



Benchmark Factsheet

Bank of England Bank Rate

This document must be read in conjunction with the respective *Product Summary*

What is the Bank of England Bank Rate?

Bank Rate, also known as “Base Rate”, determines the interest rate that the Bank of England (BoE) will pay to commercial banks that hold money with it. This then influences the rate that banks in the UK apply to borrowing or savings. Generally, when Bank Rate changes UK banks also change their interest rates, but other things can affect interest rates on savings and borrowings. Consequently interest rates can change for other reasons and may not change by the same amount as the change in Bank Rate.

How is Bank Rate set and governed?

The BoE Monetary Policy Committee (MPC) sets the Bank Rate. The MPC ensures action is taken that enables the Bank of England to meet the target that the Government sets to keep the inflation rate low and stable.

When does the Bank Rate change?

The MPC meets to decide on the Bank Rate a minimum of 8 times a year. It may decide not to change the Bank Rate. Its decision is dependent on a number of factors such as inflation targets, bank lending, consumer credit figures and unemployment levels. Further information about the MPC is available at:

- [The MPC and the Bank's Sterling Monetary Framework](#)

Whilst the Bank Rate does not change often, it is still a daily rate and interest payments that refer to it are calculated on a daily basis.

Features to consider

Interest is typically payable for periods longer than overnight (e.g. monthly, quarterly), so interest normally accrues daily at the prevailing rate during the interest period, with any changes in Bank Rate taking effect the same day.

Bank Rate does not tend to change frequently, so the same rate can apply across the whole calculation period.

As the MPC can set a new level for Bank Rate at any time, the interest amount will not be known until the end of the relevant interest period.

Please note: The effective interest rate for a period will not be known at the start of that period.

It is important for all parties to a transaction to understand:

- **How changes to Bank Rate are dealt with; when a rate change takes effect and how the interest is calculated when Bank Rate changes during an interest period.**
- **When the interest for an interest period is known.**

Disclaimer: This document has been prepared by Lloyds Bank for information purposes only. This document describes the product and summarises the risks and benefits associated with entering into a transaction of this nature or making an investment of this nature. Whilst Lloyds Bank has exercised reasonable care in preparing this document and any views or information expressed or presented are based on sources it believes to be accurate and reliable, no representation or warranty, express or implied, is made as to the accuracy, reliability or completeness of the information contained herein. If you receive information from us which is inconsistent with other information which you have received from us, you should refer this to your Lloyds Bank Sales representative for clarification.

Lloyds Bank acts solely in a principal capacity. Not all products or transactions will fulfil your requirements. You should be aware that any product or transaction which you enter into with us is, in the absence of any written agreement to the contrary, on the basis that you are able to make your own independent assessment and decision as to your requirements and whether that product or transaction fulfils those requirements. Your decision will be based on your own knowledge and experience and any professional advice which you may have sought in relation to the financial, legal, regulatory, tax or accounting aspects of the proposed product or transaction. Lloyds Banking Group plc and its subsidiaries may participate in benchmarks in any one or more of the following capacities; as administrator, submitter or user. Benchmarks may be referenced by Lloyds Banking Group plc for internal purposes or used to reference products, services or transactions which we provide or carry out with you. No assurance is provided that a referenced interest rate benchmark will continue to exist throughout the term of any proposed transaction, or that changes will not occur with respect to the administration of such interest rate benchmark. More information about Lloyds Banking Group plc's participation in benchmarks is set out in the Benchmark Transparency Statement which is available on our [website](#).

Lloyds Bank is a trading name of Lloyds Bank plc, Bank of Scotland plc and Lloyds Bank Corporate Markets plc. Lloyds Bank plc. Registered Office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales no. 2065. Bank of Scotland plc. Registered Office: The Mound, Edinburgh EH1 1YZ. Registered in Scotland no. SC327000. Lloyds Bank Corporate Markets plc. Registered office 25 Gresham Street, London EC2V 7HN. Registered in England and Wales no. 10399850. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 119278, 169628 and 763256 respectively. Eligible deposits with us are protected by the Financial Services Compensation Scheme (FSCS). We are covered by the Financial Ombudsman Service (FOS). Please note that due to FSCS and FOS eligibility criteria not all Business customers will be covered.

Issue date: Lloyds Banking Group 30/07/2021