

Bloomberg Short-Term Bank Yield Index (BSBY) frequently asked questions

What is the Bloomberg Short-Term Bank Yield Index (BSBY)?

BSBY is an unsecured, credit-sensitive, short-term bank yield index published by Bloomberg Index Services Limited. The index is based on transaction related data at which large global banks access USD senior unsecured marginal wholesale funding. BSBY adheres to the IOSCO¹ Principles for Financial Benchmarks.

How is BSBY determined?

BSBY is published daily on the Bloomberg terminal. BSBY index values are based on aggregated anonymized transactions and executable quotes over a 3-day rolling period sourced from Bloomberg's electronic trading solutions and trades of short-term senior unsecured bank corporate bonds reported by FINRA. The index is available for 5 tenors: Overnight, 1-month, 3-month, 6-month, and 12-month.

What are the key differences between BSBY and LIBOR?

The market identified a need for forward-looking term rates similar to LIBOR and other credit-sensitive rates, which move more in line with the market particularly in times of stress. BSBY was developed to provide a rate that matched the characteristics sought by the market. BSBY is based on actual transaction-related data, unlike LIBOR, which is based on a panel bank submission of rates. BSBY is also IOSCO compliant whereas LIBOR is not.

What are the key differences between BSBY and SOFR?

BSBY is a credit-sensitive alternative emerging in the market, whereas SOFR is not a credit-sensitive rate. BSBY is based upon unsecured transactions, while SOFR is based on U.S. Treasury repurchase transactions and considered a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities.

How is BSBY used to calculate interest?

For Overnight BSBY, interest is calculated on a simple interest basis. For 1-, 3-, 6-, or 12-month BSBY, the interest rate is determined at the start of each interest period (this is referred to as "in advance") using the applicable tenor, and interest accrues on a simple interest basis.

Which BSBY rates are available at Truist?

Truist currently offers all forms of BSBY. If you have questions about rate alternatives available for loans or derivatives transactions, please contact your relationship manager.

¹ The International Organization of Securities Commission (IOSCO) is an association of organizations that regulates the world's securities and futures markets.

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