



# Consumer Guide

## Revised Reference Rate Framework

### 01 What is Reference Rate?

#### Lending/ Profit Rate



- Effective Lending Rate (ELR)/Effective Profit Rate (EPR)
- All-in rate that affects payment amount

#### Reference Rate



- Determines the changes in customer's payments on floating (variable) rate loan/financing facilities throughout the tenure

#### Spread



- Includes credit and liquidity risk premiums, operating costs, and profit margin
- Generally fixed throughout lifetime of loan/financing facility

### 02 Illustration of how we quote lending/profit rates

3.25%

=

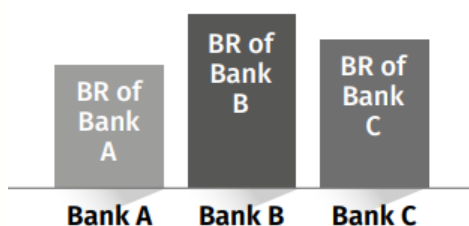
Reference rate  
(e.g. 2.25%)

+

1.00%

**BR**  
Base Rate

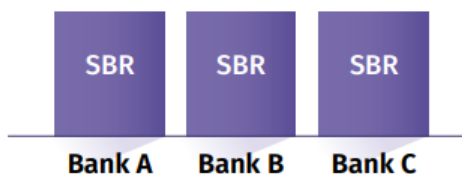
Different BR as set by banks



Beginning  
1 August 2022

**SBR**  
Standardised Base Rate

SBR = BNM's Overnight Policy Rate (OPR) for all banks



What it means:  
SBR will follow exactly OPR



Note : For Islamic Financing refers to Islamic Base Rate (IBR)

### 03 Which loan/financing facilities would the SBR apply to?



The SBR applies to NEW floating (variable) rate loan/financing facilities for individuals. Examples of HLB/HLISB products are:



Housing Loan/Property Financing



Asset Financing Solution



Overdraft Facility



ASB Financing

### 04 How does the move to SBR benefit you?

Easier to understand that payment instalment will only change when there is a change in the OPR, unless there is an increase in your credit risk, for example, if you fail to make payments.

No longer need to compare differences in computation of BR/IBRs across banks.

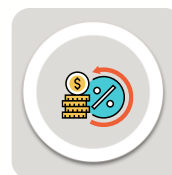


### 05 How would lending/profit rates be affected by the revision to the RRF?



#### For existing customers

The move to SBR does not affect lending/profit rates of existing retail floating (variable) rate loan/financing facilities



