

## International Monetary Fund

[Sri Lanka](#) and the  
IMF

**Sri Lanka:** Letter of Intent, and Technical Memorandum of  
Understanding

**Press Release:**  
[IMF Executive Board  
Completes Seventh  
Review Under the  
Stand-By  
Arrangement for Sri  
Lanka and Approves  
US\\$ 426.8 Million  
Disbursement](#)  
April 2, 2012

March 15, 2012

The following item is a Letter of Intent of the government of Sri Lanka, which describes the policies that Sri Lanka intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Sri Lanka, is being made available on the IMF website by agreement with the member as a service to users of the [IMF](#) website.

[Country's Policy  
Intentions Documents](#)

**E-Mail Notification**  
[Subscribe](#) or [Modify](#)  
your subscription

## SRI LANKA: LETTER OF INTENT

Colombo, March 15, 2012

Ms. Christine Lagarde  
Managing Director  
International Monetary Fund  
Washington, DC 20431

Dear Ms. Lagarde

This letter supplements the Memorandum of Economic and Financial Policies of July 16, 2009 and the Letters of Intent dated October 30, 2009; June 19, 2010; September 14, 2010; January 17, 2011; and March 15, 2011.

1. The economy performed well in many respects in 2011. Output growth stayed strong, at 8¼ percent, and inflation remained subdued. Program performance under the Seventh Review was also on track in the first half of 2011, with all of the end-June 2011 quantitative targets and most of the outstanding structural benchmarks met.
2. Though economic fundamentals were healthy, there were emerging signs in the third quarter that the balance of payments was coming under pressure. A stronger-than-expected rebound in the growth of credit and domestic demand, as well as higher-than-expected oil prices, led to a significant increase in imports, and despite healthy growth in exports and remittances, the current account deficit widened sharply to 7½ percent of GDP. As a result, although the end-December target for net domestic financing of the budget was met, the floor on net international reserves was missed by a large margin. Moreover, higher international petroleum prices and lower hydroelectricity production due to low rainfall resulted in the Ceylon Petroleum Corporation and the Ceylon Electricity Board continuing to incur significant losses.
3. Recognizing the downside risks of these emerging trends against the backdrop of global uncertainties, the Sri Lankan authorities introduced several corrective measures:
  - Following a 3-percent depreciation of the rupee in November 2011, the trading band on the exchange rate was discontinued in early February 2012 to allow greater exchange rate flexibility and reduce intervention in the foreign exchange market
  - Policy rates were raised and directions were given to banks to limit their credit growth, which will result in limiting the expansion of credit to below 20 percent and significantly decelerating monetary expansion in 2012.

- In keeping with global price developments, domestic petroleum and electricity prices were increased by an average of 32 percent and 20 percent, respectively. This revision offset increased costs and reduced the losses of the state energy corporations. An increase in petroleum taxes also served to fund measures to cushion the impact of the price increases on the most vulnerable, non-electrified household consumers, the fisheries sector and small service operators, and ensure the achievement of the fiscal deficit target of 6¼ percent of GDP for 2012.
4. As a result of these policy changes, the rupee depreciated by around 5 percent to Rs 120/\$ immediately after the trading band was removed and is now trading freely at around Rs. 124/\$. Since early February, we have limited Central Bank sales of foreign exchange to supporting the oil bill on a declining scale. This has sharply reduced the level of intervention in recent weeks and the corresponding decline in reserves. More immediately, we expect to start rebuilding our net international reserves and aim, at least, to reverse the recent decline in net international reserves completely by end-2012. We are confident that the package of measures taken will reduce the external current account deficit towards a sustainable level by the end of 2012. We are firmly committed to a flexible monetary and exchange rate policy under which we will take whatever necessary steps that are needed to achieve these objectives.
5. Beyond these changes, our policy agenda remains in line with the *Sri Lanka - Emerging Wonder of Asia: Mahinda Chintana – Vision for the Future: The Development Policy Framework of the Government of Sri Lanka*, which has been described in the program’s Memorandum of Economic and Financial Policies and subsequent Letters of Intent. We will continue the restructuring of the state-owned Electricity Board and Petroleum Corporation to place them on a financially sound footing. We have already restructured overdue obligations between these two enterprises. Cabinet approval for the amendments to the Petroleum Act to strengthen the regulatory framework, is on track and is expected to be received in the second quarter. The Cabinet has also approved amendments to the Banking Act to reform the banking regulatory and supervisory framework, and we look forward to the forthcoming FSAP update, which will help strengthen our banking supervision framework further.
6. We request completion of the Seventh Review of the Stand-By Arrangement (SBA), following which we intend to draw one tranche amounting to SDR 275.6 million. We request waivers of non-observance for the end-December 2011 performance criteria on net international reserves given the corrective actions discussed in paragraph 3, as well as the performance criteria on reserve money, which was missed for technical reasons, though the central bank’s target was met by a comfortable margin.

