



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

Investor Call – 11th February 2026

Opening remarks



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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 5th Review having been approved by the IMF Staff in October 2025⁽¹⁾



Sri Lanka's ambitious reform agenda continues to deliver commendable outcomes. The economy grew by 4.8 percent y/y in 2025 H1 and we expect growth to remain solid in 2025. [...] **Program performance is strong, underpinned by good fiscal revenue outcomes and improvements in external resilience.** The reform momentum should be sustained to safeguard macroeconomic stability and enhance Sri Lanka's resilience to shocks.

INTERNATIONAL MONETARY FUND, STATEMENT BY THE IMF STAFF ON OCTOBER 9TH, 2025



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

SDR 1.27bn (US\$1.74bn)⁽²⁾



Sources: International Monetary Fund and Sri Lankan Authorities

Note: (1) Given the time needed to assess the impact of the cyclone, Board Approval for the Fifth Review under the EFF is deferred to early 2026; (2) Upon completion of the Fifth Executive Board review, Sri Lanka would have access to an additional SDR 254 million (about US\$347 million), bringing the total IMF financial support disbursed under the arrangement to SDR 1,524 million (about US\$2.04 billion)



In November 2025, Sri Lanka was hit by a catastrophic cyclone requiring urgent humanitarian and reconstruction needs

Impact of floods



Urgent balance-of-payments and fiscal pressures



US\$ 4.1 bn estimated recovery / reconstruction costs added to the 2026 budget



More than 100,000 people displaced and several damages in critical infrastructures

Support for Sri Lanka



Multilateral institutions support: The IMF approved US\$ 206m in emergency financing, while the World Bank repurposed US\$120m from existing projects



Bilateral help: India announced a major support of US\$ 450m. The US, the EU and other countries also joined the effort



NGO intervention: IOM, WHO and other foundations provided technical and financial support

The cyclone struck as Sri Lanka is emerging from a deep economic crisis and the **IMF-supported reform program under the EFF is bearing fruit**. Sustained **adherence to the reform agenda** has underpinned a **robust economic recovery**, price stability, substantial revenue-based fiscal consolidation, and progress rebuilding foreign exchange reserves. While recovery and reconstruction needs will be substantial, **the authorities remain committed to maintaining fiscal prudence to safeguard fiscal and debt sustainability**.

INTERNATIONAL MONETARY FUND, STATEMENT BY THE IMF EXECUTIVE BOARD ON DECEMBER 19TH, 2025



Still, 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
- ✓ Parliamentary approval of the Public Financial Management Act and the Public Debt Management Act, full implementation of the PFM law expected soon
- ✓ 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
- ✓ Rebuilding of reserves' buffer, in line with Net Official International Reserves targets set by IMF
- ✓ More flexibility in exchange rate determination
- ✓ Gradual lifting of import restrictions and phasing out of administrative measures imposed to support the Balance of Payments

4

SAFEGUARD FINANCIAL SYSTEM STABILITY

- ✓ Development of a recapitalisation plan for the local banking sector
- ✓ Introduction of the new Banking (Special Provisions) Act aiming at strengthening the banking resolution tools for the CBSL
- ✓ Parliament approval for the amendments to the Banking Act

5

REDUCE CORRUPTION AND FOSTER GROWTH

- ✓ Publication of the National Anti-corruption Agenda in February 2024, first action plan to combat corruption, following the IMF's governance diagnostic report
- ✓ Enactment of a comprehensive Asset Recovery Law (Proceeds of Crime Act) harmonized with the United Nations Convention Against Corruption



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



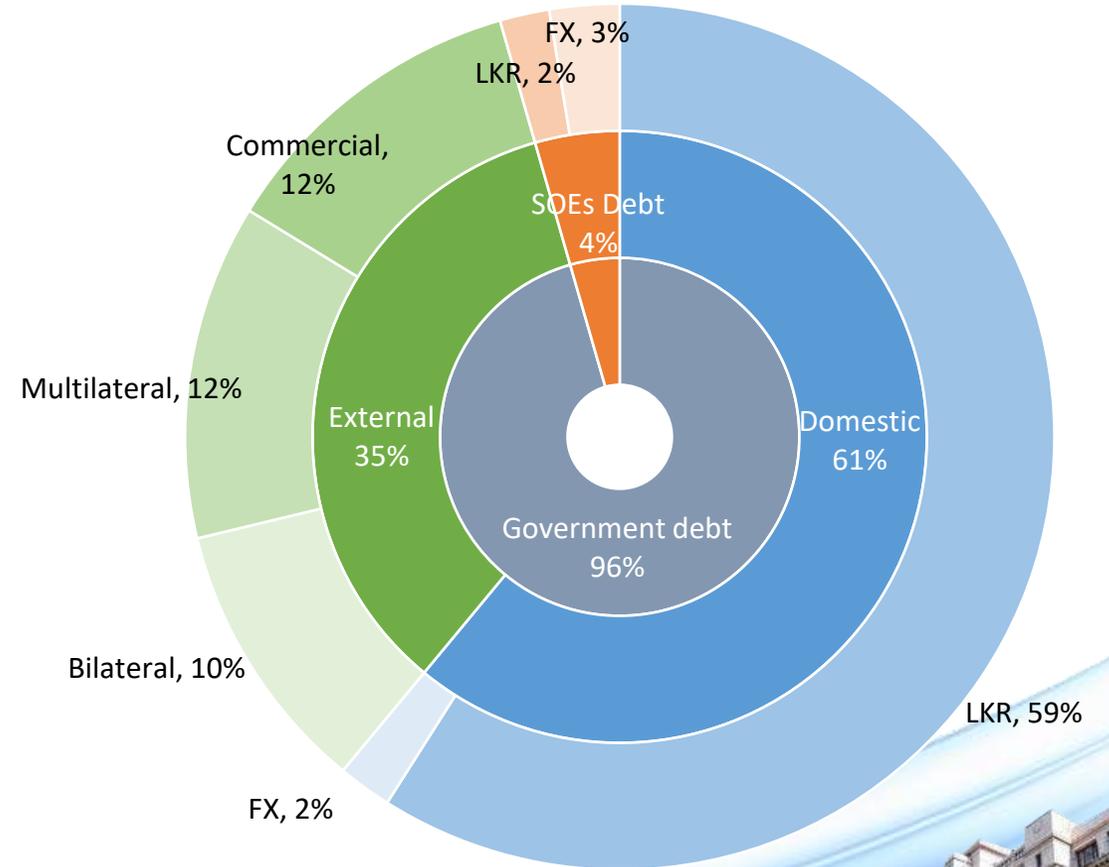
Overview of Sri Lanka's public debt as of mid-2025

