

Detailed Annual Borrowing Plan | 2026



1. Overview

1.1 Legal Requirements

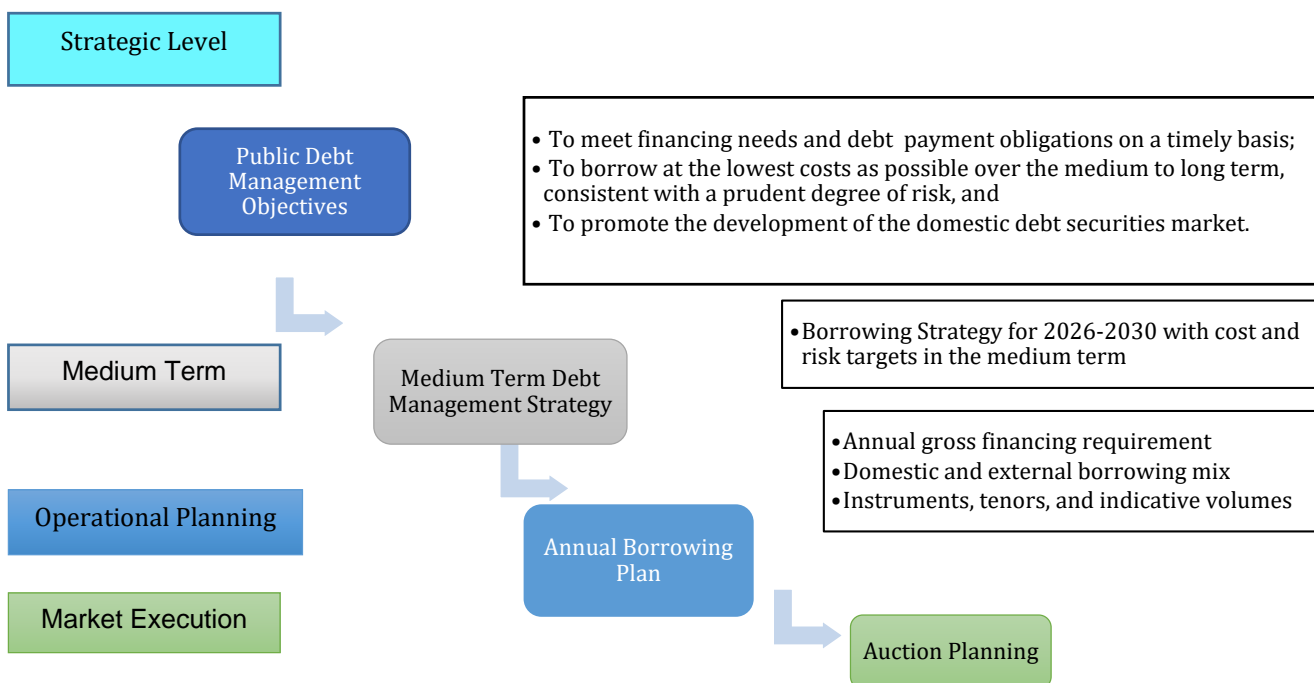
The formulation of the Annual Borrowing Plan (ABP) is anchored in the Public Debt Management Act (PDMA), No. 33 of 2024, which establishes the mandatory legal foundation for systematic debt management in Sri Lanka. Under Section 15 of the PDMA, the Public Debt Management Office (PDMO) is required to prepare ABP for every financial year to satisfy the government's total borrowing needs.

The establishment of a comprehensive legal framework for public debt management aligned with international best practices, together with the creation of the Public Debt Management Office (PDMO) as the central authority for government debt management, represents a major advancement in Sri Lanka's public financial management reform agenda. This framework provides the institutional and regulatory basis for the adoption of modern debt management practices aimed at strengthening transparency, accountability, and governance. These reforms are expected to improve the credibility of the debt management framework and support sustained investor confidence in government debt securities.

1.2 Public Debt Management Planning Framework

Public debt management objectives define the overarching goals guiding the Government's borrowing and debt operations and provide the strategic foundation for all debt management decisions. The Medium-Term Debt Management Strategy (MTDS) translates the public debt management objectives into a medium-term operational framework, covering a five-year horizon. The MTDS ensures that annual borrowing choices are consistent with medium-term sustainability and risk management goals. The ABP operationalizes the MTDS and the provisions of the Appropriation Act for a given fiscal year. The ABP serves as the central operational document for the PDMO. The Issuance Calendar is the short-term execution tool derived from the ABP.

