Regulators globally have indicated the need for financial institutions ("FI") to transition away from using the London Interbank Offered Rate ("LIBOR") to other alternative risk-free rates ("RFR") in determining the benchmark interest rates. With an estimated exposures amounting to USD 350 trillion worth of contracts globally, the impact from the transition from LIBOR-referenced financial products and services will have an impact to all market participants. Currently, the identification as well as development of alternative risk-free rates are underway in five major jurisdictions around the world. As part of this shift, the UK Financial Conduct Authority ("FCA"), the supervisory authority of LIBOR, will no longer compel banks to submit rates used to calculate LIBOR after 31 December 2021. This also means that IBOR (Interbank Offered Rate), major benchmark to price financial contracts of G5 currencies is expected to be discontinued after end-2021.

What is IBOR?

- It stands for Interbank Offered Rate ("IBOR") at which major global banks borrow funds from one another in the unsecured interbank lending market.
- Determined by averaging the submissions from a panel of major banks and commonly used as a key interest rate benchmark that underpins the interest rates for various financial products such as loans, mortgages, derivatives and securities.
- IBOR is calculated and published daily by the International Continental Benchmark Administration ("ICE") for the following five currencies (G5 currencies): US Dollar ("USD"), Euro ("EUR"), Pound Sterling ("GBP"), Japanese Yen ("JPY") and the Swiss Franc ("CHF").
- IBOR is calculated in seven maturities: overnight; one week; one month; two month; three month; six month; and twelve month, with three and six month maturities being the most common.

What are the reasons for this transition?

- In 2014, the international body that monitors and makes recommendations about the global financial systems, the Financial Stability Board ("FSB") recommended the need for major reforms which include measures to strengthen existing benchmarks, other potential reference rates based on interbank markets and developing alternative risk-free reference rates (RFRs).
- Today, discussions are underway on the transition to other alternative RFRs to replace IBOR.

What are the alternative benchmarks?

- Alternative RFRs are supported by the underlying transactions, the rates are more reliable and representative of the cost of funds compared to the IBOR. A table below provides an overview of the RFRs for the 5 major currencies:

Jurisdiction	United Kingdom	United States	European Union	Switzerland	Japan
Currency	GBP	USD	EUR	CHF	JPY
Administrator	Bank of England	Federal Reserve Bank of New York	European Central Bank	SIX Swiss Exchange	Bank of Japan
Legacy Benchmarks	GBP LIBOR	USD LIBOR	EUR LIBOR EURIBOR EONIA	CHF LIBOR	JPY LIBOR TIBOR EUROYEN TIBOR

Alternative RFR	Sterling Overnight Index Average (SONIA)	Secured Overnight Financing Rate (SOFR)	Euro Short-Term Rate (ESTR)	Swiss Average Rate Overnight (SARON)	Tokyo Overnight Average (TONA)

How would this impact CIMB customers?

- The transition may affect some of CIMB's consumer, commercial and wholesale banking customers who use or invest in financial products and services, which reference IBOR.
- Should any assistance be required, please reach out to your CIMB's Relationship Manager.

For further information, please contact us:

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For companies	Business Call Centre 1300 888 828 (Local) or +603 2297 3000 (Overseas) *(Excluding Public Holidays) Monday to Friday (8:00am – 7:00pm) Saturday (8:00am – 5:00pm)* Email us at:mybusinesscare@cimb.com

Frequently asked questions

1. **Why does IBOR need to be replaced?**
   The manipulation of IBOR rate submissions by some panel banks has raised serious concerns about the reliability of IBOR as a benchmark rate. In order to improve the robustness and integrity of financial benchmarks, IBOR panel banks are increasingly reluctant to submit quotes based on 'expert judgement' rather than liquid underlying transactions.

2. **How is CIMB preparing for this transition for its customers?**
   The Bank or your Relationship Manager will reach out to IBOR-exposed customer on the details concerning the transition and to ensure you are kept up-to-date with the latest development on this.

   As part of our customer engagement plans, we will be contacting our IBOR-exposed customers to discuss appropriate next steps and potential transition options to ensure you are fully informed to make the right decisions around your portfolio or contracts with CIMB. Your Relationship Manager will reach out to you if you have such exposure or you can contact us via email or Call Centre for any IBOR transition-related queries.

3. **What is the impact of IBOR to my portfolio?**
   We recommend that our valued customers develop a more granular understanding of the impact of the transition on their portfolio and exposures to IBOR-referenced financial products with maturity beyond 2021. Should you require further clarity on this topic, please contact your relationship manager, reach out to us on our contact channels or consult with an independent professional advisor.

This page will be updated regularly to ensure we keep our customers abreast on all relevant information.