Ministry of Finance, Planning and Economic Development
Central Bank of Sri Lanka

Investor Call – 10th of August 2026

Opening remarks

Dr. Harshana Suriyapperuma

Secretary to the Treasury and Ministry of Finance, Planning and Economic Development

I. SRI LANKA CONTINUES TO MAKE SUBSTANTIAL PROGRESS IN ITS IMF PROGRAM

Sri Lanka is making steady and successful progress under its US$3bn IMF program

Sri Lanka's program performance remains strong, with the combined 5th and 6th Reviews having been approved by the IMF Executive Board in May 2026(1)

2022 — *30-June 2022, Beginning of the engagement with IMF*

2023 — *21-March 2023, Board approval of the IMF Program*

2024 — *13-June 2024, Board approval on 2nd IMF review*

2025 — *3-March 2025, Board approval on 3rd IMF Review*

3-July 2025, Board approval on 4th IMF review

2026 — *28-May 2026, Board approval of combined 5th and 6th IMF Reviews*

> **Sri Lanka's strong implementation under the EFF arrangement has continued despite challenging circumstances. Gains from the economic reform program helped preserve economic resilience and provided room to respond to cyclone Ditwah and the Middle East war. […] Program performance remains generally strong.**
>
> *INTERNATIONAL MONETARY FUND, PRESS RELEASE ON THE COMPLETION OF THE COMBINED FIFTH AND SIXTH REVIEWS, MAY 27TH, 2026*

Total IMF financial support disbursed since inception of the IMF Program:

SDR 1.78bn (c.US$2.4bn)(2)

Sources: International Monetary Fund and Sri Lankan Authorities
Note: (1) The Fifth and Sixth Reviews were combined given the time needed to assess the impact of Cyclone Ditwah, and were approved by the IMF Executive Board on May 27th, 2026; (2) Completion of the combined Fifth and Sixth Reviews provided access to an additional SDR 508 million (about US$695 million), bringing the total IMF financial support disbursed under the arrangement to SDR 1,778 million (about US$2.4 billion)

Sri Lanka has responded decisively to the Middle East conflict, supported by rebuilt buffers and continued IMF backing

IMPACT OF THE MIDDLE EAST CONFLICT

c.50% of oil imports transit via the Middle East, putting temporary pressure on energy prices (+29% y/y compared to -4% pre-conflict)

-20% y/y of tourist arrival in March due to disruptions in Middle Eastern hubs

Inflation and current account under moderate pressure from higher oil prices, contained by policy action

A SWIFT AND DECISIVE RESPONSE

c.US$695m
IMF disbursement approved in May 2026

c.US$2.4bn
total IMF support under the EFF program to date

US$6.5bn
gross official reserves at end-June 2026

c.3%
2026 GDP growth expected, after 5% in 2025

Swift government response: temporary relief package with targeted transfers to the vulnerable, fuel supplies secured, and restoration of cost-recovery energy pricing (prior action)

*"Sri Lanka today is in a **much stronger position than it was during the 2022 crisis** [...] the economy is **expected to remain resilient**"*
International Monetary Fund — Completion of the combined 5th and 6th Reviews, May 27th, 2026

Sources: IMF Staff Report – Fifth and Sixth Reviews under the EFF, approved by the Executive Board on May 27th, 2026; IMF Press Release No. 26/172

In parallel, the Authorities continue to progress the implementation of the required program reforms

1 FISCAL REFORMS

- ✓ Updated Value-Added Tax system, raised to 18% in January 2024
- ✓ SOE reforms, such as implementation of cost reflective pricing mechanisms and the unbundling of Ceylon Electricity Board into 6 separate entities
- ✓ PFM and Public Debt Management Acts being operationalized in 2026, with new payment procedures and the Meridian debt-management information system
- ✓ Appropriation Act adopted and operationalized in 2025
- ✓ Rule-based tax incentives under SDP & Port City

2 RESTORE PUBLIC DEBT SUSTAINABILITY

See next section

3 RESTORE PRICE STABILITY, REBUILD BUFFERS

- ✓ Central Bank Act, approved in 2023 by Parliament to boost central bank independence and cease monetary financing
- ✓ Gross international reserves rebuilt to US$6.5bn at end-June 2026 (c.60% of the ARA metric), with all end-2025 NIR targets met
- ✓ More flexibility in exchange rate determination
- ✓ Inflation back in positive territory since August 2025 (5.9% y/y on average in Q2 2026), within the 5±2% monetary policy framework

4 SAFEGUARD FINANCIAL SYSTEM STABILITY

- ✓ Strengthened Regulatory Framework of the Banking Sector: Amendments to the Banking Act and enhanced regulations reinforcing banking sector resilience, governance and risk management.
- ✓ Introduction of the new Banking (Special Provisions) Act aiming at strengthening the banking resolution tools for the CBSL
- ✓ Supervision extended to finance companies through Finance Business Act amendments and modernized crisis-management frameworks

5 REDUCE CORRUPTION AND FOSTER GROWTH

- ✓ 2026 Governance Action Plan published in March 2026, embedding judicial and CIABOC reforms, with quarterly progress reporting
- ✓ Enactment of a comprehensive Asset Recovery Law (Proceeds of Crime Act) harmonized with the United Nations Convention Against Corruption
- ✓ Trade-led growth agenda: reapplication to the EU GSP+ scheme and adoption of a National Tariff Policy