Figure 01: Debt Management Framework



2. Gross Financing Need for the year 2026

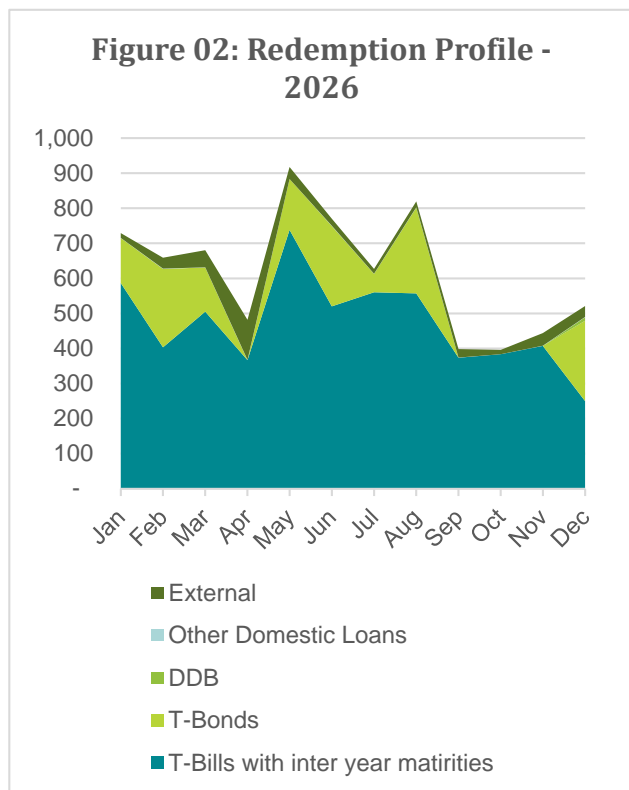
Table 01: Gross Financing Needs -2026		
	2026 Estimate LKR billion	
Primary Expenditure		4,485
Recurrent Expenditure	3,105	
Capital Expenditure	1,380	
Government Debt Servicing		4,495
Interest Payment	2,617	
Debt Repayment*	1,878	
Provisions for Advanced Account Operations		10
Total Expenditure		8,990
Total Revenue		5,355
Adjustment for Book /Cash Value for Government Securities		105
Gross Financing Requirement**		3,740
Domestic Financing	3,040	
External Financing	700	
Gross Borrowing Limit as per the Appropriation Bill		3,740

*As per Section 2 (b) of the Appropriation Bill, 2026, the difference between the total short-term borrowing raised during the financial year 2026 and the total settlement of short-term borrowing made during the financial year 2026 shall only be considered in deciding the volume of short-term borrowing for the purposes of calculating the borrowing made during the financial year 2026. Accordingly, gross redemptions of T-bills has not been included for the amount required for the debt repayment.

** includes only the net amount of T-bills to be matured within the year 2026.

According to Table 01, the government's total borrowing requirement for 2026 is estimated at LKR 3,740 billion. It is estimated that the T-bills maturing in 2026 (excluding the inter year maturities) will be LKR 3,100 billion. Consequently, the total financing requirement, including the refinancing of maturing T-bills, is projected at LKR 6,840 billion for 2026.

3. Redemption Profile – 2026 (For Existing Debt at the Beginning of the Period)¹



As depicted in Figure 02, approximately 94 percent of total debt redemptions in 2026 are concentrated within the domestic debt portfolio. It is amounting to LKR 7,030 billion (including inter year maturities of T-bills). Of this, the largest share relates to maturing Treasury Bills (T-bills), which account for around 80 percent of total domestic redemptions. In addition, Treasury Bonds (T-bonds) contribute about 19 percent of domestic redemptions, reflecting bond maturities falling due during the year.

The external debt component accounts for only about 6 percent of the total annual redemption profile in 2026, amounting to LKR 396 billion. This relatively low contribution is largely attributable to the maturity extensions achieved through the external debt restructuring process, which has significantly eased external repayment pressures in 2026.