Summary of Sri Lanka's Public Debt as of June 30, 2025

		<i>US\$ million</i>	End June 2025¹
Debt of the Government	Domestic Debt		65,524
	LKR Denominated		63,368
	FX Denominated		2,156
	External Debt		37,138
	Bilateral		11,001
	Multilateral		13,452
	Commercial		12,685
	Total Debt of the Government		102,662
SOE Debt	SOE Guaranteed Debt		4,771
	LKR Denominated		1,983
	FX Denominated ²		2,788
	Total Debt of SOEs		4,771
PC & LG Debt	Provincial Councils (PCs)		-
	Local Governments (LGs) <i>LKR Denominated</i>		26
	Total PC & LG Debt		26
Total Public Debt			107,459 (105% of GDP³)

Sri Lanka's Public Debt Breakdown

As of end June 2025

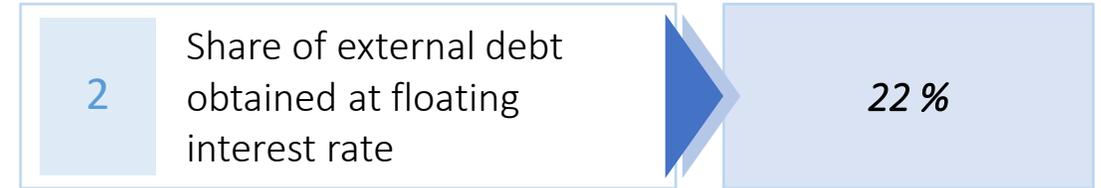
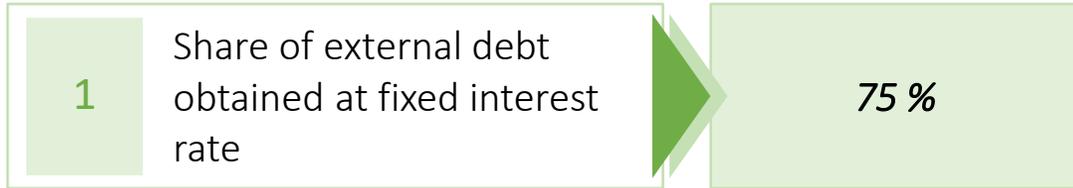


Source: Public Debt Management Office and Central Bank of Sri Lanka

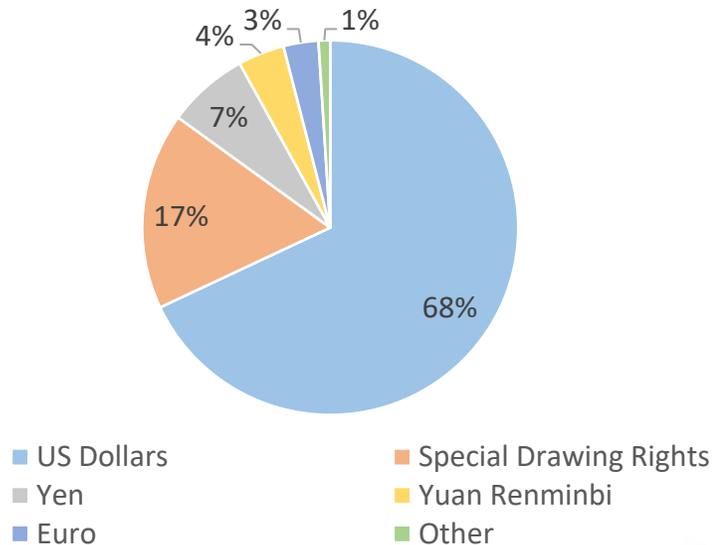
Notes: (1) Provisional, excluding past due interests. For the conversion of figures in different currencies into US\$, the exchange rates as of 30th June 2025 have been used (ex. US\$:LKR = 299.9674), (2) Includes the Central Bank of Sri Lanka facility with the Reserve Bank of India, (3) Nominal GDP projected at US\$ 102.15bn as of mid-2025 (IMF Country Report as of December 2025)

