



LIBOR TRANSITION KEY QUESTIONS...

What is the London Inter Bank Offered Rate (LIBOR) and why the transition alternative Risk Free Rates (RFRs)?

LIBOR provides an indication of the average rate at which each LIBOR panel bank can borrow unsecured funds in the London interbank market for a given period, in a given currency. The average is published and used by the financial markets. LIBOR is currently published across five currencies (Sterling, US Dollar, Euro, Swiss Franc and Japanese Yen) and across seven maturities (ranging from overnight to 12 months).

The integrity of LIBOR was called into question during the height of the financial crisis when several leading banks contributing to the rate were accused of manipulating submissions which undermined the determination of LIBOR. In 2017, the FCA announced that it will no longer require panel banks to submit LIBOR quotations from the end of 2021. Accordingly, the FCA and other regulators are encouraging market participants use alternative "risk-free" rates (RFRs).

What is BACB doing about LIBOR transition?

BACB has established its own LIBOR working group, comprised of key stakeholders from across the Bank with oversight and supervision from a designated SMR who has overall regulatory responsibility for the Bank's transition from LIBOR.

The working group has been actively monitoring regulatory announcements, guidance and market updates and is in discussion with external law firms and specialist advisers.

BACB is also participating in industry-wide forums and consultations. In line with the guidance and timeframe set by the FCA, BACB has been focused on the transition of its GBP-Libor linked lending, in particular the Bank's real estate business.

What does this mean for me as a client of BACB?

BACB is looking to work with all of its clients to ensure that the client fully understands the impact of affected contracts, products and services.

Once a market consensus RFR is established, BACB intends to communicate and agree with affected clients how this may impact their existing and future products.

For products linked to LIBOR with a maturity date beyond 2021, the Bank will be in touch with those clients directly to agree appropriate amendments to their product terms.

Where can I get more information if I have further questions?

The LIBOR Section of the BACB website contains further information, you can also e-mail specific questions to libor@bacb.co.uk.

More details of the changes can also be found on the websites of the Bank of England and Financial Conduct Authority.

Your relationship manager is also on hand to provide guidance and discuss the impact on your BACB offered services.

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www.bacb.co.uk/compliancелиbor-transition libor@bacb.co.uk +44 (0)20 7648 7777