	
Foreign	30.8	31.4	29.9	30.0	29.6	35.9	37.2	38.5	
ATM of Total Debt (Years)	5.25	5.41	5.74	6.92	6.62	6.73	6.41	6.17	
ATM of Domestic Debt (Years)	2.10	2.35	3.23	4.82	5.75	6.29	5.98	5.78	
Share of Domestic Debt in Total Outstanding Debt (%)	55.89	54.62	53.88	56.42	57.88	58.32	56.90	54.25	
<b>Interest Cost</b>									
Total Interest Cost (Rs.bn)	352.6	356.7	408.5	462.9	443.6	509.7	610.9	735.6	
Domestic Debt	297.1	288.1	317.7	354.7	327.9	394.3	484.2	570.6	
Foreign Debt	55.5	68.6	90.8	108.2	115.7	115.4	126.7	164.9	
Interest Cost/GDP ratio (%) <sup>(b)</sup>	5.5	4.9	4.7	4.8	4.2	4.7	5.1	5.5	
Interest Cost/Government Revenue ratio (%)	43.1	38.2	41.4	40.7	37.1	33.9	40.6	40.2	
<b>Average Yield Rates (Primary Market Weighted Average)</b>									
T-bills	91 day	7.86	7.28	10.72	8.95	6.58	6.32	8.26	9.10
	182 day	8.42	7.21	12.29	9.91	6.57	6.50	9.23	9.81
	364 day	8.43	7.41	12.14	10.65	6.73	6.60	10.20	10.07
	Overall Average	8.32	7.31	11.81	10.45	6.68	6.46	9.38	9.77
T-bonds	2-year	9.46	7.77	11.30	11.02	n.a.	7.98	11.45	11.05
	4-year	9.65	8.23	11.58	n.a.	n.a.	8.68	11.87	11.54
	5-year	9.31	8.55	13.32	10.95	8.78	8.63	12.16	11.53
	10-year	9.59	9.15	14.00	11.80	10.00	9.78	12.60	11.16
	Overall Average	9.45	8.64	12.46	11.72	10.17	9.46	12.27	11.48
<b>Foreign Investment in Government Securities</b>									
Non-residents' Holdings as a % of Total outstanding Stock - T-bonds		10.04	9.88	9.91	10.83	9.82	6.85	5.10	7.17
Non-residents' Holdings as a % of Total outstanding Stock - T-bills		10.02	10.61	11.31	9.55	7.40	0.76	1.62	3.80

n.a.: not available

(a) Revised

(b) Provisional

KEY ECONOMIC INDICATORS							
	2000	2012	2013	2014 <sup>(a)</sup>	2015 <sup>(a)</sup>	2016 <sup>(a)</sup>	2017 <sup>(b)</sup>
<b>DEMOGRAPHY</b>							
Mid-year population ('000 persons)	19,102	20,425	20,585	20,771	20,996	21,203	21,444
Growth of mid-year population (per cent)	1.4	0.7(a)	0.8	0.9	0.9	1.1	1.1
Population density (persons per sq.km.)	305	326(a)	328(a)	331	334	338	342
Labour force ('000 persons)	6,827	7,798	8,034	8,049	8,214	8,311	8,567
Unemployment rate (per cent of labour force)	7.6	4.0	4.4	4.3	4.6	4.4	4.2
<b>OUTPUT</b>							
GDP at current market prices (Rs. billion)	1,258	8,732	9,592	10,361	10,951	11,907	13,289
GNI at current market prices (Rs. billion)	1,233	8,578	9,366	10,125	10,676	11,585	12,933
Per capita GDP at market prices (Rs.)	65,838	427,538	465,976	498,828	522,304	561,560	619,729
Per capita GDP at market prices (USD)	869	3,351	3,609	3,821	3,842	3,857	4,065
<b>REAL OUTPUT (percentage change)</b>							
GNI	5.8	8.3	2.8	5.1	4.8	4.3	3.1
GDP	6.0	9.1	3.4	5.0	5.0	4.5	3.1
<b>PRICES AND WAGES (percentage change)</b>							
CCPI (2006/07 = 100) - annual average (c)	-	7.6	6.9	3.3	0.9	3.7	-
CCPI (2006/07 = 100) - year-on-year - end period	-	9.2	4.7	2.1	2.8	4.1	-
NCPI (2013 = 100) - annual average (d)	-	-	-	-	3.8	4.0	7.7
NCPI (2013 = 100) - year-on-year - end period	-	-	-	-	4.2	4.2	7.3
Wholesale Price Index (1974 = 100) - annual average	1.7	3.5	9.2	3.2	1.0	4.2	7.4
GDP deflator	6.7	10.8	6.2	2.9	0.6	4.1	8.2
<b>EXTERNAL TRADE</b>							
Trade balance (USD million)	-1,798	-9,417	-7,609	-8,287	-8,388	-8,873	-9,619
Exports (USD million)	5,522	9,774	10,394	11,130	10,546	10,310	11,360
Imports (USD million)	7,320	19,190	18,003	19,417	18,935	19,183	20,980
<b>EXTERNAL FINANCE</b>							
Services and income account (net) (USD million)	-267	43	-572	72	312	678	983
Current account balance (USD million)	-1,066	-3,982	-2,541	-1,988	-1,883	-1,742	-2,309
Overall balance (USD million)	-522	151	985	1,369	-1,489	-500	2,068
Current account balance (per cent of GDP)	-6.4	-5.8	-3.4	-2.5	-2.3	-2.1	-2.6
Gross official reserves (months of same year imports)	1.7	4.4	5.0	5.1	4.6	3.8	4.6
Overall debt service ratio							
As a percentage of export of goods and services	14.7	19.7	26.8	21.7	28.2	25.6	23.9
Total external debt and liabilities (per cent of GDP)	54.5	54.2	53.7	54.1	55.7	56.8	59.5
<b>EXCHANGE RATES</b>							
Annual average Rs/USD	75.78	127.60	129.11	130.56	135.94	145.60	152.46
NEER (2010 = 100) (24 - currency basket)	-	90.44	91.39	91.99	96.61	92.46	88.07
REER (2010 = 100) (24 - currency basket)	-	95.63	101.13	103.77	109.50	106.94	106.10
Year-end Rs/USD	80.06	127.16	130.75	131.05	144.06	149.80	152.85
<b>GOVERNMENT FINANCE (per cent of GDP)<sup>(a)</sup></b>							
Revenue	17.2	12.0	11.9	11.5	13.3	14.2	13.8
Expenditure and net lending	26.7	17.8	17.4	17.3	20.9	19.6	19.4
Primary deficit (-) / surplus (+)	-3.8	-0.9	-0.8	-1.5	-2.9	-0.2	0.0
Overall deficit (-) / surplus (+)	-9.5	-5.6	-5.4	-5.7	-7.6	-5.4	-5.5
<b>MONETARY AGGREGATES (year-on-year percentage change)</b>							
Reserve money	4.7	10.2	0.9	18.3	16.5	27.1	9.8
Domestic credit from the banking system to							



Government (net)	56.8	25.4	24.5	10.3	22.5	12.1	10.0
<b>INTEREST RATES (per cent per annum at year end)</b>							
Repurchase rate (overnight)	17.00	7.50	6.50	6.50	6.00	7.00	7.25
Reverse Repurchase rate (overnight)	20.00	9.50	8.50	8.00	7.50	8.50	8.75
Commercial banks' average weighted deposit rate	9.89	10.10	9.37	6.20	6.20	8.17	9.07
NSB 12 month fixed deposit rate	15.00	12.50	9.50	6.50	7.25	11.00	11.00
Commercial banks' average weighted lending rate	19.30	15.98	15.18	11.91	11.00	13.20	13.88

(a) Revised

(b) Provisional

(c) CCPI: Colombo Consumer Price Index

(d) NCPI: National Consumer Price Index

# 1. Highlights of 2017

## 1.1. Borrowing Limit and Strategy for 2017

- The gross borrowing limit of the Government of Sri Lanka (GOSL) for 2017, approved by the Parliament under the Appropriation Act No. 24 of 2016, was Rs. 1,629 billion (including the contingency provision of Rs. 104 billion), a decrease of Rs.70 billion against the 2016 gross borrowing limit.
- Out of the 2017 gross borrowing limit, Rs. 1,075 billion was expected to be raised from the domestic sources while the balance Rs.450 billion was expected to be raised from foreign sources. (Excluding contingency provision and book value adjustment)

## 1.2. Actual Borrowing and Debt Level

- Actual gross borrowing was maintained the approved annual borrowing limit (with contingency provision and book value adjustment) for 2017.
- Total borrowing from domestic sources (net of contingency provision) in 2017 decreased to 61.36 per cent against the planned 70.49 per cent.
- Total outstanding debt stock stood at Rs.10,313.04 billion as at end 2017 recording an increase of Rs.925.74 billion (9.86 per cent) compared to the corresponding debt stock of Rs.9, 387.30 billion as at the end of 2016.
- As a percentage of Gross Domestic Product (GDP), total outstanding debt

stock decreased to 77.6 per cent at end 2017 from 78.80 per cent at end 2016. Within the debt stock, domestic debt to GDP ratio declined to 42.10 per cent at end 2017 from 44.86 per cent at end 2016. However, the foreign debt to GDP ratio increased to 35.51 per cent from 33.98 per cent, for the same period.

- The share of domestic debt in total debt stock was 54.25 per cent while that of foreign debt was 45.75 per cent at end 2017, compared with 56.90 per cent and 43.10 per cent, respectively, at end 2016.
- Average Time to Maturity (ATM) of the domestic debt declined to 5.78 years due to the increased issuance of short to medium term domestic debt in 2017.

## 1.3. Interest Cost on Public Debt

- Total interest cost increased by 20.41 per cent to Rs. 735.57 billion in 2017 consisting of Rs. 570.62 billion on domestic debt and Rs. 164.94 billion on foreign debt.
- Total interest cost, as a percentage of GDP, increased to 5.54 per cent in 2017 from that of 5.13 per cent in 2016. Further, interest cost as a percentage of Government revenue also marginally increased from 36.23 per cent in 2016 to 36.60 per cent in 2017.
- Average cost of domestic borrowing through Treasury bills (T- bills) increased to 9.60 per cent in 2017 compared to 8.99 per cent in 2016. However, average cost of domestic borrowing through Treasury bonds (T- bonds) decreased to 11.45 per

cent in 2017 compared to 12.22 per cent in 2016.

#### **1.4. Interest Rates and Yield**

- Primary market weighted average yield rates for 91-day, 182-day and 364-day T-bills decreased by 103 bps, 133 bps and 127 bps, respectively, in 2017.
- Primary market weighted average yield rates for T-bonds ranged between 10.00 per cent on 2-year T-bonds to 12.21 per cent on 10-year T-bonds during 2017.

#### **1.5. Broadening the Investor Base**

- Number of investors in Government securities, as recorded in the Central Depository System (CDS) of Lanka Secure increased by 1.24 per cent to 93,203 during 2017.
- As at 31 December 2017, the total investment by foreign investors and non-resident Sri Lankans in rupee denominated T-bills and T-bonds amounted to Rs.27.55 billion and Rs.295.06 billion, respectively, compared to Rs.12.82 billion and Rs.247.22 billion at end 2016 and Rs.5.05 billion and Rs.298.73 billion, respectively, at end 2015.
- Total value of issuances of Sri Lanka Development Bonds (SLDBs) in 2017 amounted to USD 2,231.43 million against the maturing amount of USD 1,878.03 million.

#### **1.6. Infrastructure Developments**

- PDD continued of sending periodic customer electronic statements through e-mail in place of printed statements for account holders who opted for such facility with a view to enhance the safety of investors in government securities. Accordingly, PDD sent 2,022 e - statements during 2017.

- The establishment of state of the art Electronic Trading Platform (ETP), Central Counterparty (CCP) arrangement for trading and settlement of government securities transactions was further enhanced with inclusion of Central Securities Depository (CSD) for Government securities under the domestic financial market infrastructure development strategy.
- Measures have been taken to introduce an SMS alert facility for Government securities movements in LankaSecure system's central depository, with a view to improve investor safety against unauthorized transactions.

#### **1.7. Market Development Activities**

- In July 2017, CBSL introduced a new primary issuance system for Treasury bonds. The new system replaced the fully auction based issuance system that was in place since February 2015. The main purpose of introducing the new system was further enhancing the efficiency and transparency in the issuance process of the government securities.
- In 2017, Public Debt Department (PDD) commenced publishing a quarterly calendar for Treasury bills and Treasury bonds issuances on rolling basis incorporating the auction date, settlement date, tenor and amount information (for Treasury bonds). This is published in collaboration with the Ministry of Finance based on the financing requirements communicated to the PDD, to enhance the predictability of the primary auction process, to ensure availability of information to investors well in advance and to improve transparency.
- In line with publishing a quarterly calendar for Treasury bills and Treasury

bonds issuances on rolling basis, PDD took measures to develop a benchmark yield curve. Accordingly, 2, 5, 8 and 10 year maturities were identified as benchmark tenures and Treasury bonds with such remaining maturities were regularly issued in the primary market.

- Along with the introduction of the new issuance system for Treasury bonds, a coupon determination methodology at instances of issuance of new Treasury bond series was also devised. Accordingly, coupon rates suggested by PDs, actual market transactions for similar maturities and bid yields quoted by PDs are considered for the determination of the coupon of a new series.

- Introduction of pre-bid meetings to share information on upcoming Treasury bond auctions and market developments in a transparent manner with primary auction participants and commercial bank community.

## **1.8. Awareness Programmes**

- The investor awareness programmes and investor meetings to inform the recent economic developments and prospects of the Sri Lankan economy continued in 2017.
- Facilitated two public investor awareness programmes for investors at provincial level, participated in on-site promotion activities and television programme during the year to educate public on investments in government debt securities.

## 2. Public Debt Management in 2017

### 2.1. Overview

The focus of public debt management in 2017 was centered around successful implementation of prudential debt strategies in ensuring that the government's financing needs are met at the lowest possible cost with a prudent degree of risk. However, the execution of debt strategies in 2017 faced with numerous challenges emanating from domestic and external market conditions. In the domestic front, the Central Bank of Sri Lanka (CBSL) continued its tight monetary policy conditions where the key policy interest rates of the Central Bank i.e. standing deposit rate and standing lending rate were raised by 25 basis points each in March 2017. Accordingly, interest rates structure across the maturities witnessed an upward adjustment until April 2017. However, increased foreign inflows to the government securities market coupled with receipts from International Sovereign Bond (ISB) issuance, syndicated loan proceeds as well as proceeds of the divestment of non-strategic assets contributed positively to the government securities market thereby reversing the increasing trend in the yield rates of government securities, in the second half of 2017. In the global front, gradual normalization of interest rates across advanced economies continued in year 2017. The US Federal Reserve increased its Federal Funds Target Rate three times in 2017, March, June and December 2017, with further increases forecasted. Moreover, reflecting the pressure on the domestic foreign exchange

market, the rupee depreciated against major foreign currencies during the period concerned.

Notwithstanding the challenging domestic as well as external market conditions, several progressive steps were taken to improve the overall efficiency and transparency of the debt management process. Accordingly, a new primary issuance system for Treasury bonds (T-bonds) was introduced in July 2017, replacing the fully auction based system that was in place since February 2015. Further, a quarterly auction calendar on a rolling basis was introduced for Treasury bills (T-bills) and T-bonds. This is published in collaboration with the Ministry of Finance and Mass Media. The quarterly auction calendar helped to enhance the predictability of the primary auction process by ensuring availability of information to investors well in advance and to improve transparency. In line with publishing a quarterly calendar for T- bills and T- bonds issuances on rolling basis, during 2017, CBSL took measures to develop a benchmark yield curve. Accordingly, 2, 5, 8 and 10 years maturities were identified as benchmark tenures and issued regularly in the primary market.

Government of Sri Lanka (GOSL) tapped the international capital market with the issuance of a new USD 1,500 million, 10-year ISB in May 2017. This issuance facilitated managing the domestic debt issuance programme with greater flexibility during the year. Additionally, the strategic issuance of Sri Lanka Development

Bonds (SLDBs) at times of conducive market conditions positively contributed towards managing both the cost and the risk objectives of public debt management.

The Average Time to Maturity (ATM) of domestic public debt portfolio contracted marginally while share of foreign currency debt to total debt also increased marginally compared to levels at end of 2016. Foreign holdings of government securities recorded substantive increase throughout 2017.

## 2.2. Targets and Strategies for Government Borrowings

In line with Medium Term Debt Management Strategy (MTDS) for 2017-2022, the borrowing plan and related strategies for 2017 and beyond were aimed at further strengthening public debt dynamics over the medium term. Accordingly, key objectives of the borrowing

strategy for 2017 were to mobilise funds at the lowest possible cost, enhancing ATM of the debt portfolio, reducing the share of short-term domestic debt to total domestic debt, reducing the share of foreign currency debt to total debt, broadening and diversification of investor base, and sustaining and activating the benchmark yield-curve by regular issuance of long-term government securities.

The gross borrowing limit of GOSL for 2017, approved by the Parliament under the Appropriation (Amendment) Act No. 32 of 2017, was Rs. 1,629.0 bn (including the contingency provision of Rs. 104.0 bn), a decrease of Rs. 70.0 bn against the 2016 gross borrowing limit. Out of the gross borrowing limit for 2017, Rs. 1,075.0 bn was expected to be raised from the domestic sources while the balance Rs. 450.0 bn was expected to be raised from foreign sources.

**TABLE 1**  
**GOVERNMENT BORROWINGS IN 2017 (a)**

Item	Original Plan (b)		Actual Implementation(c)	
	Rs. billion	%	Rs. billion	%
<b>Net Borrowing</b>				
Domestic	293.0	46.88	294.3	40.12
Foreign	332.0	53.12	439.2	59.88
<b>Total</b>	<b>625.0</b>	<b>100.00</b>	<b>733.5</b>	<b>100.00</b>
<b>Gross Borrowing by Instrument</b>				
<b>Domestic</b>	<b>1,075.0</b>	<b>70.49</b>	<b>979.4</b>	<b>61.36</b>
T-bonds (d)	631.2	41.39	513.8	32.19
T-bills net (d)	125.0	8.20	(68.1)	(4.27)
SLDBs & OBU's	300.0	19.67	371.8	23.29
CBSL advances	18.8	1.23	116.5	7.30
Domestic banks and other sources	-	-	45.4	2.84
<b>Foreign</b>	<b>450.0</b>	<b>29.51</b>	<b>616.7</b>	<b>38.64</b>
Project/Programme Loans	230.0	15.08	235.5	14.76
Commercial Loans (e)	220.0	14.43	381.2	23.88
<b>Total</b>	<b>1,525.0</b>	<b>100.00</b>	<b>1,596.1</b>	<b>100.00</b>

(a) Book Value.

(b) Net borrowings as per Budget 2017.

(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 and Planning



Meanwhile, the total net financing requirement for 2017 was estimated at Rs. 625.0 bn of which Rs. 293.0 bn (46.9 per cent) was expected to be financed from domestic sources, while the remaining Rs. 332.0 bn (53.1 per cent) was expected to be financed from foreign sources.

In 2017, 61.36 per cent of the gross borrowing requirement was raised from the domestic sources compared to that of 60.45 per cent in 2016. The domestic borrowing was raised mainly through T-bonds, T-bills and SLDBs. The total financing from foreign sources stood at 38.64 per cent of the gross borrowing requirement for 2017 compared to 39.55 per cent in 2016. Total borrowing of Rs. 616.7 bn from foreign sources was made in the form of project loans (Rs. 235.5 bn) and commercial loans (Rs. 381.2 bn).

The aggregate of actual gross borrowing in 2017 was maintained within the approved borrowing limit, yet the composition of actual borrowings deviated from the originally expected plan due to market conditions. Accordingly, total gross

borrowing from domestic sources was decreased to 61.36 per cent against the planned 70.49 per cent while actual gross borrowing from foreign sources increased to 38.64 per cent against the planned 29.51 per cent. The increase in foreign financing was mainly on account of the issuance of ISBs in 2017.

During the first four months of 2017, T-bill yield rates increased significantly and peaked in April 2017. Accordingly, by end April 2017, T-bill WAYRs of 91-day, 182-day and 364-day maturity T-bills increased by 101, 116 and 94 basis points, respectively, compared to the yields that prevailed at end 2016. However, the yields on government securities in the primary market decreased substantially in the second half of 2017, reflecting the availability of foreign finances to the government and improved market sentiments. Increased foreign inflows to the government securities market coupled with receipts from ISB issuance, syndicated loan proceeds as well as proceeds of the divestment

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

Instrument	Per cent						
	2011	2012	2013	2014	2015	2016	2017
Treasury bills (Days)							
91	7.28	10.72	8.95	6.58	6.32	8.26	9.10
182	7.21	12.29	9.91	6.57	6.50	9.23	9.81
364	7.41	12.14	10.65	6.73	6.60	10.20	10.07
<b>Overall Average</b>	<b>7.31</b>	<b>11.81</b>	<b>10.45</b>	<b>6.68</b>	<b>6.46</b>	<b>9.38</b>	<b>9.77</b>
Treasury bonds (Years)							
2	7.77	11.30	-	-	7.98	11.45	11.05
3	7.99	11.11	10.95	-	8.32	11.58	-
4	8.23	11.58	-	-	8.68	11.87	11.54
5	8.55	13.32	10.95	8.78	8.63	12.16	11.53
6	8.70	11.84	10.97	-	9.19	12.01	11.36
7	8.84	12.50	-	-	8.99	12.18	12.94
8	8.91	14.40	11.51	9.03	9.55	12.28	11.44
9	9.00	-	11.77	9.23	-	13.07	12.91
10	9.15	14.00	11.80	10.00	9.78	12.60	11.16
12	9.10	-	12.09	-	-	13.72	-
15	9.30	-	12.17	10.34	10.24	-	-
20	-	11.00	12.19	11.32	11.20	-	-
30	-	-	12.50	11.75	11.73	-	-
<b>Overall Average</b>	<b>8.64</b>	<b>12.46</b>	<b>11.72</b>	<b>10.17</b>	<b>9.46</b>	<b>12.27</b>	<b>11.48</b>

(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		
	2015	2016	2017 (a)
Net Borrowing	829.5	640.3	733.5
Effect of Parity variance	285.1	186.6	225.2
Discount Effect	-54.4	71.8	-25.3
Other	52.1	-14.7	-7.6
<b>Total Increase</b>	<b>1,112.3</b>	<b>884.1</b>	<b>925.7</b>

(a) Provisional

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

**TABLE 4**  
**KEY DEBT INDICATORS – END 2017**

Description	2015	2016	2017 (a)
Debt/GDP ratio (%) (b)	76.00	79.29	77.60
Government Budget Deficit/GDP (%)	-7.40	-5.40	-5.50
Interest Cost/GDP ratio (%)	4.7	5.1	5.5
Interest Cost/Government Revenue ratio (%)	33.90	40.60	40.16
Weighted ATM of Domestic Debt (Years)	6.3	6.0	5.8
Weighted ATM of Total Debt (Years)	6.7	6.4	6.2
Share of Foreign currency debt to Total Debt (%)	46.30	46.85	49.57

(a) Provisional.