Source: Public Debt Management Office

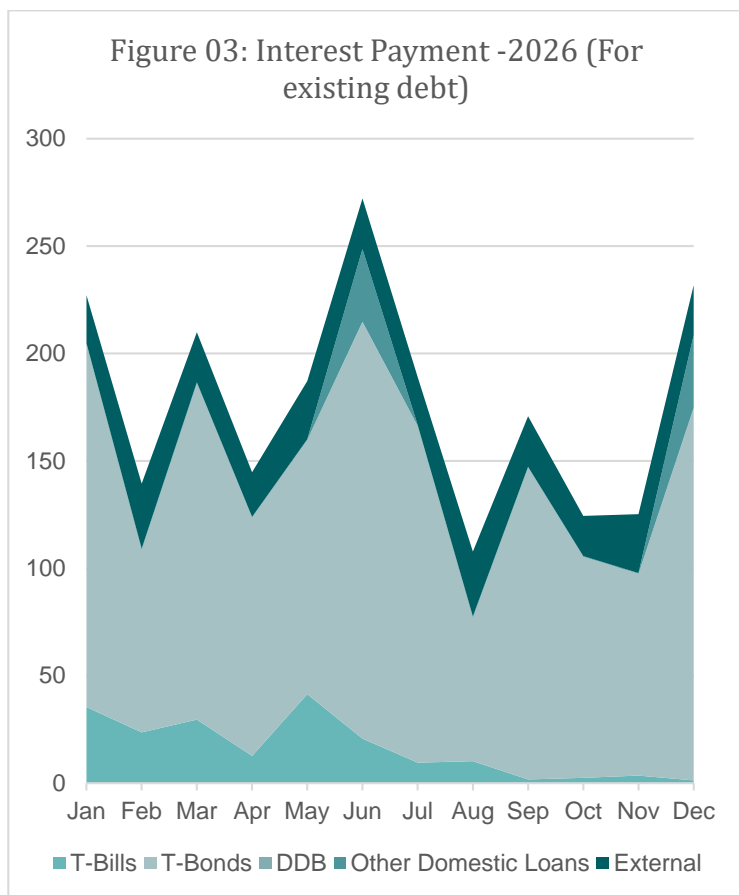
The redemption pattern indicates a front-loaded maturity structure with notable concentration in the first half of the year, driven predominantly by short-term domestic instruments. Redemptions are highest in January and remain elevated through March, reflecting significant Treasury bill maturities. A temporary decline is observed in April, followed by a sharp peak in May, largely attributable to maturing Treasury bills.

A further increase is recorded in August, reflecting a considerable redemptions of domestic T- bonds. From September to November, redemption obligations are relatively subdued. However, redemptions rise again in December, primarily due to maturing T-Bonds.

Overall, the redemption profile underscores a high dependence on short-term domestic instruments, particularly T-bills. Nevertheless, the ongoing strategy to reduce borrowing concentration in T-bills is expected to help smooth the redemption profile in the near future. Despite the concentration of maturities in specific months, especially May, the positive outlook for fiscal consolidation, together with proactive cash flow management, is expected to mitigate liquidity and refinancing risks in 2026.

¹ Subject to change due to inter-year maturities of debt instruments and the possible liability management operations

3.1 Interest Payment -2026 (For Existing Debt)²



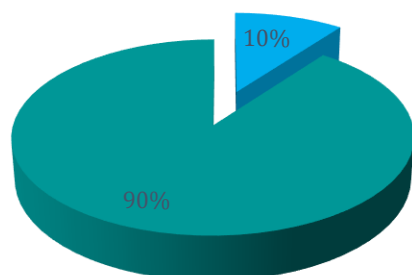
Source: Public Debt Management Office

As depicted in Figure 03, interest payments in 2026 are largely concentrated in Treasury Bonds, which accounted for approximately 84 percent of total interest expenditure for the year. External debt obligations represent the remaining about 16 percent, while interest payments to DDBs remain relatively limited. The dominance of Treasury Bonds reflects their central role in domestic debt servicing, with noticeable variability across the months, indicating the influence of repayment schedules and maturity structures. In contrast, external interest payments remained relatively stable throughout the year, contributing a consistent share to overall interest costs. Overall, the interest payment structure was heavily weighted toward domestic debt instruments, with external obligations playing a supplementary but steady role.

