



Explanatory Notes on Interest Rates

- All interest rates in the table above are expressed on an annual basis.
- **LIBOR** (London Interbank Offered Rate) was an international benchmark interest rate that reflected the average rate at which major banks could borrow unsecured funds from one another in the international money market. Quoted as an annualised percentage, LIBOR varied across currencies and maturities in line with market conditions.

LIBOR began its phase-out process in 2017, with most settings ending in 2021 and certain USD tenors continuing until mid-2023 to allow legacy contracts to transition. Loans and financial contracts entered before the phase-out continue to reference LIBOR, which is why some loans in the dataset remain LIBOR-linked.

When the interest rate of a loan is expressed as "6-month LIBOR", the applicable rate is equal to the prevailing 6-month LIBOR, with no additional margin added (For example: 2007007 – Colombo Port Expansion Project – lent by ADB).

When the interest rate is expressed as "6-month LIBOR + 0.6", it indicates a variable interest rate composed of the 6-month LIBOR plus a fixed margin of 0.6 percentage points. While the LIBOR component fluctuates over time, the margin remains constant. As a result, the total interest rate is reset every six months based on the prevailing 6-month LIBOR rate (For example: 2007012 – Secondary Towns & Rural Community Water/Sanitation – loan from ADB).

- **EURIBOR** (Euro Interbank Offered Rate) is an international benchmark interest rate that reflects the average rate at which major European banks can borrow unsecured funds from one another in the Euro money market. Quoted as an annualised percentage, EURIBOR varies across maturities – from one week to 12 months – based on prevailing market conditions.

When the interest rate of a loan is expressed as "6-month EURIBOR + 2.25", it indicates a variable interest rate composed of the 6-month EURIBOR plus a fixed margin of 2.25 percentage points. While the EURIBOR component fluctuates over time, the margin remains constant. As a result, the total interest rate is reset every six months based on the prevailing 6-month EURIBOR rate (For example: 2012015 – Veyangoda Railway Crossing Flyover Project – lent by the Government of Spain).

- **SOFR** (Secured Overnight Financing Rate) is an international benchmark interest rate that reflects the cost of borrowing U.S. dollar-denominated derivatives and loans overnight,



secured by U.S. Treasury securities. Quoted as an annualised percentage, SOFR varies daily based on prevailing market conditions.

When the interest rate of a loan is expressed as "6-month SOFR", the applicable rate is equal to the 6-month average of SOFR, with no additional margin added (For example: 2006093 – DFCC Global Loan ii – lent by EIB). The rate is reset every six months based on the prevailing 6-month SOFR.

When the interest rate is expressed as "3-month SOFR + 1.6", it indicates a variable interest rate composed of the 3-month average of SOFR plus a fixed margin of 1.6 percentage points. While the SOFR component fluctuates, the margin remains constant. The total rate is reset every three months based on the prevailing 3-month SOFR (For example: 2022011 – Importation of Essential Commodities Under Indian Credit Facility – lent by Government of India).

When the interest rate is expressed as "SOFR + 0.7", it indicates a floating rate based on the prevailing SOFR (daily or as specified in the contract) plus a fixed margin of 2 percentage points. The total interest rate adjusts periodically according to the referenced SOFR rate (For example: 2022026 – Food Security and Livelihood Recovery Emergency Assistance Project – lent by ADB).

- **CIRRs** (Commercial Interest Reference Rates) are the official lending rates of Export Credit Agencies. They are calculated monthly and are based on government bonds issued in the country's domestic market for the country's currency.
- Some loans were disbursed in multiple tranches, so the interest rate differed for each tranche. For example: 2017015 – Rural Infrastructure Development Project in Emerging Regions, lent by the Government of Japan, had two tranches: the interest rate on the first tranche was 1.40%, while the interest rate on the second tranche was 0.01%.
- For most US Dollar denominated debt SOFR has become the successor to LIBOR, which was completely phased out between 2021 and 2024. However, there is a difference in how the two benchmark rates work. LIBOR was based on the interest rate forecasts for the upcoming period (based on maturity - 3 months, 6 months etc.) by a selected group of market participants. SOFR, in contrast, is based on actual movement in interest rates during the preceding period for the relevant maturity.



