

# Future proofing investments in corporate lending

## Fusion LIBOR Transition Calculator

With the imminent transition from LIBOR to Alternative Reference Rates (ARR) or Risk Free Rates (RFR) causing operational challenges to banks and lenders, the need for automation is becoming increasingly clear.

Legacy systems lack the ability to process ARR / RFR priced loans, given they weren't designed to perform these calculations, and implementing complex system changes can be costly. The need to have a flexible service that can expand over time as these ARR / RFR methodologies evolve is more important than ever.

The Fusion LIBOR Transition Calculator independently sources the ARR / RFRs from external official sources such as the Federal Reserve Bank of New York for SOFR, then calculates rates – average compounded in arrears rate and daily non-cumulative compounded rates, along with corresponding interest accrued amounts for a set of inputs.

Built on Finastra's **FusionFabric.Cloud**, the service can be seamlessly integrated into your lending systems, unlocking the potential to leverage Finastra's Fusion Loan IQ ARR calculation methodologies onto other systems.



1

Call the ARR/RFR Calculator Service passing in certain loan parameters and ARR/RFR parameters and be returned the Daily or Average Compounded ARR Rates for the period specified.

2

Calculate the interest accrued for the period specified, based on certain additional loan and ARR/RFR parameters, which can directly be plugged in as accrued interest amounts in the legacy applications.

3

Retrieve the official Compounded ARR Period Averages for standard tenors wherever published, and otherwise, calculate them for a set of non-standard tenors, for certain key risk-free reference rates.

4

Calculate the Average Compounded ARR Rate using daily published ARR Index, wherever available.

### Setting you up for LIBOR transition success



- Calculated Rate
  - Average Compounded in Arrears
  - Daily Compounding in Arrears
- Interest Calculator
  - Average Compounded in Arrears
  - Daily Compounding in Arrears
- Calculated Rate for different Tenors
- Calculated Rate using ARR Index

## Key Benefits



A trusted methodology



Seamless integration



Future-proofing your business