7. We request an extension of the SBA to July 23, 2012 and that the remaining purchase be rephased to provide more time for our new flexible exchange rate regime to become established while we stabilize and then start rebuilding net international reserves before the program expires. At that time we could review the way forward to continue the above reforms and policy measures and ensure that the economy is placed firmly on a sustainable growth path. We request the establishment of end-June 2012 performance criteria and indicative targets with respect to the completion of the Eighth and final review under the arrangement to be scheduled for July 16 as discussed in the Technical Memorandum of Understanding and the attached table.

8. We believe that the policies set forth in this and previous Letters of Intent are adequate to achieve the objectives of our economic program, but the authorities stand ready to take additional measures as appropriate to ensure achievement of the objectives. We will continue to liaise with the IMF when modifying measures contained in this letter, or adopting measures that would deviate from program goals, and provide the IMF with the information necessary for program monitoring.

9. In keeping with its policy of transparency, the Government has authorized the publication of this letter and the attached Technical Memorandum of Understanding.

Yours sincerely,

/s/

/s/

Gitanjana Gunawardena  
Deputy Minister of Finance and Planning

Ajith Nivard Cabraal  
Governor, Central Bank of Sri Lanka

**Table 1. Sri Lanka: Quantitative Performance Criteria (PC) and Indicative Targets (IT)**

	2009		2010		2011			2012		
			End-Jun. Performance Criteria			End-Dec. Performance Criteria			End-Mar. Indicative Targets	End-Jun. Performance Criteria on NIR and Indicative Targets on Reserve Money and NDF
			EBS/11/46	Adj.	Prel.	EBS/11/46	Adj.	Prel.		
<b>Quantitative performance criteria</b>										
Net International Reserves (NIR) of the Central Bank of Sri Lanka (CBSL) (floor, cumulative change from the beginning of the year, in million US\$) 1/ 2/ 3/ 4/ 5/	2,725	-115	35	164	357	129	1,359	-1,061	-684	-670
Reserve money of the CBSL (ceiling, eop stock, in million rupees)	303,500	360,000	402,199	420,356	405,310	416,167	434,324	442,436	468,500	474,165
Net domestic financing (NDF) of the central government from the banking system and the non-bank sector (ceiling, cumulative from the beginning of the year, in million rupees) 6/ 7/ 8/ 9/ 10/	392,476	349,149	188,602	195,026	191,346	358,650	277,311	259,245	230,814	300,478
<b>Continous performance criteria</b>										
Accumulation of new external payment arrears (ceiling, eop, in million US\$)	0	0	0		0	0		0	...	...
<b>Indicative targets</b>										
Overall balance of the Ceylon Petroleum Corporation and the Ceylon Electricity Board (floor, cumulative from the beginning of the year, in million rupees)	-19,400	-35,685	...			0		-99,000		
<b>Memorandum items:</b>										
External debt service assumed under the program (cumulative from the beginning of the year, in million rupees) 7/	141,914	96,555	57,915		64,339	116,466		132,411		
Privatization proceeds to the central government in connection with the sale of central government assets (in million rupees) 8/	0	0	0		0	0		0		
Outstanding claims by the Bank of Ceylon on the central government (Item VIII (e, 1) on the balance sheet of the Bank of Ceylon, in million rupees) 9/	6,038	6,038	1,575		1,575	1,575		1,575		
Foreign program financing assumed under the program (cumulative from the beginning of the year, in million US\$)	0	50	...		...	...		...		...
External commercial loans (including Eurobonds and syndicated loans) assumed under the program (cumulative from the beginning of the year, in million US\$) 2/	500	0	0		0	0		1,000	0	0
Cumulative net inflows into the Treasury Bill and Treasury Bond market assumed under the program (cumulative from the beginning of the year, in million US\$) 1/	1,345	0	0		100	0		232	...	...
Official external debt service assumed under the program (cumulative from the beginning of the year, in million US\$) 3/	878	824	531		502	1,070		1,072	...	...
Settlement of syndicated loans assumed under the program (cumulative from the beginning of the year, in million US\$) 4/	225	25	0		0	0		0	0	0
Outstanding value (i.e., receivables) on swaps and forwards by CBSL (eop stock, in million US\$) 5/	245	200	0		0	0		0	782	782

1/ If the cumulative net inflows into the Treasury Bill market and Treasury Bond market is higher/lower in U.S. dollar terms than assumed under the program, the

2/ If the amount of commercial borrowing (including Eurobonds and syndicated loans) is higher/lower in U.S. dollar terms than assumed under the program, the floor on NIR will be adjusted upward/downward by the cumulative difference on the test date.

