

Frequently Asked Questions

What is SORA?



The Singapore Overnight Rate Average (“SORA”) is the volume-weighted average rate of borrowing transactions in the unsecured overnight interbank SGD cash market in Singapore between 8am and 6.15pm (Singapore time).



On each business day in Singapore, reporting banks provide data on all eligible transactions traded and booked in the window between 8am and 6.15pm (both timings inclusive).



The Monetary Authority of Singapore (“MAS”) conducts thorough data validation checks and computes SORA by taking the volume-weighted average rate of all eligible transactions. SORA is then published on the MAS website the next business day at 9am.

What is 1-month and 3-month Compounded SORA?



1-month and 3-month Compounded SORA are computed by compounding the published SORA rates over the historical 1-month and 3-month period. Compounded SORA is published by MAS alongside SORA at 9am on all business days in Singapore.

Click [here](#) to proceed to the MAS website.

What is the difference between SORA and SIBOR?

SORA	SIBOR
SORA is determined by actual transactions and is underpinned by a deep and liquid overnight interbank funding market.	SIBOR is determined based on panel bank submissions of the rate at which they would borrow funds in the interbank market.
Compounded SORA is backward looking, derived from the daily realized SORA over a historical period.	Forward looking, reflecting market expectations of the interest rate over a future period.
SORA does not have credit and term premium: <ul style="list-style-type: none">• SORA is a near-risk free rate. Given its short tenor (overnight), credit risk is insignificant.• Compounded SORA is backward-looking so it does not include term premium.	SIBOR has priced in credit and term premium: <ul style="list-style-type: none">• SIBOR includes a premium for the credit risk of interbank lending over agreed periods of time.• SIBOR is a forward-looking rate that includes a term premium as compensation for uncertainty over how daily interest rates may move in the future period.
SORA has been selected as a new interest rate benchmark rate in Singapore, which will eventually replace SIBOR.*	1-month and 3-month SIBOR will be discontinued by the end of 2024.*

* For more information, please refer to [Media Release: Key Financial Industry Committees Set Out Timelines For SIBOR Discontinuation](#).

Is Compounded SORA or SIBOR lower?

As the basis of the benchmark rates are different, the direction and the extent of changes in 1-month Compounded SORA, 3-month Compounded SORA, 1-month SIBOR and 3-month SIBOR on any given day are also different.

1-month Compounded SORA can be higher or lower than 1-month SIBOR, 3-month Compounded SORA can be higher or lower than 3-month SIBOR, and vice versa.

Publication Date	1-month Compounded SORA [†]	1-month SIBOR [‡]	3-month Compounded SORA [†]	3-month SIBOR [‡]
1 December 2022	3.28790%	3.81643%	2.92430%	4.17161%
3 January 2023	2.63210%	4.03107%	3.02940%	4.25000%
1 February 2023	3.39300%	4.10626%	3.14190%	4.25000%

[†] 1-month and 3-month Compounded SORA are published by MAS. Click [here](#) to proceed to the MAS website.

[‡] 1-month and 3-month SIBOR for SGD are fixed by the Association of Banks in Singapore ("ABS") at 11am Singapore time.

Why is the spread for SORA-pegged loans higher than SIBOR-pegged loans?



Unlike SIBOR, SORA does not include credit and term premium. To price in the credit and term premium, the spread for SORA-pegged loans tends to be higher than SIBOR-pegged loans.

How are the interest rates of SORA-pegged loans determined?



Your initial home loan interest rate will be based on 1-month or 3-month Compounded SORA published by MAS on the first business day of the loan disbursement month plus an applicable spread as specified in your facility letter.



Subsequently, your interest rate will reset every month or every three months on the Reset Date as defined in the facility letter. It will continue to be based on 1-month or 3-month Compounded SORA published on the first business day of the relevant calendar month that the Reset Date falls in, plus an applicable spread.