

Q1. What is Base Rate (BR)?

A1. BR is the new reference rate introduced by Bank Negara Malaysia (BNM) to replace Base Lending Rate (BLR) for new retail floating rate loans for individuals effective 2nd January 2015.

Q2. What are the objectives of BR?

- A2. i) To provide a more transparent reference rate to enable better decision by consumers in making choices among the many loan products offered by financial institutions.
- ii) To better reflect changes in cost arising from monetary policy and market funding conditions.
- iii) To encourage greater discipline and efficiency among financial institutions in the pricing of retail financing products.

Q3. How is BR determined and how does the BR pricing work?

A3. The BR is determined by Benchmark Cost of Fund and Statutory Reserve Requirement (SRR).

Other components of loan pricing such as borrower credit risk, liquidity risk premium, operating costs and profit margin will be reflected in a spread above the Base Rate.

Example:

Indicative lending/financing rate for a standard home loan/ financing of RM350,000 with no-lock in period:

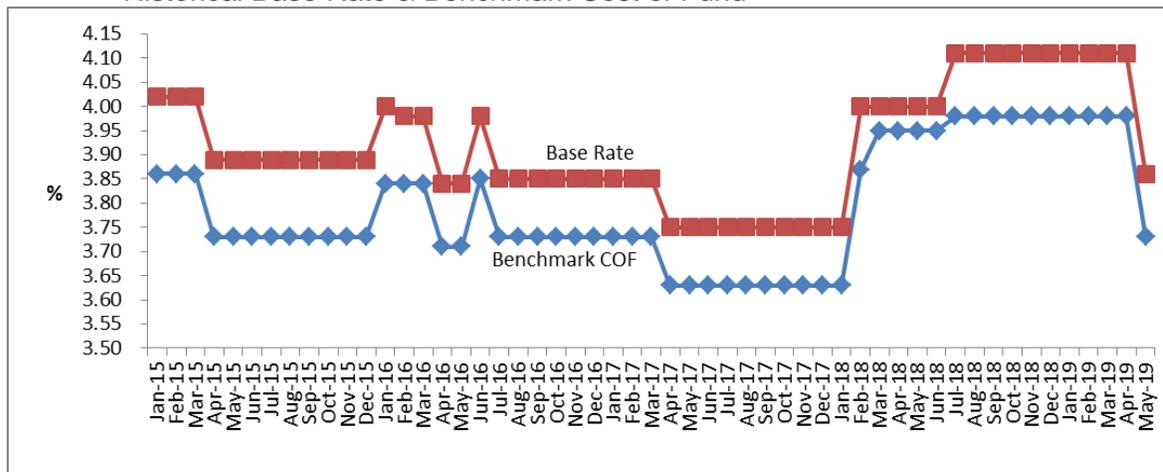
	Effective 15 May 2019
Reference Rate	Base Rate/Islamic Base Rate = 3.86%p.a.
Interest/Profit Rate	Base Rate/Islamic Base Rate + 0.75%p.a.
Effective Lending/Financing Rate	4.61%p.a.*

**For illustration purpose; the effective lending/financing rate for a 30-year loan/financing of RM350,000 with no lock-in period is 4.61%. This package is subject to change from time to time.*

Q4. What is Benchmark Cost of Fund?

A4. To reflect our funding cost, our Benchmark Cost of Fund is based on combination of 3 month Kuala Lumpur Interbank Rate (KLIBOR) and marginal cost to raise funds from new fixed deposits.

Historical Base Rate & Benchmark Cost of Fund



Note: This is for illustration purposes only.

Q5. Can UOBM's BR and interest/ profit spread differ from other banks?

A5. Yes, each bank's BR is different as they can adopt different benchmarked cost of funds and the interest/ profit spread differs as each bank has its own cost structure, operate based on different business models and has different risk profiles and appetite.

Q6. How frequent will the Bank revise the Base Rate?

A6. We will adjust BR when there is an Overnight Policy Rate (OPR) change. Apart from OPR change, we will revise BR on quarterly basis if the variance in Benchmark Cost of Fund has met the internal threshold.

Q7. What is the impact to my existing BLR loan?

A7. BLR would be adjusted if there is any BR revision, by the same magnitude.

Q8. What is the impact to my repayment amount?

A8. Your monthly instalment amount may vary due to changes in BR, subject to the instalment difference is RM50 and above.

Q9. How do I know what the latest BR/BLR is?

A9. BR and BLR, along with the effective date will be displayed prominently at all branches and website, no later than the date in which the revision comes into effect.

THIS FAQ IS VALID as at 15 May 2019