3/ If the amount of official external debt service by the central government in U.S. dollars is higher/lower than assumed under the program, the floor on NIR will be adjusted downward/upward by the cumulative differences on the test date (discontinued after Dec 2011).

4/ If the amount of debt service on syndicated loans by the central government in U.S. dollars is higher/lower than assumed under the program, the floor on NIR will be adjusted downward/upward by the cumulative differences on the test date.

5/ If the outstanding value on swaps and forwards is higher/lower than assumed under the program, the floor on NIR will be adjusted upward/downward by the difference on the test date. This adjustor is introduced from end-March 2012. The outstanding value as of February 29, 2012 was \$782 million. The downward adjustment in the NIR target will be up to a maximum of \$ 600 million.

6/ If the amount of external loans is higher/lower in rupee terms than assumed under the program, the cumulative ceiling on net domestic financing of the central government will be adjusted downward/upward by the cumulative difference in external loans on the test date. From end-December, external loans will be defined as external program loans and external commercial loans (including Eurobonds and syndicated loans).

7/ If the amount of external debt service by the central government in rupee terms is higher/lower than assumed under the program, the ceiling on net domestic financing of the central government will be adjusted upward/downward by the cumulative difference in external debt service payments measured in rupees.

8/ If the amount of privatization proceeds to the central government in connection with the sale of central government assets is higher/lower than assumed under the program, the cumulative ceiling on NDF of the central government will be adjusted downward/upward by the cumulative receipt/reimbursement of any privatization proceeds.

9/ If the amount of outstanding claims by the Bank of Ceylon on the central government (Item VIII (e, 1) on the balance sheet of the Bank of Ceylon) is lower in rupee terms than assumed under the program, the NDF of the central government will be adjusted upward by the difference on

10/ The 2012 indicative targets on NDF include restructuring bonds amounting to Rs. 60,000 million issued to settle outstanding dues from state owned institutions to the Ceylon Petroleum Corporation.

Table 2. Sri Lanka: Structural Benchmarks (SB)

Structural Benchmarks	Date	Status
Recapitalization of Seylan Bank through a public share issuance.	9/30/2009	Implemented
A contingency plan for orderly workouts of problem banks and financial institutions will be developed by the CBSL.	9/30/2009	Implemented
Approval by the Monetary Board of a revised Banking Act and other pertinent laws and legislations that: (i) improve the bank resolution framework that more clearly defines the provisions for acquisition, and roles of the conservator and liquidator; and (ii) strengthens the definition of large exposures and related parties to better capture all material risks.	9/30/2009	Implemented
Submission by the tax review commission of an interim report, including on base broadening measures to be incorporated into the 2010 budget.	10/15/2009	Implemented with delays
Approval by Parliament of an interim budget for the first four months of 2010 consistent with program targets.	12/15/2009	Implemented
Develop a plan to address outstanding debts between the CEB, CPC and state-owned banks.	12/31/2009	Implemented
Issuance of prudential regulations and guidelines to credit card companies and payment service providers.	12/31/2009	Implemented
Submission to parliament of the 2010 budget consistent with program targets.	4/30/2010	Implemented with delays
Submission to the parliament of a revised Finance Business Act which includes clarifying the legal authority of the CBSL in enforcing its regulations on all deposit taking finance companies.	5/31/2010	Implemented with delays
Submission by the Presidential Tax Commission of a final report, including specific tax reform measures.	8/31/2010	Implemented with delays
Parliamentary approval of full-year 2010 budget consistent with program targets	8/31/2010	Implemented
Issuance of regulations to establish a deposit insurance scheme.	9/30/2010	Implemented
Submission to parliament of the 2011 budget consistent with program targets, including income tax and VAT reform measures.	11/30/2010	Implemented
Cabinet approval of a regulatory framework for private-sector superannuation funds.	12/31/2010	Not met
Restructure the overdue obligations accumulated up to end-2009 by Ceylon Electricity Board to Ceylon Petroleum Corporation.	12/31/2010	Implemented with delays
Amend BOI regulations	3/31/2011	Implemented
Amend the Strategic Investment Law and issue supporting regulations on defining and contracting strategic projects	3/31/2011	Implemented
Cabinet approval of amendments to the Banking Act	3/31/2011	Implemented with delays
Cabinet approval of amendments to the Petroleum Act	9/30/2011	Not met
Submission to parliament of the 2012 budget	11/30/2011	Implemented

