

### **Frequently Asked Questions (FAQs) on the Revised Reference Rate Framework**

No	Question	Answer
1	What is the Standardised Base Rate (SBR)?	SBR is a reference rate that all banks will use starting from 1 August 2022 in the pricing of new retail floating-rate loans/financing, refinancing of existing retail loans/financing, and the renewal of revolving retail loans/financing from 1 August 2022. Retail loans/financing refer to loans/financing to individuals (not SMEs or businesses), while 'floating-rate loans/financing' refer to loans/financing where the interest/profit rate can change during the lifetime of the loans/financing. The SBR is linked solely to the Overnight Policy Rate (OPR), as determined by the Monetary Policy Committee (MPC) of Bank Negara Malaysia.
2	Why is the SBR being introduced?	SBR is the same across all banks, unlike the Base Rate (BR) which is different for each bank. With the Base Rate, future changes to the BR can be driven by factors that varies across banks. The SBR makes it simple and easy for you to understand and compare loans/financing across the banks. This will help you in making a more informed decision as you consider and decide on which bank to take a new floating-rate loan/financing from.
3	How does the OPR change affect the SBR?	When the OPR is revised, banks will adjust the SBR by the same amount as the change in the OPR. This applies to both upward and downward adjustments in the OPR.
4	If the SBR can change, and that affects the interest rate on a loan/financing, what about the spread above the SBR? Are banks allowed to change the spread during the loan/financing tenure?	Banks are not allowed to increase the spread above the SBR during your loan/financing tenure unless there is a change in your credit risk profile (For example: if you fail to pay your loan/financing repayments/payments )
5	Why is the spread above the SBR larger than the spread above the BR? Am I being charged more given the larger spread above SBR?	<ul style="list-style-type: none"> <li>➤ You are not charged more just because the spread is larger. This can be seen from the "effective lending rate (ELR)" / "Effective Financing Rate (EFR)", which is the interest/rpofit rate charged on the loan/financing. If the ELR/EFR is the same, you are not charged more.</li> <li>➤ However, as the SBR is linked solely to the OPR for all banks, individual banks will consider their specific business or funding costs in the spread instead, which are different across banks.</li> <li>➤ After you have entered into a loan/financing contract, banks are not allowed to increase the spread during the tenure of the loan/financing, except when a borrower/customer's credit risk profile changes. In comparison, currently, a bank may change its Base Rate because of changes</li> </ul>

		in its funding costs, and this is less transparent to borrower/customers.
6	What will happen to your BR- and Base Lending Rate (BLR)-/Base Financing Rate (BFR)- based loans/financing from 1 August 2022?	<ul style="list-style-type: none"> <li>➤ BR- and BLR/BFR- based loans/financing taken prior to 1 August 2022 will continue to be priced against the BR and BLR/BFR until the loan/financing is fully paid.</li> <li>➤ The BR and BLR/BFR will move in tandem with the OPR starting from 1 August 2022, which is the same as SBR.</li> </ul>
7	If I have a BR or BLR/BFR-based loan/financing, will it be affected by a change in the SBR?	Yes. Both BR and BLR/BFR will move exactly in tandem with the SBR. This means that for any change to the SBR, following a change in the OPR, banks will adjust the BLR/BFR and BR by the same amount of change in the SBR.
8	How long does it take for banks to adjust the SBR, BR and BLR/BFR after the announcement of the OPR change by BNM?	Bank Negara Malaysia requires banks to adjust the SBR, BR and BLR/BFR by the same amount as the OPR within 7 working days from the date of the OPR change.
9	Will my loan/financing instalment be affected when there is a change in the SBR, BR and BLR/BFR?	<ul style="list-style-type: none"> <li>➤ Yes. When the SBR, BR and BLR/BFR are reduced, banks will reduce your loan/financing instalment/rental amount. Similarly, if they are increased, banks will increase your loan/financing instalment/rental amount.</li> <li>➤ If the change in your instalment/rental amount is less than RM10 per month, some banks may keep your instalment/rental amount unchanged, and then adjust the loan/financing tenure or final repayment/payment amount accordingly. You will be informed in such cases and receive the details on how this might affect your loan/financing tenure or overall interest/profit costs where relevant.</li> </ul>
10	When my loan/financing instalment/rental amount is revised, will the bank inform me?	Bank Negara Malaysia requires banks to inform borrowers/customers on any revisions to their loans/financing instalment/rental amount at least 7 calendar days before the new instalment/rental amount is due for payment. You may receive the notification via mail or any electronic means (e.g. SMS, emails).
11	What happens if a borrower/customer cannot meet the higher loan/financing instalment/rental amount when the SBR, BR or BLR/BFR are increased?	<p>A borrower/customer who is facing financial difficulty in repaying/paying the new, higher instalment/rental amount can request to maintain the original instalment/rental amount. The loan/financing account may be classified as 'rescheduled and restructured'. The bank will inform the borrower/customer on such classification and its implications, including:</p> <ul style="list-style-type: none"> <li>• increase in the total cost of borrowing/financing;</li> <li>• extension / addition to the loan/financing tenure;</li> <li>• when to repay/pay the additional interest/profit amount, if any.</li> </ul>

12	Is there any difference whether I take a new loan/financing before or after 1 August 2022?	<ul style="list-style-type: none"> <li>➤ Loans/financing taken before 1 August 2022 will still be priced against the BR (i.e., BR + spread), while loans/financing taken from 1 August 2022 will be priced against the SBR (i.e., SBR + spread).</li> <li>➤ Whether a loan/financing is priced against the BR or the SBR, the interest/profit rate on a loan/financing (or 'effective lending rate'/'Effective Financing Rate') will continue to be competitively determined and influenced by multiple factors, including a customer's risk profile and banks' business strategy.</li> <li>➤ Whichever the case, both BR and SBR will move exactly in tandem with the OPR from 1 August 2022</li> </ul>
13	Where can I view the SBR, BR and BLR/BFR?	You can find the information on SBR, BR and BLR/BFR at our branches and websites. For new customers, the SBR and the interest/profit rate on a loan/financing (or 'effective lending rate'/'Effective Financing Rate') will be stated in the product disclosure sheet of the loan/financing
14	Where can customers make inquiries relating to the Reference Rate Framework or lodge a complaint regarding banks' practices?	<p>Customers who have any queries or complaints can either direct your enquiries through the following avenues:</p> <ul style="list-style-type: none"> <li>a) Approach our branch staff</li> <li>b) Call our Contact Centre at Tel: +603 83175011</li> <li>c) Write to: Email: <a href="mailto:myexperience@ocbc.com">myexperience@ocbc.com</a>  Mail: Service Transformation Department, OCBC Bank (Malaysia) Berhad, 18 Jalan Tun Perak, 50050 Kuala Lumpur</li> <li>d) BNMLINK at <a href="https://telelink.bnm.gov.my/">https://telelink.bnm.gov.my/</a> or 1-300-88- 5465.</li> </ul>

Note: This FAQ is current 1 August 2022. It is not exhaustive and there may be additional changes in the future.