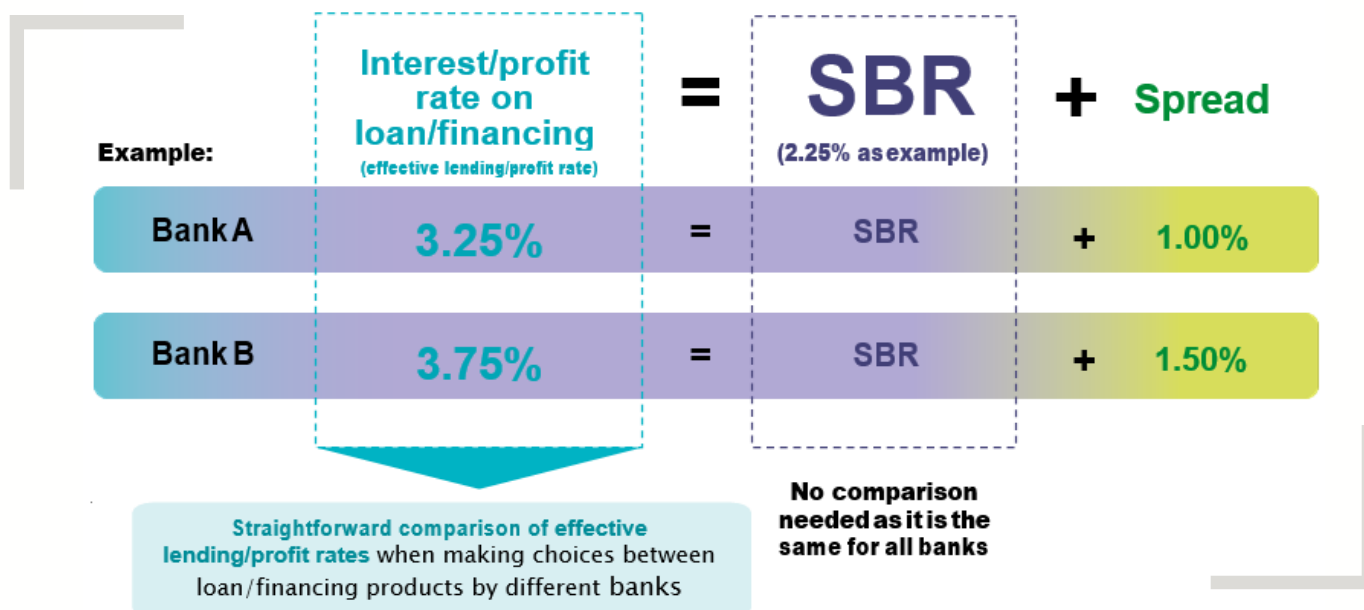
#### For new customers

Lending/profit rates for retail customers should be largely unaffected by the move to SBR

However, as is the case now, customers' lending/profit rates and loan/financing payments may still be affected by other factors, such as customers' credit risk profile (e.g. payment track record).



## 06 How should you compare lending/profit rates across banks?



## 07 What would happen to your BR/IBR and Base Lending Rate (BLR)/Islamic Financing Rate (IFR)-based loan/financing facilities from 1 August 2022?

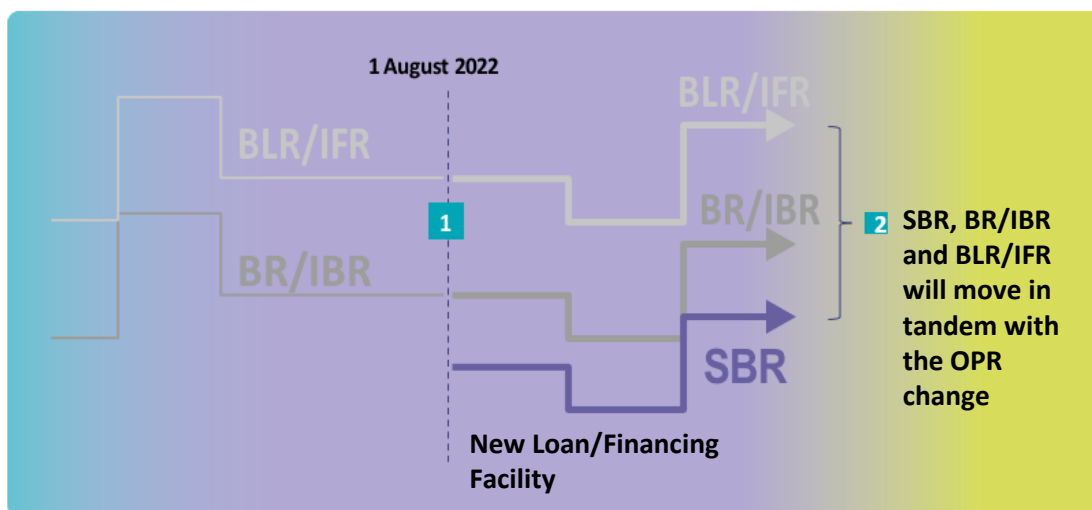


BR/IBR and BLR/IFR- based loan/financing facilities taken prior to 1 August 2022 will continue to be priced against the BR/IBR and BLR/IFR until the retail loan/financing facilities are fully paid.



BR/IBR and BLR/IFR, just like the SBR, will all move exactly in tandem with the OPR change from 1 August 2022.

For illustration purposes



## 08 What should you do as a customer?



Compare the effective lending rates (ELR)/effective profit rate (EPR) or the spread above the SBR quoted by different banks before taking a new loan/financing facility.



Read the Product Disclosure Sheet (PDS). It provides key information on financial products offered by banks, including on the ELR/EPR and total payment amount for the loan/financing facility you are considering



Understand that your monthly payment amount will increase or decrease when there is a change in the OPR going forward



Assess whether you can continue to afford the loan/financing payments if the effective lending/profit rate increases in the future