Key features of Sri Lanka's Central Government external debt

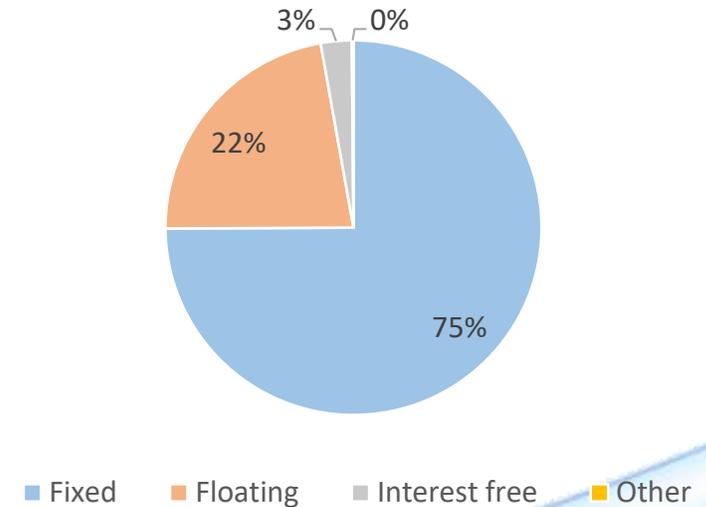
Key indicators of Sri Lanka's Central Government external debt as of mid-2025



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 February 2026

As of February 2026, Sri Lanka has reached agreement on terms with just under 99% of its external creditors and fully implemented over 92% of its public external debt restructuring

Main external creditors <i>Central Government and SOE Guar.</i>	Debt outstanding as of end-June 2025 ¹	Type of debt	Agreement on terms	Implementation status
Bilateral creditors				
Official Creditor Committee (17 member countries)	US\$ 6,057m	<i>Bilateral and ECA-backed loans</i>	✓	Ongoing signature of bilateral agreements
China Exim Bank	US\$ 4,197m	<i>Bilateral and ECA-backed loans</i>	✓	Implementation is concluded
Saudi Fund for Arab Economic Development	US\$ 177m	<i>Bilateral loans</i>	✓	Implementation is concluded
China (Sinosure and HSBC)	US\$ 153m	<i>ECA-backed loans</i>	✓	Ongoing drafting of the loan agreement
Kuwait	US\$ 96m	<i>Bilateral loans</i>	✓	Ongoing drafting of the loan agreement
Other bilateral (Iran, Pakistan)	US\$ 35m	<i>Bilateral and ECA-backed loans</i>	<i>In progress</i>	Debt treatment discussions expected to be finalized shortly
China (Sinosure and ICBC)	US\$ 27m	<i>ECA-backed loan</i>	<i>In progress</i>	Debt treatment discussions ongoing
Commercial creditors				
International Sovereign Bondholders	US\$ 10,255m	<i>International sovereign bonds</i>	✓	Implementation is concluded
China Development Bank	US\$ 3,243m	<i>Commercial and ECA-backed loans</i>	✓	Implementation is concluded
SriLankan Airlines Bondholders	US\$ 175m	<i>Sovereign guaranteed bond</i>	✓	Ongoing implementation of the agreement
Other commercials	~US\$ 20m	<i>Commercial loans</i>	✓	Ongoing drafting of the loan agreements
Other International Sovereign Bondholders (Hamilton Reserve Bank)	~US\$ 250m+	<i>International sovereign bonds</i>	✗	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 February 2026, Sri Lanka has finalized 11 bilateral agreements with the Official Creditor Committee for a total amount of US\$ 4.3bn, having signed 9 agreement

OCC member <i>Central Government and SOE Guar.</i>	Total restructured amounts as of end 2025 ⁽¹⁾	Implementation status
 Japan	US\$ 2,358m	✓ Finalized, agreement signed on 7 March 2025
 India	US\$ 939m	✓ Finalized, agreement signed in April 2025
 France	US\$ 450m	✓ Finalized, agreement signed on 16 June 2025
 Hungary	US\$ 35m	✓ Finalized for 2 agreements (out of 3) signed on 4 July 2025
 UK	US\$ 200m	✓ Finalized, agreement signed on 5 September 2025
 Australia	US\$ 39m	✓ Finalized, agreement signed on 27 October 2025
 Denmark	US\$ 39m	✓ Finalized, agreement signed on 18 November 2025
 Germany	US\$ 210m	✓ Finalized, agreement signed on 7 January 2026
 Belgium	US\$ 11m	✓ Finalized, agreement signed on 24 January 2026
 Korea	US\$ 277m	✓ Pending signature
 Spain	US\$ 86m	✓ Pending signature
 Austria		▪ Ongoing discussions
 Canada		▪ Ongoing discussions
 Netherlands		▪ Ongoing discussions
 Russia		▪ Ongoing discussions
 Sweden		▪ Ongoing discussions
 USA		▪ Ongoing discussions