Sources: Central Bank of Sri Lanka

(b) Revised/ Base year for GDP = 2010

Ministry of Finance and Mass Media

of Hambantota port were the main reason for the reduction in the primary market yield rates during the second half of 2017. Accordingly, by end 2017, WAYRs of 91-day, 182-day and 364-day maturity T-bills decreased by 204, 249 and 221 basis points to 7.69 per cent, 8.30 per cent and 8.90 per cent, respectively, compared to the peak yield levels recorded in April 2017 of 9.73 per cent, 10.79 per cent and 11.11 per cent, respectively.

### 2.3. Sovereign Ratings on Sri Lanka

During 2017, Sri Lanka's sovereign rating outlook improved compared to 2016 where two International Rating Agencies upgraded Sri Lanka's rating outlook from 'negative' to 'stable'. Accordingly, on 09 February 2017, Fitch Ratings upgraded Sri Lanka's rating outlook to 'Stable' from 'Negative' while reaffirming 'B+' sovereign credit rating. Further, S&P Ratings Services also upgraded Sri Lanka's rating outlook to 'Stable' from

'Negative' while reaffirming its 'B1' sovereign credit rating on 20 November 2017. Meanwhile, on 12 December 2017, Moody's maintained Sri Lanka's 'B1' sovereign rating and 'negative' rating outlook.

### 2.4. Debt Level

The total government debt at end 2017 stood at Rs. 10,313.0 bn recording a nominal increase of Rs. 925.7 bn (9.86 per cent) over the debt stock at end 2016. Of this increase, Rs. 733.5 bn was due to the new borrowings, while Rs. 225.2 bn was due to the adverse impact of exchange rate movements. On the basis of net adjustments based on issuance of T-bonds and T-bills, the debt stock declined by Rs. 25.3 bn in 2017.

Notable deviations in debt levels from MTDS targets reflect the challenges faced by the government during the year 2017. The Debt to GDP ratio, a key debt sustainability indicator,



**TABLE 5**  
**OUTSTANDING GOVERNMENT DEBT (AS AT END OF YEAR 2017)**

	2015	2016	2017 (a)
<b>Outstanding Debt (Rs. billion) - By Source</b>			
Domestic	4,959.2	5,341.5	5,594.4
Foreign (b)	3,544.0	4,045.8	4,718.6
<b>Total</b>	<b>8,503.2</b>	<b>9,387.3</b>	<b>10,313.0</b>
<b>Outstanding Debt (Rs. billion) - By Currency</b>			
Domestic	4,566.8	4,989.5	5,200.5
Foreign (b)	3,936.4	4,397.8	5,112.5
<b>Total</b>	<b>8,503.2</b>	<b>9,387.3</b>	<b>10,313.0</b>
<b>Outstanding Debt (% of GDP) - By Source(c)</b>			
Domestic	44.30	45.12	42.10
Foreign (b)	31.70	34.17	35.51
<b>Total</b>	<b>76.00</b>	<b>79.29</b>	<b>77.60</b>
<b>Outstanding Debt (% of GDP) - By Currency(c)</b>			
Domestic	41.70	42.14	39.13
Foreign (b)	35.94	37.15	38.47
<b>Total</b>	<b>77.64</b>	<b>79.29</b>	<b>77.60</b>

(a) Provisional

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

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

improved to 77.60 per cent in 2017 from 79.29 per cent at end 2016 (Base Year = 2010) while Government budget deficit as a percentage of GDP increased marginally to 5.5 per cent by end 2017, compared to 5.4 per cent recorded at end 2016.

The domestic debt (by source) increased by Rs. 252.9 bn (4.73 per cent) to Rs. 5,594.4 bn at end 2017 from Rs. 5,341.5 bn at end 2016. Meanwhile, the foreign debt (by source) increased by Rs. 672.8 bn (16.63 per cent) to Rs. 4,718.6 bn at end 2017 from Rs. 4,054.8

bn at end 2016. Further, the domestic currency debt stock increased by Rs. 211.0 bn (4.23 per cent) to Rs. 5,200.5 bn at end 2017, compared to Rs. 4,989.5 bn at end 2016. The rupee value of foreign currency denominated government debt stock increased by Rs. 714.7 bn (16.25 per cent) to Rs. 5,112.5 bn at end 2017 compared to Rs. 4,397.8 bn at end 2016.

Although the total domestic debt stock of the government increased to Rs. 5,594.4 bn at end 2017, the share of total domestic debt in total government debt decreased to 54.25 per cent

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

Currency	2015	2016	2017 (a)
Special Drawing Rights	54.7	21.1	73.9
Japanese Yen	40.5	26.7	19.4
US Dollar	441.7	473.6	443.0
Euro	18.3	2.5	24.5
Other	-124.4	-282.2	368.3
<b>Total</b>	<b>430.9</b>	<b>241.7</b>	<b>929.1</b>
<b>Memo: End Year Exchange Rates (Sri Lanka Rupees per Unit of Foreign Currency)</b>			
Special Drawing Rights	199.63	201.38	217.69
Japanese Yen	1.20	1.29	1.36
US Dollar	144.06	149.80	152.85
Euro	157.37	157.87	182.49

(a) Provisional.

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

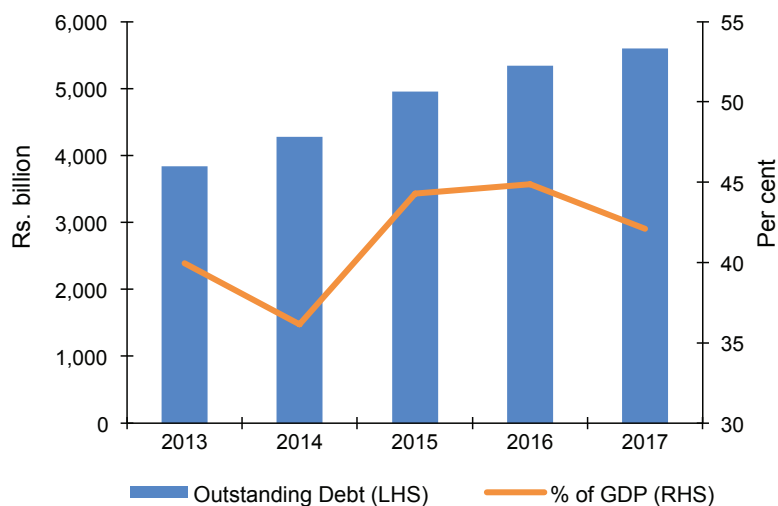
compared to 56.90 per cent recorded at end 2015. Further, the total domestic debt as a percentage of GDP decreased to 42.10 per cent at end 2016 from 45.12 per cent recorded at end 2015. Meanwhile, the total foreign debt as a percentage of GDP increased to 35.51 per cent at end 2017 from 34.17 per cent recorded at end 2016.

## 2.5. The Structure of the Public Debt Portfolio

### 2.5.1. Domestic Debt

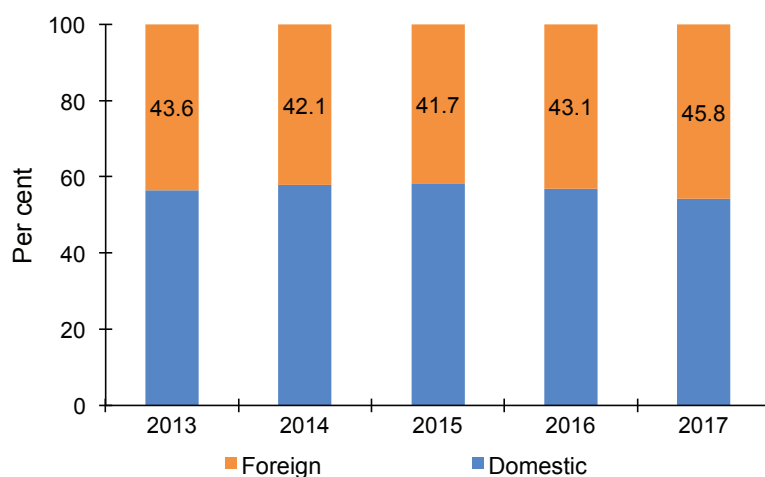
In line with the debt strategy for 2017, CBSL mobilized funds worth of Rs. 481.1 bn through tradable government securities, and there were no new Rupee Loans issued in 2017. The stock of Rupee Loans remained unchanged at Rs. 24.1 bn at end 2017.

**CHART 1  
DOMESTIC DEBT**



### 2.5.2. Composition of Domestic Debt

**CHART 2  
COMPOSITION OF GOVERNMENT DEBT**



### 2.5.3. Domestic Debt by Investor Base

**Non-bank sector:** Non-bank sector, consisting of Employees' Provident Fund (EPF), National Savings Bank (NSB), Insurance companies, and other official funds continued to be the major holders of domestic debt of the government with a holding of Rs. 3,265.9 bn (58.38 per cent) of the total domestic debt at end 2017 compared to Rs. 3,226.6 bn (60.41 per cent) at end 2016. The face value of domestic debt held by Licensed Commercial Banks (LCBs) increased by Rs. 419.2 bn to Rs. 2,119.1 bn at end 2017.

**Banking Sector:** Banking sector investments (consisting of LCBs and CBSL) in domestic debt instruments of the government increased by Rs. 213.6 bn (10.1 per cent) to Rs. 2,328.5 bn at end 2017 compared to Rs. 2,114.9 bn held at end 2016, mainly due to the increase in T-bills held by Commercial banks by Rs. 219.1 bn. The amount of domestic debt held by LCBs increased to Rs. 2,119.1 bn (31.8 per cent) at end 2016 from that of Rs. 1,700.0 bn (37.9 per cent) held at end 2016. Meanwhile, LCBs' holding of T-bonds increased by Rs. 71.5 bn to Rs. 803.5 bn, in 2017.

18.43 per cent at end 2017 compared to 18.10 per cent recorded at end 2016. ATM of T-bonds declined to 6.7 years at end 2017 compared to 7.1 years recorded at end 2016. Further, ATM of T-bills remained unchanged at 0.4 years in both 2016 and 2017. With above developments, ATM of domestic currency debt portfolio declined marginally to 5.8 years at end 2017 compared to 6.0 years recorded at end 2016.

### 2.5.5. Foreign Debt

The rupee value of the foreign debt and the foreign debt to GDP ratio increased during the year 2017. The rupee value of total foreign debt stock amounted to Rs. 4,718.6 bn at end 2017, with an increase of Rs. 672.8 bn (16.6 per cent), compared to Rs. 4,045.8 bn recorded at end 2016. In line with the increase in the volume of foreign debt stock, total outstanding foreign debt stock as a percentage of GDP also increased to 35.5 per cent at end 2017 from 34.0 per cent recorded in 2016. The increase was mainly due to lower growth rate of nominal GDP and unfavorable parity adjustment owing to the depreciation of the rupee against major currencies.

**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)		
	2015	2016	2017 (a)	2015	2016	2017 (a)
T-bills	0.3	0.4	0.4	0.3	0.4	0.4
T-bonds	4.3	3.9	4.1	7.4	7.1	6.7
Rupee loans	4.7	4.3	3.8	7.1	6.1	5.1
<b>Overall</b>	<b>3.7</b>	<b>3.3</b>	<b>3.6</b>	<b>6.3</b>	<b>6.0</b>	<b>5.8</b>

(a) Weighted average maturity of the cash flows.

Source: Central Bank of Sri Lanka

### 2.5.4. Maturity Structure of the Domestic Debt

The short term domestic debt as a percentage of total domestic debt increased marginally to

### 2.5.6. Composition of Foreign Debt

Total rupee value of outstanding foreign debt from concessional and commercial sources stood at Rs 2,130.5 bn (45.15 per cent of

**TABLE 8.1**  
**COMPOSITION OF FOREIGN DEBT**

Category	2016		2017 (a)	
	Total Equivalent Amount in Rupees billion	%	Total Equivalent Amount in Rupees billion	%
Bilateral	945.8	23.38	992.2	21.03
Multilateral	1076.5	26.61	1198.2	25.39
Sovereign Bonds	1220.9	30.18	1475.0	31.26
Foreign Holdings in T-bills and T-bonds	260.0	6.43	322.6	6.84
Other	542.6	13.41	730.6	15.48
<b>Total</b>	<b>4045.8</b>	<b>100.0</b>	<b>4718.6</b>	<b>100.0</b>

(a) Provisional.

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

**TABLE 8.2**  
**COMPOSITION OF FOREIGN DEBT**

Category	2016		2017 (a)	
	Total Equivalent Amount in Rupees billion	%	Total Equivalent Amount in Rupees billion	%
<b>Concessional</b>	<b>1,897.7</b>	<b>46.90</b>	<b>2,130.5</b>	<b>45.15</b>
Bilateral	627.4	15.51	675.5	14.32
Multilateral	856.0	21.16	954.7	20.23
Other	414.2	10.24	500.3	10.60
<b>Commercial</b>	<b>2,148.1</b>	<b>53.10</b>	<b>2,588.1</b>	<b>54.85</b>
Sovereign Bonds	1,220.9	30.18	1,475.0	31.26
Bilateral	318.3	7.87	316.6	6.71
Multilateral	220.6	5.45	243.6	5.16
Foreign Holdings in T-bills and T-bonds	260.0	6.43	322.6	6.84
Other	128.3	3.17	230.3	4.88
<b>Total</b>	<b>4045.8</b>	<b>100.00</b>	<b>4718.6</b>	<b>100.00</b>

(a) Provisional.

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

the total outstanding foreign debt) and Rs. 2,588.1 bn (54.85 per cent), respectively, at end 2017. The corresponding concessional and commercial sources debt stood at Rs. 1,897.7 bn (46.90 per cent) and Rs. 2,148.1 bn (53.10

per cent), respectively, at end 2016. This was due to improved market conditions along with stable credit outlook prevailed during 2017, contributed positively to mobilize more funds through concessional sources of foreign debt.

**TABLE 9**  
**MATURITY, GRANT ELEMENT & INTEREST RATES OF EXTERNAL DEBT 2017**

Category	Grace Period (Yrs)	Repayment Period (Yrs)	Grant Element (%)	Avg. Interest Rates (a) (% p.a.)
Bilateral	0 - 21	0 - 40	0 - 100	2.19
Multilateral	0 - 18	0 - 41	0 - 100	1.22
Commercial	0 - 14	0 - 30	(22) - 100	5.71
Export Credit	0 - 13	0 - 21	(12) - 100	3.49
<b>Average</b>				<b>3.45</b>

(a) Interest paid in 2017/Disbursed outstanding debt as at end 2016.

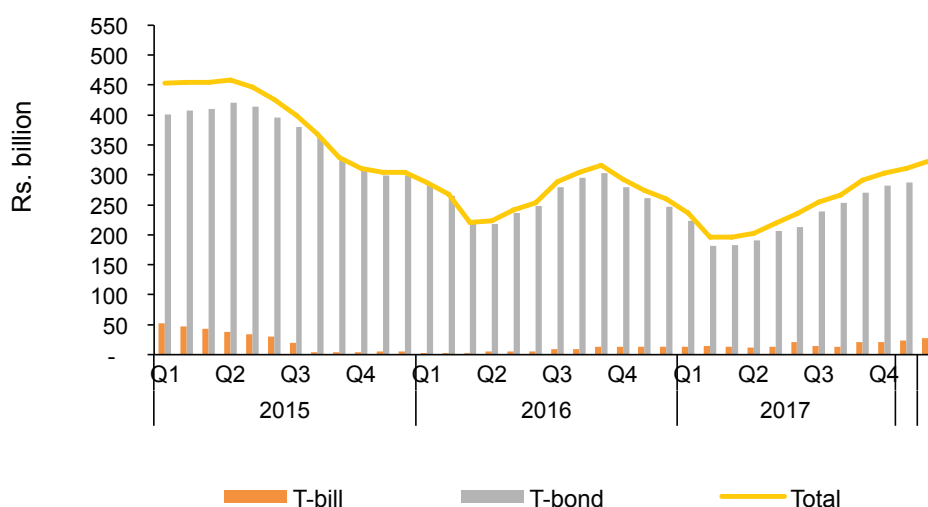
Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

The foreign investor preference for government securities increased in 2017. Accordingly, the total investments by foreigners in T-bills and

T-bonds increased to Rs. 322.6 bn at end 2017 compared to Rs. 260.0 bn recorded at end 2016.

**CHART 3**

**FOREIGN OUTSTANDING IN TREASURY BILLS AND TREASURY BONDS - 2017**



**2.5.7. Currency Composition of Foreign Debt**

On the basis of currency composition, 89.10 per cent of the total foreign debt stock at end 2017 comprised of 4 major currencies viz, USD, SDR, Japanese Yen and Euro. In 2017, the share of SDR, Japanese Yen, and Euro denominated foreign debt declined while the share of USD

denominated foreign debt increased mainly due to the higher issuance of International Sovereign Bonds. The external debt denominated in Sri Lankan rupee increased marginally to 6.84 per cent at end 2017 from 6.43 per cent recorded in 2016 due to increase in foreign holdings of T-bills and T- bonds.

**TABLE 10**  
**CURRENCY COMPOSITION OF FOREIGN DEBT (AS AT END OF YEAR)**

Currency	2015	2016 (a)	Per cent 2017 (a)
US Dollar	48.92	54.56	56.17
Special Drawing Rights	20.73	18.68	17.58
Japanese Yen	13.26	12.28	10.94
Sri Lanka Rupee (b)	8.57	6.43	6.84
Euro	5.11	4.54	4.41
Other	3.41	3.52	4.06
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Memo: Total External Debt (Rs.billion)</b>	<b>3,544.0</b>	<b>4,045.8</b>	<b>4,718.6</b>

(a) Provisional.

(b) Non-residents' investments in T-bills and T-bonds.

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

### 2.5.8. Usage of Foreign Debt

The debt raised through external sources in 2017 was mainly used for the purposes of development of economic, social and administrative services in the country. Substantial investment in the form of enhancing the capacity and productivity of the economy also aimed from foreign financing during the year. Out of the total outstanding external debt at end 2017, 51.58 per cent was utilized for the development of

economic services. Meanwhile, 8.91 per cent and 1.33 per cent of total external debt had been utilized for the development of social services and import of commodities, respectively, during 2017. Further, a share of 22.07 per cent of total external debt at end 2017 was used for the development of transportation system of the country including roads and bridges (15.47 percent) and ground transport (6.60 per cent).

## 3. Servicing Public Debt in 2017

### 3.1 Debt Service Payments

CBSL maintained its unblemished record of servicing public debt obligations in a timely and an accurate manner in 2017 as well in terms of payment of principal, interest and other contractual obligations. Timely and accurate debt service payment on a cost-effective basis, remains a crucial part of managing the public debt portfolio.

The total debt service payments in 2017 increased by 18.53 per cent to Rs. 1,603.0 billion compared to Rs. 1,352.4 billion recorded in 2016. Out of Rs. 1,603.0 billion of total debt service payments, amortization payments

amounted to Rs. 867.5 billion (54.11 percent) while the interest payments amounted to Rs. 735.6 billion (45.89 per cent). In 2017, Rs. 1,213.5 billion (75.70 per cent) was paid on account of domestic debt while remaining Rs. 389.6 billion (24.30 per cent) was paid on account of foreign debt. Total debt service payments as a percentage of total government revenue increased considerably to 87.53 per cent in 2017 compared to 80.21 per cent recorded in 2016. Further, total debt service payments increased to 12.06 per cent of GDP in 2017 from 11.36 per cent of GDP recorded in 2016 reflecting 18.53 per cent increase in total nominal debt service payments.

TABLE 11

#### DEBT SERVICE PAYMENTS

Rs. bn

Category	2016	2017 <sup>(a)</sup>
<b>Domestic</b>	<b>1,056.6</b>	<b>1,213.5</b>
Principal Payments <sup>(b)</sup>	572.4	642.9
Interest Payments <sup>(c)</sup>	484.2	570.6
<b>Foreign <sup>(d)</sup></b>	<b>295.8</b>	<b>389.6</b>
Principal Payments <sup>(e)</sup>	169.1	224.6
Interest Payments <sup>(f)</sup>	126.7	164.9
<b>Total Payments</b>	<b>1,352.4</b>	<b>1,603.0</b>

(a) Provisional

(b) Excludes T-bond payments to non-residents

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

(d) Includes T-bond payments to non-residents

(e) Includes T-bill & T-bond interest payments to non-residents

Source: Central Bank of Sri Lanka

### 3.2 Amortization of Debt

Total debt amortization payments made in 2017 increased considerably by 16.98 per cent to Rs. 867.5 billion compared to Rs. 741.5 billion in 2016 mainly due to substantial increase in T-bond amortization payments. Total amortization payment as a per cent of total revenue of the government increased to 47.36 per cent in 2017 from 43.98 per cent recorded in 2016. Out of the total amortization payments in 2017, Rs. 642.9 billion (74.11 per cent) represented payments made on domestic debt while the balance Rs. 224.6 billion (25.89 per cent) represented payment made on foreign

debt. Total amortization payments as a per cent of GDP, increased to 6.52 per cent in 2017 against 6.23 per cent in 2016.

#### 3.2.1 Amortization of Domestic Debt

Amortization payments of domestic debt increased by Rs 70.4 billion (12.30 per cent) to Rs. 642.9 billion in 2017 from Rs. 572.4 billion recorded in 2016, despite the reduction in amortization payments of all domestic debt instruments except T-bonds. The increase in amortization of domestic debt was driven by the higher repayment of T-bonds. Amortization payments of T-bonds increased by 44.89 per

CHART 4

DOMESTIC CURRENCY DEBT SERVICE OBLIGATIONS AS AT END 2017

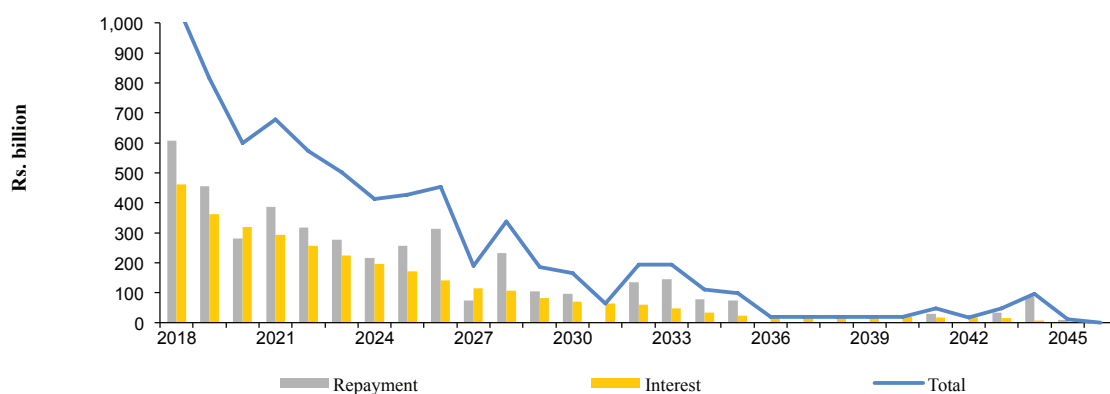


TABLE 12

AMORTIZATION OF DEBT

Source/ Instrument	2015	2016	2017 (a)
<b>Domestic Debt</b>	<b>523.8</b>	<b>572.4</b>	<b>642.9</b>
T-bonds (b)	379.4	245.6	355.9
Rupee Loans	31.4	-	-
OBU Loans	1.4	8.7	1.8
SLDBs	111.6	317.5	285.2
Other Domestic	-	0.6	-
<b>Foreign Debt (c)</b>	<b>284.3</b>	<b>169.1</b>	<b>224.6</b>
T-bonds held by Foreigners	91.9	23.8	5.1
Sovereign Bond	65.8	-	-
Other	126.6	145.3	219.5
<b>Total Amortization Payments</b>	<b>808.1</b>	<b>741.5</b>	<b>867.5</b>

(a) Provisional.

