Guide to Consumer on Reference Rate

Before 2 Jan 2015

BLR
Base Lending Rate

Loans extended prior to 2 January 2015 will continue to be referenced against the Base Lending Rate (BLR) or Base Financing Rate (BFR) until their maturities.

From 2 Jan 2015

BR
Base Rate

Effective 2 January 2015, a new reference rate known as the Base Rate (BR) will be used for new floating rate loans / financing facilities, such as housing loans.

The move to BR does not affect Effective Lending Rates

Applicable to floating rate loans / financing facilities offered to individuals.
For illustration purposes:

<table>
<thead>
<tr>
<th>Reference Rate</th>
<th>Interest Rate</th>
<th>Effective Lending Rate</th>
<th>Monthly Instalment</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLR = 6.85%</td>
<td>BR = 3.80%</td>
<td>4.85%</td>
<td>RM1,846.92</td>
</tr>
<tr>
<td>BLR -2%</td>
<td>BR +1.05%</td>
<td>4.85%</td>
<td>RM1,846.92</td>
</tr>
</tbody>
</table>

What should you do as a borrower?

1. **Compare** the effective lending rates quoted by different financial institutions before taking out a new loan.

2. **Ask** for a Product Disclosure Sheet (PDS) providing you with the effective lending rate and total repayments amounts for the loan/financing facilities you plan to take out.

3. **Ask** your financial institution to explain the factors which may lead to a change in the Base Rate.

4. Your monthly repayment amount will increase or decrease when there is a change in the Base Rate.

5. You should also assess whether you can continue to afford the loan repayments if the effective lending rate increases in future.

**Note:** Financial institutions are required to publish the effective lending rate for a standard 30-year housing loan of RM350,000.