FHLBank ATLANTA
A FEDERAL HOME LOAN BANK

LIBOR-based Loan Data Required
Effective with the September 30, 2020 Reporting Cycle

As the financial services industry prepares for the expected phase out of the London Interbank Offered Rate (LIBOR) as a reference rate at the end of 2021, market participants are assessing their exposures to LIBOR and developing plans for transitioning to a new reference rate. FHLBank Atlanta is also preparing for the phase out of LIBOR, and as your trusted advisor we stand ready to assist you through this process. If you have questions about the information below, please call your collateral relationship specialist at 1.800.536.9650.

As part of our preparation and to meet requirements established by the Federal Housing Finance Agency (FHFA), the Bank will begin collecting additional information on LIBOR-based loan collateral that shareholders report to secure borrowings. The FHFA directed the FHLBanks to update their pledged collateral certification reporting requirements by September 30, 2020 in an effort to encourage shareholders to distinguish LIBOR-based collateral maturing after December 31, 2021.The Bank is collecting this information to help evaluate its exposure to LIBOR-based loans that mature after 2021. Shareholders providing listed loan detail already provide the necessary information covered in this request.

Required Information for Qualifying Collateral Reports
Effective with the **September 30, 2020** collateral reporting cycle, the Bank will modify its Qualifying Collateral Reports (QCRs) to gather additional information on LIBOR-based loans for all portfolios. On page three of the QCR, shareholders will be required to report the percentage of unpaid principal balance of LIBOR-based collateral according to maturity dates.

QCRs with data as of September 30, 2020, will be due to the Bank by October 30, 2020, per the usual submission deadlines.

Example of LIBOR Fields on QCR

Categories	Percentage of Portfolio
LIBOR Reporting *	**Required**
LIBOR-indexed adjustable rate loans that mature on or before 12/31/21	%
LIBOR-indexed adjustable rate loans that mature on or after 1/1/22	%
All other loans (adjustable with non-LIBOR index, or fixed)	%
LIBOR Fallback Language - for loans that mature on or after 1/1/22 *	**Optional**
Preferred	%
Non-preferred	%
To be determined	%

* Items within this Category must total 100%

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Optional Information on Fallback Language

To help evaluate its exposure to the cessation of LIBOR in 2021, FHLBank Atlanta is requesting that shareholders provide, on an optional basis, information on fallback language contained in LIBOR-based loan contracts that mature after 2021.

Page three of QCRs will include new optional fields where shareholders can report information on the fallback language contained in LIBOR-based loan contracts that facilitates a transition to an alternative reference rate in the event LIBOR is no longer available. Shareholders providing listed loan detail will be contacted separately for optional reporting.

The Bank is monitoring market developments and will determine in the future whether separate market valuations and discounts will be needed for LIBOR-based loans that mature after 2021. The information shareholders provide on LIBOR exposure and fallback language may be used to determine market valuations and discounts applied to LIBOR-based collateral in the future.

Fallback Language Classifications for Loan Collateral

The Bank has created two categories of loans based on the provisions of the fallback language contained in the loan contract. These categories are **Preferred** and **Non-preferred**. At this time, shareholders also have the option of categorizing loans as "To be Determined" if they are still researching and evaluating fallback language.

A loan may be classified as having **preferred** fallback language if the loan contract:

1. Defines the new reference rate, the circumstances under which the new rate is to be used, and the spread adjustment calculation, or the mechanism to calculate spread adjustment; **or**

2. Is silent on reference rate discontinuation but gives the shareholder unilateral rights to make changes to the reference rate

If the loan contract does not have fallback language that meets either of the above criteria, it should be classified as having **non-preferred** fallback language.

Additional Resources

For additional information on the LIBOR phase out and transition, view the LIBOR article series on our Resource Center.