## ATTACHMENT II

### TECHNICAL MEMORANDUM OF UNDERSTANDING

1. **This Technical Memorandum of Understanding sets out a framework for monitoring the performance of Sri Lanka under the program supported by the Stand-By Arrangement (SBA).** It specifies the performance criteria and indicative targets (including adjustors) under which Sri Lanka's performance will be assessed for the eighth and final review contemplated for completion by July 16, 2012.

#### I. FISCAL TARGETS

##### A. Indicative Target on Net Domestic Financing of the Central Government

2. **Net domestic financing (NDF) is defined as the change in net credit to the central government by the domestic banking system and the net change in holdings of treasury bills and other government securities by the domestic non-bank sector.** For the purpose of program monitoring, the central government is defined to include line ministries, departments, and other public institutions. The Central Bank of Sri Lanka (CBSL), state-owned enterprise, parastatals and other agencies that do not receive subventions from the central government are excluded from the definition of central government. NDF of the central government is defined as the sum of (i) net borrowing from the CBSL (ways and means advances, loans, holdings of treasury bills, treasury bonds, and other central government bonds minus deposits); (ii) net borrowing from domestic commercial banks and the domestic non-bank sector (loans, advances, holdings of restructuring bonds, and holdings of treasury bills and other central government securities minus deposits); and foreign holdings of Treasury Bills and Treasury Bonds. In 2009, NDF of the central government defined in this manner amounted to Rs. 392.5 billion. Of this amount, Rs. 49.0 billion was net borrowing from the domestic banking system, Rs. 185.2 billion was net borrowing from the domestic non-bank sector, Rs. 146.9 billion was net foreign inflows into the Treasury Bill and Treasury Bond markets and Rs. 11.3 billion was net borrowing from other sources.

##### B. Indicative Target on the Sum of the Overall Balance of the Ceylon Electricity Board and the Ceylon Petroleum Corporation

3. The balance of the overall profit or loss position of the Ceylon Electricity Board (CEB) and the Ceylon Petroleum Corporation (CPC) from their operating income statements is measured from above the line on an accrual basis. At end-December 2009, the sum of that overall position of the CEB and CPC defined in this manner stood at Rs. -19.4 billion.

#### II. MONETARY TARGETS

##### A. Indicative Target on Reserve Money of the CBSL

4. **Reserve money of the CBSL** consists of currency in circulation (with banks and with the rest of the public), financial institutions' domestic currency deposits at the CBSL, and the deposits of following government agencies: the National Defense Fund (General Ledger Acc.

No. 4278), the Buddha Sasana Fund A/C (General Ledger Acc. No. 4279); and the Road Maintenance Trust Fund (General Ledger Acc. No. 4281). At end-December 2009, reserve money defined in this manner stood at Rs. 303.5 billion. For the purpose of program monitoring, reserve money on the test date shall be measured as average reserve money during the prevailing reserve week (Friday to Thursday).

### III. EXTERNAL SECTOR TARGETS

#### A. Performance Criterion on Net Official International Reserves

5. **Net official international reserves (NIR) is defined as (i) the difference between the gross foreign assets and liabilities of the CBSL and (ii) the balance of State Treasury's (DSTs) Special Dollar and Yen Revolving accounts, both expressed in terms of market values.** Gross foreign assets of the CBSL consists of monetary gold; foreign exchange balances held outside Sri Lanka; foreign securities (valued in market prices); foreign bills purchased and discounted; the reserve position at the IMF and SDR holdings; and the Crown Agent's credit balance. Excluded from gross foreign assets will be participation in international financial institutions; holdings of nonconvertible currencies; holdings of precious metals other than monetary gold; claims on residents (e.g., statutory reserves on foreign currency deposits of commercial banks and central bank foreign currency deposits with resident commercial banks) pledged, non-liquid, collateralized or otherwise encumbered foreign assets (such as the government's war risk insurance deposit with Lloyds during 2001/02); and claims in foreign exchange arising from derivative transactions (such as futures, forwards, swaps and options). Gross foreign liabilities are all foreign currency denominated liabilities of the CBSL to non-residents; the use of Fund credit; Asian Clearing Union debit balance and commitments to sell foreign exchange arising from derivatives such as futures, forwards, swaps, and options. In addition, NIR will include the balance of the DSTs' Special Dollar and Yen Revolving accounts. DST accounts are foreign currency accounts held by the Treasury and managed by the CBSL as an agent of the government. At end-December 2009, NIR defined in this manner stood at U.S. dollars 4,150 million.

