

AMERIBOR®

The New Benchmark for Loan Origination after LIBOR

Background

US and UK regulators have reaffirmed that the London Interbank Offered Rate (LIBOR) will be phased on by June 30, 2023.

AMERIBOR® is a new credit sensitive interest rate benchmark created by the American Financial Exchange.

AMERIBOR® reflects the actual borrowing costs of US banks and financial institutions.

Advantages of AMERIBOR® for Loan Origination

- **Market driven benchmark interest rate term structure**
- **Stable reference benchmark interest rate**
- **Contains a credit spread component** based on *unsecured* loans in contrast to SOFR which is based on *secured* (i.e., collateralized) loans
- **Facilitates loan origination at spreads to a benchmark that represents actual funding costs** for many American financial institutions
- **Optimizes asset-liability management** by matching asset prices & liability costs to a single common benchmark interest rate
- **Can be swapped and hedged with the dealer community**
- **Published by all major data vendors including Bloomberg, Refinitiv and others**

American Interbank Offered Rate

AMERIBOR®

- **Completely transparent benchmark interest rate** based on overnight unsecured lending on the American Financial Exchange (AFX)
- **Cboe Global Markets hosts the AFX platform & performs market surveillance & compliance services and is the calculation agent for AMERIBOR**
- **Term structure of interest rates based on two alternative methodologies:**
 - AMERIBOR cash and futures market data
 - DTCC and AMERIBOR market data
- **Quoted on actual/360 day-count, following business day convention**
- **Published by Cboe Global Markets under various AMERIBOR ticker symbols**

For more information please visit www.ameribor.net

Typical AMERIBOR[®] Transactions

Line of Credit

- A borrower wants a revolver with an annual renewal.
- Reset Frequency: Monthly, on the anniversary date (i.e., if the revolver was issued on the 3rd of the month, it will reset on the 3rd of the month)
- Payment frequency: same as reset frequency
- Index: spot 1-month AMERIBOR interest rate

Floating Rate Term Loan

- Same as Line of Credit Example above except the balance is not variable and it does not renew annually, but there is a specified term.
- Term: X years
- Reset Frequency: Monthly, on the anniversary date (i.e., if the revolver was issued on the 3rd of the month, it will reset on the 3rd of the month)
- Payment frequency: same as reset frequency
- Index: spot 1-month AMERIBOR interest rate

Floating Rate Term Loan with Swap

- A borrower wants a floating rate term loan and wants to synthetically fix the borrowing rate with a swap.
- Reset Frequency: Monthly
- Fixing lag: two (2) business days in advance (i.e., if the swap pays on the 1st of the month the rate is fixed 2 business days prior to the 1st of the month.
- Payment frequency: same as reset frequency; paid on the 1st of the month
- Index: spot 1-month AMERIBOR interest rate