

7-10Y Banking Select Index

The Bloomberg Barclays 7-10Y Banking Select Bond Index tracks the USD-denominated, fixed-rate, taxable corporate bonds issued by Banking issuers. The Index includes securities rated A- or above, and that have between 7 and up to, but not including, 10 years remaining to maturity. Subordinated bonds and securities with a European country of risk are excluded. The 7-10Y Banking Select Index is a subset of the US Credit and US Aggregate Indices. The index was launched in November 2018, with index history backfilled to November 1, 2006.

Rules for Inclusion

Sector	Bonds must be classified as Banking.	
Eligible Currencies	Principal and interest must be denominated in USD.	
Quality	<p>Securities must be rated A3/A-/A- or higher using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality:</p> <ul style="list-style-type: none"> Expected ratings at issuance may be used to ensure timely index inclusion or to properly classify split-rated issuers. Unrated securities may use an issuer rating for index classification purposes if available. 	
Amount Outstanding	USD300mn minimum par amount outstanding.	
Coupon	<ul style="list-style-type: none"> Fixed-rate coupon only. Bonds with a step-up coupon that changes according to a predetermined schedule are eligible. 	
Maturity	At least 7 and up to, but not including, 10 years until final maturity.	
Country of Risk	Bonds with a European country of risk are excluded. ¹	
Taxability	<ul style="list-style-type: none"> Only fully taxable issues are eligible. Dividend Received Deduction (DRD) and Qualified Dividend Income (QDI) eligible securities are excluded. 	
Seniority of Debt	Subordinated issues are excluded.	
Market of Issue	<ul style="list-style-type: none"> SEC-registered securities, bonds exempt from registration at the time of issuance and SEC Rule 144A securities with registration rights are eligible. A security with both SEC Regulation-S (Reg-S) and SEC Rule 144A tranches is treated as one security for index purposes. The 144A tranche is used to prevent double-counting and represents the combined amount outstanding of the 144A and Reg-S tranches. Global bonds are included. Bonds that were previously SEC-registered or 144A with registration rights but later deregistered by the issuer remain index eligible. 	
Security Types	Included <ul style="list-style-type: none"> Bullet bonds only Original issue zero coupon bonds Underwritten MTN Enhanced equipment trust certificates (EETC) 	Excluded <ul style="list-style-type: none"> Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based triggers Bonds with equity type features (eg, warrants,

¹ European countries include: Albania, Andorra, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Great Britain, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine and the Vatican.

Rules for Inclusion

- Certificates of deposit
- convertibles, preferreds, DRD/QDI-eligible issues)
- Inflation-linked bonds, floating-rate issues
- Taxable and tax-exempt municipal securities, covered bonds
- Private placements, retail bonds
- USD25/USD50 par bonds
- Structured notes, pass-through certificates
- Illiquid securities with no available internal or third-party pricing source

Rebalancing Rules

Frequency	For each index, Bloomberg maintains two universes of securities: the Returns (Backward) and the Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed set of bonds on which index returns are calculated. The Projected Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index but is not used for return calculations. On the last business day of the month (the rebalancing date), the composition of the latest Projected Universe becomes the Returns Universe for the following month.
Index Changes	During the month, indicative changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, and ticker changes) are reflected daily in the Projected and Returns Universes of the index. These changes may cause bonds to enter or fall out of the Projected Universe of the index on a daily basis, but will affect the composition of the Returns Universe at month-end only, when the index is next rebalanced.
Reinvestment of Cash Flows	Intra-month cash flows from interest and principal payments contribute to monthly index returns but are not reinvested at a short-term reinvestment rate between rebalance dates. At each rebalancing, cash is effectively reinvested into the Returns Universe for the following month so that index results over two or more months reflect monthly compounding.
New Issues	Qualifying securities issued, but not necessarily settled on or before the month-end rebalancing date, qualify for inclusion in the following month's index if the required security reference information and pricing are readily available.