² Subject to change as per the changes of the market conditions, new issuances, interest rates and exchange rates fluctuations.

4. Financing Strategy- 2026

Figure 04: Financing Strategy -2026



■ External Financing ■ Domestic Financing

Source: Public Debt Management Office

As per the MTDS 2026-2030, the composition of the LKR denominated financing and FX denominated financing for the year 2026 can be depicted as follow.

LKR Denominated Financing

Treasury Bills	52%
5_Years Treasury Bonds	5%
8_Years Treasury Bonds	10%
10_Years Treasury Bonds	20%
12_Years Treasury Bonds	10%
15_Years Treasury Bonds	3%

FX Denominated Financing

Bilateral Fixed	10%
Bilateral floating	5%
Multilateral Fixed	25%
Multilateral Floating	50%
Domestic Dollar Bonds	10%

5. Financing Sources

5.1 Domestic Financing -2026

Treasury Bills are short-term domestic debt instruments issued by the Government of Sri Lanka with maturities of 91 days, 182 days, and 364 days. They are issued at a discount to their face value, and the investor's return is the difference between the purchase price and the face value received at maturity. Treasury Bills are considered low-risk investments and are commonly purchased by banks, financial institutions, and individuals seeking safe, short-term returns. Treasury bill auctions are conducted on a weekly basis. Primary Dealers and Designated Non- Dealer bidders such as Employee Provident Fund can participate in the auctions.

Treasury Bonds are long-term domestic debt instruments issued by the government, with recent maturities ranging from 4 years to 15 years. Unlike Treasury Bills, Treasury Bonds provide periodic coupon payments, usually every six months, and repay the principal amount at maturity. Treasury

bond auctions are generally conducted twice a month. Primary Dealers and Designated Non- Dealer bidders such as Employee Provident Fund can participate in Treasury bond auctions, as in Treasury bill auctions.

Domestic Dollar Bonds (DDBs) are government securities issued in US dollars within the domestic market, enables the government to raise foreign currency funds.

Table 02 : Forecasted Gross and net issuances in 2026

Debt Instrument	Gross Issuances (LKR bn)	Maturities within the year (LKR bn)	Net Issuances (LKR bn)
Treasury Bills*	5,500	5,650	-150
Treasury bonds	2,940	1,378	1,562
Domestic Dollar Bond	100	10	90

* This includes the inter-year rollover of Treasury bills. The amounts are subject to change based on market conditions and other debt management operations carried out by the Government.

With the establishment of the Public Debt Management Office (PDMO) under the Public Debt Management Act No. 33 of 2024, the authority for the issuance of government debt securities has been vested in the PDMO. Accordingly, the functions relating to the issuance of government debt securities, previously carried out by the Central Bank of Sri Lanka, have been assumed and successfully performed by the PDMO since December 2025.

5.2 Auction Planning

Auction Calendar

In terms of Section 16(2) of the Public Debt Management Act No. 33 of 2024 (PDMA), the Domestic Securities Auction Calendar shall be published on the websites of the Ministry of Finance (MoF) and the Public Debt Management Office (PDMO) at least two (02) weeks prior to the first issuance date planned under the calendar. The auction calendar covers a period of three (03) calendar months on a monthly rolling basis from the date of publication.

It is further described under the Section 19 of part I of the Guidelines issued by the Hon. Minister of Finance, Planning and Economic Development under the Public Debt Management Act and stipulated that the auction calendar shall update on a monthly basis, including following details.

1. Auction dates.
2. Instruments including their tenors to be auctioned.
3. Indicative volumes. (In case of T-Bills, the aggregate will be included in the auction calendar)

In light of the above the issuance calendar published in the websites of the Ministry of Finance and the PDMO by the PDMO in line with the legal requirement stipulated under PDMA and related guidelines.

The volume of the auctions is generally decided in line with the T-bond and T-bills maturities and coupon payment of the T-bonds by the Debt and Cash Management Committee as defined in Section 7(1) of part I of PDMO Guidelines.

Auction Notice

The PDMO issues Auction Notices for both T-bills and T-Bonds, typically two business days before the auction date. The notice includes Auction date and time; Volume; Settlement date; Maturities and ISINs and Auction method and participation rules. The notice is published on the PDMO and MOF websites as well as in the weekday government newspapers.