(b) Excludes T-bill interest payments to non-residents.

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

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media



cent to Rs.355.9 billion in 2017 from Rs.245.6 billion in 2016. However, on year on year basis amortization payments on Off-shore Banking Unit (OBU) loans SLDBs in 2017 decreased by 79.31 per cent and 10.16 per cent respectively, due to lower maturities.

### 3.2.2 Amortization of Foreign Debt

The rupee value of total amortization payments on account of foreign debt amounted to Rs.224.6 billion in 2017, which was an increase of Rs.

55.5 billion (32.8 per cent) compared to 2016.

Amortization payment on account of T-bonds held by foreign investors decreased by Rs. 18.7 billion to Rs. 5.1 billion in 2017 from Rs. 23.8 billion in 2016. As in 2016, there were no ISBs amortization payments in 2017. However, growth in other foreign debt amortizations by Rs. 74.2 billion to Rs. 219.5 billion (by 51.11 per cent) was mainly due to increased debt amortizations taken place in relation to project and term loan facilities.

CHART 5  
FOREIGN CURRENCY DEBT SERVICE OBLIGATIONS AS AT END 2017

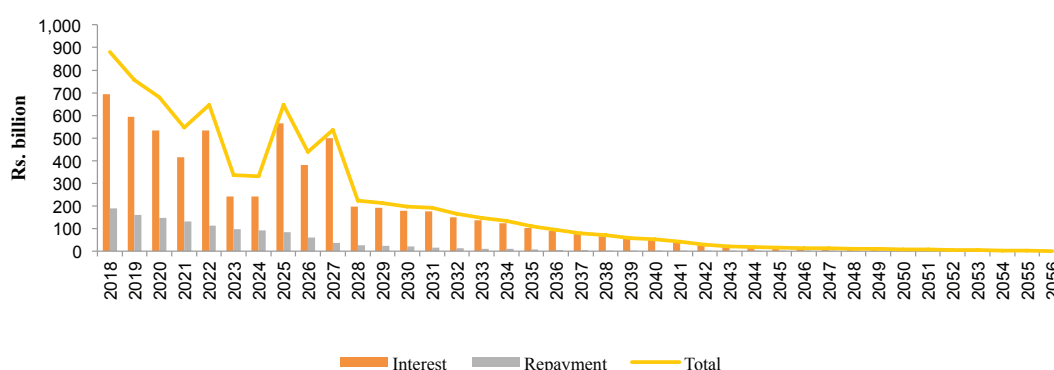


TABLE 13

### INTEREST COST ON PUBLIC DEBT

Rs. bn

Source/ Instrument	2015	2016 <sup>(a)</sup>	2017 <sup>(a)</sup>
<b>Domestic Debt</b>	<b>394.3</b>	<b>484.2</b>	<b>570.6</b>
T- bills <sup>(b)</sup>	57.7	78.8	81.3
T-bonds <sup>(c)</sup>	295.8	356.8	438.2
Rupee Loans	4.6	2.9	2.9
OBU Loans	1.5	1.7	2.4
SLDBs	23.4	33.4	33.8
Other Domestic <sup>(d)</sup>	11.2	10.6	12.1
<b>Foreign Debt <sup>(e)</sup></b>	<b>115.4</b>	<b>126.7</b>	<b>164.9</b>
<b>Total Interest Cost</b>	<b>509.7</b>	<b>610.9</b>	<b>735.6</b>

(a) Provisional.

Sources: Central Bank of Sri Lanka

(b) Excludes T-bill interest payments to non-residents.

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(c) Excludes T-bond interest payments to non-residents.

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

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

TABLE 14

## TREASURY BILLS PRIMARY AUCTION WEIGHTED AVERAGE YIELD RATES

Per cent per annum

Period	31/12/2016	2017			
		End March	End June	End September	End December
91 day	8.72	9.63	9.60	8.71	7.69
182 day	9.63	10.62	10.29	9.01	8.30
364 day	10.17	10.98	10.47	9.10	8.90

a) Calculated based on Simple average of WAYR for each maturity period.

Source: Central Bank of Sri Lanka

TABLE 15

PRIMARY MARKET WEIGHTED AVERAGE INTEREST COST ON DOMESTIC BORROWING<sup>(a)</sup> Per Cent

Instrument	2015	2016	2017
T-bills	6.46	9.38	10.86
T-bonds	9.46	12.27	12.79
Rupee Loans <sup>(b)</sup>	-	-	-

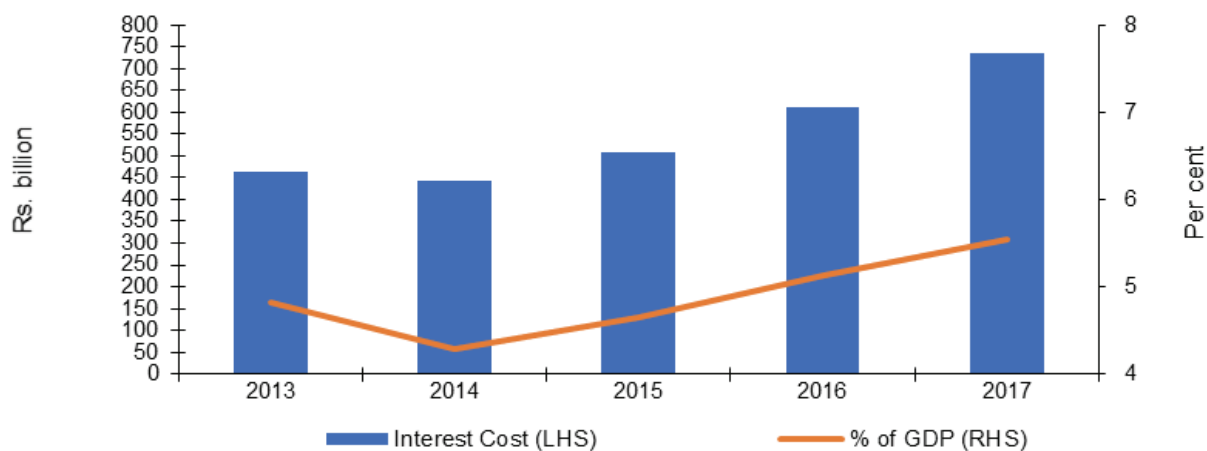
(a) Weighted average interest cost =  $\sum(\text{Amount issued} * \text{Yield}) / \text{Total amount issued}$ 

Source: Central Bank of Sri Lanka

(b) No new rupee loans were issued since 2012.

CHART 6

## TOTAL INTEREST COST



### 3.3 Interest Cost

Total interest cost on public debt increased by Rs. 124.7 billion (20.41 per cent) to Rs. 735.6 billion in 2017, compared to Rs. 610.9 billion recorded in 2016, led by domestic interest payments. The total interest cost on public debt as a per cent of GDP increased to 5.54 per cent in 2017 from 5.13 per cent in 2016. Further, the expenditure on payment of interest on public debt increased to 40.16 per cent of the total revenue of the Government in 2017 compared to 36.23 per cent in 2016.

#### 3.3.1 Interest Cost on Domestic Debt

Interest payments on domestic debt increased by 17.85 per cent to Rs. 570.6 billion in 2017 from Rs. 484.2 billion in 2016, reflecting relatively high interest rates prevailed in 2017 and the increase in outstanding domestic debt stock by 4.73 per cent (Rs. 252.9 billion) to Rs. 5,594.4 billion at end 2017 from Rs. 5,341.5 billion at end 2016. Interest payments on T-bonds contributed mainly to the increase in domestic interest payments. Interest payments on T-bonds increased significantly by 22.79 per cent to Rs. 438.2 billion in 2017 from Rs. 356.8 billion in 2016 while interest payments on T-bills increased to Rs. 81.3 billion, only by 3.16 per cent in 2017 compared to interest payments of Rs. 78.8 billion in 2016. T-bond and T-bill interest payments accounted for 76.79 per cent

and 14.24 per cent of the total domestic debt interest payments in 2017, respectively.

#### 3.3.2 Interest Cost on Foreign Debt

The total interest payments on foreign debt increased considerably by Rs. 38.2 billion (30.17 per cent) to Rs. 164.9 billion in 2017 from Rs. 126.7 billion in 2016 mainly due to the increase in the stock of both non-concessional and concessional foreign borrowings. The stock of non-concessional loans including commercial loans increased by 20.48 per cent while the stock of concessional loans increased by 12.27 per cent year on year in 2017.

Increase in the stock of foreign debt on the back of depreciation of rupee against major foreign currencies during 2017 also contributed to the increase in interest payments on foreign debt in rupee terms.

### 3.4 Future Debt Service Obligations

Actions were initiated to present an active liability management act to facilitate smoothening of future debt service obligations in the medium term. Further, the possibilities of various liability management arrangements such as buy backs, switching and exchanges to minimize the future risk of refinancing and to extend the maturity profile of the outstanding public debt will be explored.

# 4. Market Operations in 2017

## Overview

The Government’s borrowing programme for the year 2017 was implemented by CBSL as the agent of the government, with the objective of raising funds at the lowest possible cost with a prudent degree of risk. Several tradable debt instruments, namely, T-bills, T-bonds and SLDBs in the domestic market and ISBs in the international capital market were issued within the overall borrowing limit specified under the Appropriation (Amendment) Act No. 32 of 2017, for the execution of the borrowing programme. The External Resources Department of the Ministry of National Policies and Economic Affairs raised external loan facilities by way of project loans, commodity loans and syndicated financing facilities during the year.

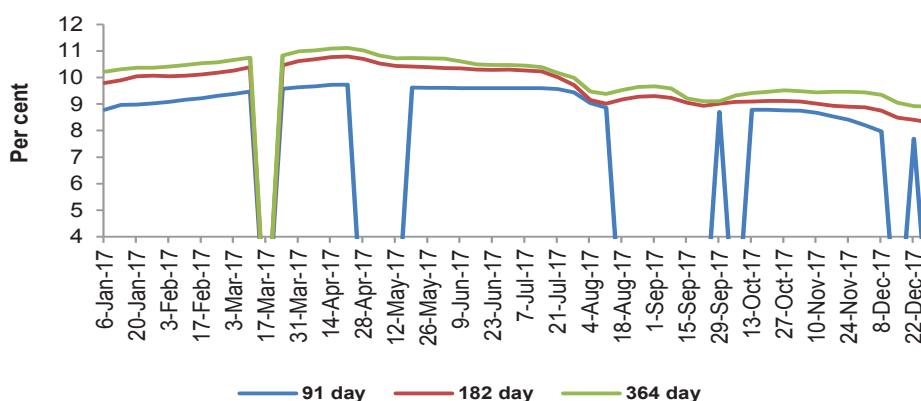
Monetary policy measures adopted by the CBSL in March 2017 and gradual increase in interest rates across advanced economies made managing public debt during the first half of the

year furthermore challenging where the interest rates peaked in April 2017 before reducing towards latter part of 2017. An increasing trend in the primary market yields on government securities was observed during the first half of 2017 in line with the policy rate increase in March 2017. However, with the successful issuance of an International Sovereign Bond (ISB) in May 2017 and various initiatives undertaken by CBSL in ensuring transparency and discipline in fund raising activities such as the introduction of a new T-bond issuance system and the positive adjustment in the Sovereign rating outlook, the primary market yields gradually declined during the second half of 2017. The foreign inflows to T-bills and T-bonds also improved towards latter part of 2017.

### 4.1 T-bills Primary Market

T-bills were continued to be used as the key debt instrument by the Government to manage

**CHART 7**  
**T-BILL PRIMARY MARKET WEIGHTED AVERAGE YIELDS**



Treasury's short-term cash-flow requirement through issuance of three standard maturities (91-day, 182-day and 364-day) during 2017.

In aggregate, Rs. 1,624.3 bn on a face value basis was mobilized through the issuance of T-bills (91-day, 182-day and 364-day) in 2017 compared to Rs. 1635.3 bn in 2016. The face value of outstanding T-bills at end 2017 was Rs. 724.7 bn in comparison to Rs. 792.4 bn recorded at end 2016. Further, 52 weekly T-bill auctions were conducted by CBSL, in 2017.

The increasing trend in foreign holdings of T-bills witnessed in 2016 continued in 2017 and the outstanding foreign holdings of T-bills recorded Rs. 27.6 bn as at end 2017 compared to Rs. 12.8 bn as at end 2016. The total net inflow of foreign investments amounted to US dollars 440.6 million of which T-bills contributed to US dollars 80.5 million in 2017.

An upward adjustment in T-bill Primary market WAYR was observed since the beginning of the year continued until end April 2017 in line with the policy rate increase of 25 bps in March 2017. This increasing trend moderated towards the end of the first half of 2017 and declined since end May 2017 recording decreases of 121 bps, 146 bps and 174 bps in the WAYR of 91-days, 182-

days and 364-days maturity, respectively as at end 2017 compared to end 2016. Accordingly, the WAYRs of 91-days, 182-days and 364-days stood at 7.69 per cent, 8.30 per cent and 8.90 per cent, respectively, as at end 2017.

In spite of the policy rate increase in March 2017, the T-bill yield rates were able to withstand the upward adjustment in interest rates through prudent and transparent debt management strategies implemented during the year. The Strategies adopted include maintenance of a low and stable interest rate environment with a positive market momentum notably during the second half of the year, positive market sentiment created by the issuance of ISB in May 2017 amounting to US dollars 1,500 million, successful buffer building process initiated and implemented towards latter part of 2017, notable increase of foreign investments in T-bills and T-bonds market during the year largely due to the creation of conducive investment landscape and positive adjustment in the Sovereign rating outlook, among others.

Accordingly, T-bill primary market WAYR for 91-day, 182-day and 364-day maturities declined by 204 bps, 249 bps and 221 bps, respectively, to 7.69 per cent, 8.30 per cent and 8.90 per cent, respectively, from the peak yield rates recorded mid-April 2017.

**TABLE 16**  
**TREASURY BILL PRIMARY AUCTION DETAILS**

Rs. billion												
2017	91 Days				182 Days				364 Days			
	Offered	Accepted	%	WAYR (%)	Offered	Accepted	%	WAYR (%)	Offered	Accepted	%	WAYR (%)
Q1	112.0	79.6	71.08	9.09	129.5	118.2	91.28	10.09	102.0	31.1	30.52	10.57
Q2	56.5	24.5	43.33	9.63	166.5	166.6	100.05	10.46	139.0	141.1	101.53	10.81
Q3	29.5	17.5	59.28	9.16	158.5	169.4	106.90	9.45	138.5	121.0	87.36	9.73
Q4	42.5	48.7	114.57	8.52	89.0	92.6	104.09	8.89	130.0	100.8	77.52	9.28

Source: Central Bank of Sri Lanka

At end 2017, ATM of the T-bills was recorded at 0.39 years compared to 0.38 years recorded at end 2016.

#### **4.2 T-bonds primary market**

The total outstanding T-bonds, excluding those held by foreign investors, increased to Rs. 3,822.6 bn by end 2017 from Rs. 3,714.8 bn recorded at end 2016. Further, 16 T-bond auctions offering single or multiple maturities in the range of 2-10 years were conducted during the year. As at end 2017, there were 62 outstanding T-bond series. The primary market WAYR for T-bonds ranged between 9.83 per cent and 13.14 per cent.

The ATM of T-bond portfolio reported a decline where the ATM recorded 6.72 years at end 2017 from 7.07 years recorded at end 2016. Further, existing T-bond series were continued to be re-opened during 2017 with the intention of increasing the liquidity of the benchmark T-bond series available in the market and contributed to improve secondary market activities.

Meanwhile, improved predictability and discipline instilled by the new T-bond auction system introduced in July 2017 replacing the fully auction based issuance system for T-bonds and the increased flexibility made available for debt management through successful buffer building process commencing from the second half of 2017, further eased the pressure on interest rates in the domestic market.

The positive and conducive investment environment created, contributed towards a notable increase in T-bonds owned by foreign investors where the foreign holdings increased from Rs. 247.2 bn by end 2016 to Rs. 295.1

bn by end 2017. Further, the total net inflow of foreign investments of T-bonds amounted to US dollars 360.1 million in 2017.

#### **4.3 Sri Lanka Development Bonds**

The funds raised through the issuances of SLDBs in 2017 amounted to US dollar 2,231.4 mn which enabled CBSL to successfully manage both issuance arrangements and yield rates of domestic debt instruments. The US dollar denominated SLDBs were issued at various floating and fixed rates. The successful ISB issuance amounting to US dollars 1,500 in May 2017, at a yield rate of 6.2 percent coupled with these SLDB issuances paved way for effective implementation of strategies formulated for an orderly domestic market resulting in a low and stable domestic interest rate environment.

The outstanding SLDB stock increased to US dollar 4,173.2 mn at end 2017 compared to US dollar 3,819.8 mn recorded at end 2016. Yields of six months London Inter-Bank Offered Rate (LIBOR) plus a weighted average margin ranging from 240 bps to 480 bps were given to raise SLDBs where Licensed Commercial Banks (LCBs) were the main investors and majority of such investments was held to maturity by these banks.

#### **4.4 Secondary Market Yield Rates**

Secondary market yield rates of T-bills reflected the upward adjustment in primary market yield rates during the first half of 2017 and the subsequent decrease towards the second half of 2017. Accordingly, as per indicative quotes reported by PDs, 91-day, 182-day and 364-day secondary market T-bill yields decreased by 101

bps, 130 bps and 128 bps, respectively, by end 2017 compared to that of end 2016.

Secondary market yields of medium to longer term T-bonds too increased during the first half of 2017 and decreased subsequently during the second half of 2017 in line with the movement of yield rates of short term government securities in the secondary market. Accordingly, as per

indicative quotes reported by PDs, the secondary market yields of 2-year, 5-year, 8-year and 10-year maturity T-bonds decreased by 201 bps, 223 bps, 236 bps and 240 bps, respectively, by end 2017 compared to that of end 2016. The total transaction volume of government securities (T-bills and T-bonds) on an outright basis during 2017 was recorded at Rs. 4,633.8 bn compared to Rs. 5,800.0 bn recorded in 2016.



# 5.

## The Medium-Term Debt Management Strategy 2018 - 2021 and Issues and Challenges

### Overview

The Medium-Term Debt Management Strategy (MTDS), which is a rolling plan, articulates the strategies and debt management framework that the MoF and CBSL plans to execute over the next four year period with the aim of implementing a prudent borrowing program and achieving Government's debt management objectives. The MTDS is principally focused on building an appropriate composition of the debt instruments focusing on the projected path of macroeconomic framework and market environment, to ensure financing the governments budgetary needs at the lowest possible cost while the risk of the public debt portfolio is managed prudently. The MTDS for 2018-2021 outlines the public debt management objectives of CBSL, which have been formulated with consideration such as potential variation in debt servicing costs and its budgetary impact, linkages with other key macroeconomic policy objectives/ targets, improvement in debt sustainability and the need for the development of the domestic debt markets. MTDS eventually aims at containing risks to the government's balance sheet while minimizing the potential public debt-related burden and maximizing the resource availability for other sectors of the economy. 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.

The MTDS for 2018-2021 is a continuation of MTDS for 2017-2020. 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 the MTDS. The MTDS for 2018-2021 has been formulated based on the

Government Budget 2017 and the medium-term policy direction announced by CBSL in the Annual Report 2017.

### ***5.1 Expected Benefits of the MTDS***

The MTDS is expected to provide an outline for decision making and to make informed choice on how the government's financing requirement is to be met under a given set of constraints and potential risks. Such a methodical approach to government debt management related decision making would strengthen the efficiency and effectiveness of the function of the CBSL as the fiscal agent of the government. The following benefits are expected to be accrued through implementation of the MTDS.

#### **5.1.1 Evaluating the cost-risk trade-off:**

The MTDS allows prudent decisions after identification and analysis of costs and risks associated with alternative strategies available for financing the government's borrowing requirement. Further, clearly defined MTDS would avoid the possibility of making one sided decisions on the basis of the cost or short-term expediency while compromising on risk parameters.

#### **5.1.2 Identifying and managing risks:**

In spite of the availability of several limited alternative sources for meeting the Governments financing needs, MTDS allows CBSL, to identify, estimate, and monitor risks associated with such funding sources. Further, it provides an opportunity to evaluate the impact on the overall risk profile of the public debt emanating from exercising alternative financing options within the overall risk parameters defined for public debt of the country. Identification of risks associated with alternative financing options on



a proactive basis, provides CBSL an opportunity to put in place an appropriate risk mitigating mechanisms to better utilize such alternative funding opportunities and manage the impact of negative eventualities, if any. In the process of identification of suitable risk mitigates, the MTDS facilitates numerous considerations, including further development of the domestic debt market.

### 5.1.3 Coordination:

The MTDS facilitates proper coordination of fiscal policy with monetary policy and other macroeconomic variables, helping not to compromise various policy objectives of the government and CBSL. 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, also helping to achieve transparency and accountability on the management of the public debt of the country separate from fiscal and monetary policies.

### 5.1.4 Identification of constraints:

The MTDS allows CBSL to identify constraints that affect its role as fiscal agent of the Government well in advance, so that suitable remedial measures can be formulated and implemented to ease-off such constraints.

## 5.2 *MTDS and the Macroeconomic Framework*

Consistency between the MTDS and the overall macroeconomic framework need to be ensured to accomplish specified MTDS targets and it is imperative that the interlinkages and feedback effects are well articulate and that coordination mechanisms are in place. For the developing and emerging market countries, these interlinkages are likely to be more significant, partly due to underdeveloped domestic debt markets, and partly due to capacity constraints and relatively weak institutional setting. In this circumstances,

close coordination is vital to ensure that the overall policy mix is sustainable.

The key interlinkages between the 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, Fiscal Planning and Debt Sustainability** - Ex ante the level of debt is mainly determined by fiscal policy, although ex-post the debt composition can play an important role. Given the medium-term perspective of the MTDS, to be most effective it should be formulated within a fully operational medium-term fiscal framework. Debt sustainability analysis (DSA) will assess whether the fiscal policy implied by the medium-term fiscal framework, and the associated debt level, is sustainable over the long-term.
- **MTDS and Monetary Policy** - The monetary policy regime, the instruments used for monetary policy operations, the institutional setting, as well as the credibility of monetary policy, all have important implications for the MTDS.
- **MTDS, Exchange Rate Policy and Balance of Payments** - The exchange rate policy, and expected evolution of the balance of payments and consequent developments in the real exchange rate may have consequences for the MTDS. Similarly, 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** - Often the trade-offs between borrowing domestically or externally will be capped by the level

of development of the domestic debt market, and/or private sector crowding out considerations. The MTDS can help identify key challenges in this area, and in some instances the chosen strategy can help 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 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 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. An important factor in determining the effectiveness of the borrowing plan will be the quality and robustness of government cash management and forecasting. The plan also has important consequences for the central bank's assessment of liquidity conditions and should be shared with it.