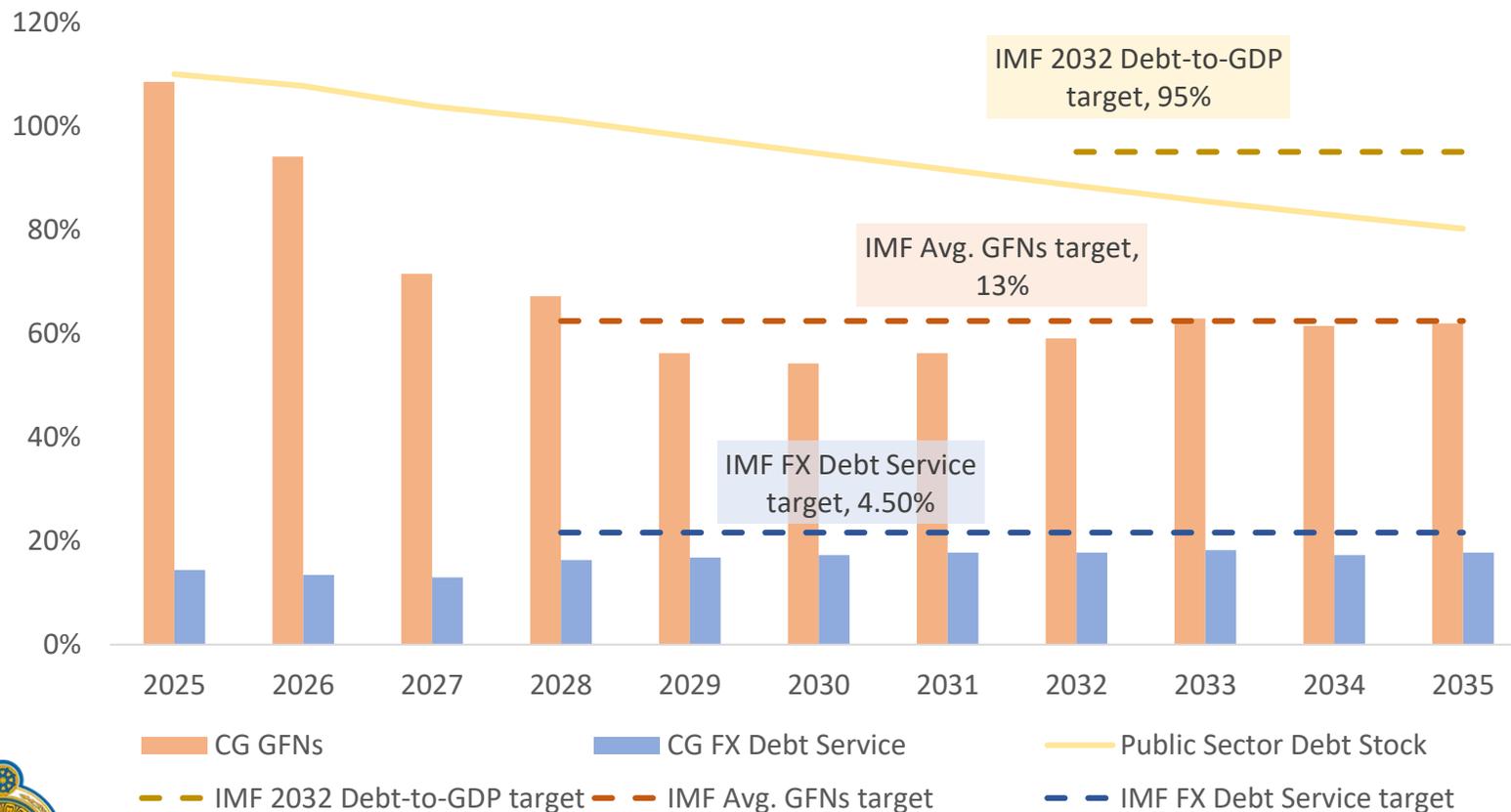
Source: Authorities as of February 6th, 2026

Note: (1) Provisional including past due interests; for the conversion of figures in different currencies into USD, the exchange rates as of 31st December 2025 have been used

The completion of the debt restructuring has placed Sri Lanka's debt on a sustainable trajectory, below the targets set by the IMF DSA

Overview of Sri Lanka's DSA indicator performance¹

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**



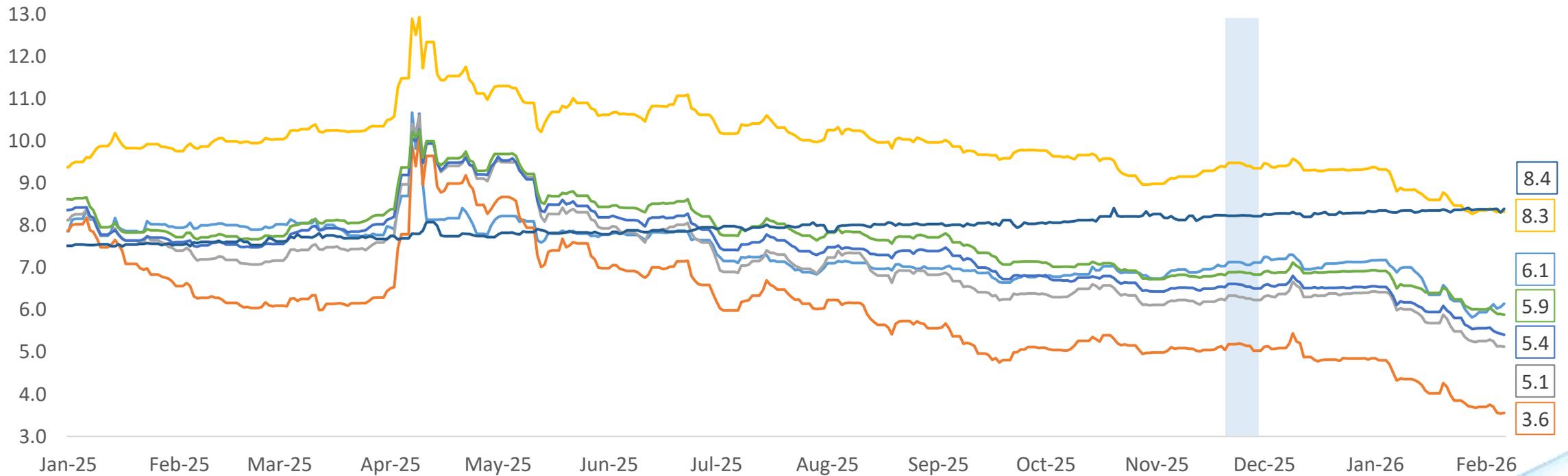
Source: International Monetary Fund
 Notes (1) Based on the IMF 4th Review Debt Sustainability Analysis. Debt projections assume that the first threshold of the Macro-Linked Bonds is triggered due to the stronger rupee leading to higher dollar GDP