Liability Management Operations

The Public Debt Management Office (PDMO) will undertake liability management operations to ensure the prudent management of risks embedded in the domestic debt portfolio. Prior to the implementation of any such operations, the market will be duly informed in advance to ensure transparency and orderly market functioning.

Development of the Domestic Debt Market

During the first quarter of 2026, the PDMO initiated measures to review the existing primary dealer system, as well as conditions in the primary and secondary markets for government securities. In this regard, a joint IMF–World Bank mission is scheduled to take place in January 12-21, 2026.

Based on the findings and recommendations of the mission, appropriate actions are being taken by the PDMO to further develop the domestic government securities market. These initiatives are expected to focus on, inter alia:

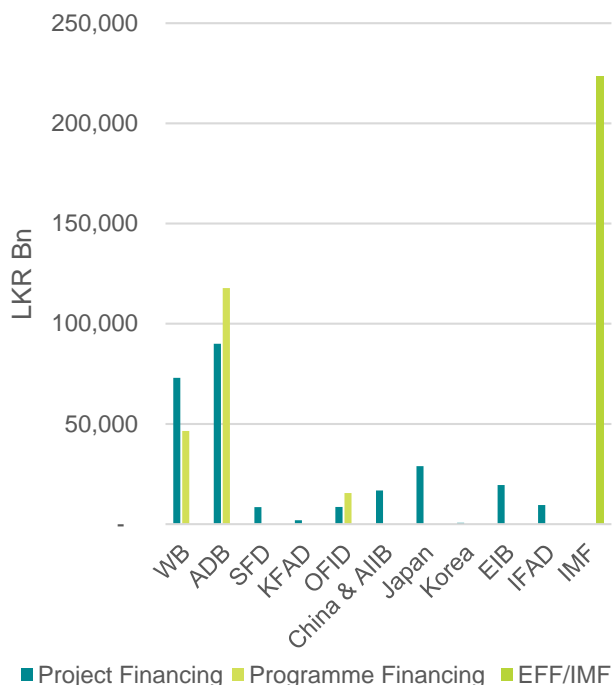
1. Developing and strengthening benchmark government bonds;
2. Broadening and diversifying the investor base; and
3. Enhancing the government securities yield curve.

Tentative T-bills Auction Plan -2026

QUARTER	MONTH	WEEK	Mon	Tue	Wed	Thu	Fri	Sat	Sun	
Q1	JANUARY	1				1	2	3	4	
		2	5	6	7	8	9	10	11	
		3	12	13	14	15	16	17	18	
		4	19	20	21	22	23	24	25	
		5	26	27	28	29	30	31	1	
	FEBRUARY	6	2	3	4	5	6	7	8	
		7	9	10	11	12	13	14	15	
		8	16	17	18	19	20	21	22	
		9	23	24	25	26	27	28	1	
		10	2	3	4	5	6	7	8	
	MARCH	11	9	10	11	12	13	14	15	
		12	16	17	18	19	20	21	22	
		13	23	24	25	26	27	28	29	
		14	30	31	1	2	3	4	5	
Q2		APRIL	15	6	7	8	9	10	11	12
	16		13	14	15	16	17	18	19	
	17		20	21	22	23	24	25	26	
	18		27	28	29	30	1	2	3	
	MAY	19	4	5	6	7	8	9	10	
		20	11	12	13	14	15	16	17	
		21	18	19	20	21	22	23	24	
		22	25	26	27	28	29	30	31	
		23	1	2	3	4	5	6	7	
	JUNE	24	8	9	10	11	12	13	14	
		25	15	16	17	18	19	20	21	
		26	22	23	24	25	26	27	28	
		27	29	30	1	2	3	4	5	
		Q3	JULY	28	6	7	8	9	10	11
29	13			14	15	16	17	18	19	
30	20			21	22	23	24	25	26	
31	27			28	29	30	31	1	2	
32	3			4	5	6	7	8	9	
AUGUST	33		10	11	12	13	14	15	16	
	34		17	18	19	20	21	22	23	
	35		24	25	26	27	28	29	30	
	36		31	1	2	3	4	5	6	
	37		7	8	9	10	11	12	13	
SEPTEMBER	38		14	15	16	17	18	19	20	
	39		21	22	23	24	25	26	27	
	40		28	29	30	1	2	3	4	
	Q4		OCTOBER	41	5	6	7	8	9	10
		42		12	13	14	15	16	17	18
43		19		20	21	22	23	24	25	
44		26		27	28	29	30	31	1	
45		2		3	4	5	6	7	8	
NOVEMBER		46	9	10	11	12	13	14	15	
		47	16	17	18	19	20	21	22	
		48	23	24	25	26	27	28	29	
		49	30	1	2	3	4	5	6	
		DECEMBER	50	7	8	9	10	11	12	13
			51	14	15	16	17	18	19	20
			52	21	22	23	24	25	26	27
			53	28	29	30	31			