Pricing and Related Issues

Sources & Frequency	Bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.
Pricing Quotes	Bonds are marked on a dollar price basis.
Timing	<ul style="list-style-type: none"> • 3pm (New York time). • On early market closes, prices are taken as of 1pm (New York time), unless otherwise noted. • If the last business day of the month is a public holiday, prices from the previous business day are used.
Bid or Offer Side	Bonds in the index are priced on the bid side. The initial price for new issues entering the index is the offer side; after the first month, the bid price is used.
Settlement Assumptions	T+1 calendar day settlement basis for all bonds. At month-end, settlement is assumed to be the first calendar day of the following month, even if the last business day is not the last day of the month, to allow for one full month of accrued interest to be calculated.
Verification	Daily price moves for each security are analyzed by the index pricing team to identify outliers. Index users may also challenge price levels, which are then reviewed and updated as needed.
Calendar	The 7-10Y Banking Select Index follows the US bond market holiday schedule.

Monthly Returns in USD, 2006-2018(%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006	–	–	–	–	–	–	–	–	–	–	1.68	-0.90	0.77
2007	-0.28	2.14	-0.73	0.89	-1.23	-0.90	0.23	1.15	0.79	0.58	0.33	0.43	3.40
2008	2.49	-0.50	-0.33	0.24	-2.00	-2.49	-0.72	-0.16	-7.10	0.71	8.00	9.09	6.36
2009	-3.48	-3.63	-0.34	1.58	5.51	1.33	7.59	1.25	1.68	2.19	0.68	0.10	14.83
2010	0.92	-0.30	1.13	0.48	-0.94	2.57	3.23	1.28	1.52	0.83	-1.57	0.10	9.54
2011	0.00	1.68	-0.62	2.15	0.90	-0.56	1.88	-0.45	-3.15	3.17	-5.49	3.42	2.59
2012	4.62	1.02	-0.31	1.84	-0.48	1.99	3.50	1.01	2.30	1.95	1.48	-0.08	20.39
2013	-1.05	1.24	-0.11	2.36	-3.13	-3.48	1.07	-0.93	1.32	2.27	-0.25	-0.19	-1.08
2014	1.30	1.56	-0.29	0.97	1.74	0.30	-0.33	1.73	-1.85	1.53	1.65	0.04	8.60
2015	3.09	-1.10	0.49	-0.72	-0.18	-1.99	0.80	0.11	1.23	0.46	0.70	-0.37	2.46
2016	0.70	1.31	1.50	0.66	0.43	2.23	1.03	-0.06	-0.46	-0.69	-3.25	0.02	3.36
2017	-0.04	1.38	-0.09	1.21	1.07	-0.11	0.87	1.19	-0.68	0.40	-0.19	0.60	5.73
2018	-1.54	-1.50	0.01	-0.96	0.93	-0.22	0.38	0.92	-0.78	-0.76	–	–	-3.48

Accessing Index Data

Bloomberg Terminal®	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> INDEX<Go> – The Bloomberg Indices landing page is a dashboard for index-related information on the Terminal. Find daily and monthly index returns for key indices from each index family as well as index publications including methodologies, factsheets, monthly reports, updates and alerts. IN<Go> – The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg's global, multi-asset class index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices. PORT<Go> – Bloomberg's Portfolio & Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. Analyze the performance of a portfolio versus a benchmark or use models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization. DES<Go> – The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.
Bloomberg Indices Website (www.bloomberg.com/professional/product/indices)	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> Index methodology and factsheets Current performance numbers for select indices
Data Distribution	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> Index level and/or constituent level returns and characteristics for any indices Automatic delivery of files via email or SFTP following the completion of the index production process after market close Clients may receive standard files or may customize file contents Index data is also available via authorized redistributors

Bloomberg Total Return Index Value Tickers: 7-10Y Banking Select and Related Indices

Ticker (USD Unhedged)	Index	Ticker (USD Unhedged)	Index
I34328US	7-10Y Banking Select	LCA3TRUU	US Corporate Aaa
LUACTRUU	US Corporate	LCA2TRUU	US Corporate Aa
LD06TRUU	US Intermediate Corporate	LCA1TRUU	US Corporate A
LD07TRUU	US Long Corporate	LCB1TRUU	US Corporate Baa

Total Return Index Values are available in other currencies and on a hedged basis. Attributes such as yield and duration, are also available. Please refer to Accessing Bloomberg Barclays Index Data Using Bloomberg Tickers for a full list of tickers and attributes that are available.

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