Sources: International Monetary Fund and Sri Lankan Authorities

II. SRI LANKA'S DEBT RESTRUCTURING PROCESS IS CLOSE TO COMPLETION (END-2025 UPDATE)

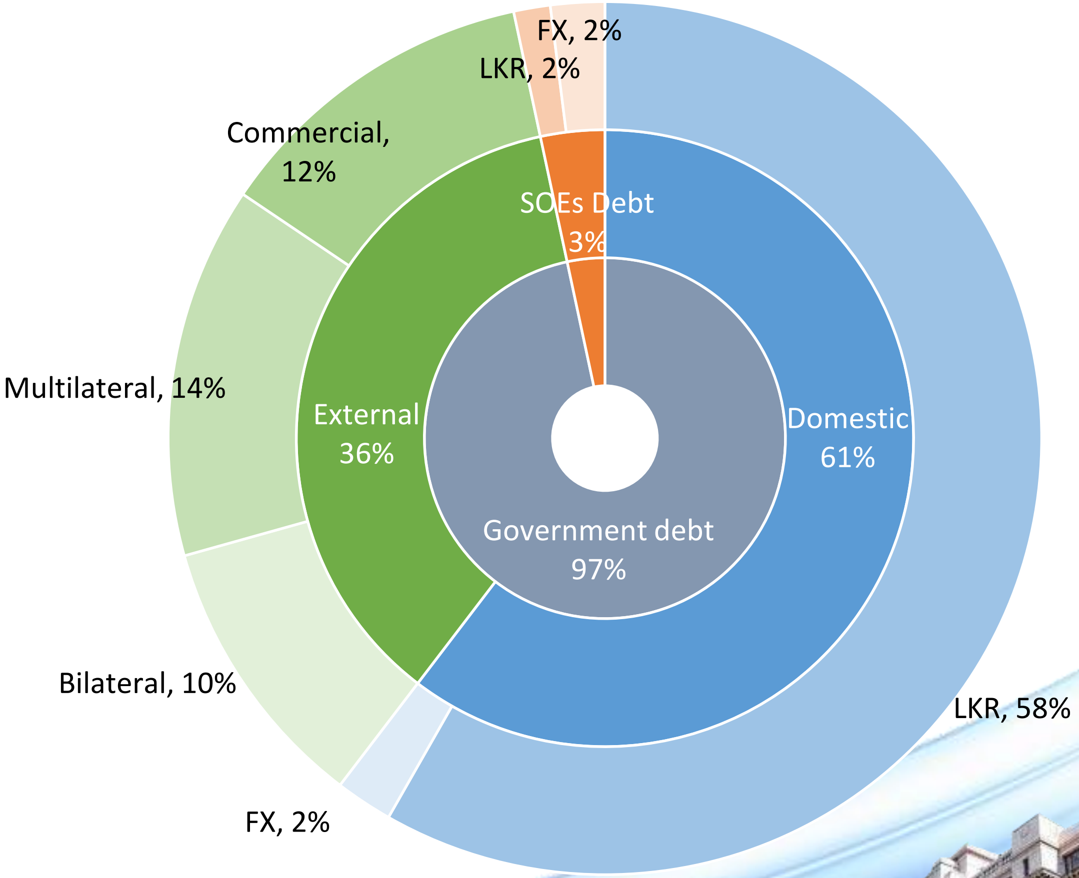
Overview of Sri Lanka's public debt as of end-2025

Summary of Sri Lanka's Public Debt as of December 31, 2025

		USD million	End December 2025[1]
Debt of the Government	**Domestic Debt**		**62,693**
		LKR Denominated	60,489
		FX Denominated	2,204
	External Debt		**37,663**
		Bilateral	10,678
		Multilateral	14,314
		Market Borrowings	12,671
	Total Debt of the Government		**100,356**
SOE Debt		LKR Denominated	1,407
		FX Denominated[2]	2,077
	Total Debt of SOEs		**3,484**
PC & LG Debt		Provincial Councils (PCs)	0
		Local Governments (LGs) *LKR Denominated*	21
	Total PC & LG Debt		**21**
		Total Public Debt	103,861 ***(95% of GDP[3])***

Sri Lanka's Public Debt Breakdown

As of end December 2025



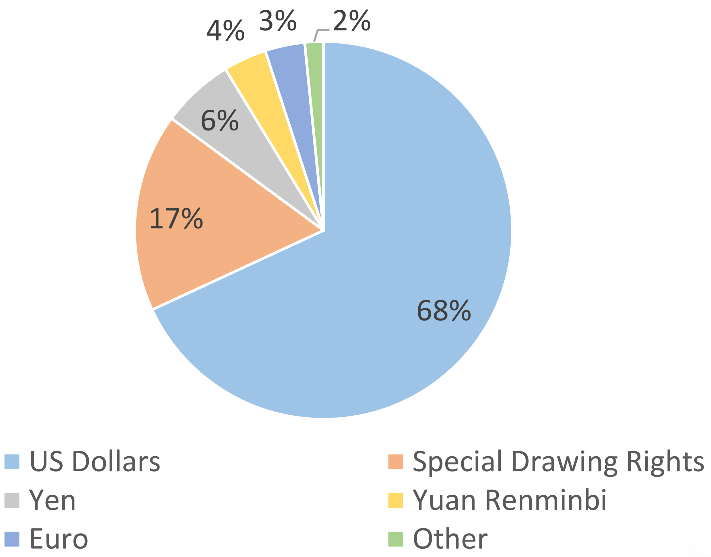
Sources: Public Debt Management Office and Central Bank of Sri Lanka
Notes: (1) For the conversion of figures in different currencies into US$, the exchange rates as of 31st December 2025 have been used (ex. US$:LKR = USD:LKR = 309.9944), (2) Includes the Central Bank of Sri Lanka facility with the Reserve Bank of India, (3) Nominal GDP projected at US$ 108.8bn as of end-2025 (CBSL Annual Economic Review of 2025, April 2026)

Key features of Sri Lanka's Central Government external debt

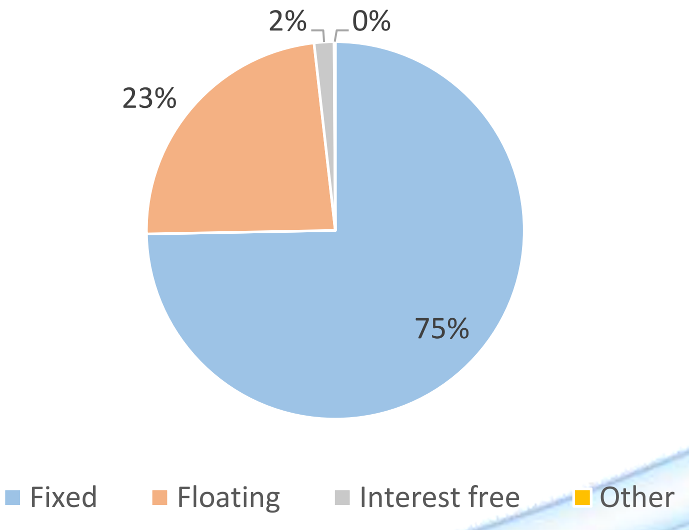
Key indicators of Sri Lanka's Central Government external debt as of end-2025