Yields have steadily declined following debt restructuring, signaling restored market confidence

Overview of Sri Lanka's International Sovereign Bonds yield performance

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



Ditwah Cyclone
No significant impact on yields

- Sri Lanka PDI 2028 USD 1.65bn 4%
- Sri Lanka MLB 2030 USD 1.09bn 3.1%
- Sri Lanka MLB 2033 USD 2.13bn 3.35%
- Sri Lanka GLB 2035 USD 1.44bn 3.6%
- Sri Lanka MLB 2036 USD 1bn 3.6%
- Sri Lanka MLB 2038 USD 2bn 3.6%
- Ditwah Cyclone

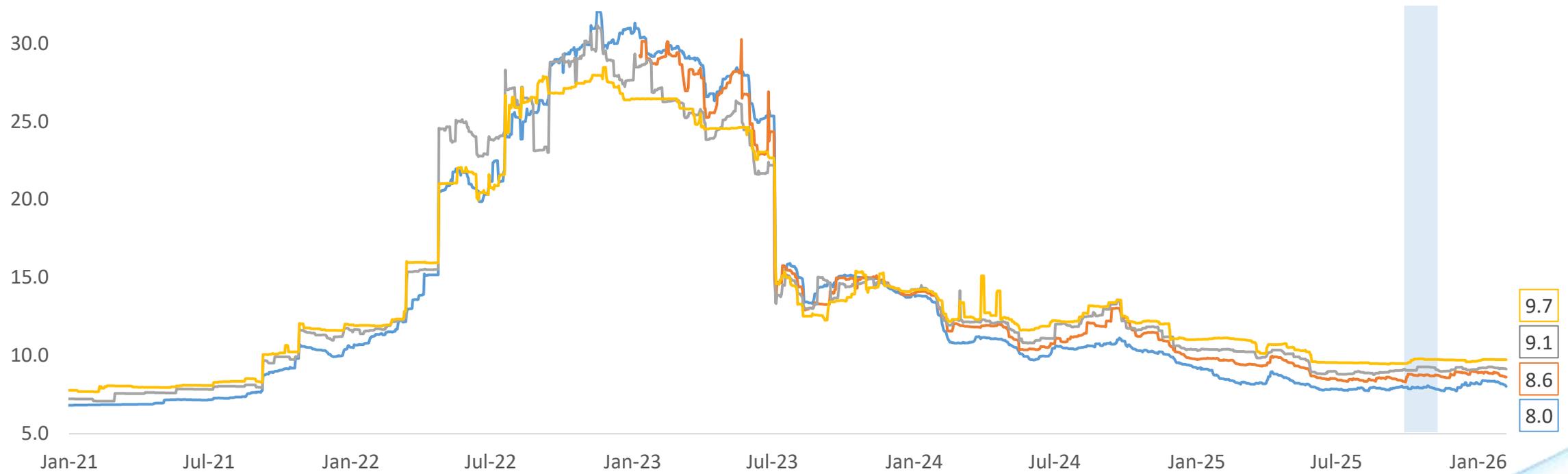
Source: Bloomberg as of February 6th 2026



Domestic financing conditions have also normalized along pre-crisis levels

Overview of Sri Lanka Domestic Sovereign Bonds yield performance

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



Ditwah Cyclone
No significant impact on yields

— Sri Lanka 2026 LKR 240.73bn 5.35% — Sri Lanka 2027 LKR 130bn 20.0% — Sri Lanka 2028 LKR 191.13bn 9% — Sri Lanka 2029 LKR 154.70bn 11%
■ Ditwah Cyclone

