

# PRESS RELEASE

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CENTRAL BANK OF SRI LANKA

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## Reiteration of Sri Lanka's commitment to service forthcoming debt obligations

The attention of the Central Bank of Sri Lanka (CBSL) has been drawn to certain recent media reports which have claimed that Sri Lanka is at the verge of a sovereign default. The CBSL wishes to state that such claims are totally unsubstantiated and also regrets that these reports carry many obviously factual inaccuracies despite the availability of credible official data published by the CBSL according to international standards. Therefore, the CBSL wishes to assure the local and international investor community and the public that the Government and the CBSL are committed to honour all forthcoming debt obligations and thereby maintain Sri Lanka's unblemished record of debt servicing.

Sri Lanka successfully settled the US dollars 500 million International Sovereign Bond (ISB) that matured in January 2022 despite the adverse speculation in certain quarters that such settlement would not be possible. In fact, with the repayment of ISBs totalling USD 2.5 billion from January 2020 onwards, the total outstanding ISBs have now reduced to USD 12.55 billion and will reduce to USD 11.55 billion by July 2022, broadly in line with the Government's strategy to reduce ISB debt gradually to around 10% of GDP. Towards that objective, the Government and the CBSL have already taken necessary measures to secure alternative forex inflows via a number of bilateral and multilateral funding arrangements to meet the upcoming debt obligations, including the US dollars 1 billion ISB maturing in July 2022. In that background, with the realisation of expected forex inflows and the resulting build-up of international reserves, the need for initiating discussions with investors on debt restructuring (as claimed by these media reports) does not arise, as the Government would be able to ensure the settlement of its sovereign debt without any interruption or default.

Accordingly, the CBSL wishes to inform the public and the investor community not to be misled by such inaccurate stories, misleading opinions and deliberate misinterpretations spread by certain parties with vested interests who are fuelling speculation regarding Sri Lanka's capacity to service its future debt obligations.