1	Share of external debt obtained at fixed interest rate	*75 %*
2	Share of external debt obtained at floating interest rate	*23 %*

Composition of external debt by currency



Composition of external debt by type of interest



Source: Public Debt Management Office

Status of the public external debt restructuring as of August 2026

As of August 2026, Sri Lanka has reached agreement on terms with just under 99% of its external creditors and fully implemented over 94% of its public external debt restructuring

Main external creditors *Central Government and SOE Guar.*	Debt outstanding as of end-Dec 2025[1]	Type of debt	Agreement on terms	Implementation status
Bilateral creditors				
Official Creditor Committee (17 member countries)	US$ 5,812m	*Bilateral and ECA-backed loans*	✓	Ongoing signature of bilateral agreements
China Exim Bank	US$ 4,225m	*Bilateral and ECA-backed loans*	✓	Implementation is concluded
Saudi Fund for Arab Economic Development	US$ 196m	*Bilateral loans*	✓	Implementation is concluded
China (Sinosure and HSBC)	US$ 153m	*ECA-backed loans*	✓	Ongoing drafting of the loan agreement
Kuwait Fund	US$ 95m	*Bilateral loans*	✓	Implementation is concluded
Other bilateral (Iran, Pakistan)	US$ 35m	*Bilateral and ECA-backed loans*	*In progress*	Debt treatment discussions expected to be finalized shortly
China (Sinosure and ICBC)	US$ 27m	*ECA-backed loan*	*In progress*	Debt treatment discussions ongoing
Commercial creditors				
International Sovereign Bondholders	US$ 10,255m	*International sovereign bonds*	✓	Implementation is concluded
China Development Bank	US$ 3,222m	*Commercial and ECA-backed loans*	✓	Implementation is concluded
SriLankan Airlines Bondholders	US$ 175m	*Sovereign guaranteed bond*	✓	Ongoing implementation of the agreement
Other commercials	~US$ 20m	*Commercial loans*	✓	Ongoing drafting of the loan agreements
Other International Sovereign Bondholders (Hamilton Reserve Bank)	~US$ 250m+	*International sovereign bonds*	✗	Ongoing Court discussions

Source: Ministry of Finance, Planning and Economic Development
Note: (1) Excluding past due interests

Focus on the signature of bilateral agreements with the OCC members

As of August 2026, Sri Lanka has finalized 11 bilateral agreements with the Official Creditor Committee for a total amount of US$ 4.3bn, having signed 10 agreements

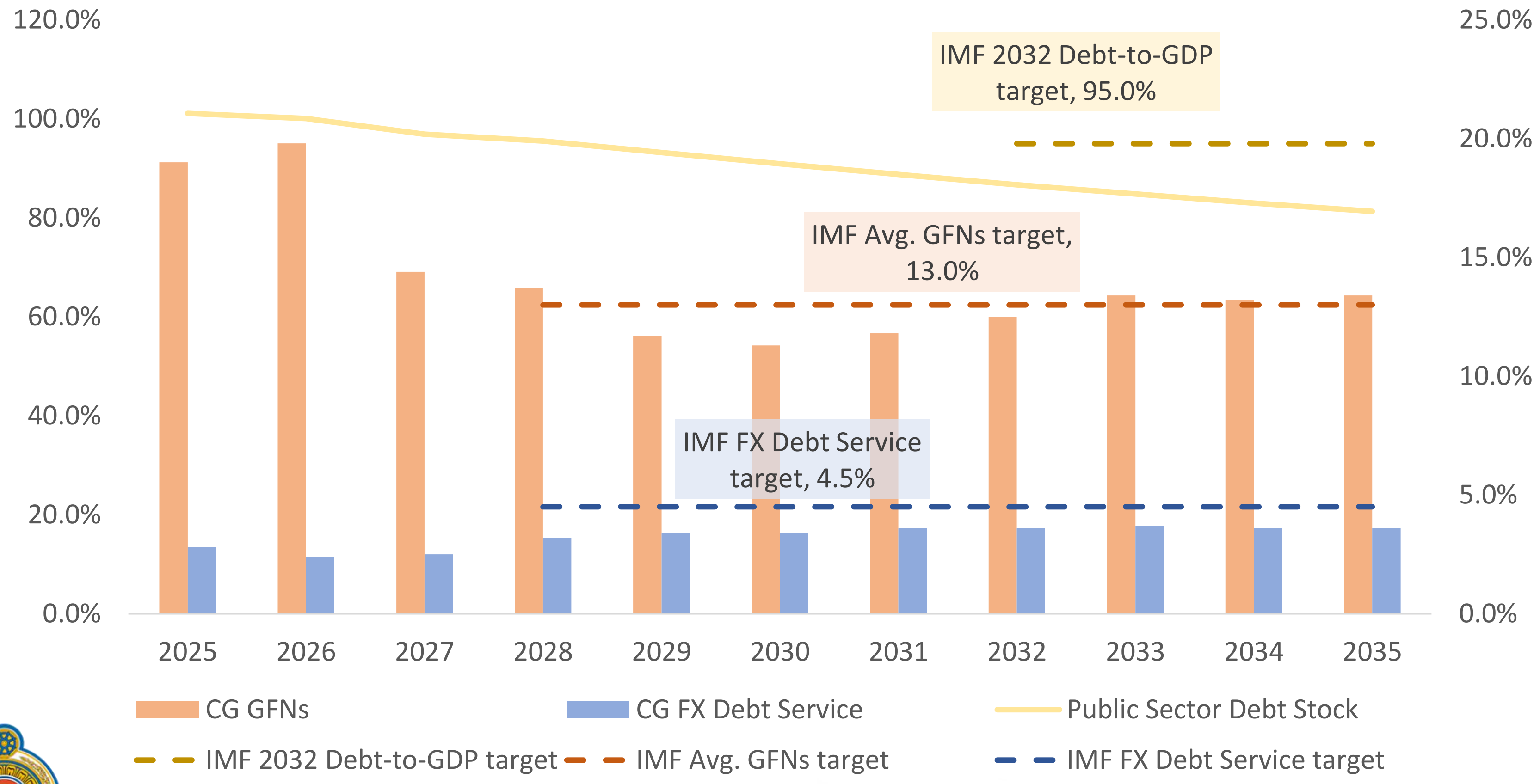
OCC member *Central Government and SOE Guar.*	Total restructured amounts as of June 2026[1]	Implementation status
Japan	US$ 2,185m	✓ *Finalized, agreement signed on 7 March 2025*
India	US$ 800m	✓ *Finalized, agreement signed on 25 March 2026*
France	US$ 446m	✓ *Finalized, agreement signed on 16 June 2025*
Hungary	US$ 35m	✓ *Finalized for 2 agreements (out of 3) signed on 1 July 2025*
UK	US$ 200m	✓ *Finalized, agreement signed on 2 August 2025*
Australia	US$ 39m	✓ *Finalized, agreement signed on 27 October 2025*
Denmark	US$ 39m	✓ *Finalized, agreement signed on 11 November 2025*
Germany	US$ 215m	✓ *Finalized, agreement signed on 7 January 2026*
Belgium	US$ 11m	✓ *Finalized, agreement signed on 24 January 2026*
Korea	US$ 259m	✓ *Finalized, agreement signed on 24 April 2026*
Spain	US$ 84m	✓ *Finalized, agreement signed on 9 April 2026 for ICO* ✓ *Pending signature for CESCE*
Austria		▪ *Ongoing discussions*
Canada		▪ *Ongoing discussions*
Netherlands		▪ *Ongoing discussions*
Russia		▪ *Ongoing discussions*
Sweden		▪ *Ongoing discussions*
USA		▪ *Ongoing discussions*