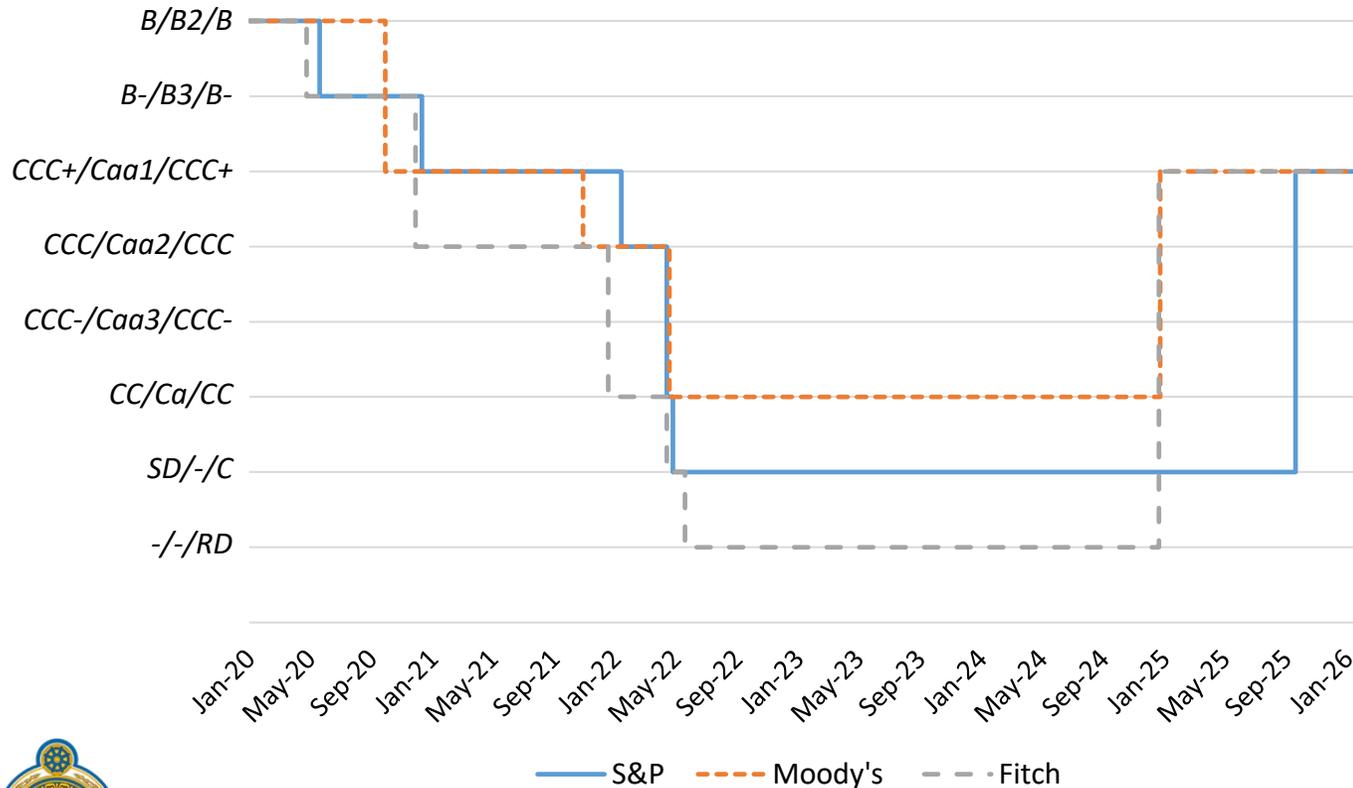
Source: Bloomberg as of February 6th 2026



Restored confidence from the international community is also demonstrated by Sri Lanka's credit ratings

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

S&P/Moody's/Fitch



Sources: S&P, Moody's and Fitch

Overview of Sri Lanka's Credit Rating

S&P Global Ratings	MOODY'S	FitchRatings
CCC+ (Stable)	Caa1 (Stable)	CCC+ (Stable)
Upgrade Sept. 2025	Affirmed Oct. 2025	Affirmed Oct. 2025

"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, SEPTEMBER 2025

S&P Global Ratings

"Momentum in Sri Lanka's economic recovery **continued in 2025**, with **real GDP growth remaining robust at 4.8%** year-on-year in the first half of 2025, following 5% in 2024. Sri Lanka's government revenues **grew by 26.5%** year over year in the first seven months of 2025, with notable contribution from vehicle import duties, following the removal of vehicle import restrictions in February."

MOODY'S, OCT 2025

MOODY'S

"Sustained adherence to a path of reforms is facilitating a **solid economic recovery**, low inflation, a substantial fiscal adjustment, and **improvements in the external finance position.**"

FITCH, OCTOBER 2025

FitchRatings



III. ECONOMIC, FISCAL AND EXTERNAL PERFORMANCES HAVE SHOWN RESILIENCE IN FACE OF CLIMATE SHOCKS

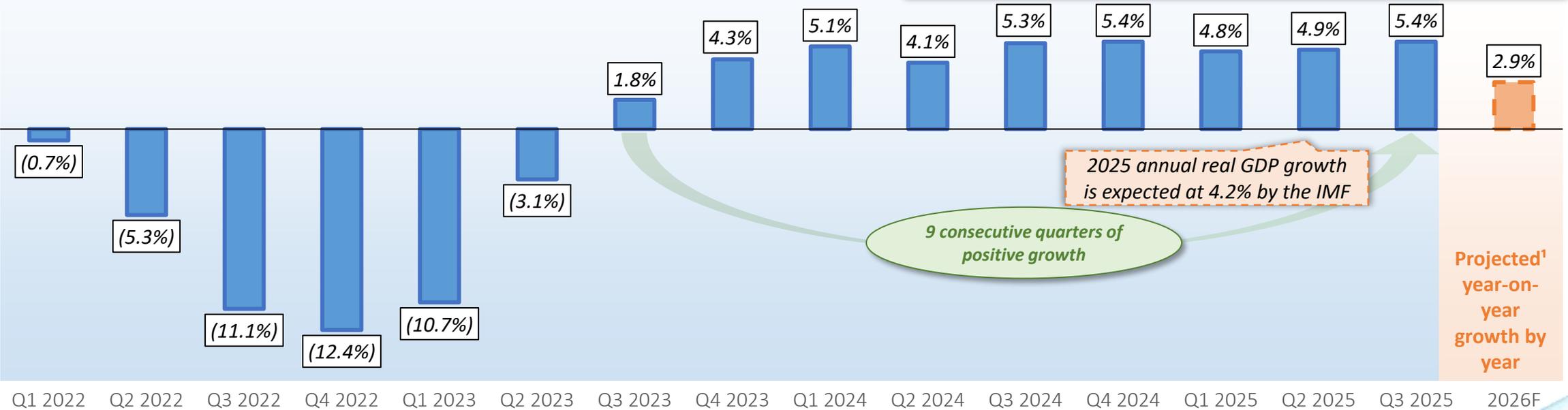


Sri Lanka continues to achieve positive GDP growth...