### ***5.3 Implication of medium term fiscal policy direction as mentioned in 2018 Budget and the Medium Term Macroeconomic Outlook of the Annual Report of the Central Bank on MTDS 2018-2021.***

The medium-term macro fiscal framework of the government, as articulated in 2018 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 from 2018 and to

reduce budget deficit to 3.5% in 2020, to reduce public debt to GDP in the medium-term. The underlying fiscal strategy envisages an increase of government revenue to reach around 15 to 17 per cent of GDP over the medium term while continuous efforts to rationalize expenditure in an environment of appropriate and stable interest rate regime continued. As a result, the current account surplus in 2017 would be further strengthened in the medium term, creating more fiscal space to achieve the government's MTDS designed to gradually reduce the debt stock to GDP ratio to around 77.4 per cent by 2018, and further to around 69.0 per cent by 2020.

Further, it is envisaged to lengthen the ATM of the debt stock, while reducing debt servicing costs in the medium term. In the monetary front, CBSL expects to maintain inflation at around mid-single digits in the medium term, through prudent conduct of monetary policy, supported by productivity enhancing supply side measures will allow the market interest rates to remain at appropriate and stable levels, facilitates a prudent debt management in the medium term.

### ***5.4 Stated Objectives of the MTDS 2018-2021***

The primary objective of the 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. Besides, the following secondary objectives are defined in the 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 calendar for both domestic currency and foreign currency issuances; and
- (j) Upgrading the infrastructure of the domestic debt market supported by e-trading platform together with a central clearing arrangement.

for government securities and other financial instruments. Frequent issuance of long term benchmark bonds and re-issuances of existing securities has improved market liquidity. However, due to its segmented nature and less volume of transactions in the secondary market for long term maturities, reduce the dynamism in the secondary market on the longer-end of the benchmark yield curve.

Currently, most of the secondary market trades in government securities take place via Over the Counter (OTC) market. The reluctance of market participants to conduct trade between counterparties, freely and transparently, has increased reliance on the OTC market. As there is no regulatory reporting requirement for all the OTC transactions, the underlying prices and yields of these transactions are not reflected on real-time basis, thus creates an asymmetry in market information. Currently, sellers/buyers of government securities do not transact with buyers/sellers if there are no pre-determined internal credit limits. Such practices have

## 5.5 Targets as set out in the MTDS 2018 – 2021

The targets, as set out in the MTDS for 2018-2021 are as follows.

**TABLE 18**  
**MTDS TARGETS FOR 2018 - 2021**

Indicator	2017	Annual Targets			
	(Actual)	2018	2019	2020	2021
Overall Budget Deficit/GDP Ratio (%)	5.5	4.8	3.9	3.5	3.5
Debt/GDP Ratio (%)	77.6	77.4	74.8	71.7	69.0
Total Revenue and Grants / GDP	13.8	15.7	15.9	16.4	17.0
Average Time to Maturity (years)	5.78	6.25	6.40	6.50	6.50
Ratio of Short Term Domestic Debts to Total Domestic Debts (%)	18.43	19.0	18.5	18.5	18.5
Ratio of Foreign Currency Debts to Total Debts (%)	49.52	47.0	44.5	42.0	40.0

Source: Central Bank of Sri Lanka

## 5.6 Issues and Challenges of Implementation of MTDS

### 5.6.1 Maintaining the dynamism of the benchmark yield curve for government securities:

A dynamic benchmark yield curve is an essential element for a well-functioning secondary market

created discernment among segments of market participants and discouraged price discovery, transparency and efficiency of the market. However, the introduction of Bloomberg trading platform for government securities has resulted a significant improvement in price discovery and transparency in the secondary market transactions.

### **5.6.2 Lack of secondary market liquidity in terms of rupee leg and the security leg:**

Since 2004, settlement of government securities transactions in the secondary market have been made through Scrip-less Securities Settlement System (SSSS) and Real Time Gross Settlement System (RTGS). These systems employ, a 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 Accounts held in the SSSS and RTGS.

Accordingly, each secondary market transaction in government securities is required to be settled on one-to-one gross basis, where market participants are expected to maintain substantial amounts of liquidity in both security and rupee terms. As a result, transaction volumes of government securities in the secondary market has remained rather hindering.

### **5.6.3 Exclusivity in primary auction system and primary auction participation:**

Primary auctions for government securities are conducted only through the dedicated Primary Dealers (PDs). There were 12 PDs operating in the market in 2017. These PDs are expected to act as intermediaries between the CBSL and the investors in government securities. Hence, PDs are acting as market makers for such instruments. Accordingly, exclusive nature in access to primary auctions

### **5.6.4 Lack of effective cash flow forecasting and cash balance management of the government:**

Although, cash flow forecasts and cash balance management practices of the government exist, prudent and timely information on the aggregate level of overnight cash balances, or float, and the accuracy of such information are essential for the formulation of an efficient borrowing programme and to ensure that the float is in accordance with the MTDS. Furnishing accurate

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

### **5.6.5 Decrease of concessional and project related external loan disbursements while acceleration in existing concessional and project loan related debt service payments:**

As a result of increasing trend in per capita GDP, multilateral agencies such as World Bank, ADB and IMF will consider Sri Lanka as an upper middle-income country in the near future. Therefore, Sri Lanka will not be eligible for new concessional borrowings and current flexible debt service payment schedule on existing concessional and project loans will be eliminated. This may increase the cost of borrowing in the future.

### **5.6.6 Bunching of foreign currency denominated debt maturities:**

Continuously issuing short to medium term foreign currency debt securities (i.e. ISBs and SLDBs) will increase bunching of maturities in short to medium term horizon. Further, 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 CBSL continued to review the existing laws and regulations and introduced system reforms to improve the government securities market in 2017. The initiatives aimed at reducing the information asymmetry, increasing the core capital requirements, enhancing secondary market liquidity, improving safety of investors



and increasing the overall efficiency of the PD industry. Further, amendments have been proposed to improve the Registered Stocks and Securities Ordinance (RSSO) and Local Treasury Bills Ordinance (LTBO) to enhance transparency and to be on par with current market developments. Also, amendments have been suggested to Foreign Loans Act No. 29 of 1957 to be in line with international standards of accounting for external liabilities.

### **5.7.2 Enhancing market transparency through System Reforms**

From 2016, CBSL has started conducting pre-bid meetings on forthcoming T-bond auctions, with all primary dealers with the view of enhancing market transparency and thereby improving market efficiency. Issuing Benchmark T-bonds in 2 year, 5 year, 8 year and 10-year maturity through regular auctions according to a published auction calendar would create more predictability and consistency in the auctioning process. Further, CBSL has provided information such as amount offered, settlement date, auction date and tenor in their auction calendar.

### **5.7.3 Introduce fully auction based issuance system for T - bonds:**

Raising of funds from the primary market, to meet the borrowing requirement of the government, was entirely done through auctions since February 2015. As a result, the yield rates were entirely determined through the market based mechanism that enabled to derive a more representative long-term benchmark yield curve for government securities. Also, the rates went up drastically. Effective from July 27, 2017, Central Bank introduced a new primary issuance system for T- bonds. The new system replaced the fully auction based issuance system for T-bonds that was in practice since February 2015. The main objective of introducing the new system was to further improve the efficiency of the process of funding the Government at least possible cost while maintaining the

transparency of the financing arrangement. The new system includes regular monthly T- bond auctions. Each monthly auction offers two T- bond series of different maturities. Further, the new system is carried out in three phases. At Phase I, acceptance of all reasonable market bids within the offered amount under multiple price auction system is explored. Phase II involves a voluntary, volume based bidding for any under allocation in Phase I, vis-a-viz the offered amount. Issuance at this phase takes place at weighted average yield rates (WAYR) determined at Phase I and the allocation is based on the successful performance of auction participants in Phase I, in the event of over subscription. At Phase III, the balance volume, if any, is issued on a mandatory basis at WAYR among Primary Dealers. Allocation of Phase III is inversely proportionate to each PD's ratio of success at Phase I and Phase II. However, execution of Phase III could be made possible only when at least 60 per cent of the offered amount is accepted at Phase I. As a way forward, CBSL is planning to explore the possibility of extending the new primary issuance system for T- bills as well to further improve transparency and efficiency of government borrowings from the domestic market.

### **5.7.4 Conducting of Liability Management Activities:**

The Active Liability Management Act (ALMA) is expected to be passed in the Parliament in early 2018. The ALMA is expected to institutionalize a formal framework for liability management measures for minimizing rollover risk by altering the maturity profile of the outstanding debt stock, with the expectation to improve the underlying risk profile of the Government debt stock, to manage the domestic and foreign debt, in a more cost and risk effective manner. This will enable to proactively address part of the refinancing requirements ahead of time (reduce rollover peaks) and to extend the maturity duration for commercial borrowings (ISBs). It is also expected to enable the extension

of the maturity structure of T-bonds and the smoothening of the coupon payments cycle. The LMA will provide for the legal basis for active liability management initiatives such as buy-backs, switching and pre-funding arrangements. Further, this exercise will help Government of Sri Lanka to diversify the investor base, reduce the cost of borrowing based on prevailing market rates, create a favourable price tension for any new issuances and will enable to maintain special funds for the proceeds of sale of non-strategic assets.

#### **5.7.5 Electronic Trading System (ETS) and Central Counterparty Platform (CCP):**

Electronic Trading or commonly named as e-Trading is an automated facility, which is used in capital/ money market dealings between traders. ETS facilitates order entry, deal management, order matching with defined priority rules such as price- time priority coupled with deferred net settlement procedure and information dissemination using industry accepted protocols. Currently, CBSL is in the process of implementing a state of art ETS for government securities. Similarly, a Central Counter Party (CCP) is an arrangement that

guarantees the settlement of securities and funds, thus minimizes the settlement risk and the counter-party credit risk of trades/ transactions through contribution of its clearing members (CM). Initiatives have been made by CBSL to put in place a CCP. Effective implementation of ETS and CCP will establish a mechanism to disseminate information on debt instruments in the secondary market with a view to enhance transparency and reduce asymmetrical information risk.

#### **5.7.6 Conversion of SLDBs to Scripless Securities:**

There is a high market preference for SLDB issuances. However, due to the hassle of dealing with physical certificates, the secondary market for SLDBs are not very active as in case for secondary market for Scripless Government Securities. Thus, initiatives have been taken for issuance of SLDBs in Scripless form with the target to increase the efficiency in the SLDB market by improving secondary market trading, while eliminating the risks associated with paper-based securities.

# 6.

## Risk Management in Public Debt and Sustainability of External Debt

### 6.1 Risk Management in Public Debt

Risk management of the government debt portfolio needs to go beyond passive risk mitigation strategies and explore active means of cost and risk mitigation, due to the increased debt stock over the years. The medium-term debt management strategy (MTDS) provides a framework for a prudent borrowing programme, which is intended to be executed over the next four-year period (medium-term) with the objective of maintaining public debt at a sustainable level. In formulating the MTDS, factors such as potential variation in debt servicing costs and its budgetary impact, bunching issues of the debt stock and the need for development of the domestic debt market are considered. Further, the MTDS is focused on raising of funds required to meet the cash flow needs of the Government in an appropriate composition, in line with the projected macroeconomic indicators and market environment, to ensure that the Government's financing needs are met at the lowest possible cost at a prudent level of risk.

The MTDS is aligned with the government medium-term macro fiscal framework and focused on implementing a robust mechanism to manage risks pertaining to public debt portfolio. This contains predetermined risk tolerance limits and portfolio preference, measurement, monitoring, independent risk identification and reporting by the middle office of Public Debt Department (PDD) consistent with internationally accepted best practices and norms.

### 6.2 Risks Pertaining to the Public Debt Portfolio

Refinancing (rollover) risk and market (exchange rate and interest rate) risk continue to be the major risks that CBSL managed during 2017. However, the possible incidences of other risks namely liquidity risk, legal risk, operational risk and reputational risk have been adequately 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, inability to reissue at all. Thus, the risk, if materialized, could lead to, or aggravate a debt crisis and thereby cause real economic losses, besides the financial effects of higher interest cost burden. Thus, high importance was given to the management of refinancing risk associated with the government debt portfolio in 2017 as in past years.

The ATM and the Ratio of Short-term Debt to Total Outstanding Debt are two of the most widely used indicators to measure the refinancing risk of the debt portfolio and are commonly considered by CBSL to measure the refinancing risk. The risk tolerance levels of these indicators are specified in the MTDS for Sri Lanka. The refinancing risk indicators

of public debt portfolio remained healthy in 2017, although the values decreased compared to 2016. The overall ATM of the government debt portfolio decreased to 6.17 years at end 2017 from 6.41 years at end 2016. The ATM of Domestic currency debt was decreased to 5.78 years in 2017 from 5.98 years in 2016 and the ATM of foreign currency debt was decreased to 6.52 years in 2017 from 6.85 years in 2016 mainly due to the increased issuance of short-medium term maturities. The ATM was compromised due to the issuance of short-medium term debt maturities, that was required to sustain the cost of the debt issued, in view of market conditions being unfavorable.

The share of domestic currency debt with remaining maturity less than or equal to one year (short term debt as end of year) to the

outstanding domestic currency debt increased to 20.36 per cent at end of 2017 as compared with 19.67 per cent at end of 2016, due to higher issuance of 182 and 364 day bills to accomplish the rollover requirement of the Government's domestic debt portfolio. The share of short-term foreign currency debt with remaining maturity less than or equal to one year (as end of year) to total foreign currency debt increased to 8.14 per cent in 2017 compared to 6.74 per cent in 2016. In general, the total short-term debt with remaining maturity less than or equal to one year (as end of year) as a percentage of total outstanding debt marginally declined to 10.27 per cent at end 2017 compared to 10.45 per cent at end 2016 enabling lower refinancing risk of short term debt.

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

Indicator	Domestic Currency Debt		Foreign Currency Debt		Aggregate	
	2016	2017 (a)	2016	2017 (a)	2016	2017 (a)
<b>Refinancing Risk</b>						
Average Time to Maturity (ATM) (yrs)	5.98	5.78	6.85	6.52	6.41	6.17
Short-term (remaining maturity less than or equal to one year) / Outstanding debt (%) (a)	19.67	20.36	6.74	8.14	10.45	10.27
<b>Interest Risk</b>						
Duration (yrs)	3.28	3.61	4.86	4.76	4.07	4.22
Average Time to Re-fixing (ATR) (yrs)	5.98	5.78	5.68	5.39	5.83	5.57
Floating Rate debt / Outstanding debt (%)	-	-	31.63	34.46	14.82	17.09
<b>Foreign Exchange Risk</b>						
Share of Foreign Currency Commercial debt / Official Reserves (%)	-	-	-	-	214.92	197.65
Share of Foreign Currency debt / Total debt (%)	-	-	-	-	46.85	49.57

(a) Provisional

Source: Central Bank of Sri Lanka



**6.3.2 Interest Rate Risk:** Interest rate risk refers to the risk associated with changes in market interest rates on servicing cost of public debt. For both domestic and foreign currency debt, changes in interest rates affect debt servicing costs on new issuances when the fixed-rate debt is refinanced and on floating-rate debt at the rate reset dates. 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-Refixing (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 the debt stock in present value terms. Duration of the overall public debt portfolio improved to 4.22 years in 2017 from 4.07 years in 2016 mainly due to issuance of medium term T-bonds in 2017 which increased the duration of domestic currency debt to 3.61 years in 2017 from 3.28 years in 2016. However, the duration of the foreign currency debt marginally declined by 10 basis points to 4.76 years in 2017 from 4.86 years in 2016. 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, the ATR is the time left until fixing of the next coupon. ATR of the overall debt portfolio marginally decreased to 5.57 years as end 2017 from 5.83 years as end 2016. ATR of foreign currency debt portfolio decreased to 5.39 years in 2017 from 5.68 years in 2016. Similarly, ATR of rupee denominated debt also decreased to 5.78 years by end of 2017 from 5.98 years by end of 2016. The exposure of Government debt to interest rate changes has increased during 2017 as indicated by increase of outstanding floating interest rate debt to total outstanding debt to 17.09 per cent as at end 2017 from 14.82 per cent as at end 2016.

Similarly, floating rate foreign currency debt to total foreign currency debt increased to 34.46 per cent at end 2017 from 31.63 at end 2016. This was mainly attributable to the fact of higher issuance of floating rate SLDBs amounted to USD 1,844.43 mn in 2017 compared to USD 1,350.51 mn in 2016.

**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 significance of this arises as the Government mainly source revenue through domestic currency and the debt services should be done in foreign currency and hence it is arisen the need of enhancing 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 49.57 per cent at end 2017 from 46.85 per cent at end 2016, indicating higher exposure to exchange rate fluctuations. However, prudent degree of cost and risk factors were maintained in issuing foreign currency debt during 2017 to finance the government borrowing requirement. The increase in the relative share of foreign currency denominated debt stock was mainly attributable to increase in net borrowings through International Sovereign Bonds, Loans from Foreign Currency Banking Units (FCBUs), Foreign Project Loans and Syndicated Loans.

The share of foreign currency commercial debt to official reserves was considerably improved to 197.65 per cent at end 2017 from 214.92 per cent at end 2016. This was attributable to strengthened official reserve position of the country, although the outstanding foreign

currency denominated commercial debt was increased at end 2017 compared to 2016.

**6.3.4 Liquidity Risk:** There are two types of liquidity risks affecting the public debt of a country. One refers to the cost or penalty that investors in government debt securities market face at the time of exit from such investment, when the number of transactions has markedly decreased or because of the lack of depth of the market. The other form of liquidity risk, for the borrower, refers to a situation where the volume of liquid assets can diminish quickly in the face of unanticipated cash flow obligations and /or possible difficulty in raising cash through borrowing in a short period of time. A liquid market facilitates the issuance of large quantities of a debt instrument without significant movement in the interest rate/price.

PDD executed prudent strategies to further enhance the liquidity risk profile of the Government securities market during 2017. The strategies included issuance of benchmark maturities of T-bonds across the yield curve in line with quarterly updated T-bond auction calendar which was developed in 2017 as part of improving the efficiency in the G-sec market. The T-bond auction calendar enables transparency, predictability and well preparedness for market participants. Also, the new T-bond auction system introduced in 2017 ensures the safeguarded liquidity with the lowest possible cost of issuances. The liquidity position of the G-sec market was improved by the investments flown in, with heightened investor confidence and expectations due to improved sovereign ratings and Government's commitment towards achieving sustainable medium term fiscal framework ensuring the safety of investments. This was evident in the sustainable foreign participation within the threshold of 10.00 per cent of the total outstanding stock of Treasury bills and bonds

and the 7 times oversubscribed ISB issuance in May 2017.

**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. As the risk management process of the operational risk is linked to the nature and complexity of the activities, the systems and processes in place, the level of expertise of the people involved in the process, the quality of top management, involvement of other stakeholders and the flow of information, managing the operational risk is inherently complex. Operational risk associated with public debt includes risk of loss, whether direct or indirect, arising from a range of different types of factors, including transaction errors at various stages of executing and recording transactions, inadequacies or failures in internal controls, processes, people or systems, legal risk, security breaches, or natural disasters that affect business community.

The operational risks associated with the public debt portfolio were maintained at the minimum levels in 2017 while measures were undertaken to improve further mitigation of operational risks. All these operational risk management procedures were in accordance with the international best practices and risk management principles which included various stringent internal controls. The segregation of duties and responsibilities among the divisions of PDD were maintained in highest levels where the Front Office (FO) involves in issuance of debt, Middle office (MO) involves in risk management of debt and Back Office (BO) maintain the unblemished debt servicing record of the Government in settling debt obligations on time.

Also, further measures were undertaken to improve the databases in the Central Depository

System (CDS) for protection and integrity of data to maintain the secured databases on investor-wise records of holdings in government securities, the accounts of LankaSecure participants and individual accounts of each investor and settling their transactions in government securities.

A new primary issuance system was introduced for T-bonds with effect from 27<sup>th</sup> July 2017, with response to strong need for an efficient and transparent issuance system for Government securities. Further, the new T-bond primary issuance system was reviewed not only for extending a similar auction system for T-bills, but also for improving operational efficiency of the T-bond issuance process. Moreover, Departmental Operational Manual was updated during 2017 and completed in the first quarter of 2018 in order to ensure the operational efficiency in public debt management.

Dual access control for auction systems are in place as internal controls to ascertain transparency. Availability of fully automated SSSS and RTGS to facilitate DVP are in operation to minimize the settlement risk associated with the government debt portfolio, while protecting participants to a transaction. Continuation of comprehensive Business Continuity Plan (BCP) is in place with a fully-fledged Disaster Recovery Site (DRS), to support crucial public debt management activities in case of a contingency situation. BCP and DRS that are made mandatory for every direct dealer in government securities were periodically tested in 2017.

#### **6.4 Sustainability of External Debt**

In general, debt sustainability of a borrower is the ability to raise debt at the lowest possible cost and a prudent level of risk, efficiently using the debt raised for the purpose of issuance and to service its debt as they fall due without restructuring, defaulting or compromising its long-term goals and objectives.

Maintenance of the external debt sustainability is vital for a country as the debt has to be repaid in foreign currency where the borrowing country has limited access for foreign currency resources to settle foreign currency obligations, to safeguard the foreign investor interests and to protect inter-sovereign relationships.

Sustainable level of external debt can be determined using various indicators, where there is no unanimity in adopting a sole indicator as each indicator has its own strengths and weaknesses. These indicators are primarily in the nature of ratios, to be precise, comparisons between two relevant variables, which facilitate the policy makers in their external debt management exercise.

The sustainability of external debt is measured using five groups of indicators, namely, liquidity monitoring indicators, debt burden indicators, debt structure indicators, NPV indicators, and dynamic indicators. The external debt indicators discussed in this review are mainly based on the proportion of receipts from exports of goods and non-factor services including workers' remittances and compensation of employees (XGS) that is absorbed for servicing of external debt.

##### **6.4.1 Liquidity Monitoring Indicators**

Liquidity Monitoring Indicators demonstrate the capacity of a country to settle its external liabilities fallen due. These include; Interest Service Ratio, Medium & Long-term Debt Service Ratio, Total Debt Service Ratio and Short-term Debt Ratio measuring the outflow of foreign currency for external debt service payments compared to non-debt creating foreign currency inflows as means of XGS excluding Foreign Direct Investments (FDIs). The XGS indicates the country's capability of acquiring foreign exchange.