Source: Authorities as of August 2026
Note: (1) Provisional including past due interests; for the conversion of figures in different currencies into USD, the exchange rates as of 30th June 2026 have been used

Sri Lanka remains on a sustainable debt trajectory following the completion of its restructuring, keeping debt metrics below IMF DSA targets

Overview of Sri Lanka's DSA indicator performance[1]

In % of GDP, Public Sector Debt Stock (lhs), CG GFNs and FX Debt Service (rhs)



1 ✓ **Debt stock target: 95% of GDP by 2032**

2 ✓ **GFN target: avg. 13% of GDP in 2027-2032**

3 ✓ **FX debt service target: max 4.5% of GDP in 2027-2032**

Source: International Monetary Fund

Note (1) Based on the IMF 5th and 6th Review Debt Sustainability Analysis. Debt projections assume that the highest Macro-Linked Bonds threshold is triggered due to stronger growth and exchange rate developments

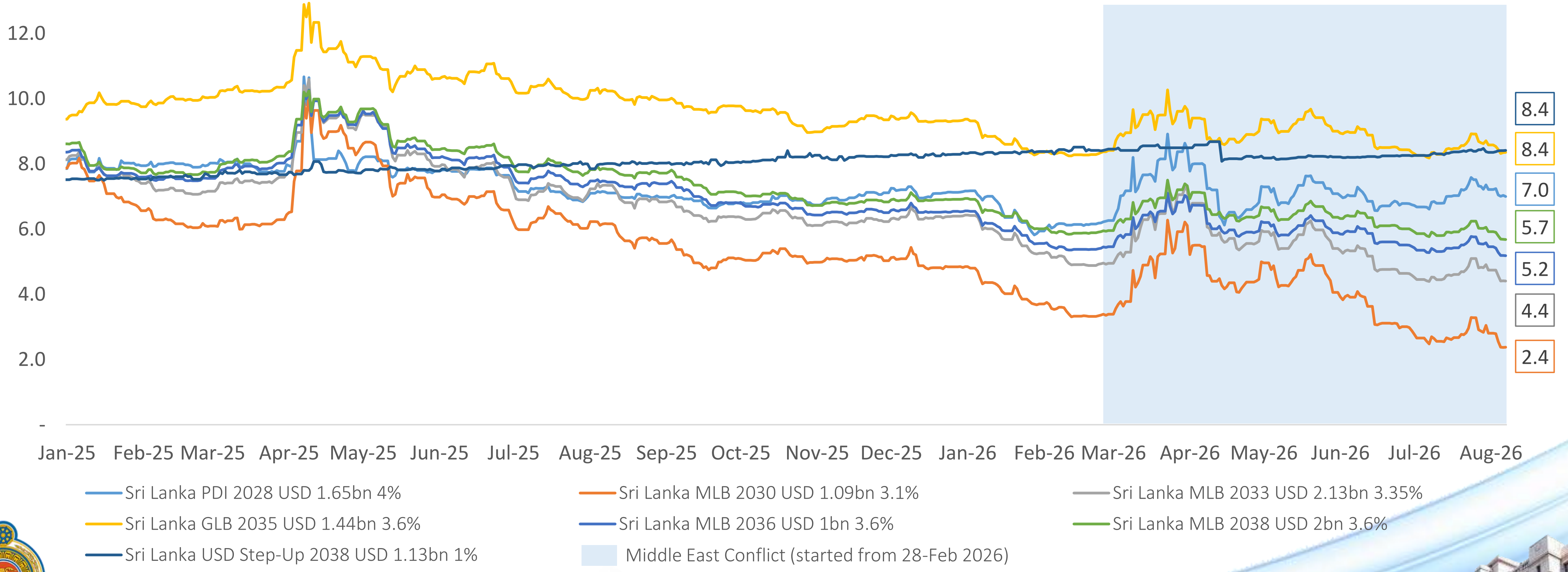
Yields remain well below pre-restructuring levels despite temporary volatility from the Middle East conflict

Overview of Sri Lanka's International Sovereign Bonds yield performance

In %, since January 2025 – Based on Bid Yield to Convention

Middle East Conflict

Temporary spike amid the Middle East conflict with yields edging slightly up due to increasing recent uncertainty