#### **The following adjustment will apply:**

6. If the amount of commercial borrowing (including Eurobonds and syndicated loans)—as set out in Table 4—is higher/lower in U.S. dollar terms than assumed under the program, the floor on NIR will be adjusted upward/downward by the cumulative difference on the test date.

7. An adjustor to the NIR target of the CBSL will be implemented to reflect changes in the CBSL's net position under foreign exchange forwards and swaps. Specifically, if the outstanding value on forwards and swaps is higher/lower than assumed under the program (Table 4), the NIR target of the CBSL will be adjusted upward/downward by the change in the outstanding value of forwards and swaps relative to the programmed level. The CBSL's outstanding value on swaps and forwards was \$782 million at February 29, 2012. The downward adjustment in the NIR target will be up to a maximum of \$600 million.

8. The floor on NIR will be adjusted upward for any increase in Sri Lanka's allocation of Special Drawing Rights (SDR) from the IMF. Sri Lanka's SDR allocation at the time of approval of this arrangement amounted to SDR 70.868 million.

#### **B. Performance Criterion on External Payment Arrears**

9. **A continuous performance criterion applies to the nonaccumulation of external payments arrears on external debt contracted or guaranteed by the central government (as defined in ¶2) or the CBSL.** External payments arrears consist of external debt-service obligations (principal and interest) on debt as defined in ¶9 that have not been paid at the time they are due, as specified in the contractual agreements. However, overdue debt and debt service obligations that are in dispute will not be considered as external payments arrears for the purposes of program monitoring.

#### **IV. DATA REPORTING REQUIREMENTS**

10. Sri Lanka shall provide the Fund, through reports at intervals or dates requested by the Fund, with such information as the Fund requests in connection with the progress of Sri Lanka in achieving the objectives and policies set forth in the Memorandum of Economic and Financial Policies. All the program monitoring data will be provided by the Ministry of Finance and the Central Bank of Sri Lanka (CBSL). Data relating to the external and monetary targets will be furnished within no more than three weeks after the end of each month.<sup>1</sup> With regards to the fiscal targets, the data in table 5 will be furnished within no more than five weeks after the end of each month and the data in table 6 within no more than nine weeks after the end of each month. For the overall balance of the CEB and the CPC, estimates will be available within four weeks.

11. For the purpose of monitoring the fiscal performance under the program, data will be provided in the format as shown in Tables 5 and 6.

12. For the purpose of monitoring the monetary targets under the program, data will be provided in the format shown in Table 7.

13. For the purpose of monitoring the external sector performance under the program, data will be provided in the format shown in Tables 8 and 9.

---

<sup>1</sup> The deadline for submitting monetary and external data for end-December 2010 and 2011 will be five weeks due to the added time needed to close the books at the end of the year.

Table 1. Sri Lanka: External Financing Assumptions  
(cumulative from the beginning of the year, in millions of rupees)

	2010	2011		2012		
	Dec	Mar	Jun	Dec	Mar	Jun
External Program Loans	5,699	...	...	...	...	...
External Commercial Loans	0	0	0	0	...	...
External Debt Service	96,555	31,221	57,915	116,466	...	...

Table 2. Sri Lanka: Assumptions on Privatization Proceeds  
(cumulative from the beginning of the year, in millions of rupees)

	2010	2011		2012		
	Dec	Mar	Jun	Dec	Mar	Jun
Privatization Proceeds	0	0	0	0	...	...

Table 3. Sri Lanka: Outstanding Claims by the Bank of Ceylon on the Central Government  
(item VIII (e, 1) on the balance sheet of the Bank of Ceylon, in millions of rupees)

	2010	2011		2012		
	Dec	Mar	Jun	Dec	Mar	Jun
Foreign Bills Inward	6,038	1,575	1,575	1,575	...	...