Important Notes:

- **Source of Data:** Most information on existing loans is drawn from the Final Budget Position Report (Annual Report) 2024 published by the Ministry of Finance, Planning, and Economic Development. Where the report did not provide complete details – such as loan repayment periods or interest rates – additional information was obtained from previous Ministry of Finance annual reports and Right to Information requests submitted to the External Resources Department.
- **Currency Conversion:** Not all loans were originally denominated in USD; some were issued in Euro, XDR, JPY, CNY, and other currencies, reflecting the currency of disbursement and repayment. For consistency and ease of comparison, all outstanding loan amounts have been converted to USD. The figures presented under “Debt Outstanding as at 31st December 2024 (USD)” are based on the exchange rates applicable on 31st December 2024, as published by the Central Bank of Sri Lanka and the Federal Reserve of the United States.
- **Scope of Data:** The dataset includes only loans that remain outstanding. Loans that have been fully repaid are not included. For example, in 2002, a 17-year loan for the Nilwala Ganga Project from the Government of France, which matured and was fully repaid in 2019, is not included in this datasheet.
- **Loan Terms:** The dataset reflects the original terms of project loans. Some of these have been modified through debt restructuring took place during 2022-2025. Information on revised terms – such as updated interest rates or maturity structures – is not publicly available. Therefore, the dataset presents the original terms, which indicate the conditions under which the loans were initially obtained.
- **Bilateral loan restructuring** - What we have included here are the original terms and conditions of the bilateral loans at the time of obtaining those. However, the repayment period and the interest rates were adjusted after Sri Lanka's debt restructuring process took place between 2022 and 2025. As per the bilateral debt restructuring, capital repayments of the loans are starting in 2028 and will go up to 2043. Accordingly, all the outstanding bilateral loans here are expected to be paid completely by 2043.
- **ISB Restructure:** International Sovereign Bonds (ISBs) issued up to 2019 were restructured into new bonds issued in 2024, effectively nullifying the earlier bonds. The new bonds are macro-linked bonds, whose interest rates and/or maturity values are tied to key economic indicators, such as GDP growth. For Sri Lanka, both the interest rate and



final maturity value depend on the country's GDP performance between 2025 and 2027. If GDP performs above the baseline scenario predicted by the IMF, interest rates and maturity values will increase; if performance falls below the baseline, both will decrease. However, to provide a comprehensive understanding of Sri Lanka's ISBs, we have included original terms of all ISBs that were restructured. The outstanding amount for all such ISBs are indicated as zero as they were replaced with MLBs.

Unlike the ISBs, interest rate and maturity value of MLBs are not fixed and they are subject to change based on Sri Lanka's growth rates between 2024-2027 and average nominal GDP between 2025-2027. The interest rates and maturity values included in this datasheet reflect the baseline scenario, as the alternative scenarios have not yet been triggered. Any changes will only materialise after 2027, so the actual rates and maturity values remain uncertain at this stage. These changes will materialize only after 2027 because they are contingent upon Sri Lanka's nominal GDP and GDP growth rate between 2025 and 2027.

For more information on Sri Lanka's Macro Linked Bonds (MLBs), please read: [IMF Working Paper, 2025](#).

- **Non restructured ISBs** – It is important to note that not all outstanding ISBs were restructured. Hamilton Reserve Bank (HRB), based in US, holds more than \$250 million in principal and interest of Sri Lanka's 5.875% ISB that matured on July 25, 2022. HRB sued Sri Lanka in the Southern District of New York (SDNY) in June 2022, just two months after Sri Lanka's default. As of early 2026, this court case is not concluded. Since legal claim is not settled, USD 250 million of ISBs remained to be restructured. Since the terms are not finalized, this 250 million outstanding ISB is not included in the list of loans.
- **Restructuring of Chinese Loans:** All loans previously contracted from Chinese creditors have been restructured and consolidated into new "child loans." This restructuring did not involve a reduction of the original principal (i.e., no principal haircut); instead, it reduced the net present value of future debt service obligations. In other words, the real value of debt repayment was lowered through a combination of reduced interest rates and extended repayment periods.

Child loans are essentially old loans that were restructured into new loans, assigned new loan keys, while retaining the same or similar loan names. The terms of the new loans are not publicly available. Therefore, in this dataset, we have used the names of the child



loans but matched their respective loan terms with those of the original loans, based on previous Ministry of Finance annual reports and Right to Information requests.

For example, the Colombo-Katunayake Expressway Project originally had loan key 2009010. After restructuring, the new loan key became 2024306, with the loan name recorded as Colombo-Katunayake Expressway. Because the terms of 2024306 are not publicly available, we have applied the same loan conditions as those of 2009010.

- **Chinese loans to SOEs:** Certain loans obtained by state-owned enterprises (SOEs) from the China Development Bank (CDB) and China EXIM Bank are not included in this dataset. For example, the loan obtained from China EXIM Bank to construct Lotus Tower project in Colombo is not included in this dataset, as it was obtained by Telecommunication and Regulatory Commission of Sri Lanka (TRCSL), not by Sri Lankan government. Such loans obtained by Sri Lankan SOEs will be included in the upcoming updates of the debt portal.
- **EIB Loans:** Loans taken from the European Investment Bank (EIB) comprised two components -USD and EUR. According to the Ministry of Finance report, no outstanding debt was recorded for the EUR component, while amounts remained for the USD component. It is therefore assumed that the EUR portion has been fully repaid, and only the USD portion is reflected here.

The above clarifications refer only to general details and nuances. For specific clarifications regarding particular loan or terms, reach out to umesh@arutharesearch.org or info@arutharesearch.org.