

# LIBOR Cessation Preparedness- Key Takeaways from FDIC Conference Call

Frank Smith III and Ray Thompson joined the management team of one of our client banks for an FDIC-initiated informational conference call regarding the bank's LIBOR transition planning, timeline and actions to date. The regulators view LIBOR transitioning as a "significant event" and will incorporate preparedness assessments into their regular exams.

Key takeaways from the conference call include the following:

- They are just doing a survey right now. Not looking for final answers, but do expect a comprehensive documented assessment of LIBOR risk exposures.
- They do want to see current exposures to LIBOR-based assets and liabilities, including loans investment securities, deposits, borrowings, third-party contracts, and derivatives.
- They will want to know expected impact of LIBOR cessation on earnings, ALM modeling, accounting, reporting, tax, internal controls, consumer protection and compliance.
- Expect to have some additional FDIC guidance upcoming out in the coming months. (See FIL-104-2020 for current guidance.)
- They will ask about the bank's timeline for reducing LIBOR dependence and will ask for a schedule of exposures by category (e.g., loans, securities, borrowings), both in dollar terms and as a percent of assets.

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