SONIA GLOSSARY

NOTE – references in this Glossary to LIBOR are only used to provide comparisons to SONIA.

ACT/365 (LIBOR)	All calculations are on the basis of the actual number of days elapsed divided by 365 (Actual/365) to conform with the UK Money Markets Code. Interest accrues from day to day and is calculated <u>in advance on a simple interest basis</u>; Margin and commitment fees (if any) are calculated in arrears; on a simple interest basis.
ACT/365 (SONIA)	All calculations are on the basis of the actual number of days elapsed divided by 365 (Actual/365) to conform with the UK Money Markets Code. Interest accrues from day to day and is calculated <u>in arrears on a compound interest basis;</u> Margin and commitment fees (if any) are calculated in arrears; on a simple interest basis.
Compounded SONIA Rate	The interest rate due over a given period.
Credit Adjustment Spread	The percentage added to SONIA to account for the difference between SONIA and LIBOR. It is calculated as a 5 year historical median. Where a Credit Adjustment Spread applies, it is added to the Compounded SONIA Rate. The Credit Adjustment Spread is never compounded.
Interest Period	The period over which the loan is outstanding, being the period of days commencing on the Interest Period Start Date and ending on the Interest Period End Date.
Interest Period Start Date	The first day of a Loan Term, for example the day a loan is drawn down, (day count zero).
Interest Period End Date	The last day of a Loan Term for example the day a loan is repaid and/or the day that interest is payable.
Lag or Backward Shift	The number of days ('n') between the Interest Period Start Date and the Reference Period Start Date. It will also be the same number of days ('n') between the Interest Period End Date and the Reference Period End Date.
LIBOR	LIBOR (London InterBank offered Rate) is an interest rate benchmark administered by <u>InterContinental Exchange</u> and published at 11:00 AM every London Banking Day. It is an interest-rate average calculated from estimates submitted by the leading banks in London. Each contributing bank estimates what it would be charged were it to borrow from other banks for a set period, e.g. 3 months. The interest payable on the last day of that Interest Period is fixed on the Interest Period Start Date. LIBOR calculated for any period is mathematically a <u>simple</u> interest calculation. The rate set on the first day of an Interest Period is in effect a fixed rate for the whole of that Interest Period.
London Banking Day	A day on which SONIA is published: every day from Monday to Friday that is not a bank holiday in London.

Margin or Credit Adjustment Spread	Where a Margin applies, it is added to the Compounded SONIA Rate. The Margin is never compounded.
Modified Following	All calculations are on the basis of the Modified Following Day Count Convention. *"If a payment under a Finance Document is due to be made on a day which is not a London Banking Day, then the due date for that payment shall instead be the next Day in the same calendar month (if there is one) or the preceding London Banking Day (if there is not)."*
Reference Period	The period of days between the Reference Period Start Date and the Reference Period End Date used to calculate a Compounded SONIA Rate.
Reference Period Start Date	This is the first day of the period that is used to calculate a Compounded SONIA rate.
Reference Period End Date	This is the last day of the period that is used to calculate a Compounded SONIA rate.
SONIA	SONIA (Sterling OverNight Index Average) is the overnight interest rate benchmark administered by the Bank of England and published at 09:00 AM on the SONIA Publication Date. SONIA is measured as the trimmed mean, rounded to four decimal places. It is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions. Banks send data at 07:00 AM each London Banking Day to the Bank who calculates SONIA and publishes it 2 hours later at 09:00 AM. Compounded SONIA for any period (greater than one day) is a variable interest rate. Mathematically it is a compounded interest calculation and can be calculated only from historic data published by the Bank on or after the Reference Period End Date.
SONIA Compounded Index	A series of daily data, to 10 decimal places, [intended to be] published by the Bank of England at 10:00 AM on the SONIA Publication Date to simplify the calculation of Compounded SONIA interest between ANY two dates. It calculates the returns from a rolling unit of investment earning compound interest at the SONIA Rate each day.
SONIA Publication Date / Value Date	The SONIA Rate for a given London Banking Day is published at 09:00 AM on the following London Banking Day (one hour earlier than the Index).
SONIA Rate	The percentage return from a unit of investment earning simple interest at the SONIA rate for one day.

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