Source: Bloomberg as of August 7th 2026

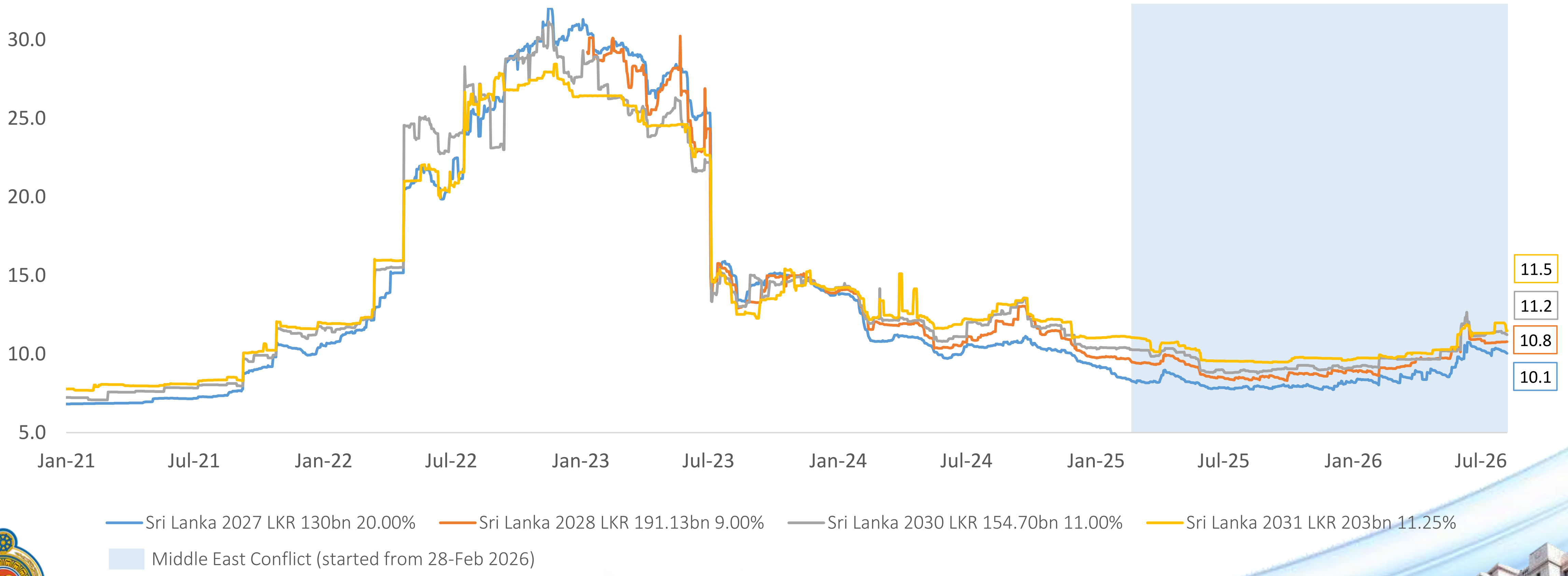
Domestic financing conditions remain anchored at pre-crisis levels despite temporary pressures

Overview of Sri Lanka Domestic Sovereign Bonds yield performance

In %, since January 2021 – Based on Bid Yield to Convention

Middle East Conflict

Temporary rise in early July on heavy auction supply, higher June inflation and mild rupee pressure. This trend is since normalizing

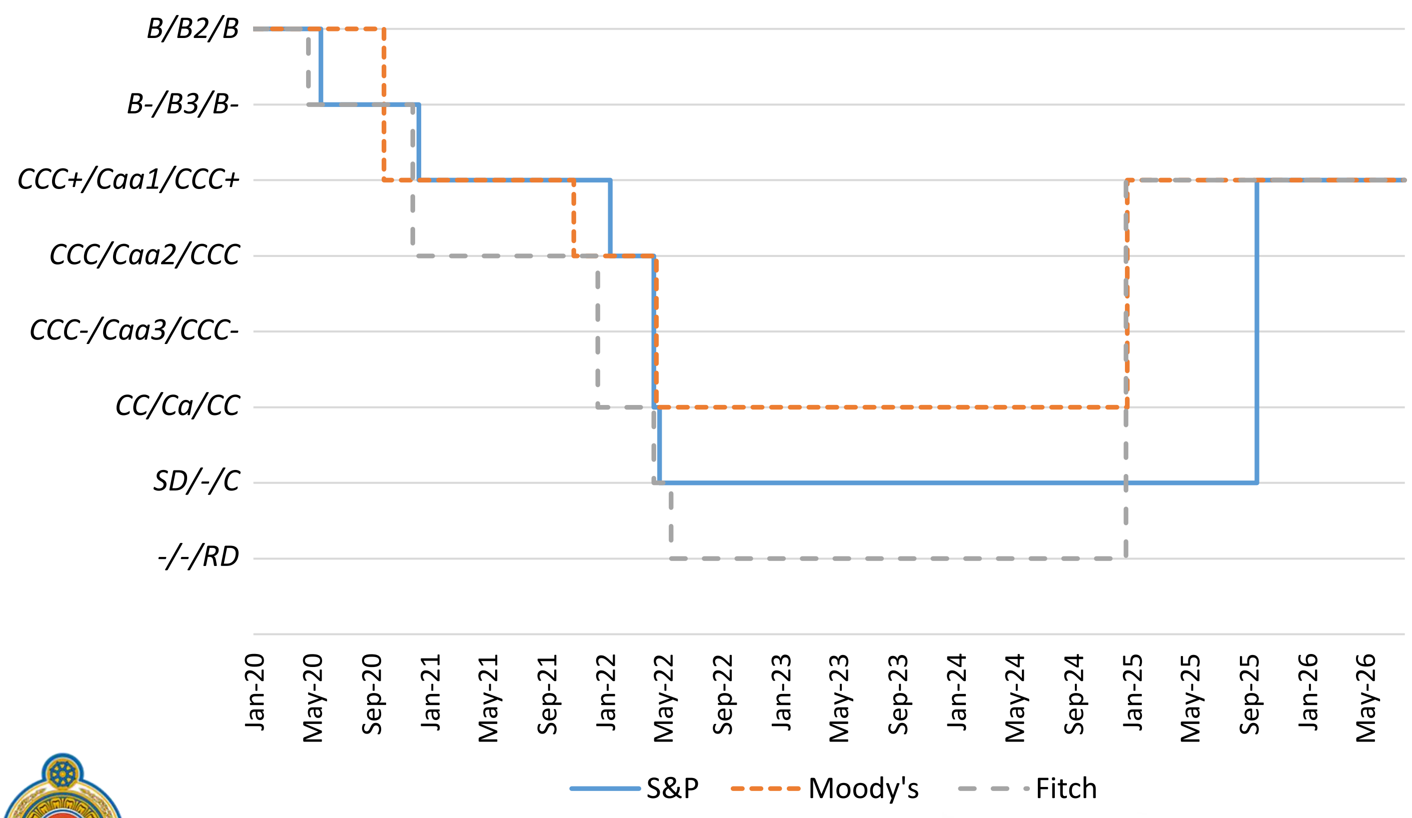


Source: Bloomberg as of August 7th 2026

Sri Lanka’s credit ratings have fully exited default status

Ratings have exited default status thanks to the progress of the restructuring

S&P/Moody’s/Fitch



Overview of Sri Lanka’s Credit Rating

S&P Global Ratings	Moody’s	Fitch Ratings
CCC+ (Stable) *Upgrade Sept. 2025*	**Caa1 (Stable)** *Affirmed Jul. 2026*	**CCC+ (Stable)** *Affirmed Apr. 2026*