Real GDP Growth Trajectory (historical)

Real GDP growth, in % change (Q1 2023-Q3 2025)

Actual year-on-year growth by quarter



► Sri Lanka's macroeconomic performance has continued to strengthen, with yearly real growth projected to remain robust at 4.2% in 2025 according to the IMF, while CBSL estimates are slightly more optimistic

Sources: Central Bank of Sri Lanka and International Monetary Fund
Note: (1) Projection based on the IMF's Rapid Financing Instrument press release, December 2025



...And is projected to maintain consistent growth going forward

Real GDP Growth Trajectory (forecasts)

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

Projected¹ year-on-year growth by year



Ditwah Cyclone

The cyclone has not materially altered medium-term projections and may instead **support future growth** through higher public spending, as per CBSL's estimates

- ▶ Sri Lanka's real GDP growth is expected to remain robust and close to global averages, averaging 3.1% between 2027-2030

Source: International Monetary Fund

Note: (1) Projection based on the IMF's RFI Press release dated December 2025, and IMF World Economic Outlook published in October 2025 for the World average real GDP growth



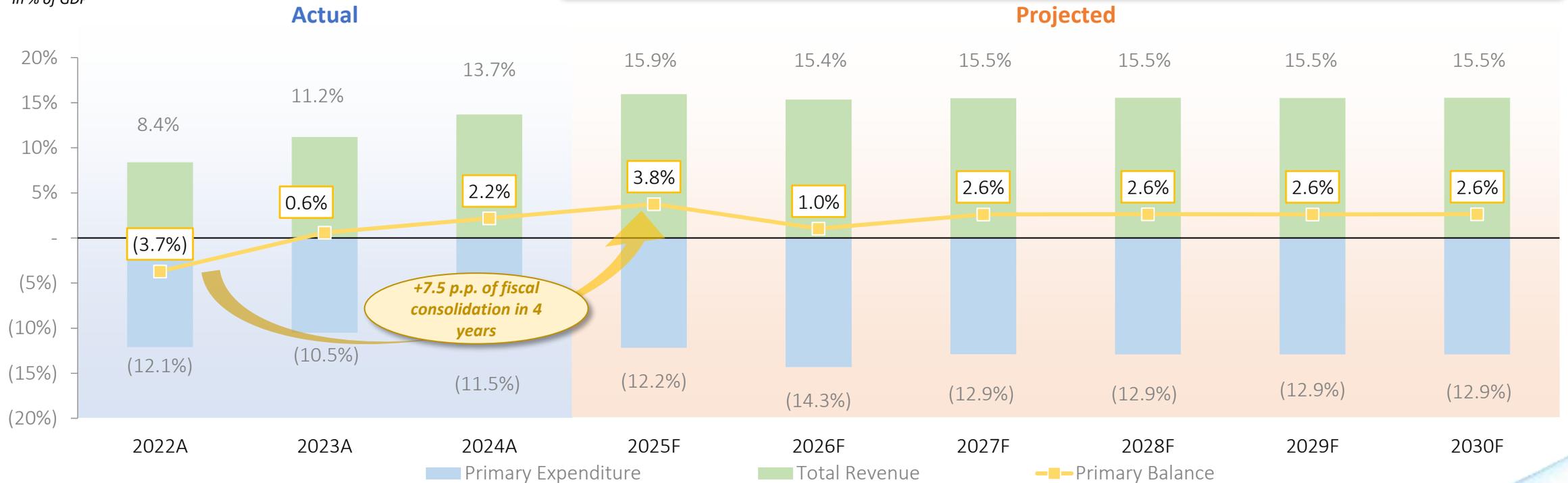
Sri Lanka is committed to fiscal consolidation, while providing some 2026 space for cyclone-related recovery

Central Government Primary Balance

In % of GDP

Ditwah Cyclone

Despite a **US\$1.62 bn recovery bill from the cyclone**, which led the IMF and the Authorities to revise downward the 2026 surplus projection, the Government **remains committed to its medium-term 2.3% primary surplus target**, relying on its 2025 revenue overperformance and expenditure re-prioritization to absorb the shock



Public finances have continued to improve on the back of substantial government reforms, generating primary surpluses in 2023 and 2024 and outperforming 2025 projections, especially thanks to vehicle import levies bringing an additional LKR ~460bn in revenues