Table 4. Sri Lanka: External Financing for NIR Purposes

(cumulative from the beginning of the year unless otherwise stated, in millions of U.S. dollars)

	2010	2011		2012		
	Dec	Mar	Jun	Dec	Mar	Jun
Program Loans	50	...	...	...	...	...
External Commercial Loans	0	0	0	0	0	0
Treasury Bills/Bonds	0	0	0	0	...	...
Official External debt service	824	250	531	1,070	...	...
Settlement of Syndicated Loans	25	0	0	0	...	...
Outstanding value on swaps and forwards by CBSL 1/	200	0	0	0	782	782

1/ End of period stock.

**Table 5. Sri Lanka: Summary of Central Government Operations 1/**

(In millions of rupees)

**Total revenue****Tax revenue**

Income taxes

Value added tax

Domestic

Imports

Excise taxes

Tax on liquor

Tax on cigarettes/tobacco

Petroleum

Motor vehicle

Other

Stamp duties

Port and airport development duty

Debit tax

Import duties

Cess levy

Special commodity levy

Nation Building Tax

Telephone subscriber levy

Licence taxes and other

**Nontax revenue****Grants****Total expenditure and net lending***of which:* Interest payments

Foreign

Commercial

Domestic

**Overall balance of central Government****Financing**

Net domestic financing

Net external financing

*of which:* Program loans*of which:* Project loans*of which:* Commercial borrowing*of which:* Amortization

Privatization

1/ As agreed for the purpose of monitoring the program

<b>Table 6. Sri Lanka: Central Government Expenditure 1/</b>
(In millions of rupees)
<b>Total expenditure and net lending</b>
<b>Current expenditure</b>
Civil service wages and salaries
Other civilian goods and services
Security related expenditure
Subsidies and transfers
Households
<i>Of which</i> : Samurdhi
Pensions
Fertilizer
Institutions, corporations, other government agencies
Interest payments
Foreign
Commercial
Domestic
<b>Capital expenditure and net lending</b>

1/ As agreed for the purpose of monitoring the program

<b>Table 7. Sri Lanka: Balance Sheet of the Central Bank 1/</b>
(In millions of rupees)
<b>Net foreign assets</b>
<b>Foreign assets</b>
Cash and balances abroad
Foreign securities
Claims on ACU
SDRs
IMF related assets
Receivables
Foreign currency reserve
<b>Foreign liabilities</b>
IMF and nonresident account
Liabilities to ACU
<b>Net domestic assets</b>
<b>Claims on government</b>
Advances
Treasury bills and bonds
Cash items in collection
<b>Government deposits</b>
<b>Claims on commercial banks</b>
Medium and long term
Short term
<b>Other items net</b>
<b>Reserve money</b>
Currency in circulation
Commercial bank deposits
Government agencies deposits

1/ As agreed for the purpose of monitoring the program

<b>Table 8. Sri Lanka: Summary of Central Bank Foreign Exchange Operations 1/</b>	
(In millions of USD)	
<b>1. Total inflows</b>	
Loans	
Program	
IMF	
Project (cash component only)	
Interest earnings, forex trading profits, cap gains	
Purchases of foreign exchange	
Change in balances in DST's A/Cs	
Other inflows	
Borrowing from SLDBs	
Loans from FCBUs	
Syndicated Loans	
Commercial loans	
Repayments of BOC and PB claims	
<b>2. Total outflows</b>	
Public Debt Service Payments	
Amortization	
Principal (foreign loans)	
Settlement SLDBs	
Settlement FCBU	
Settlement of syndicated loans	
Interest	
Foreign loans	
Domestic foreign currency loans	
Payments to the IMF/ change in valuation of liabilities	
Foreign exchange sales to commercial banks	
Foreign exchange deposits at BOC and PB	
<b>3. Net flow at current rates (1-2)</b>	
<b>Net International Reserves</b>	
<b>Gross International Reserves</b>	
<b>Cumulative net inflows into the Treasury Bill/Bond market</b>	

1/ As agreed for the purpose of monitoring the program

Table 9. Sri Lanka: Estimated Gross Official Reserve Position (in US\$ million) 1/

Date	Central Bank		Reserve Position at I.M.F. & SDR hol. 3	Total 4	Government			Total Gross Official Reserves		Liabilities					Net International Reserves	Overall balance	
	Reserves managed by IOD				Crown Agent's Credit Balance 5	D S T's Special Dollar Revolving Cr.balance 6	DST's Yen Accounts 7	Total 8	(without ACU) 9	(with ACU) 10	Other Deposits	Asian Clearing Union	Drawings from the IMF	Currency Swap			Total
	(without ACU) 1	(with ACU) 2															

1/ As agreed for the purpose of monitoring the program