The Interest Service Ratio (INT/XGS) (%) measures the interest cost of external debt as a percentage of XGS. The ratio has increased from 3.52 per cent in 2016 to 4.12 per cent in 2017 where both the external interest payments and XGS have increased during the year 2017. The Medium & Long-term Debt Service Ratio (MLDS/XGS) (%) measures both principal and interest payments for external debt (excludes interest payments for non-resident holdings of T-bills) compared to XGS and Total Debt Service Ratio (TDS/XGS) (%) measures both principal and interest payments for external debt (includes interest payments for non-resident holdings of T-bills) compared to XGS have increased to 9.70 per cent and 9.72 per cent in 2017 from 8.22 per cent and 8.23 per cent in 2016 respectively. Similarly, the Short-term Debt Ratio (Short-term Debt/XGS) (in per cent) which measures face value payments for T-bills to non-residents compared to XGS has increased to 0.69 per cent in 2017 from 0.36 per cent in 2016.

However, the ratio is expected to improve as XGS would increase with possible increase in exports with new markets open for Sri Lanka through restoration of Generalized System of Preferences Plus (GSP+) facility of the European Union, through bi-lateral and multi-lateral free trade agreements Sri Lanka entered and enhanced foreign worker remittances.

#### 6.4.2 Debt Burden Indicators

Debt burden indicators measure the level of the burden of external debt on the country's economy. For this purpose, the first ratio that was used is a comparison of Disbursed Outstanding External Debt (DOD) with XGS. This ratio measures the foreign debt level as a proportion of exports of goods and services. It shows the debt burden level over exports or the capability of acquiring foreign exchange. The second indicator is the ratio of DOD/GNP which

measures the foreign debt level to the Country's Gross National Production.

Both the ratios, the DOD/GNP (%) and the DOD/XGS (%) have increased to 36.48 per cent and 117.75 per cent as at the end of 2017 compared to 35.16 and 112.49 per cent at the end of 2016 indicating an increased debt burden.

#### 6.4.3 Debt Structure Indicators

External debt portfolio has a great impact on the level of risk exposure of a country and the risk exposure is measured by rollover ratio, which indicates the principal payments over disbursements of debt. This ratio reflects the ability of a country to meet its debt service obligations via external disbursements. In 2017 the rollover ratio increased to 25.93 per cent compared to 23.71 per cent in 2016 which was declined from 55.83 per cent in 2015. The marginal increase is due to increase in principal payments in 2017. However, this ratio is expected to improve as substantial disbursements of external debt was received in the first half of 2018 (ISB of USD 2.5 bn) and more disbursements are expected during the second half of 2018 as syndicated term loan facilities and foreign project loans.

The next debt structure indicator is Short-term Debt / Total DOD (%) which indicates the T-bill face value payments to non-residents as a percentage of external Total Disbursed Outstanding Debt. This indicator, marginally increased to 0.58 per cent at end 2017 from 0.32 per cent at end 2016.

#### 6.4.4 Net Present Value Indicators

There are two commonly used NPV indicators. The first is the ratio of NPV of future debt service to GNP. The objective of using this ratio is to compare future debt service payments in present value terms, with general level of



current economic activity. The second ratio is the ratio of NPV of future debt service to XGS which indicates future debt service payments to country's capability of acquiring foreign exchange.

The ratio of NPV of Debt Service/ GNP marginally increased to 0.28 in 2017 from 0.24 in 2016 and NPV of Debt Service/ XGS ratio increased to 0.91 in 2017 from 0.79 in 2016. As both GNP and XGS are in the trajectory of improvement in the near future, these ratios are expected to be enhanced.

#### 6.4.5 Debt Dynamic Indicators

Debt dynamic indicators compare growth in cost of borrowing with the growth in exports earnings and also with the growth in the overall economy. The share of average interest rate of

#### 6.4.6 Overall Sustainability of Debt

Overall debt sustainability can be broadly assessed using two aggregate indicators, namely, overall debt to GDP ratio and foreign debt service payments as a ratio of official reserves.

The total outstanding Debt to GDP, measures the capability of a country to pay off total outstanding debt with the country's total production of goods and services. The debt to GDP ratio has significantly improved in 2017 to 77.6 per cent from 78.8 per cent in 2016 and this is an important milestone in the envisaged trajectory for achieving 69.0 per cent of debt to GDP by 2020. This accomplishment is vital because even though the Government is in the revenue based fiscal consolidation process the GDP improved significantly to USD 87.2 mn in

**TABLE 20**  
**OVERALL DEBT SUSTAINABILITY**

Indicator	Per cent		
	2015	2016 (c)	2017 (a)
<b>Overall Debt Sustainability</b>			
Debt/GDP	76.00	78.80	77.60
Share of foreign debt service payments / Official reserves (b)	37.98	32.81	32.02

(a) Provisional

(b) Official reserves at end of the previous year

(c) Revised

Source: Central Bank of Sri Lanka

the debt portfolio to the rate of export growth reported 0.54 in 2017 compared to the 0.26 recorded in 2016, as a result of relatively higher interest payments recorded in 2017 compared to 2016. The share of average interest rate to the rate of GNP growth has improved to 0.30 per cent in 2017 compared to 0.38 per cent in 2016 due to relatively higher GNP growth rate prevailed in 2017 compared to 2016 netting off the impact of increase in the average rate of interest.

2017 from USD 81.8 mn in 2016. This highlights the increase in private sector contribution in the economic activities and importance of private sector participation in achieving envisaged debt to GDP ratio of 69.0 per cent by 2020.

The share of foreign debt service payments/ Official reserves indicates the ability of the country to meet external debt obligations falling due only with the official reserves which mainly consists of foreign currency and high liquid

assets. This ratio marginally improved to 32.02 per cent in 2017 from 32.81 per cent in 2016. This ratio is expected to further improve with the expected increase in the reserves of the country with anticipated foreign currency inflows to the country.

**TABLE 21**

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

Description	2014	2015	2016	2017 (b)
<b>Liquidity Monitoring Indicators (c)</b>				
Interest Service Ratio (INT/XGS) (%)	3.73	3.55	3.52	4.12
Medium & Long-term Debt Service Ratio (MLDS/XGS) (%)	9.38	12.30	8.22	9.70
Total Debt Service Ratio (TDS/XGS) (%)	9.63	12.30	8.23	9.72
Short-term Debt Ratio (Short-term Debt/XGS) (%)	1.79	0.16	0.36	0.69
<b>Debt Burden Indicators</b>				
DOD/GNP (%)	30.75	33.21	35.16	36.48
DOD/XGS (%)	100.38	109.05	112.49	117.75
<b>Debt Structure Indicators</b>				
Rollover Ratio (Principal Payments/Disbursements) (c) (%)	40.56	55.83	23.71	25.93
Short-term Debt / Total DOD (%)	1.78	0.14	0.32	0.58
<b>NPV Indicators (d)</b>				
NPV of Debt Service/GNP	0.33	0.23	0.24	0.28
NPV of Debt Service/XGS	1.10	0.77	0.79	0.91
<b>Dynamic Indicators (c)</b>				
Avg. rate of Interest/rate of growth of export	0.27	4.07	0.26	0.54
Avg. rate of Interest/rate of growth of GNP	0.38	0.41	0.38	0.30

(a) Based on central government debt.

Source: Central Bank of Sri Lanka

(b) Provisional.

(c) Including T-bill & T-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.

# Special Appendix

## ***1. 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 (T-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 T-bill issues under parliamentary approval
- 1949 - Enactment of the Monetary Law Act (MLA) 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 days) T-bills. Prior to 1981, only three months (91 days) T-bills were issued.
  - Introduction of secondary market operations for T-bills
- 1982 - Enactment of the Loans (Special Provisions) Act
- 1986 - Commencement of weekly issues of T-bills. Fortnightly issues of T-bills on the 1<sup>st</sup> and the 15<sup>th</sup> of each month had taken place before 1986.
  - Introduction of Tap system through the regional offices of the Central Bank of Sri Lanka (CBSL).
- 1989 - Issuance of T-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 T-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 T-bills
  - Fixing and prior announcement of T-bills to be issued under each maturity
  - Amendment of LTBO and RSSO to facilitate the issue of scripless T-bills and T-bonds and maintenance of the Central Depository System (CDS)
- 1997 - Commencement of the issuance of Treasury bonds (T-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 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 T-bills and T-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 T-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 T-bond market to foreign investors with an aggregate ceiling of 5 per cent of the outstanding bonds.
  - Issue of Sri Lanka Nation Building Bonds (SLNBB)
  - 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 T-bonds by foreign investors.
  - Issuance of the first International Sovereign Bond (ISB) of USD 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 T-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 USD 500 million.
  - Opening up of the T-bill and T-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 T-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 USD 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 USD 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 T-Bills and T-Bonds.
- 2012
- Issuance of the fifth ISB of USD 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 T-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 T-Bonds.
  - Half-yearly T-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 T-bills and T-bonds up to the amount of successful bids accepted and confirmed at primary auctions in December 2013.
- 2014
- Issued USD 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 USD 750 million for 2014.
  - Issued USD 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 Primary Dealer in terms of the Registered Stock and Securities Ordinance and Local Treasury Bill Ordinance.
- 2015
- The SLDB issuance was authorized up to a limit of USD 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 USD 1,500 million to USD 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 Local Treasury Bills Ordinance, the parliament granted approval for an increase in authorized limit of T-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 T-bills and T-bonds by foreigners reduced from 12.5 per cent to 10 per cent of the total outstanding stock of T-bills and T-bonds.
- 2016
- The SLDB issuance was authorized up to a limit of USD 2,500 million for 2016.
  - Change the minimum investment amount in SLDBs from USD 100,000 to USD 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 Primary Dealers and other participants have been assigned to the Director, Department of Supervision of Non-Bank Financial Institutions.
  - All primary dealers were directed to use the Bloomberg trading platform (FIQ) 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 USD 1,500 million for 2017.
  - A Circular was issued to all Licensed Commercial Banks, Licensed Specialized Banks and Primary Dealers 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 USD 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.

# 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 CBSL 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 CBSL 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” and “Naked Short Selling”.

**Special Drawing Rights** - The unit of account of the IMF 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.



# Statistical Appendix

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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. PD industry financial indicators for 2012 have been adjusted to represent the audited figures.
7. PD industry figures have been adjusted to accommodate the change for exempting LCBs from the requirements on RWCAF 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
1952	93	684	-	75	852	192	1,044	18.9	4.3	23.2
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	22.5	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	219,295	248,414	483,107	69,153	1,019,969	843,882	1,863,851	56.0	46.3	102.3
2004	243,886	164,758	643,349	91,396	1,143,389	996,138	2,139,527	54.7	47.6	102.3
2005	234,174	140,563	751,569	139,416	1,265,722	956,621	2,222,342	51.6	39.0	90.6
2006	257,732	116,713	885,972	218,813	1,479,230	1,103,418	2,582,648	50.3	37.5	87.9
2007	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	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	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	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	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	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	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	694,767	55,518	2,844,054	683,444	4,277,783	3,113,116	7,390,899	36.1	26.3	62.4
2015 (e)	658,240	24,088	3,305,248	971,620	4,959,196	3,544,031	8,503,227	44.3	31.7	76.0
2016 (e)	779,581	24,088	3,714,787	823,051	5,341,507	4,045,796	9,387,303	44.9	34.0	78.8
2017 (e) (f)	697,154	24,088	3,822,620	1,050,565	5,594,427	4,718,618	10,313,045	42.1	35.5	77.6

(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 (i) rupee denominated Treasury bonds held by foreign investors, (ii) Treasury bonds amounting to Rs. 78,447 million issued to settle dues to CPC in January 2012. Due to maturing of some of those bonds in January 2017, the outstanding amount from January 2017 was Rs. 56,662 million and (iii) Treasury bonds amounting to Rs. 13,125 million issued to capitalise SriLankan Airlines (iv) Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured in 14th November, 2016)

(f) Provisional.

## CENTRAL GOVERNMENT DEBT

TABLE 2

## OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR

Rs million

Item	2013	2014	2015	2016	2017 Provisional
<b>Total Domestic Debt</b>	<b>3,832,825</b>	<b>4,277,783</b>	<b>4,959,196</b>	<b>5,341,507</b>	<b>5,594,427</b>
<b>By Maturity</b>					
Short-Term	909,156	941,162	913,291	968,396	1,031,181
Treasury bills (a) (b)	700,137	694,767	658,240	779,581	697,154
Provisional advances from the Central Bank	109,167	143,898	151,132	83,307	199,801
Import bills held by commercial banks	23,960	25,542	4	-	-
Other liabilities to the banking sector net of bank deposits	61,959	76,386	103,345	105,508	134,227
Other (Administrative Borrowing)	13,933	570	570	-	-
Medium and Long-term	2,923,670	3,336,620	4,045,905	4,373,111	4,563,246
Rupee loans	55,518	55,518	24,088	24,088	24,088
Treasury bonds (b) (c)	2,452,360	2,844,054	3,305,248	3,714,787	3,822,620
Sri Lanka Development Bonds	369,215	391,083	668,458	572,199	637,886
Other	46,577	45,966	48,111	62,037	78,652
<b>By Debt Instrument</b>	<b>3,832,825</b>	<b>4,277,783</b>	<b>4,959,196</b>	<b>5,341,507</b>	<b>5,594,427</b>
Rupee loans	55,518	55,518	24,088	24,088	24,088
Treasury bills (a) (b)	700,137	694,767	658,240	779,581	697,154
Treasury bonds (b) (c)	2,452,360	2,844,054	3,305,248	3,714,787	3,822,620
Sri Lanka Development Bonds	369,215	391,083	668,458	572,199	637,886
Provisional advances	109,167	143,898	151,132	83,307	199,801
Other	146,429	148,463	152,031	167,545	212,879
<b>By Institution</b>	<b>3,832,825</b>	<b>4,277,783</b>	<b>4,959,196</b>	<b>5,341,507</b>	<b>5,594,427</b>
Banks	1,433,773	1,669,882	1,924,036	2,114,901	2,328,544
Central Bank					
By debt instrument	112,396	267,676	256,050	414,950	209,412
Treasury bills (a) (b)	3,053	123,496	104,754	331,389	9,908
Treasury bonds (b) (c)	-	-	-	-	-
Other (d)	109,343	144,180	151,296	83,560	199,504
Commercial Banks					
By debt instrument	1,321,377	1,402,206	1,667,986	1,699,952	2,119,133
Rupee loans	15,870	15,870	15,870	15,870	15,870
Treasury bills (a) (b)	443,951	278,296	340,664	244,139	463,198
Treasury bonds (b) (c)	386,398	595,067	517,614	731,942	803,455
Sri Lanka Development Bonds	369,215	391,083	668,458	572,199	637,886
Other	105,943	121,890	125,382	135,802	198,723
Non bank sector					
By debt instrument	2,399,053	2,607,901	3,035,160	3,226,606	3,265,883
Rupee loans	39,648	39,648	8,218	8,218	8,218
Treasury bills (a) (b)	253,133	292,975	212,822	204,052	224,048
Treasury bonds (b) (c)	2,065,962	2,248,987	2,787,635	2,982,845	3,019,164
Other (h)	40,310	26,291	26,485	31,490	14,453
By institution	2,399,053	2,607,901	3,035,160	3,226,606	3,265,883
National Savings Bank	358,243	379,877	428,236	426,771	447,792
Employees' Provident Fund	1,393,458	441,106	592,220	1,778,276	1,930,141
Other	647,352	1,786,918	2,014,704	1,021,558	887,950
<b>Total Foreign Debt (e)</b>	<b>2,960,424</b>	<b>3,113,116</b>	<b>3,544,031</b>	<b>4,045,796</b>	<b>4,718,618</b>
<b>By Type</b>	<b>2,960,424</b>	<b>3,113,116</b>	<b>3,544,031</b>	<b>4,045,796</b>	<b>4,718,618</b>
Project Loans	1,938,909	1,904,599	2,180,388	2,361,118	2,610,547
Non-Project Loans	1,021,515	1,208,516	1,363,642	1,684,678	2,108,070
Commodity	61,597	69,993	71,470	69,101	62,727
Other	959,918	1,138,523	1,292,173	1,615,577	2,045,344
<b>By Institution</b>	<b>2,960,424</b>	<b>3,113,116</b>	<b>3,544,031</b>	<b>4,045,796</b>	<b>4,718,618</b>
Concessional Loans	1,492,842	1,490,978	1,729,895	1,897,680	2,130,482
Multi-lateral	716,792	704,044	794,485	855,998	954,662
Bi-lateral	776,050	786,934	935,410	1,041,682	1,175,820
Non-Concessional Loans	460,475	457,668	507,046	538,859	560,207
Multi-lateral	186,748	183,916	199,945	220,551	243,581
Bi-lateral	273,727	273,751	307,101	318,308	316,626
Commercial Loans	1,007,106	1,164,470	1,307,090	1,609,257	2,027,928
International Sovereign bonds	457,636	655,243	958,014	1,220,870	1,475,049
Non-resident investments in Treasury bills	73,916	55,500	5,045	12,816	27,552
Non-resident investments in Treasury bonds	403,486	401,710	298,734	247,222	295,059
Other (f)	72,070	52,017	45,296	128,350	230,269
<b>Total Outstanding Government Debt</b>	<b>6,793,249</b>	<b>7,390,899</b>	<b>8,503,227</b>	<b>9,387,303</b>	<b>10,313,045</b>

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

Sources: Central Bank of Sri Lanka

(b) Excludes rupee denominated Treasury bills held by foreign investors

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(c) Excludes (i) rupee denominated Treasury bonds held by foreign investors, (ii) Treasury bonds amounting to Rs. 78,447 million issued to settle dues to CPC in January 2012. Due to maturing of some of those bonds in January 2017, the outstanding amount from January 2017 was Rs. 56,662 million and (iii) Treasury bonds amounting to Rs. 13,125 million issued to capitalise SriLankan Airlines (iv) Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured in 14th November, 2016)

(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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (a)
<b>1. Foreign Debt</b>	<b>1,326,487</b>	<b>1,448,734</b>	<b>1,760,467</b>	<b>2,024,583</b>	<b>2,329,280</b>	<b>2,767,299</b>	<b>2,960,424</b>	<b>3,113,116</b>	<b>3,544,031</b>	<b>4,045,796</b>	<b>4,718,618</b>
1.1 Project Loans (b) (c)	1,087,359	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
1.2 Non -Project Loans	239,128	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
Commodity (c)	68,665	66,499	62,304	54,653	53,460	56,599	61,597	69,993	71,470	69,101	62,727
Other (d)	170,463	120,931	335,357	508,201	635,703	863,928	959,918	1,138,523	1,292,173	1,615,577	2,045,344
<b>2. Domestic Debt</b>	<b>1,715,198</b>	<b>2,140,228</b>	<b>2,400,955</b>	<b>2,565,662</b>	<b>2,804,085</b>	<b>3,232,813</b>	<b>3,832,825</b>	<b>4,277,783</b>	<b>4,959,196</b>	<b>5,341,507</b>	<b>5,594,427</b>
2.1 Rupee loans	131,509	130,009	112,292	87,709	61,961	58,386	55,518	55,518	24,088	24,088	24,088
2.2 Treasury bills (e)	307,012	402,600	441,032	514,442	590,885	629,070	700,137	2,844,054	658,240	779,581	697,154
2.3 Treasury bonds (f)	1,018,852	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
2.4 Sri Lanka Development Bonds	86,459	158,805	168,079	173,877	183,845	222,994	369,215	391,083	668,458	572,199	637,886
2.5 Central Bank Advances (g)	60,679	76,308	73,881	77,879	94,743	111,292	109,167	143,898	151,132	83,307	199,801
2.6 Other (h)	110,686	90,528	92,160	67,869	53,400	116,017	146,429	148,463	152,031	167,545	212,879
<b>Total</b>	<b>3,041,685</b>	<b>3,588,962</b>	<b>4,161,422</b>	<b>4,590,245</b>	<b>5,813,074</b>	<b>6,000,112</b>	<b>6,793,249</b>	<b>7,390,899</b>	<b>8,503,227</b>	<b>9,387,303</b>	<b>10,313,045</b>

(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, BFCE-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 outstanding Treasury bills issued to non-residence.

(f) Excludes (i) rupee denominated Treasury bonds held by foreign investors, (ii) Treasury bonds amounting to Rs. 78,447 million issued to settle dues to CPC in January 2012. Due to maturing of some of those bonds in January 2017, the outstanding amount from January 2017 was Rs. 56,662 million and (iii) Treasury bonds amounting to Rs. 13,125 million issued to capitalise Sri Lanka Airlines (iv) Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured in 14th November, 2016).

(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 and Mass Media

## CENTRAL GOVERNMENT DEBT

TABLE 4

## OWNERSHIP OF OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR

Owner	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (a)
<b>1. Domestic Debt (b)</b>	<b>1,715,198</b>	<b>2,140,228</b>	<b>2,400,955</b>	<b>2,565,662</b>	<b>2,804,085</b>	<b>3,232,813</b>	<b>3,832,825</b>	<b>4,277,783</b>	<b>4,959,196</b>	<b>5,341,507</b>	<b>5,594,427</b>
1.1 Banking Sector	415,318	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
Central Bank	104,817	239,248	109,593	78,376	263,329	265,198	112,396	267,676	256,050	414,950	209,412
Commercial Banks	310,501	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
1.2 Non Bank Sector	1,299,879	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
Market Borrowings	1,289,688	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
Savings Institutions	192,413	204,067	257,084	286,514	314,319	330,150	358,243	379,877	428,236	426,771	447,792
Insurance Funds	21,012	25,976	34,490	32,839	34,356	33,768	30,849	30,536	50,597	57,944	72,305
Provident and Pension Funds	595,807	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
Official Fund (d)	107,480	107,234	132,485	167,374	161,568	178,900	202,118	221,584	252,615	271,630	289,154
Private Business	372,976	443,084	426,177	495,261	447,385	424,015	365,376	500,773	647,807	643,628	513,894
Non Market Borrowings	10,191	4,251	9,551	7,678	933	933	13,933	570	570	-	-
<b>2. Foreign Debt</b>	<b>1,326,487</b>	<b>1,448,734</b>	<b>1,760,467</b>	<b>2,329,280</b>	<b>2,329,280</b>	<b>2,767,299</b>	<b>2,960,424</b>	<b>3,113,116</b>	<b>3,544,031</b>	<b>4,045,796</b>	<b>4,718,618</b>
<b>Total</b>	<b>3,041,685</b>	<b>3,588,962</b>	<b>4,161,422</b>	<b>4,894,942</b>	<b>5,133,365</b>	<b>6,000,112</b>	<b>6,793,249</b>	<b>7,390,899</b>	<b>8,503,227</b>	<b>9,387,303</b>	<b>10,313,045</b>

Rs. million

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

- (a) Provisional.  
 (b) Excludes (i) rupee denominated Treasury bonds held by foreign investors, (ii) Treasury bonds amounting to Rs. 78,447 million issued to settle dues to CPC in January 2012. Due to maturing of some of those bonds in January 2017, the outstanding amount from January 2017 was Rs. 56,662 million and (iii) Treasury bonds amounting to Rs. 13,125 million issued to capitalise SriLankan Airlines  
 (iv) Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured in 14th November, 2016).  
 (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.