“**The upgrade reflects Sri Lanka's recent efforts to complete the restructuring of its remaining commercial debt**. […] The ratings are supported by its **strong economic recovery**, rapid **fiscal consolidation** and reform […], accumulation of FX reserves, **an improving external position**, and sustained progress in reducing fiscal risks from its SOE."

S&P Global Ratings

S&P, SEPTEMBER 2025

“Sri Lanka’s economy sustained its recovery momentum into early 2026, with **real GDP expanding by 5.1% year-on-year in Q1 2026** following **full-year growth of around 5% in 2025**. Growth was primarily supported by firm private consumption, reflecting improving real incomes, resilient remittance inflows and strengthening consumer sentiment."

Moody’s

MOODY’S, JUL 2026

“**Sustained reform momentum is supporting a solid economic recovery**, low inflation, a substantial positive fiscal adjustment, and improvements in external finances."

Fitch Ratings

FITCH, APRIL 2026

Sources: S&P, Moody’s and Fitch

III. ECONOMIC, FISCAL AND EXTERNAL PERFORMANCES HAVE SHOWN RESILIENCE IN FACE OF CURRENT GLOBAL UNCERTAINTY

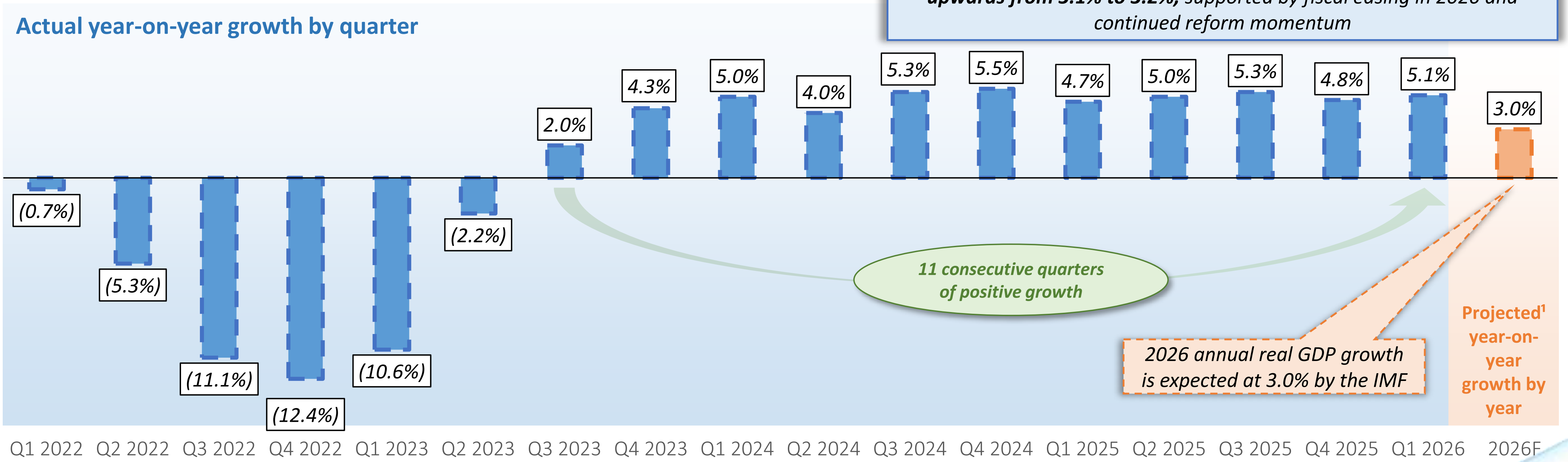
Sri Lanka continues to achieve positive GDP growth…

Real GDP Growth Trajectory (historical)

Real GDP growth, in % change (Q1 2022A-2026F)

Middle East Conflict

*The IMF further revised downwards projections for 2026 from 3.1% to 3.0% to reflect uncertainty surrounding the Middle East Conflict. However, **growth is expected to return to potential with 2027 projections revised upwards from 3.1% to 3.2%,** supported by fiscal easing in 2026 and continued reform momentum*



- Sri Lanka's macroeconomic performance has continued to strengthen, with yearly real growth projected to remain robust at 3.0% in 2026 according to the IMF

Sources: Central Bank of Sri Lanka and International Monetary Fund
Note: (1) Projection based on the IMF's Sri Lanka Fifth and Sixth Reviews under the Extended Arrangement under the Extended Fund Facility dated May 2026

