FAQs for Standardised Base Rate (SBR) effective on 1 August 2022

No.	Question	Answer
1.	What is the Standardised Base Rate (SBR)?	Standardised Base Rate (SBR) will replace the Base Rate (BR) as the reference rate for new retail floating-rate loans for individuals, effective 1 August 2022. The SBR is the reference rate that all banks will use effective from 1 August 2022 in the pricing of new retail floating-rate loans, refinancing of existing retail loans, and the renewal of revolving retail loans, on or after the effective date.
2.	What are possible scenario to trigger a change in SBR?	SBR is based on the benchmark rate specified by Bank Negara Malaysia ('BNM'). The benchmark rate is currently set as the prevailing Overnight Policy Rate ('OPR'), as set out in the Monetary Policy Statement of the Monetary Policy Committee of BNM. For example : OPR is 2.25%, SBR will be set at 2.25% In the event of a change in the benchmark rate, SBR will be adjusted by the same quantum For example : OPR increased by 0.25% from 2.25% to 2.50%, then SBR will increased by 0.25% from 2.25% to 2.50% too.
3.	What is the different between Standardised Base Rate (SBR) and Base Rate (BR)?	The SBR is meant to replace the Base Rate (BR), a reference rate that was introduced in 2015. The SBR will be the same across all banks, unlike the BR which is different for each bank.

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		The BR is internally determined by banks, based on the benchmark cost of funds and the Statutory Reserve Requirement (SRR). Each bank has a different methodology for calculating its BR. Thus, every bank has a different BR. SBR, will be the same across banks. The SBR will be linked solely to the Overnight Policy Rate (OPR), which is determined by the Monetary Policy Committee of Bank Negara Malaysia. SBR offers greater transparency and comparability of loans across banks. This will help consumers make more informed decisions.
4.	What loans does the Standardised Base Rate apply to?	The SBR ONLY applies to new floating-rate loans, refinancing of existing retail loans, and the renewal of revolving retail loans for individuals beginning 1 August 2022.
5.	Are the Bank allowed to use other reference rates for the pricing of retail loans?	Effective from 1 August 2022, the Bank shall only use the SBR as the reference rate for the pricing of floating rate loans offered to individuals.
6.	How does this affect your existing loan?	If you are an existing borrower who has taken a loan before 1 August 2022 the introduction of the Standardised Base Rate will not affect your contracted lending rate. Loans took before 1 August 2022 will still be priced against the Base Rate (BR) or Base Lending Rate (BLR).

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7.	For cases where the Bank offer the borrower top-up financing secured by the same collateral after the effective date of 1 August 2022, could the Bank continue to use the BR?	For any top-up financing offered under an existing housing loan referenced against BR, the Bank may continue to use the BR.
8.	If an overdraft facility was offered prior to 1 August 2022 as part of home loan, is the Bank required to replace the BR with the SBR for the overdraft account?	For an overdraft account bundled with a home loan product, if the terms of the overdraft are reflected in the home loan agreement (or letter of offer), the overdraft account can continue to be priced against the BR until the home loan is fully settled.
9.	Is the SBR applicable to loans offered to sole proprietorships?	The SBR is applicable to retail loans offered to sole proprietorships under an individual's name for business use, but not to loans offered to sole proprietorships under the business's name.
10.	Will the Bank revise the instalment amount when there is an adjustment to SBR, BR and BLR?	For any upward or downward adjustment to the SBR, BR and BLR, the Bank shall, by default, revise the instalment amount of retail loans which are priced against the SBR, BR and BLR.
11.	Can the customer retain the original instalment amount after the Bank revise the instalment amount due to any upward or downward adjustment to the SBR, BR and BLR?	Yes. The Bank shall allow a customer to retain the original instalment amount upon the customer's specific request. The Bank shall only classify such retail loan account as "*rescheduled and restructured*" in the event that a customer's request to retain the original instalment amount is due to a deterioration in the financial condition of the customer resulting in the inability of the customer to meet the revised instalment amount in accordance with the original repayment terms and conditions. The Bank shall inform the customer on the classification and its implications

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		and record the customer's informed consent to the "*rescheduled and restructured"* of the loan.
12.	If a customer refuses to provide consent to the classification of the loan account as "*rescheduled and restructured*", can the Bank decline the customer's request to retain the original instalment amount?	As the Bank must classify a loan account as "*rescheduled and restructured"* in the event the customer's request to retain the original instalment amount is due to a deterioration in the customer's financial condition, which results in the customer being unable to meet the revised instalment amount, the Bank may decline the customer's request if the customer refuses to give consent to the "*rescheduled and restructured"* classification. Nevertheless, such classification does not apply to customers requesting for loan repayment assistance where the Bank has waived CCRIS tagging as part of COVID-19 relief measures.