## DOMESTIC DEBT

TABLE 5

## DETAILS OF OUTSTANDING TREASURY BONDS AS AT END 2017 (a)

Rs.million

Maturity Date	Issue Date	Series	ISIN	Face Value
1-Feb-18	1-Feb-03	08.50%2018A	LKB01518B013	95,224.12
1-Apr-18	1-Apr-12	08.50%2018C	LKB00618D018	92,414.20
1-Jun-18	1-Jun-12	08.50%2018D	LKB00618F013	90,826.50
15-Jul-18	15-Jul-03	08.50%2018B	LKB01518G152	90,715.73
15-Aug-18	15-Aug-03	07.50%2018A	LKB01518H150	97,845.50
15-Oct-18	15-Oct-14	08.75%2018A	LKB00418J150	36,532.00
15-Nov-18	15-Nov-11	08.00%2018A	LKB00718K151	102,690.99
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	LKB00619I155	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	65,590.00
1-Mar-21	1-Mar-16	10.75%2021A	LKB00521C016	92,104.00
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	25,456.00
15-Dec-21	15-Dec-16	11.50%2021A	LKB00521L157	92,783.00
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-May-23	15-May-17	11.50%2023A	LKB00623E156	63,565.00
1-Sep-23	1-Sep-13	11.20%2023A	LKB01023I019	99,881.32
1-Sep-23	1-Sep-12	09.00%2023A	LKB01123I017	22,428.00
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	117,027.00
15-Oct-25	15-Oct-17	10.35%2025A	LKB00825J156	15,000.00
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	90,998.23
1-Aug-26	1-Aug-16	11.50%2026A	LKB01026H014	101,237.00
20-Dec-26	20-Dec-16	05.00%2026A	LKB01026L206	9,142.22
15-Jun-27	15-Jun-17	11.75%2027A	LKB01027F156	62,000.00
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
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	45,084.00
1-Jan-29	1-Jan-14	13.00%2029A	LKB01529A012	83,087.54
1-May-29	1-May-14	13.00%2029B	LKB01529E014	21,785.34
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
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 2017				4,187,466.79

(a) Includes (i) rupee denominated Treasury bonds held by foreign investors, (ii) Treasury bonds amounting to Rs. 78,447 million issued to settle dues to CPC in January 2012. Due to maturing of some of those bonds in January 2017, the outstanding amount from January 2017 was Rs. 56,662 million and (iii) Treasury bonds amounting to Rs. 13,125 million issued to capitalise SriLankan Airlines.

Source: Central Bank of Sri Lanka



**DOMESTIC DEBT**

**TABLE 6**  
**DETAILS OF OUTSTANDING SRI LANKA DEVELOPMENT BONDS AS AT END 2017**

USD million

Maturity Date	Issue Date	Series	ISIN	Face Value
1-Jul-18	1-Jul-13	SLDB2018A	LKG00518G018	167.00
1-Jul-18	15-Jul-13	SLDB2018A	LKG00518G018	643.07
1-Jul-18	2-Jun-14	SLDB2018A	LKG00518G018	15.00
17-Sep-18	18-Sep-13	SLDB2018B	LKG00518I188	375.00
21-Jan-18	21-Jan-15	SLDB2018C	LKG00318A214	55.00
21-Jan-18	18-Aug-15	SLDB2018C	LKG00318A214	94.27
21-Jan-18	23-Jan-17	SLDB2018C	LKG00318A214	30.00
21-Jan-18	23-Jan-17	SLDB2018C	LKH00318A214	225.00
16-Mar-18	16-Mar-15	SLDB2018D	LKG00318C160	156.50
30-Apr-18	30-Apr-15	SLDB2018F	LKG00318D309	51.25
30-Apr-18	1-Jun-15	SLDB2018F	LKG00318D309	9.00
30-Apr-18	16-Jul-15	SLDB2018F	LKG00318D309	10.00
30-Apr-18	21-Jan-16	SLDB2018F	LKG00318D309	2.00
30-Apr-18	26-Feb-16	SLDB2018F	LKG00318D309	47.00
30-Apr-18	11-Mar-16	SLDB2018F	LKG00318D309	6.13
30-Apr-18	9-May-17	SLDB2018F	LKG00318D309	19.00
30-Apr-18	9-May-17	SLDB2018F	LKH00318D308	70.00
28-Mar-18	28-Mar-16	SLDB2018G	LKG00218C287	71.00
28-Mar-18	17-Mar-17	SLDB2018G	LKG00218C287	177.00
28-Mar-18	17-Mar-17	SLDB2018G	LKH00218C286	81.00
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
30-Jun-21	30-Jun-17	SLDB2021A	LKG00421F306	158.10
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
Total				<b>4,173.15</b>

Source: Central Bank of Sri Lanka

## DOMESTIC DEBT

TABLE 7

### DETAILS OF OUTSTANDING RUPEE LOANS AS AT END 2017

Rs.million

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

Source: Central Bank of Sri Lanka

## DOMESTIC DEBT

TABLE 8

### CHANGES IN RELATIVE COMPOSITION OF GOVERNMENT SECURITIES (a)

	2013	2014	2015	2016	2017
<b>1. Maturity (%)</b>					
Short term	22	19	17	17	15
Medium and long term	78	81	83	83	85
<b>2. Marketability (%)</b>					
Marketable	98	98	99	99	99
Non-marketable	2	2	1	1	1
<b>3. Investor base (%)</b>					
Central Bank	0	3	3	7	0
Commercial banks	26	25	22	22	28
Captive sources	50	54	52	55	53
Others	24	18	24	16	19
<b>4. Maximum maturity in the yield curve (yrs)</b>					
Primary market	15	20	30	30	30
Secondary market	15	15	20	30	30

(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 & Mass Media

## DOMESTIC DEBT

TABLE 9

## MATURITY PROFILE OF DOMESTIC DEBT AS AT END 2017 (a)

Rs. million

Maturity Year	Instrument					Total
	Treasury bill (b)	Treasury bond (b)(c)	Rupee loan	SLDB (d)	OBU (d)	
2018	724,706	606,249	-	352,211	64,199	1,747,365
2019	-	455,712	-	95,050	-	550,762
2020	-	281,091	-	102,367	-	383,458
2021	-	386,535	-	24,166	-	410,701
2022	-	316,915	-	64,092	-	381,007
2023	-	253,240	24,088	-	-	277,328
2024	-	216,762	-	-	-	216,762
2025	-	255,686	-	-	-	255,686
2026	-	313,013	-	-	-	313,013
2027	-	74,500	-	-	-	74,500
2028	-	232,439	-	-	-	232,439
2029	-	104,873	-	-	-	104,873
2030	-	96,102	-	-	-	96,102
2031	-	-	-	-	-	-
2032	-	134,365	-	-	-	134,365
2033	-	144,977	-	-	-	144,977
2034	-	77,859	-	-	-	77,859
2035	-	74,565	-	-	-	74,565
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	29,885	-	-	-	29,885
2042	-	-	-	-	-	-
2043	-	33,809	-	-	-	33,809
2044	-	88,832	-	-	-	88,832
2045	-	10,058	-	-	-	10,058
2046	-	-	-	-	-	-
<b>Total</b>	<b>724,706</b>	<b>4,187,467</b>	<b>24,088</b>	<b>637,886</b>	<b>64,199</b>	<b>5,638,345</b>

(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 (i) Treasury bonds amounting to Rs. 78,447 million issued to settle dues to CPC in January 2012. Due to maturing of some of those bonds in January 2017, the outstanding amount from January 2017 was Rs. 56,662 million and (ii) Treasury bonds amounting to Rs. 13,125 million issued to capitalise SriLankan Airlines.

(d) Exchange rate used for conversion is 1 USD = Rs. 152.8548 as at end 2017.

**DOMESTIC DEBT**

**TABLE 10**  
**FUTURE DOMESTIC CURRENCY DEBT OBLIGATIONS AS AT END 2016 (a)**

Rs. million

<b>Year</b>	<b>Capital</b>	<b>Interest</b>	<b>Grand Total</b>
2018	606,249	461,319	1,067,568
2019	455,712	361,151	816,863
2020	281,091	318,857	599,948
2021	386,535	292,624	679,159
2022	316,915	256,225	573,140
2023	277,328	223,932	501,260
2024	216,762	195,072	411,834
2025	255,686	170,776	426,462
2026	313,013	140,534	453,547
2027	74,500	115,207	189,707
2028	232,439	105,995	338,434
2029	104,873	81,307	186,180
2030	96,102	69,205	165,307
2031	-	63,919	63,919
2032	134,365	59,956	194,322
2033	144,977	48,251	193,228
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	-	-	-
<b>Total</b>	<b>4,211,555</b>	<b>3,178,532</b>	<b>7,390,087</b>

(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 2017.

Sources: Central Bank of Sri Lanka

## DOMESTIC DEBT

OWNERSHIP OF TREASURY BILLS (a)

TABLE II

Ownership	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017(b)
<b>1. Bank Sector</b>	<b>113,782</b>	<b>251,453</b>	<b>197,532</b>	<b>223,351</b>	<b>355,552</b>	<b>373,753</b>	<b>447,004</b>	<b>401,792</b>	<b>445,418</b>	<b>575,528</b>	<b>473,106</b>
1.1 Central Bank	44,964	163,584	37,451	2,993	169,797	154,005	3,053	123,496	104,754	331,389	9,908
1.2 Commercial Banks	68,818	87,869	160,081	220,358	185,756	219,748	443,951	278,296	340,664	244,139	463,198
<b>2. Non Bank Sector</b>	<b>193,231</b>	<b>151,146</b>	<b>243,499</b>	<b>291,091</b>	<b>235,333</b>	<b>255,317</b>	<b>253,133</b>	<b>292,975</b>	<b>212,822</b>	<b>204,053</b>	<b>224,048</b>
2.1 Employees' Provident Fund	5,208	1	420	5,969	-	33,410	13,969	1,000	-	41,057	74,475
2.2 Other Provident Funds	166	55	-	15	1,279	122	45	-	162	77	49
2.3 Savings Institutions	32,046	20,791	42,677	52,541	58,733	61,972	68,328	-	67,766	18,049	38,378
2.4 Insurance and Finance Companies	8,623	10,988	7,192	12,072	11,010	19,097	28,629	47,461	47,375	57,918	58,093
2.5 Departmental and Other Official Funds	29,481	16,431	21,452	20,636	5,968	2,566	8,114	10,986	7,570	7,616	760
2.6 Private and Other	117,707	102,882	171,757	199,858	158,344	138,149	134,048	185,582	89,949	79,336	52,293
<b>3 Foreign Investors (c)</b>	<b>-</b>	<b>6,358</b>	<b>40,410</b>	<b>57,317</b>	<b>70,123</b>	<b>80,184</b>	<b>73,916</b>	<b>55,500</b>	<b>5,045</b>	<b>12,816</b>	<b>27,552</b>
<b>Total</b>	<b>307,012</b>	<b>408,958</b>	<b>481,441</b>	<b>571,759</b>	<b>661,008</b>	<b>709,254</b>	<b>774,053</b>	<b>750,267</b>	<b>663,285</b>	<b>792,397</b>	<b>724,706</b>

(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 and Mass Media

## DOMESTIC DEBT

TABLE 12

## OWNERSHIP OF TRASURY BONDS (a) (b)

Ownership	Rs million										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 Provisional
<b>1. Bank Sector</b>	58,416	90,082	188,576	162,215	206,547	244,770	386,398	595,067	517,613	731,942	803,455
1.1 Commercial Banks	58,416	90,082	188,576	162,215	206,547	244,770	386,398	595,067	517,613	731,942	803,455
<b>2. Non Bank Sector</b>	960,436	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
2.1 Employee's Provident Fund	501,331	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
2.2 Other Provident Funds	7,862	9,507	13,766	19,872	7,550	30,639	35,031	315	42,713	48,060	-
2.3 Savings Institutions	134,994	164,457	195,588	221,805	246,418	261,309	285,915	327,932	358,470	406,722	407,415
2.4 Insurance and Finance Companies	21,215	26,410	33,194	33,624	34,410	31,711	26,636	42,742	58,808	68,124	68,305
2.5 Departmental and Other Official Funds	69,588	90,778	21,949	36,963	37,006	37,596	187,904	210,598	245,045	264,014	285,278
2.6 Private and Other	225,446	292,975	341,722	354,957	359,946	371,669	174,087	217,255	470,138	458,707	402,501
<b>3 Foreign Investors (c)</b>	49,647.00	17,647	145,124	183,538	199,531	317,603	403,486	401,710	298,734	247,222	295,059
<b>Total</b>	<b>1,068,499</b>	<b>1,299,625</b>	<b>1,658,636</b>	<b>1,827,425</b>	<b>2,018,782</b>	<b>2,412,657</b>	<b>2,855,846</b>	<b>3,245,763</b>	<b>3,603,982</b>	<b>3,962,009</b>	<b>4,117,678</b>

(a) Adjusted for secondary market transactions.

(b) Excludes (i) rupee denominated Treasury bonds held by foreign investors, (ii) Treasury bonds amounting to Rs. 78,447 million issued to settle dues to CPC in January 2012.

Due to maturing of some of those bonds in January 2017, the outstanding amount from January 2017 was Rs. 56,662 million and (iii) Treasury bonds amounting to Rs. 13,125 million issued to capitalise SriLankan Airlines.

(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 and Mas Media



**DOMESTIC DEBT**

**TABLE 13**

**OWNERSHIP OF RUPEE LOANS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (a)
<b>1. Bank Sector - Commercial Banks</b>	15,870	15,870	17,252	17,615	16,234	15,870	15,870	15,870	15,870	15,870	15,870
<b>2. Non Bank Sector</b>	115,639	114,139	95,040	70,094	45,727	42,516	39,648	39,648	8,218	8,218	8,218
2.1 Savings Institutions	19,938	18,820	18,820	12,168	9,168	6,868	4,000	4,000	2,000	2,000	2,000
2.2 Departmental and Other Official Funds (b)	8,410	8,400	6,111	6,103	6,101	5,190	6,101	6,101	-	-	-
2.3 Employees' Provident Fund	68,921	68,539	56,583	40,921	23,100	23,100	23,100	23,100	-	-	-
2.4 Other Provident Funds	12,320	12,327	11,417	10,369	7,358	7,358	6,447	6,447	6,218	6,218	6,218
2.5 Other State Corporations	1,575	1,575	1,575	-	-	-	-	-	-	-	-
2.7 Other (c)	4,475	4,477	535	532	-	-	-	-	-	-	-
<b>Total</b>	<b>131,509</b>	<b>130,009</b>	<b>112,292</b>	<b>87,709</b>	<b>61,961</b>	<b>58,386</b>	<b>55,518</b>	<b>55,518</b>	<b>24,088</b>	<b>24,088</b>	<b>24,088</b>

Rs. million

(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 and Mass Media

**FOREIGN DEBT**

**TABLE 14**

**COMPOSITION OF OUTSTANDING FOREIGN DEBT AS AT END 2017 (a)**

Creditor Category/ Use of Funds	Rs.million					% of Total
	Bi-lateral	Multi-lateral	Commercial	Export Credit	Total Debt	
Cash (b)	402	73	1,539,248		1,539,722	32.63
Commodity	6,250			171	6,421	0.14
Food	17,487				17,487	0.37
Goods & Services	14,726			24,093	38,819	0.82
Programme	17,373	99,378			116,750	2.47
Project	935,686	1,083,015	2,149	472,947	2,493,797	52.85
Other ( c)	235	15,778	475,466	14,143	505,622	10.72
<b>Total Debt</b>	<b>992,157</b>	<b>1,198,243</b>	<b>2,016,863</b>	<b>511,355</b>	<b>4,718,618</b>	<b>100.00</b>
%	21.03	25.39	42.74	10.84	100.00	

(a) Provisional

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

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

Sources: Central Bank of Sri Lanka

Ministry of Finance and Mass Media

## FOREIGN DEBT

TABLE 15

## OWNERSHIP OF OUTSTANDING FOREIGN DEBT

Source	Rs. million									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>1. Multi-lateral</b>	<b>618,181</b>	<b>665,040</b>	<b>674,936</b>	<b>721,916</b>	<b>844,292</b>	<b>903,540</b>	<b>887,960</b>	<b>994,430</b>	<b>1,076,549</b>	<b>1,198,243</b>
ADB	317,763	344,661	358,872	383,461	448,421	478,796	471,762	533,806	569,686	632,237
EIB	18,010	20,463	18,792	18,054	23,438	23,248	21,133	29,728	27,518	29,193
IBRD	240	0	0	0	322	4,530	6,987	10,382	27,760	28,462
IDA	267,475	284,074	281,217	302,244	349,997	373,085	363,052	391,149	417,636	467,832
IFAD	9,052	10,309	11,032	13,007	16,013	17,419	17,098	18,631	21,520	24,405
OPEC	2,355	2,173	1,913	2,052	2,699	2,998	4,783	7,547	9,309	12,743
Nordic Development Fund	3,285	3,360	3,110	3,099	3,403	3,464	3,145	3,187	3,119	3,370
<b>2. Bi-lateral</b>	<b>666,533</b>	<b>684,750</b>	<b>739,213</b>	<b>842,804</b>	<b>1,035,907</b>	<b>823,180</b>	<b>793,196</b>	<b>888,971</b>	<b>945,754</b>	<b>992,157</b>
Canada	7,718	8,488	8,134	7,701	8,269	7,409	6,339	5,373	5,275	5,254
France (a)	12,424	15,021	18,427	19,503	24,273	26,861	24,698	25,406	24,448	27,977
Germany	61,528	58,279	50,263	47,547	51,164	52,112	43,342	40,726	39,145	43,506
India	15,294	17,902	17,292	41,927	78,322	102,843	119,982	137,413	142,277	145,071
Japan	426,936	426,767	478,931	529,013	547,515	468,366	416,408	457,483	486,199	506,829
Kuwait	4,649	5,103	5,237	5,799	6,194	5,749	5,357	6,765	7,774	8,768
Netherlands	751	291	87	-	-	-	-	-	-	-
People's Republic of China	29,688	46,641	56,459	59,497	67,434	67,154	87,743	117,284	131,604	135,728
Saudi Arabian Fund	1,217	2,328	2,338	2,544	2,648	3,868	4,982	10,724	13,255	16,722
USA	50,708	46,952	42,414	40,318	41,386	38,854	35,246	34,594	31,798	28,925
Other	55,619	56,978	59,633	88,957	208,702	49,963	49,100	53,205	63,978	74,007
<b>3. Financial Markets</b>	<b>164,020</b>	<b>410,676</b>	<b>610,433</b>	<b>764,560</b>	<b>887,100</b>	<b>1,233,704</b>	<b>1,431,959</b>	<b>1,660,630</b>	<b>2,023,493</b>	<b>2,528,218</b>
Riggs National Bank	3,674	3,476	3,140	2,984	3,064	2,922	2,651	2,607	2,336	2,110
Indo-Suez Bank (France & Stockholm)	-	-	-	-	-	-	-	-	-	-
Bankers Trust Co	634	560	466	399	356	275	184	101	-	-
Solomon Bros. Inc. - New York	374	270	157	54	0	-	-	-	-	-
Citi Bank/NEXI	11,314	-	-	-	-	-	-	-	-	-
Export-Import Bank of China (b)	-	-	-	-	-	-	-	201.40	-	-
Other (c)	148,024	406,370	606,670	761,124	883,680	1,230,507	146,262.00	192,889	242,416	299,405
International Sovereign bonds	56,570	114,384	221,906	341,704	445,063	457,636	655,243	958,014	1,220,870	1,475,049
Non-resident investments in Treasury bills	6,358.34	40,410	57,317	70,123	80,184	73,916	55,500	5,045	12,816	27,552
Non-resident investments in Treasury bonds	17,647	145,124	183,538	199,531	317,604	403,486	401,710	298,734	247,222	295,059
Other	67,449	106,452	143,909	149,766	40,829	295,470	170,410	203,039	297,833	429,043
<b>Total</b>	<b>1,448,734</b>	<b>1,760,466</b>	<b>2,024,583</b>	<b>2,329,280</b>	<b>2,767,299</b>	<b>2,960,424</b>	<b>3,113,116</b>	<b>3,544,031</b>	<b>4,045,796</b>	<b>4,718,618</b>

(a) Includes loans from Financial Institutions.

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

(c) 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 and Mass Media

## FOREIGN DEBT

TABLE 16

## FOREIGN LOANS - 2017

Rs million

Type and Source	Gross Receipts	Repayments	Net Change in the Liability	Liability as at end December 2017
<b>1. Project Loans</b>	<b>247,114</b>	<b>150,144</b>	<b>237,450</b>	<b>2,610,547</b>
ADB	54,982	23,800	63,731	628,144
Australia	1,522	1,943	(177)	11,419
Austria	1,020	2,373	944	16,119
Canada	-	328	20	3,821
China (a)	89,449	29,495	60,479	426,213
Denmark	-	3,180	(1,909)	7,543
EIB	-	2,471	1,675	29,193
Finland	-	405	(164)	1,458
France	5,882	2,734	8,759	38,517
Germany	897	2,476	3,959	38,287
Hong Kong	-	324	(311)	324
India	8,148	7,272	3,859	130,345
IDA	31,155	13,676	48,880	456,075
Japan	23,867	29,420	20,503	507,311
Korea	283	1,191	6,455	55,138
Kuwait	1,485	768	994	8,768
Netherlands	2,331	7,778	(1,033)	32,463
Opec Fund for International Development	3,715	498	3,434	12,743
Saudi Arabian Fund	2,885	872	3,467	16,722
Spain	4,840	788	6,753	19,072
Sweden	-	3,327	(3,032)	17,187
UK	6,201	4,432	4,862	48,666
USA	1,429	2,465	333	20,937
Other	7,024	8,132	4,968	84,083
<b>2. Non-Project Loans</b>	<b>654,330</b>	<b>67,314</b>	<b>435,372</b>	<b>2,108,071</b>
2.1 Commodity Loans	<b>1,330</b>	<b>3,460</b>	<b>(20,757)</b>	<b>23,586</b>
Canada	-	176	(42)	1,433
France	-	-	-	-
India	1,330	2,370	(1,065)	14,726
Pakistan	-	597	(535)	2,610
Germany	-	318	367	4,817
Netherlands	-	-	-	-
USA	-	-	(19,483)	-
Japan	-	-	-	-
2.2 Other Loans	<b>653,001</b>	<b>63,854</b>	<b>456,129</b>	<b>2,084,485</b>
ADB	-	1,615	(1,180)	4,093
China	498	451	634	8,920
USA	19,483	2,396	17,487	17,487
Germany	-	22	34	402
Japan	-	-	-	-
Other (b)	633,020	59,369	439,154	2,053,583
Memo: Liability due to variations in exchange rates (c)			211,868	
<b>Grand Total</b>	<b>901,444</b>	<b>217,458</b>	<b>672,822</b>	<b>4,718,618</b>

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

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

(b) Includes rupee denominated Treasury bonds (since 2007) and Treasury bills (since 2008) held by foreign investors and proceeds from the international sovereign bond issuances.