…And is projected to maintain consistent growth going forward

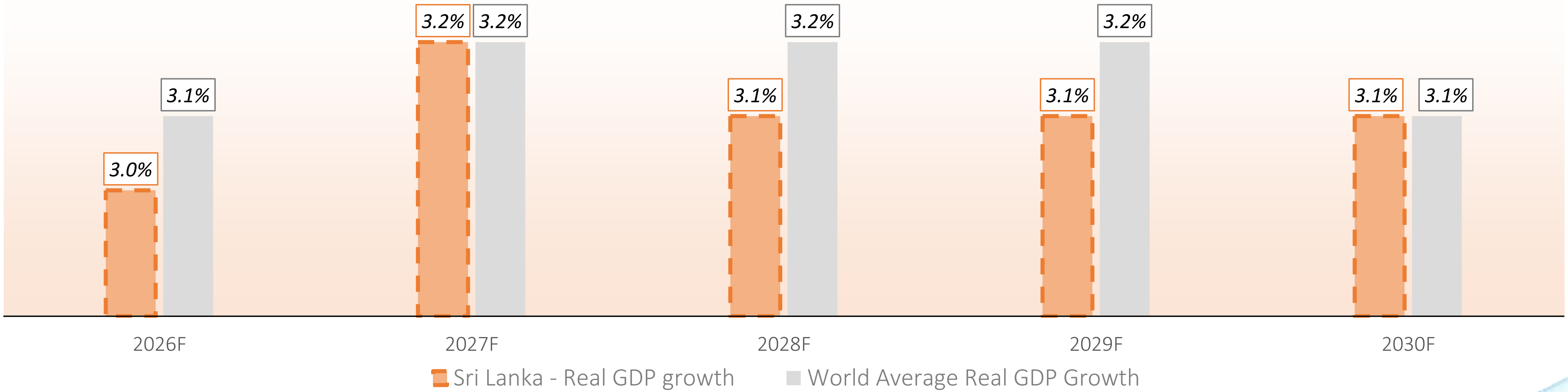
Middle East Conflict

The conflict has weakened the 2026 outlook, but the shock is expected to be transitory: ***from 2027, fiscal easing and reform momentum should drive a catch-up in growth back to potential (3.2%), recovering the ground lost in 2026***

Real GDP Growth Trajectory (forecasts)

Real GDP growth, in % change (2026F-2030F)

Projected[1] year-on-year growth by year



- Sri Lanka's real GDP growth is expected to remain robust and close to global averages, averaging 3.1% between 2028 and 2030

Source: International Monetary Fund

Note: (1) Projection based on the IMF's Sri Lanka Fifth and Sixth Reviews under the Extended Arrangement under the Extended Fund Facility dated May 2026, and IMF World Economic Outlook published in April 2026 for the World average real GDP growth

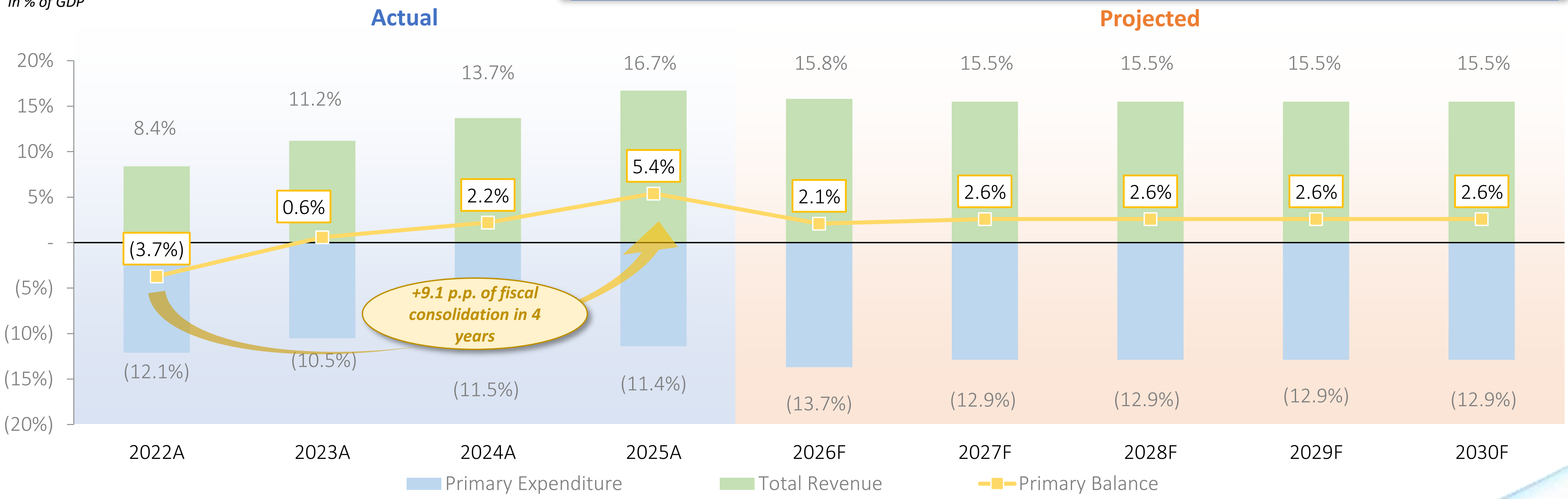
Sri Lanka is committed to fiscal consolidation

Middle East Conflict

Despite a temporary relief package (capped at LKR100bn, ~US$323mn) financing fuel, electricity, and fertilizer subsidies to cushion the Middle East conflict's impact, the Government remains committed to its medium-term 2.6% primary surplus target, relying on 2025's 5.4% revenue overperformance and expenditure re-prioritization to absorb the shock