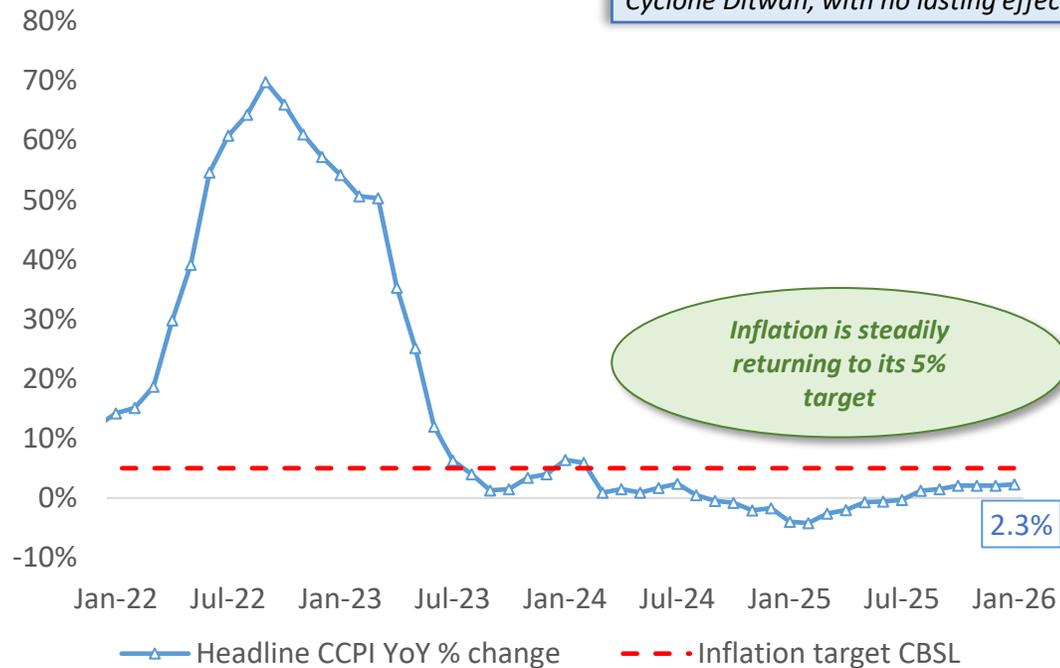
Sources: CBSL Medium Term Fiscal Framework (2025-30) as of December 2025 available at <https://www.treasury.gov.lk/api/file/4f526647-b266-4ebe-ae6612c47cd3>



Sri Lanka's external position has improved with stabilizing inflation and growing foreign exchange reserves driven by tourism and remittances

Evolution of Consumer Price Index

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



Evolution of Foreign Exchange Reserves

Central bank FX reserves (US\$bn), Jan 2022-Dec 2025



- ▶ Sri Lanka's external position has improved, with inflation, currently at 2.3%, expected to converge to target. Foreign exchange reserves have risen to US\$6.8bn even as Ditwah impacted the island, driven by robust tourism earnings, increased remittance inflows and additional multilateral disbursement

Source: Central Bank of Sri Lanka



The Authorities will pursue ambitious priorities to continue supporting Sri Lanka's economic recovery

1

Economic stabilisation measures



- **Comprehensive aid package for cyclone recovery**
- **Commitment to the ongoing economic reforms**
- **Finalization of debt restructuring process**
- **Continued accumulation of fiscal and reserve buffers**

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 of the economy, investment climate facilitation, trade facilitation

3

Strengthening democracy and governance reforms



- **Strong focus on eradication of corruption vulnerabilities**
- **Democratisation of the economy** creating an inclusive economic structure
- **Enhanced transparency and governance**



Source: Sri Lankan Authorities

APPENDIX



Relevant Information for Bond Investors

Information relevant for Bond Investors	Published by	URL Link
Mid-2025 Debt Report	Ministry of Finance	https://www.treasury.gov.lk/web/debt-data-report/section/2025
Ministry of Finance's Budget, Economic and Fiscal Position Report – 2026	Ministry of Finance	https://www.treasury.gov.lk/api/file/1aab9cb7-e765-444f-82a0-9e6159d4048f
Mid-Year Fiscal Position Report 2025	Ministry of Finance	https://treasury.gov.lk/api/file/f32ccc5f-896d-4e5f-a126-c2417e652cbd
Annual Economic Review 2024	Central Bank of Sri Lanka	https://www.cbsl.gov.lk/sites/default/files/cbsl_web_documents/publications/aer/2024/en/Full_Text.pdf
Fiscal Strategy Statement 2026	Ministry of Finance	https://www.treasury.gov.lk/news/article/345



Q&A



Questions and Answers (1/3)

Question 1. There is a talk that the interest rate on the IMF RFI was too high and does Sri Lanka have to pay surcharges? Do you agree with this analysis?

- *The RFI is a standard, low-cost emergency instrument available to all IMF members facing urgent external financing needs.*
- *The applicable rate at approval (around 3.27%–3.28%) reflects the SDR interest rate plus a fixed margin applied uniformly across members, and remains well below market borrowing costs for Sri Lanka.*
- *Surcharges are not automatic. They arise only if outstanding IMF credit exceeds quota-based thresholds for an extended period, and therefore are not embedded in the upfront cost of the RFI.*
- *With 3–5 years repayment terms, the RFI is designed to provide rapid liquidity support, complement domestic relief measures, and help stabilise the balance of payments.*
- *Overall, the RFI represents a cost-effective and timely source of emergency financing, rather than a facility carrying excessive rates or immediate surcharges.*



Questions and Answers (2/3)

Question 2. Is there a long-term real interest rate that the Government is targeting?

- *In the context of Sri Lanka's economic recovery and its obligations under the IMF's Extended Fund Facility (EFF), the Government and the Central Bank of Sri Lanka (CBSL) operate within a flexible long-term real interest rate anchor of 2.5% to 2.6%.*



Questions and Answers (3/3)

Question 3. Is it true that the 5th and 6th review of the IMF programme is going to be combined or is it going to be separate?

- *The 5th review was originally scheduled for completion in December 2025. However, the cyclone that hit Sri Lanka in November and December 2025 caused such extensive damage that the Fifth Review under the EFF has been slightly delayed, with discussions expected to advance significantly in March 2026.*
- *IMF Managing Director Kristalina Georgieva visited Colombo on the week of 16th February to discuss next steps.*



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