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

## FOREIGN DEBT

TABLE 17

## FOREIGN LOAN DISBURSEMENTS BY SOURCE

Rs million

Category	Disbursements									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (a)
<b>1. Lender</b>	<b>129,628</b>	<b>256,402</b>	<b>327,878</b>	<b>322,771</b>	<b>482,259</b>	<b>392,351</b>	<b>451,430</b>	<b>509,201</b>	<b>713,181</b>	<b>866,224</b>
Bi-lateral	42,248	60,131	59,272	78,739	109,165	83,109	73,690	66,955	56,884	59,375
Multi-lateral	39,981	48,547	52,685	54,459	65,782	63,335	61,156	71,924	104,900	93,912
Commercial(b) (c)	31,127	109,371	163,892	144,963	250,505	158,918	281,350	311,659	481,295	616,814
Export Credits	16,272	38,353	52,028	44,611	56,807	86,989	35,234	58,664	70,102	96,123
<b>2. Use of Funds</b>	<b>129,628</b>	<b>356,402</b>	<b>327,878</b>	<b>322,771</b>	<b>482,259</b>	<b>447,465</b>	<b>451,430</b>	<b>509,201</b>	<b>713,181</b>	<b>866,224</b>
Cash (c)	-	57,404	111,926	109,488	130,695	139,483	195,989	87,035	319,689	228,473
Commodity	-	-	-	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-	-	-	-
Goods & Services	58	314	126	3,254	2,316	8,195	626	1,064	344	1,330
Programme	1,791	593	4,788	194	-	21	-	-	27,517	456
Project	112,560	145,850	158,770	174,097	227,041	272,433	164,352	190,923	201,752	246,944
Technical Assistance	249	275	302	232	210	39	241	35	-	290
Other (c)	14,970	151,967	51,967	35,507	121,997	27,294	90,221	230,145	163,880	388,732

(a) Provisional

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

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

Sources: Central Bank of Sri Lanka  
Ministry of Finance and Mass Media

## 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
1979	683	499	1,182	1,277	357	1,634
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 (e)	642,875	224,609	867,484	570,623	164,942	735,566

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

Sources: Central Bank of Sri Lanka

(b) Includes Treasury bond payments to non-residents.

Ministry of Finance and Mass Media

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

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

(e) Provisional.

GOVERNMENT BORROWINGS

TABLE 19

ISSUES AND MATURITIES OF DOMESTIC DEBT IN 2015, 2016 and 2017

Maturity (M)	2015			2016			2017 (a)		
	Issues	Repayments	Net Issues	Issues	Repayments	Net Issues	Issues	Repayments	Net Issues
Treasury bills									
0 < M ≤ 91 days	703,978	625,411	78,568	549,427	495,504	53,923	597,024	696,540	(99,516)
91 < M ≤ 182 days	601,710	491,159	110,551	604,084	688,659	(84,575)	613,672	532,270	81,401
182 < M ≤ 364 days	283,839	559,939	(276,100)	481,838	322,075	159,763	413,571	463,147	(49,576)
<b>Total</b>	<b>1,589,527</b>	<b>1,676,509</b>	<b>(86,981)</b>	<b>1,635,349</b>	<b>1,506,238</b>	<b>129,111</b>	<b>1,624,266</b>	<b>1,691,957</b>	<b>(67,691)</b>
Treasury bonds									
1 year	9,500	9,105	395	-	13,500	(13,500)	-	-	-
2 year	34,659	99,562	(64,903)	59,012	23,026	35,986	68,479	39,759	28,720
3 year	48,878	86,001	(37,123)	50,800	22,195	28,605	-	148,894	(148,894)
4 year	79,134	61,884	17,250	75,172	67,147	8,025	42,183	29,910	12,273
5 year	133,577	110,529	23,048	87,898	111,822	(23,924)	102,185	157,382	(55,197)
6 year	65,743	144,624	(78,881)	22,100	67,899	(45,799)	55,565	38,979	16,587
7 year	84,371	-	84,371	8,050	-	8,050	26,605	-	26,605
8 year	100,528	-	100,528	82,461	-	82,461	122,576	-	122,576
9 year	20,600	-	20,600	47,176	-	47,176	20,346	-	20,346
10 year	106,389	-	106,389	110,737	-	110,737	110,876	-	110,876
11 year	39,477	-	39,477	-	-	-	-	-	-
12 year	-	-	-	-	-	-	-	-	-
13 year	23,424	-	23,424	21,660	4,397	17,263	-	-	-
14 year	8,121	-	8,121	68,665	-	68,665	-	-	-
15 year	24,577	-	24,577	-	-	-	-	-	-
19 year	56,675	-	56,675	-	-	-	-	-	-
20 year	17,890	-	17,890	-	-	-	-	-	-
25 year	-	-	-	29,885	-	29,885	-	-	-
30 year	16,381	-	16,381	-	-	-	-	-	-
<b>Total</b>	<b>869,923</b>	<b>511,705</b>	<b>358,218</b>	<b>663,616</b>	<b>309,986</b>	<b>353,630</b>	<b>548,815</b>	<b>414,923</b>	<b>133,892</b>
Rupee loans									
4/7 year	-	-	-	-	-	-	-	-	-
4/8 year	-	-	-	-	-	-	-	-	-
3/10 year	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-
Sri Lanka Dev. Bonds									
<= 1 year	250,197	32,681	217,517	178,826	231,139	(52,312)	90,882	144,723	(53,841)
2 year	19,162	19,162	-	18,153	10,185	7,968	86,271	55,927	30,344
3 year	39,888	59,431	(19,543)	-	63,810	(62,810)	73,181	59,543	13,638
4 year	7,048	19,454	(12,406)	-	1,727	(1,727)	24,270	-	24,270
5 year	18,237	-	18,237	-	11,634	(11,634)	63,920	-	63,920
<b>Total</b>	<b>334,532</b>	<b>111,565</b>	<b>222,967</b>	<b>196,979</b>	<b>317,495</b>	<b>(120,516)</b>	<b>338,524</b>	<b>260,193</b>	<b>78,331</b>
Loans from OBU's									
<= 1 year	-	-	-	14,980	-	14,980	33,282	-	33,282
2 years	-	-	-	-	-	-	-	-	-
3 years	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>14,980</b>	-	<b>14,980</b>	<b>33,282</b>	-	<b>33,282</b>
<b>Grand Total</b>	<b>2,793,982</b>	<b>2,299,779</b>	<b>494,204</b>	<b>2,510,924</b>	<b>2,133,719</b>	<b>377,205</b>	<b>2,544,887</b>	<b>2,367,074</b>	<b>177,814</b>

(a) Provisional

Sources: Central Bank of Sri Lanka



## AUCTION AND PRIMARY ISSUE DETAILS IN 2015, 2016 AND 2017 (a)

Rs. million

	2015			2016			2017 (b)		
	Treasury Bills	Treasury Bonds	Rupee Loans	Treasury Bills	Treasury Bonds	Rupee Loans	Treasury Bills	Treasury Bonds	Rupee Loans
<b>Auctions</b>									
Number of Auctions	52	36	-	52	23	-	52	16	-
Amount Offered	983,000	632,000	-	1,264,000	564,000	-	1,293,500	598,000	-
Bids Received	2,966,280	2,340,313	-	2,984,590	2,651,027	-	3,549,127	1,783,714	-
Amount Accepted	1,006,488	712,332	-	844,611	654,474	-	1,111,174	536,315	-
<b>CBSL Purchases</b>									
	564,159	-	-	790,738	-	-	513,092	-	-
<b>Placements</b>									
	18,880	157,591	-	-	9,142	-	-	12,500	-
<b>Total Issues</b>	<b>1,589,527</b>	<b>869,923</b>	<b>-</b>	<b>1,635,349</b>	<b>663,616</b>	<b>-</b>	<b>1,624,266</b>	<b>548,815</b>	<b>-</b>

Source: Central Bank of Sri Lanka

(a) Face Value.  
(b) Provisional

**GOVERNMENT BORROWINGS**

**TABLE 21**

**GOVERNMENT BORROWING LIMITS AND USAGE IN 2015, 2016 AND 2017 - BOOK VALUE**

Rs. billion

	2015		2016		2017	
	Approved Limit	Usage	Approved Limit	Usage	Approved Limit	Usage
<b>1. Gross Borrowing</b>	<b>1,780</b>	<b>1,695</b>	<b>1,509</b>	<b>1,516</b>	<b>1,525</b>	<b>1,596</b>
1.1. Domestic	1,327	1,139	990	942	1,075	979
1.2. Foreign	453	556	519	574	450	617
<b>2. Sources of Financing</b>						
<b>2.1. Domestic Financing</b>	<b>1,327</b>	<b>1,139</b>	<b>990</b>	<b>942</b>	<b>1,075</b>	<b>979</b>
2.1.1. Rupee Loans	-	-	-	-	-	-
2.1.2. Treasury bonds (a)	1,167	871	542	575	631	514
2.1.3. Treasury bills (net) (a)	15	(74)	58	106	125	(68)
2.1.4. CBSL Advances	15	7	33	-	19	116
2.1.5. SLDBs	130	335	357	197	225	339
2.1.6. OBUs	-	-	-	15	75	33
2.1.7. Other	-	-	-	49	-	45
<b>2.2 Foreign Financing</b>	<b>453</b>	<b>556</b>	<b>519</b>	<b>574</b>	<b>450</b>	<b>617</b>
2.2.1. Project/Programme Loans	258	258	309	255	230	236
2.2.2. Commercial Loans (b)	195	299	210	320	220	381
<b>Total Financing</b>	<b>1,780</b>	<b>1,695</b>	<b>1,509</b>	<b>1,516</b>	<b>1,525</b>	<b>1,596</b>

(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 and Mass Media

## GOVERNMENT BORROWINGS

TABLE 22

## FINANCING OF THE GOVERNMENT NET CASH DEFICIT

Item	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (a)
<b>1. NET CASH SURPLUS (+) / DEFICIT (-)</b>	<b>(262,252)</b>	<b>(322,329)</b>	<b>(486,626)</b>	<b>(451,924)</b>	<b>(455,207)</b>	<b>(551,142)</b>	<b>(612,599)</b>	<b>(801,408)</b>	<b>(980,776)</b>	<b>(640,325)</b>	<b>(688,818)</b>
1.1 Revenue and grants	614,329	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
1.2 Expenditure (b)	(876,581)	(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)
<b>2. FINANCING OF THE DEFICIT</b>	<b>262,252</b>	<b>322,329</b>	<b>486,626</b>	<b>451,924</b>	<b>455,207</b>	<b>551,142</b>	<b>612,599</b>	<b>801,408</b>	<b>980,776</b>	<b>640,325</b>	<b>688,818</b>
2.1 Domestic Financing	145,136	314,312	245,556	202,229	231,224	257,847	487,542	525,843	743,973	248,411	249,574
2.1.1 Domestic Market Borrowings	127,076	309,694	234,276	191,999	236,021	252,409	474,542	539,206	743,973	248,411	249,574
Rupee Loans	18,833	-	1,904	-	-	-	-	-	-	-	-
Less: Direct Repayments	8,500	1,500	19,621	24,583	25,748	3,576	2,868	-	31,430	-	-
Net	10,333	(1,500)	(17,717)	(24,583)	(25,748)	(3,576)	-	-	(31,430)	-	-
Treasury Bills	37,092	69,766	49,008	82,796	79,616	16,782	53,510	26,077	(26,375)	98,482	(81,666)
Treasury Bonds	52,807	192,356	201,935	140,440	168,401	154,548	252,125	369,135	442,582	349,814	109,146
Sri Lanka Development Bonds (SLDBs)	23,592	65,497	7,564	11,073	5,268	18,359	140,277	20,968	222,967	(120,516)	53,289
Central Bank Advances	11,664	15,629	(2,428)	3,998	16,864	16,549	(2,125)	34,731	7,234	(67,825)	116,494
Other Borrowings from Banks (c)	(3,025)	(43,598)	(2,918)	(7,291)	13,730	45,139	31,725	101,967	133,400	(19,926)	71,186
Use of Cash Balances	(5,386)	11,544	(1,169)	(14,434)	(22,109)	4,609	1,898	(13,672)	(4,405)	8,383	(18,874)
2.1.2 Domestic Other Borrowings (d)	18,060	4,618	11,280	10,230	(4,798)	5,438	13,000	(13,363)	-	-	-
2.2 Foreign Financing	117,115	8,018	241,070	249,694	223,983	293,295	125,057	275,565	236,803	391,914	439,243
2.2.1 Project Loans	72,871	114,600	146,717	163,860	174,523	228,808	164,191	188,025	201,655	254,559	220,129
Less: Repayments	39,108	47,762	66,059	55,360	63,632	80,958	98,231	96,634	117,031	145,266	170,617
Net	33,763	66,838	80,658	108,500	110,892	147,850	65,960	91,391	84,623	109,293	49,512
2.2.2 Non-project Loans	83,352	(58,820)	160,412	141,194	113,092	145,445	59,098	184,174	35,148	282,620	389,731
Commodity Loans	2,510	58	314	126	3,254	2,316	8,195	626	1,064	344	1,330
Less: Repayments	5,417	5,771	5,871	6,100	5,793	5,634	5,226	4,814	5,443	5,306	9,441
Net	(2,907)	(5,713)	(5,557)	(5,974)	(2,539)	(3,319)	2,969	(4,188)	(4,379)	(4,963)	(8,112)
Other loans (e)	105,848	14,970	208,755	163,893	144,995	255,700	156,664	270,023	34,084	306,117	442,394
Less: Repayments	19,589	68,077	42,786	16,724	29,364	106,937	100,535	81,661	1,618,119	18,534	44,550
Net	86,259	(53,107)	165,969	147,169	115,631	148,764	56,128	188,362	(127,734)	287,583	397,843

(a) Provisional

(b) Consists of government expenditure excluding contributions to sinking funds, direct repayment of public debt and subscriptions to international financial organisations. Also excludes book adjustments arising from losses on Advance Account operations incurred and financed in previous financial years. Hence, the figures may not tally with the figures published in the Accounts of the Government of Sri Lanka.

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

(d) Includes domestic grants, administrative borrowings and other non market borrowings.

(e) Includes cash loans received from the Iraq, China, OPEC, Japan, military equipment loans, Euro currency commercial loans, proceeds from the international sovereign bond issuances and foreign currency term financing facility.

Sources : Central Bank of Sri Lanka

Ministry of Finance and Mass Media

Ministry of National Economic and Economic Affairs

**COST OF BORROWING**

**TABLE 23**  
**TREASURY BILLS PRIMARY AUCTION YIELD RATES AND COMPOSITE RATE - 2016**

Year	Month	Weighted Average Yield Rates of T-Bills (Net of Tax)			
		91 Days	182 Days	364 Days	Composite Rate
2016	January	6.63	7.12	7.56	7.05
	February	7.04	7.61	8.06	7.51
	March	7.90	8.90	9.72	8.69
	April	8.51	9.55	10.19	9.78
	May	8.64	9.62	10.37	9.66
	June	8.84	9.79	10.53	9.84
	July	8.87	9.78	10.50	9.84
	August	9.02	9.92	10.73	10.29
	September	8.71	9.65	10.48	9.95
	October	8.57	9.41	10.19	9.56
	November	8.60	9.51	10.14	9.77
	December	8.62	9.58	10.11	9.44
	<b>Total</b>	<b>8.26</b>	<b>9.23</b>	<b>10.20</b>	<b>9.38</b>
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
	<b>Total</b>	<b>9.01</b>	<b>9.80</b>	<b>10.07</b>	<b>9.77</b>

Source: Central Bank of Sri Lanka

## TREASURY BOND AUCTIONS IN 2017

Series	Settlement Date	Maturity Date	Maturity Period (Years)	Amount Offered (Rs. million.)	Bids Received (Rs. million.)	Amount Accepted (Rs. million.)	Coupon Rate (%)	Weighed Average Yield (With Tax) (a)	Weighed Average Yield (After Tax) (a)
10.75%2021A	2-Jan-17	1-Mar-21	4	19,000.00	46,485.00	18,585.00	10.75	13.27	11.94
11.00%2024A	2-Jan-17	1-Aug-24	8	19,000.00	60,525.00	18,600.00	11.00	13.31	11.98
11.50%2026A	2-Jan-17	1-Aug-26	10	19,000.00	73,449.00	18,400.00	11.50	13.46	12.11
10.75%2019A	16-Jan-17	15-Jan-19	2	6,000.00	29,200.00	5,800.00	10.75	12.68	11.41
11.50%2021A	16-Jan-17	15-Dec-21	5	16,000.00	38,960.00	14,835.00	11.50	13.51	12.16
11.00%2024A	16-Jan-17	1-Aug-24	8	16,000.00	49,133.00	16,356.00	11.00	13.51	12.16
11.50%2026A	16-Jan-17	1-Aug-26	10	17,000.00	56,828.00	17,976.00	11.50	13.57	12.21
10.75%2019A	1-Feb-17	15-Jan-19	2	6,000.00	20,100.00	-	10.75	-	-
11.00%2024A	1-Feb-17	1-Aug-24	8	13,500.00	34,585.00	6,545.00	11.00	13.76	12.39
11.50%2021A	1-Feb-17	15-Dec-21	5	13,500.00	30,035.00	4,000.00	11.50	13.54	12.19
10.75%2019A	20-Feb-17	15-Jan-19	2	1,500.00	13,150.00	-	10.75	-	-
11.50%2021A	20-Feb-17	15-Dec-21	5	5,000.00	15,107.00	-	11.50	-	-
11.00%2024A	20-Feb-17	1-Aug-24	7	5,000.00	15,865.00	-	11.00	-	-
11.50%2026A	20-Feb-17	1-Aug-26	9	5,000.00	17,437.00	-	11.50	-	-
10.75%2019A	1-Mar-17	15-Jan-19	2	9,000.00	21,400.00	9,000.00	10.75	13.44	12.10
11.50%2021A	1-Mar-17	15-Dec-21	5	19,000.00	32,450.00	11,800.00	11.50	14.33	12.89
11.00%2024A	1-Mar-17	1-Aug-24	7	19,000.00	37,150.00	16,600.00	11.00	14.33	12.89
11.50%2026A	1-Mar-17	1-Aug-26	9	19,000.00	41,746.00	20,346.00	11.50	14.35	12.91
10.75%2019A	15-Mar-17	15-Jan-19	2	12,500.00	30,860.00	8,160.00	10.75	13.67	12.30
11.00%2024A	15-Mar-17	1-Aug-24	7	7,500.00	24,362.00	4,045.00	11.00	14.61	13.14
11.50%2021A	7-Apr-17	15-Dec-21	5	4,000.00	36,439.00	5,520.00	11.50	14.00	12.60
11.40%2024A	7-Apr-17	1-Jan-24	7	4,000.00	29,492.00	5,960.00	11.40	14.36	12.92
11.50%2026A	7-Apr-17	1-Aug-26	9	3,500.00	32,064.00	-	11.50	-	-
10.75%2019A	2-May-17	15-Jan-19	2	8,000.00	34,639.00	8,000.00	10.75	12.46	11.21
11.50%2021A	2-May-17	15-Dec-21	5	8,000.00	53,400.00	8,000.00	11.50	12.83	11.55
11.00%2025A	2-May-17	1-Aug-25	8	7,000.00	52,507.00	7,000.00	11.00	13.19	11.87
10.75%2019A	15-May-17	15-Jan-19	2	15,000.00	34,919.00	17,519.00	10.75	12.30	11.07
11.50%2021A	15-May-17	15-Dec-21	5	31,000.00	63,130.00	34,030.00	11.50	12.69	11.42
11.50%2023A	15-May-17	15-May-23	6	31,000.00	59,556.00	19,090.00	11.50	12.77	11.49
11.00%2025A	15-May-17	1-Aug-25	8	17,000.00	55,604.00	19,550.00	11.00	12.78	11.50
11.00%2021A	15-Jun-17	1-Aug-21	4	9,000.00	35,129.00	9,000.00	11.00	12.64	11.37
11.50%2023A	15-Jun-17	15-May-23	6	18,000.00	48,605.00	17,475.00	11.50	12.64	11.38
10.25%2025A	15-Jun-17	15-Mar-25	8	9,000.00	33,050.00	9,525.00	10.25	12.68	11.41
11.75%2027A	15-Jun-17	15-Jun-27	10	9,000.00	38,400.00	9,000.00	11.75	12.77	11.49
11.50%2021A	17-Jul-17	15-Dec-21	4	16,000.00	49,280.00	14,598.00	11.50	12.37	11.13
11.50%2023A	17-Jul-17	15-May-23	6	19,000.00	49,698.00	19,000.00	11.50	12.46	11.21
10.25%2025A	17-Jul-17	15-Mar-25	8	15,000.00	44,253.00	15,000.00	10.25	12.56	11.30
11.75%2027A	17-Jul-17	15-Jun-27	10	15,000.00	49,849.00	15,000.00	11.75	12.64	11.37
11.20%2022A	1-Aug-17	1-Jul-22	5	11,000.00	29,454.00	11,000.00	11.20	11.59	10.43
11.75%2027A	1-Aug-17	15-Jun-27	10	11,000.00	32,295.00	11,000.00	11.75	11.77	10.60
10.60%2019B	4-Sep-17	15-Sep-19	2	10,000.00	32,449.00	10,000.00	10.60	10.92	9.83
11.00%2025A	4-Sep-17	1-Aug-25	8	15,000.00	37,524.00	15,000.00	11.00	11.71	10.54
10.00%2022A	2-Oct-17	1-Oct-22	5	5,000.00	13,645.00	5,000.00	10.00	11.22	10.09
11.75%2027A	2-Oct-17	15-Jun-27	10	10,000.00	30,960.00	10,000.00	11.75	11.45	10.31
09.25%2020A	1-Nov-17	1-May-20	2	10,000.00	21,829.00	10,000.00	9.25	11.02	9.92
10.35%2025A	1-Nov-17	15-Oct-25	8	15,000.00	34,152.00	15,000.00	10.35	11.48	10.33
11.50%2023A	4-Dec-17	15-May-23	5	8,000.00	20,220.00	8,000.00	11.50	11.33	10.20
11.75%2027A	4-Dec-17	15-Jun-27	10	17,000.00	42,345.00	17,000.00	11.75	11.51	10.36