Central Government Primary Balance

In % of GDP



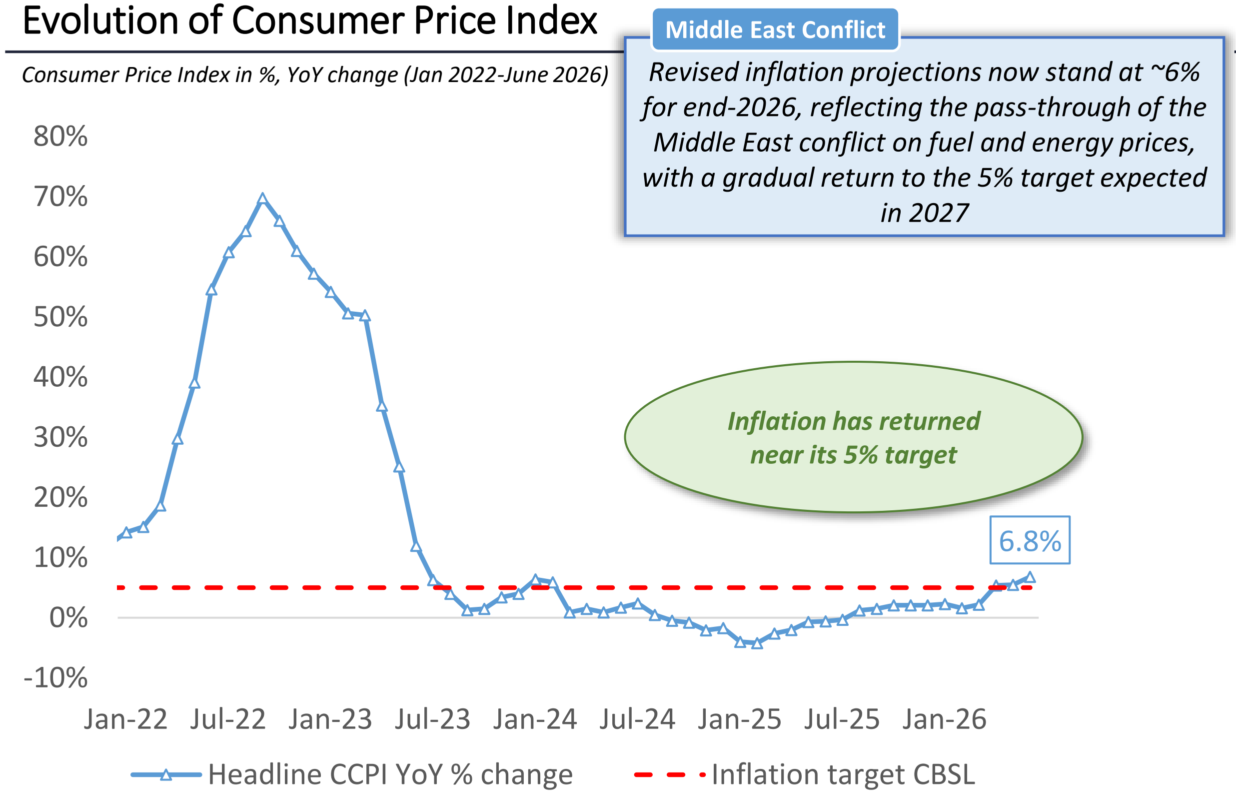
- Public finances have continued to improve on the back of substantial government reforms, with the primary surplus reaching 5.4% of GDP in 2025, well above the 2.3% program target, driven by a 1.6 percentage point revenue overperformance, mainly reflecting demand for motor vehicles (import-related revenues of 2.8% of GDP) and improved domestic VAT collection.

Source: Fiscal Strategy Statement 2027 as of June 2026 at https://www.treasury.gov.lk/api/file/4f526647-b266-4ebe-aeee-ae6612c47cd3

Inflation is back near target and FX reserves continue strengthening, despite recent pressures

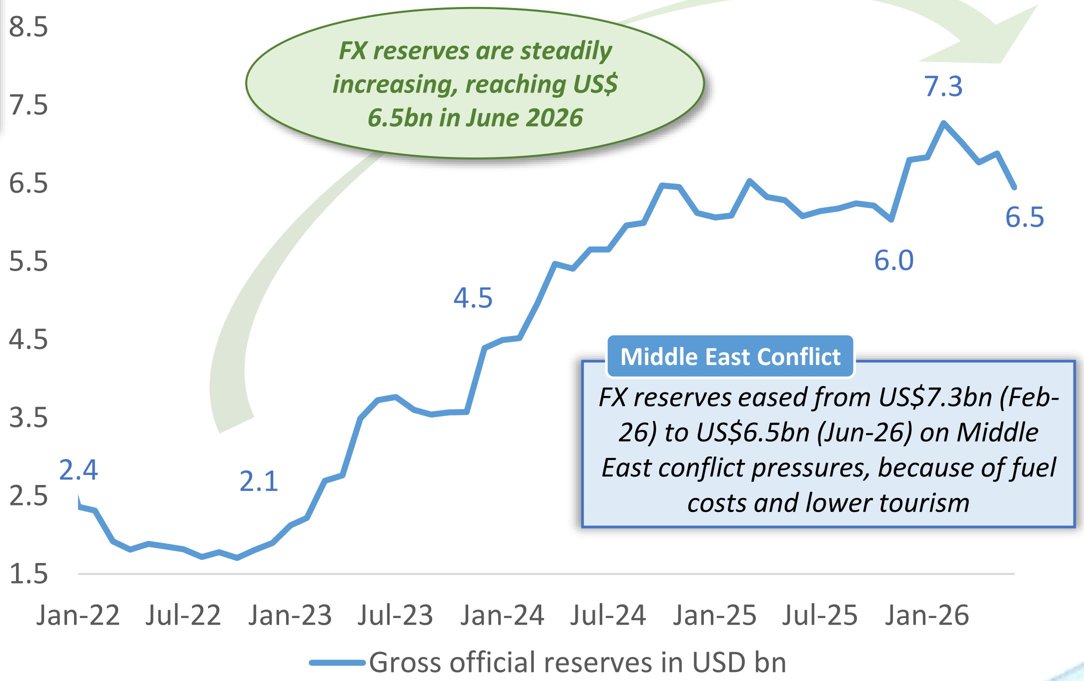
Evolution of Consumer Price Index

Consumer Price Index in %, YoY change (Jan 2022-June 2026)



Evolution of Foreign Exchange Reserves

Gross Official Reserves (US$bn), Jan 2022-June 2026



- External conditions have broadly stabilized, with reserves holding near US$6.5bn on resilient remittances, even as inflation has slightly overperformed its target to 6.8% on higher fuel and energy costs from the Middle East conflict.

Source: Central Bank of Sri Lanka

The Authorities continue pursuing ambitious priorities to secure Sri Lanka's economic recovery

1

Economic stabilisation measures

- **Cyclone reconstruction and targeted, temporary relief in response to the Middle East conflict**
- **Development of a Medium-Term Revenue Strategy to entrench revenue mobilisation beyond the IMF program period**
- **Completion of the few remaining agreements to close out the debt restructuring**
- **Continued rebuilding of fiscal and external buffers, with gross reserves already at c.60% of the IMF's adequacy metric**

2

Growth enhancing economic reforms

- **Focus on non-debt creating inflows:** logistics, IT services, tourism, exports & FDI
- **Inclusive growth:** agricultural modernisation, integrated rural development
- **Public service delivery and competitiveness:** digitisation, investment climate and trade facilitation, EU GSP+ reapplication
- **Reform payoff**: IMF estimates these reforms could lift real GDP by 4ppts in the short term and 8ppts in the long term

3

Strengthening democracy and governance reforms

- **Strengthened fiscal governance through new legislation on PPPs, SOEs, public procurement and public asset management**
- **Democratisation of the economy** creating an inclusive economic structure
- **Implementation of the 2026 Governance Action Plan,** embedding judicial and anti-corruption reforms, with quarterly progress reporting

Source: Sri Lankan Authorities