5.2 External Financing

Figure 05: Sources of External Financing



The distribution of external disbursements reflects a diversified financing structure across project financing, programme financing, and exceptional balance-of-payments support, with a high degree of concentration among multilateral creditors.

Project financing constitutes the largest share of total disbursements, amounting to LKR 257.5 billion, or approximately 39.0 percent of total external inflows.

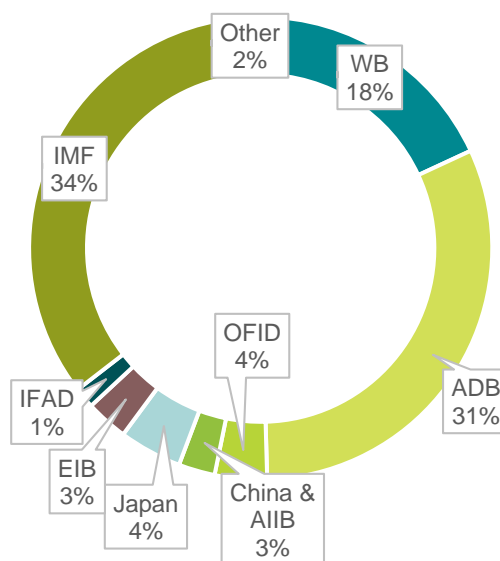
Programme financing accounts for LKR 179.8 billion, representing about 27.2 percent of total disbursements. The Asian Development Bank is the dominant contributor under this category, providing 65.5 percent of total programme financing, while the World Bank contributes 25.9 percent and OFID 8.6 percent.

Under the Extended Fund Facility Programme of the International Monetary Fund (IMF), it is expected to receive two tranches amounting to approximately LKR 223.2 billion.

Source: Public Debt Management Office

From a creditor perspective, total disbursements are highly concentrated among three major multilaterals. The IMF accounts for 33.8 percent of total disbursements, followed by the Asian Development Bank at 31.5 percent, and the World Bank at 18.1 percent. Collectively, these institutions represent over 83 percent of total external inflows. Bilateral and smaller multilateral creditors—including Japan (4.4 percent), OFID (3.6 percent), European Investment Bank (3.0 percent), China & AIIB (2.5 percent), IFAD (1.4 percent), SFD (1.3 percent), KFAD (0.3 percent), and Korea (0.1 percent)—play a supplementary role in the overall financing mix.

Figure 06: External Financing by Lender



Source: Public Debt Management Office

6. Market engagement and transparency

6.1 Publication Calendar- 2026

Publication	Jan	Feb	Mar	Apr	Ma	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Annual Debt Report												
Quarterly Debt Bulletin												
Auction Calendar												
Auction notice												
Daily Summary Report (Daily)												
Secondary Market Trade Summary (Daily)												

6.2. Primary Dealer Relationships

The Public Debt Management Office (PDMO) conducts quarterly meetings with Primary Dealers and ensures effective engagement with them as and when necessary. The PDMO also ensures equal access to information for all Primary Dealers and uphold transparency, fairness, and professionalism in its interactions with Primary Dealers.

6.3. Monitoring and Review

The ABP is monitored throughout the year by the PDMO. Updates may be made, with the approval of the Cabinet of Ministers as specified in Section 15 of the PDMA, in response to:

1. Changes in fiscal outcomes or cash-flow requirements;
2. Debt service developments;
3. Market conditions and investor demand; and
4. Macroeconomic or financial stability considerations

The end