(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

## TREASURY BILL AUCTIONS IN 2017

Issue Date	Amount Offered (Rs. million.)			Amount Bids Received (Rs. million.)			Amount Bids Accepted (Rs. million.)			Weighted Average Yield Rates (After tax) (a)			Weighted Average Yield Rates (Before Tax) (a)		
6-Jan-17	4,500.0	15,000.0	12,000.0	19,700.0	33,660.0	22,730.0	10,650.0	14,621.0	5,884.0	8.7818	9.7950	10.2215	9.7576	10.8833	11.3572
13-Jan-17	5,000.0	10,000.0	9,000.0	11,400.0	21,050.0	14,830.0	7,325.0	12,096.0	4,430.0	8.9704	9.8949	10.3100	9.9671	10.9943	11.4556
20-Jan-17	10,000.0	11,000.0	7,000.0	27,191.0	46,380.0	13,140.0	12,041.0	11,415.0	4,350.0	8.9782	10.0520	10.3722	9.9758	11.1689	11.5247
27-Jan-17	13,000.0	9,500.0	5,000.0	38,862.0	48,692.0	7,132.0	15,360.0	11,767.0	106.0	9.0310	10.0706	10.3740	10.0344	11.1895	11.5267
3-Feb-17	5,000.0	13,000.0	10,000.0	13,050.0	40,470.0	14,190.0	5,396.0	20,539.0	1,150.0	9.0847	10.0466	10.4201	10.0941	11.1629	11.5779
10-Feb-17	11,000.0	9,000.0	7,000.0	22,206.0	23,745.0	11,625.0	7,126.0	10,750.0	2,020.0	9.1611	10.0735	10.4675	10.1790	11.1928	11.6306
17-Feb-17	8,500.0	8,500.0	8,500.0	20,454.0	20,485.0	12,155.0	10,479.0		513.0	9.2238	10.1213	10.5459	10.2487	11.2459	11.7177
24-Feb-17	11,500.0	9,500.0	4,500.0	15,000.0	14,522.0	7,384.0	1,350.0	6,215.0	295.0	9.3182	10.1897	10.5784	10.3536	11.3219	11.7538
3-Mar-17	8,000.0	8,000.0	8,000.0	11,800.0	14,047.0	12,532.0	1,700.0	3,617.0	1,432.0	9.3763	10.2692	10.6630	10.4181	11.4102	11.8478
10-Mar-17	8,500.0	8,500.0	8,000.0	16,066.0	21,808.0	11,355.0	5,416.0	8,500.0	505.0	9.4721	10.3930	10.7440	10.5246	11.5478	11.9378
17-Mar-17	9,500.0	9,500.0	6,000.0	13,350.0	13,442.0	8,785.0	-	-	-	-	-	-	-	-	-
24-Mar-17	9,500.0	9,500.0	8,000.0	13,430.0	14,354.0	11,630.0	1,730.0	1,084.0	1,265.0	9.5748	10.4615	10.8247	10.6387	11.6239	12.0274
31-Mar-17	8,000.0	8,500.0	9,000.0	11,357.0	15,550.0	21,360.0	1,032.0	6,850.0	9,185.0	9.6296	10.6247	10.9840	10.6995	11.8052	12.2044
7-Apr-17	8,000.0	8,500.0	8,500.0	12,188.0	25,825.0	33,185.0	2,459.0	10,030.0	12,511.0	9.6736	10.6937	11.0224	10.7484	11.8819	12.2471
14-Apr-17	7,000.0	8,000.0	8,000.0	10,850.0	17,004.0	27,339.0	1,300.0	8,000.0	13,792.0	9.7241	10.7661	11.0922	10.8046	11.9623	12.3247
21-Apr-17	6,000.0	7,000.0	8,000.0	14,090.0	26,914.0	32,035.0	1,090.0	7,421.0	12,902.0	9.7317	10.7938	11.1146	10.8130	11.9931	12.3495
28-Apr-17	4,000.0	12,500.0	13,000.0	6,555.0	43,417.0	47,534.0	-	14,500.0	15,000.0	-	10.6971	11.0183	-	11.8857	12.2425
5-May-17	-	16,000.0	17,000.0	-	44,221.0	47,615.0	-	16,000.0	17,000.0	-	10.5314	10.8298	-	11.7015	12.0331
12-May-17	-	15,000.0	15,500.0	-	40,871.0	36,865.0	-	14,235.0	16,265.0	-	10.4329	10.7252	-	11.5921	11.9169
19-May-17	3,500.0	12,000.0	14,000.0	9,755.0	43,467.0	27,662.0	5,075.0	14,871.0	4,741.0	9.6242	10.4157	10.7349	10.6935	11.5730	11.9277
26-May-17	5,000.0	13,000.0	8,000.0	18,515.0	42,422.0	16,299.0	7,380.0	13,396.0	4,449.0	9.6163	10.3959	10.7293	10.6848	11.5510	11.9214
2-Jun-17	7,500.0	15,000.0	7,000.0	12,700.0	42,302.0	20,392.0	2,865.0	17,650.0	8,985.0	9.6068	10.3527	10.7107	10.6742	11.5030	11.9008
9-Jun-17	5,000.0	16,000.0	8,000.0	9,000.0	35,933.0	28,055.0	1,120.0	18,898.0	8,952.0	9.6011	10.3406	10.6109	10.6679	11.4896	11.7899
16-Jun-17	3,500.0	14,000.0	8,500.0	5,750.0	33,892.0	34,803.0	550.0	14,679.0	10,400.0	9.6008	10.2967	10.4999	10.6675	11.4408	11.6666
23-Jun-17	4,000.0	15,500.0	11,000.0	6,300.0	30,834.0	25,595.0	865.0	15,539.0	13,872.0	9.5995	10.2913	10.4685	10.6661	11.4348	11.6317
30-Jun-17	3,000.0	14,000.0	12,500.0	5,210.0	19,958.0	21,300.0	1,780.0	1,365.0	2,260.0	9.6049	10.2949	10.4748	10.6721	11.4388	11.6387
7-Jul-17	7,000.0	14,000.0	10,000.0	11,803.0	35,840.0	38,658.0	2,002.0	16,953.0	11,918.0	9.6004	10.2614	10.4536	10.6671	11.4015	11.6151
14-Jul-17	6,000.0	13,000.0	10,500.0	7,995.0	38,878.0	41,270.0	545.0	15,000.0	13,884.0	9.5992	10.2320	10.3866	10.6658	11.3689	11.5407
21-Jul-17	3,000.0	12,500.0	9,000.0	9,300.0	78,283.0	68,592.0	3,000.0	12,500.0	9,000.0	9.5609	10.0079	10.1763	10.6232	11.1199	11.3070
28-Jul-17	3,000.0	14,500.0	10,000.0	9,841.0	69,579.0	25,117.0	3,000.0	14,500.0	9,808.0	9.4433	9.7093	9.9911	10.4926	10.7881	11.1012
4-Aug-17	1,500.0	14,500.0	15,000.0	7,850.0	62,189.0	56,190.0	1,500.0	15,951.0	13,500.0	9.0332	9.1571	9.4793	10.0369	10.1745	10.5325
11-Aug-17	2,000.0	15,000.0	13,000.0	9,618.0	66,510.0	30,803.0	2,000.0	15,000.0	12,767.0	8.8671	9.0171	9.3763	9.8523	10.0190	10.4181
18-Aug-17	-	15,000.0	13,000.0	-	23,595.0	16,900.0	-	12,219.0	5,360.0	-	9.1717	9.5363	-	10.1908	10.5959
25-Aug-17	2,000.0	8,000.0	10,000.0	7,950.0	24,241.0	16,740.0	-	15,000.0	5,000.0	-	9.2739	9.6494	-	10.3043	10.7215
1-Sep-17	-	10,000.0	8,000.0	-	32,270.0	17,860.0	-	10,000.0	8,000.0	-	9.3015	9.6734	-	10.3350	10.7482
8-Sep-17	-	10,000.0	8,000.0	-	35,059.0	28,819.0	-	10,000.0	8,000.0	-	9.2309	9.5837	-	10.2565	10.6485
15-Sep-17	-	13,000.0	10,000.0	-	62,405.0	38,127.0	-	12,440.0	10,000.0	-	9.0476	9.2045	-	10.0529	10.2272
22-Sep-17	-	13,000.0	10,000.0	-	38,061.0	26,967.0	-	12,422.0	10,000.0	-	8.9373	9.1040	-	9.9303	10.1155
29-Sep-17	5,000.0	6,000.0	12,000.0	10,357.0	14,555.0	18,975.0	5,442.0	7,455.0	3,750.0	8.7078	9.0140	9.1049	9.6753	10.0156	10.1166
6-Oct-17	-	8,000.0	12,500.0	-	15,679.0	16,818.0	-	8,779.0	4,674.0	-	9.0830	9.3209	-	10.0922	10.3565
13-Oct-17	2,500.0	7,000.0	11,000.0	6,650.0	23,985.0	18,127.0	2,500.0	8,128.0	5,705.0	8.7795	9.1004	9.4149	9.7550	10.1116	10.4610
20-Oct-17	4,000.0	7,000.0	9,000.0	10,357.0	15,947.0	13,878.0	4,000.0	7,000.0	3,747.0	8.7856	9.1157	9.4649	9.7618	10.1286	10.5165
27-Oct-17	5,000.0	6,000.0	9,000.0	17,780.0	27,388.0	17,290.0	7,785.0	6,611.0	5,198.0	8.7614	9.1200	9.5149	9.7349	10.1333	10.5721
3-Nov-17	7,000.0	6,000.0	7,500.0	21,500.0	20,622.0	21,402.0	6,926.0	6,000.0	7,500.0	8.7463	9.1004	9.4831	9.7181	10.1116	10.5368
10-Nov-17	5,000.0	5,500.0	10,500.0	23,421.0	30,331.0	23,545.0	5,000.0	5,117.0	10,500.0	8.6688	9.0187	9.4369	9.6320	10.0208	10.4854
17-Nov-17	4,000.0	7,000.0	10,000.0	20,230.0	27,203.0	14,590.0	5,500.0	8,112.0	6,805.0	8.5376	8.9349	9.4639	9.4862	9.9277	10.5154
24-Nov-17	4,000.0	7,000.0	10,000.0	21,475.0	17,661.0	21,350.0	6,631.0	9,000.0	4,646.0	8.4018	8.9021	9.4649	9.3353	9.8912	10.5165
1-Dec-17	5,500.0	10,000.0	11,500.0	28,650.0	23,700.0	30,250.0	5,160.0	10,000.0	11,500.0	8.2005	8.8758	9.4394	9.1117	9.8620	10.4882
8-Dec-17	3,000.0	7,500.0	7,000.0	21,155.0	29,094.0	29,510.0	2,689.0	7,500.0	7,000.0	7.9699	8.7560	9.3435	8.8554	9.7289	10.3817
15-Dec-17	-	7,000.0	10,500.0	-	30,482.0	41,647.0	-	6,894.0	10,500.0	-	8.4835	9.0446	-	9.4261	10.0496
22-Dec-17	2,500.0	7,000.0	13,000.0	10,200.0	15,790.0	36,422.0	2,500.0	5,500.0	14,500.0	7.6899	8.4026	8.9209	8.5443	9.3362	9.9121
29-Dec-17	-	4,000.0	8,500.0	-	17,680.0	18,550.0	-	4,000.0	8,500.0	-	8.3001	8.9030	-	9.2223	9.8922

(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

TABLE 26

SRI LANKA DEVELOPMENT BONDS AUCTIONS IN 2017

Date of Issue	Amount Accepted (USD. million.)	Maturity Period (Years)	Weighted Average Margin	Date of Issue	Amount Accepted (USD. million.)	Maturity Period (Years)	Weighted Average Margin	Date of Issue	Amount Accepted (USD. million.)	Maturity Period (Years)	Weighted Average Margin
23-Jan-17	30.00	0.99	3.00	17-Mar-17	5.00	3.00	3.55	9-May-17	3.02	2.86	3.65
23-Jan-17	200.00	0.99	4.25	17-Mar-17	7.00	3.00	3.60	9-May-17	5.00	2.86	3.70
23-Jan-17	25.00	0.99	4.35	17-Mar-17	5.00	3.00	3.65	9-May-17	8.26	2.86	3.75
23-Jan-17	25.00	2.02	3.25	17-Mar-17	31.00	3.00	3.70	9-May-17	8.40	2.86	3.80
23-Jan-17	5.00	2.02	3.30	17-Mar-17	32.61	3.00	3.75	9-May-17	1.00	2.86	3.83
23-Jan-17	25.00	2.02	3.35	17-Mar-17	2.00	3.00	3.77	9-May-17	2.00	2.86	3.85
23-Jan-17	5.00	2.02	3.40	17-Mar-17	2.00	3.00	3.79	9-May-17	1.00	2.86	3.87
23-Jan-17	25.00	2.02	3.45	17-Mar-17	2.00	3.00	3.81	9-May-17	1.00	2.86	3.89
23-Jan-17	5.00	3.19	3.40	17-Mar-17	2.00	3.00	3.83	9-May-17	1.10	2.86	3.90
23-Jan-17	5.00	3.19	3.49	17-Mar-17	9.06	3.00	3.85	9-May-17	1.00	2.86	3.91
23-Jan-17	1.00	3.19	3.50	17-Mar-17	3.00	3.00	3.87	9-May-17	1.00	2.86	3.94
23-Jan-17	5.00	3.19	3.59	17-Mar-17	5.05	3.00	3.90	9-May-17	1.00	2.86	3.97
23-Jan-17	26.00	3.19	3.60	17-Mar-17	66.05	3.00	4.00	9-May-17	5.00	1.85	2.85
23-Jan-17	5.00	3.19	3.69	17-Mar-17	4.00	3.00	4.80	9-May-17	5.00	1.85	2.87
23-Jan-17	26.00	3.19	3.70	17-Mar-17	2.00	5.00	3.10	9-May-17	5.00	1.85	2.90
23-Jan-17	3.00	3.19	3.80	17-Mar-17	2.00	5.00	3.20	9-May-17	5.00	1.85	2.93
23-Jan-17	4.00	3.19	3.90	17-Mar-17	2.00	5.00	3.30	9-May-17	0.35	1.85	3.00
23-Jan-17	1.00	3.19	3.98	17-Mar-17	1.00	5.00	3.40	9-May-17	2.50	1.85	3.20
23-Jan-17	36.00	3.19	4.00	17-Mar-17	2.00	5.00	3.50	9-May-17	0.10	1.85	3.28
23-Jan-17	1.00	3.19	4.02	17-Mar-17	2.00	5.00	3.60	9-May-17	13.00	1.85	3.30
17-Mar-17	145.00	1.03	2.50	17-Mar-17	2.00	5.00	3.70	9-May-17	16.00	1.85	3.35
17-Mar-17	11.00	1.03	2.70	17-Mar-17	2.00	5.00	3.80	9-May-17	0.10	1.85	3.38
17-Mar-17	5.00	1.03	2.75	17-Mar-17	10.00	5.00	3.85	9-May-17	10.10	1.85	3.40
17-Mar-17	5.00	1.03	2.80	17-Mar-17	2.00	5.00	3.90	9-May-17	5.00	0.98	4.10
17-Mar-17	11.00	1.03	2.85	17-Mar-17	7.18	5.00	4.00	9-May-17	5.00	0.98	4.14
17-Mar-17	16.00	1.03	4.00	17-Mar-17	1.00	5.00	4.02	9-May-17	5.00	0.98	4.18
17-Mar-17	35.00	1.03	4.30	17-Mar-17	2.00	5.00	4.04	9-May-17	5.00	0.98	4.20
17-Mar-17	25.00	1.03	4.35	17-Mar-17	2.00	5.00	4.06	9-May-17	5.00	0.98	4.22
17-Mar-17	5.00	1.03	4.45	17-Mar-17	2.00	5.00	4.08	9-May-17	5.00	0.98	4.24
17-Mar-17	3.00	2.00	2.75	17-Mar-17	5.00	5.00	4.10	9-May-17	5.00	0.98	4.26
17-Mar-17	3.00	2.00	2.80	17-Mar-17	2.00	5.00	4.12	9-May-17	5.00	0.98	4.28
17-Mar-17	3.00	2.00	2.85	17-Mar-17	0.05	5.00	4.19	9-May-17	10.00	0.98	4.30
17-Mar-17	3.00	2.00	2.90	17-Mar-17	2.00	5.00	4.20	9-May-17	10.00	0.98	4.35
17-Mar-17	33.00	2.00	2.95	17-Mar-17	104.00	5.00	4.25	9-May-17	10.00	0.98	4.40
17-Mar-17	70.00	2.00	3.00	9-May-17	2.00	0.98	2.40	30-Jun-17	25.00	1.59	2.70
17-Mar-17	33.00	2.00	3.05	9-May-17	2.00	0.98	2.50	30-Jun-17	25.00	1.59	2.75
17-Mar-17	4.00	2.00	3.10	9-May-17	5.00	0.98	2.51	30-Jun-17	23.93	1.59	2.80
17-Mar-17	4.00	2.00	3.15	9-May-17	5.00	0.98	2.54	30-Jun-17	0.15	3.00	3.50
17-Mar-17	8.02	2.00	3.20	9-May-17	3.00	0.98	2.62	30-Jun-17	2.50	3.00	3.60
17-Mar-17	3.10	2.00	3.21	9-May-17	1.00	0.98	2.70	30-Jun-17	105.00	3.00	3.65
17-Mar-17	3.20	2.00	3.22	9-May-17	1.00	0.98	2.80	30-Jun-17	2.00	4.00	3.60
17-Mar-17	3.30	2.00	3.23	9-May-17	0.06	4.86	3.73	30-Jun-17	10.00	4.00	3.75
17-Mar-17	4.33	2.00	3.24	9-May-17	0.05	4.86	3.75	30-Jun-17	9.60	4.00	3.80
17-Mar-17	12.00	2.00	3.25	9-May-17	5.56	4.86	4.00	30-Jun-17	8.50	4.00	3.85
17-Mar-17	37.00	2.00	3.30	9-May-17	1.00	4.86	4.05	30-Jun-17	110.00	4.00	3.89
17-Mar-17	38.00	2.00	3.35	9-May-17	1.08	4.86	4.07	30-Jun-17	5.50	4.00	3.90
17-Mar-17	2.00	2.00	3.37	9-May-17	1.00	4.86	4.09	30-Jun-17	6.50	4.00	3.95
17-Mar-17	2.00	2.00	3.39	9-May-17	6.00	4.86	4.10	30-Jun-17	6.00	4.00	4.00
17-Mar-17	28.00	2.00	3.40	9-May-17	1.00	4.86	4.11	30-Jun-17	1.00	4.72	4.00
17-Mar-17	3.00	2.00	3.41	9-May-17	50.00	4.86	4.12	30-Jun-17	2.00	4.72	4.05
17-Mar-17	3.00	2.00	3.43	9-May-17	1.00	4.86	4.13	30-Jun-17	2.00	4.72	4.06
17-Mar-17	2.00	2.00	3.45	9-May-17	11.00	4.86	4.15	30-Jun-17	6.00	4.72	4.08
17-Mar-17	36.30	2.00	3.50	9-May-17	1.00	4.86	4.16	30-Jun-17	0.58	4.72	4.09
17-Mar-17	7.00	2.00	4.40	9-May-17	5.00	4.86	4.17	30-Jun-17	18.24	4.72	4.10
17-Mar-17	5.00	3.00	3.30	9-May-17	6.00	4.86	4.19	30-Jun-17	124.00	4.72	4.12
17-Mar-17	5.00	3.00	3.35	9-May-17	2.00	2.86	3.45	30-Jun-17	3.00	4.72	4.13
17-Mar-17	5.00	3.00	3.40	9-May-17	3.00	2.86	3.50	30-Jun-17	1.00	4.72	4.14
17-Mar-17	5.00	3.00	3.45	9-May-17	2.00	2.86	3.55	30-Jun-17	17.50	4.72	4.15
17-Mar-17	17.00	3.00	3.50	9-May-17	3.50	2.86	3.60				

Source: Central Bank of Sri Lanka



## SECONDARY MARKET OPERATIONS

TABLE 27

## SECONDARY MARKET TRANSACTIONS AS REPORTED BY PRIMARY DEALERS

Rs.million

	2010	2011	2012	2013	2014	2015	2016	2017 (a)
<b>1. Outright Transactions</b>	<b>1,449,390</b>	<b>1,268,287</b>	<b>1,584,095</b>	<b>2,070,161</b>	<b>3,839,729</b>	<b>3,600,396</b>	<b>2,872,317</b>	<b>2,024,446</b>
<b>1.1. Treasury bills</b>								
Purchased	177,902	239,168	374,597	345,516	322,216	228,769	299,261	362,496
Sold	574,842	398,622	672,438	683,458	710,446	689,602	554,792	546,045
<b>Total</b>	<b>752,744</b>	<b>637,790</b>	<b>1,047,035</b>	<b>1,028,973</b>	<b>1,032,662</b>	<b>918,371</b>	<b>854,053</b>	<b>908,541</b>
<b>1.2. Treasury bonds</b>								
Purchased	344,567	326,589	259,999	509,585	1,370,621	1,181,721	885,600	468,991
Sold	352,079	303,908	277,061	531,603	1,436,446	1,500,304	1,132,664	646,914
<b>Total</b>	<b>696,646</b>	<b>630,497</b>	<b>537,060</b>	<b>1,041,187</b>	<b>2,807,067</b>	<b>2,682,025</b>	<b>2,018,264</b>	<b>1,115,905</b>
<b>2. Repurchase Transactions</b>	<b>4,992,887</b>	<b>5,915,725</b>	<b>6,246,422</b>	<b>10,235,395</b>	<b>8,223,558</b>	<b>11,763,524</b>	<b>18,095,909</b>	<b>13,611,491</b>
<b>2.1. Treasury bills</b>								
Repo	1,217,880	1,215,200	1,510,151	2,078,440	1,319,875	2,294,059	2,983,674	2,101,970
Reverse repo	177,882	159,057	219,855	650,290	436,778	794,382	474,593	140,844
<b>Total</b>	<b>1,395,762</b>	<b>1,374,257</b>	<b>1,730,006</b>	<b>2,728,731</b>	<b>1,756,653</b>	<b>3,088,441</b>	<b>3,458,267</b>	<b>2,242,814</b>
<b>2.2 Treasury bonds</b>								
Repo	2,877,407	3,936,271	3,989,074	6,761,249	5,409,509	6,720,895	9,321,832	7,428,325
Reverse repo	719,718	605,196	527,341	745,416	1,057,396	1,954,188	5,315,810	3,940,352
<b>Total</b>	<b>3,597,125</b>	<b>4,541,468</b>	<b>4,516,416</b>	<b>7,506,664</b>	<b>6,466,905</b>	<b>8,675,083</b>	<b>14,637,642</b>	<b>11,368,677</b>
<b>3. Total Transactions</b>	<b>6,442,277</b>	<b>7,184,012</b>	<b>7,830,517</b>	<b>12,305,556</b>	<b>12,063,287</b>	<b>15,363,920</b>	<b>20,968,226</b>	<b>15,635,937</b>

(a) Provisional.

Source: Central Bank of Sri Lanka

## SECONDARY MARKET OPERATIONS

TABLE 28

## SECONDARY MARKET TRANSACTIONS RECORDED IN THE LANKASECURE (a)

Rs. million

	2013	2014	2015	2016	2017
<b>1 Treasury bills</b>					
1.1 Outright Purchases / Sales	2,509,156	1,547,014	1,357,827	1,397,399	1,030,508
1.2 Repo / Rev. Repo	14,479,945	13,513,736	8,731,226	8,682,167	10,370,688
<b>Total</b>	<b>16,989,101</b>	<b>15,060,750</b>	<b>10,089,053</b>	<b>10,079,566</b>	<b>11,401,196</b>
<b>2 Treasury bonds</b>					
2.1 Outright Purchases / Sales	3,474,859	4,158,537	4,020,581	4,402,623	3,603,279
2.2 Repo / Rev. Repo	15,780,297	19,223,122	34,385,232	42,288,083	33,571,531
<b>Total</b>	<b>19,255,156</b>	<b>23,381,659</b>	<b>38,405,813</b>	<b>46,690,706</b>	<b>37,174,809</b>
<b>Total Transactions</b>	<b>36,244,257</b>	<b>38,442,409</b>	<b>48,494,866</b>	<b>56,770,272</b>	<b>48,576,005</b>

(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.