

UOBM: FREQUENTLY ASKED QUESTIONS (FAQs) ON REVISION OF DEFAULT INTEREST/VARIATION PROFIT RATE AND INSTALMENT AMOUNT OF FINANCING FACILITIES

Q1 : What default interest/variation profit rate are being charged by your Bank?

A1 :

Default Stage	Default Interest/Variation Profit Rate		
	Conventional Loans		Islamic Financing
	BLR	BR	IBR
30dpd	<ul style="list-style-type: none"> PR + 1.50% p.a. 		<ul style="list-style-type: none"> EPR + 1.50% p.a. Applicable to accounts that defaulted into 30dpd stage from 1 December 2019 onwards. EPR + 1.00% p.a. Applicable to accounts that defaulted into 30dpd stage prior to 1 December 2019.
60dpd	<ul style="list-style-type: none"> PR + 1.50% p.a. Applicable to accounts that defaulted into 60dpd stage from 1 Sept 2019 onwards. BLR + 2.25% p.a. or BR + 5.21% p.a. Applicable to accounts that defaulted into 60dpd stage prior to 1 Sept 2019. 		<ul style="list-style-type: none"> EPR + 1.50% p.a. Applicable to accounts that defaulted into 60dpd stage from 1 Sept 2019 onwards. EPR + 3.00% p.a. Applicable to accounts that defaulted into 60dpd stage prior to 1 Sept 2019.
NPL/NPF	BLR + 3.50%	BR + 6.46% p.a. (The effective interest rate is equivalent to absolute rate of BLR + 3.50% p.a. at point of default)	<ul style="list-style-type: none"> IBR + 6.46% p.a. Applicable to accounts that defaulted into NPF stage from 1 December 2019 onwards. EPR + 3.50% p.a. Applicable to accounts that defaulted into NPF stage prior to 1 December 2019.
Observation Period	<ul style="list-style-type: none"> 12 months upon full regularization (i.e. full repayment of all arrears due) of account PR + 1.50% p.a. 		<ul style="list-style-type: none"> 12 months upon full regularization (i.e. full repayment of all arrears due) of account EPR + 1.50% p.a. Applicable to accounts that defaulted into 30dpd stage from 1 December 2019 onwards. 12 months upon full regularization (i.e. full repayment of all arrears due) of account EPR + 1.00% p.a. Applicable to accounts that defaulted into 30dpd stage prior to 1 December 2019.

PR : Prescribed Rate (current interest rate plus spread)
 BLR : Base Lending Rate (Current BLR w.e.f. 15/07/2020 is 5.57%)
 BR : Base Rate (Current BR w.e.f. 15/07/2020 is 2.61%)
 IBR : Islamic Base Rate (Current IBR w.e.f. 15/07/2020 is 2.61%)
 EPR : Effective Profit Rate (current interest rate plus spread)
 NPL : Non Performing Loans
 NPF : Non Performing Financing
 dpd : Days Past Due
 p.a. : per annum

- Q2** : What is observation period?
A2 : Observation period is the period whereby an account is placed under monitoring upon regularization (i.e. full repayment of all arrears due) of their account.

Example for Conventional Loans:

Account that has defaulted in payment for 30dpd / 60dpd / NPL and upon full regularization of the account to current status, the interest rate of the account will be revised to prescribed rate + 1.50% for the next 12 months. Interest rate will be reverted to the prescribed interest rate upon account full regularization with prompt payments consecutively for 12 months subject to no event of default during the said period.

Example for Islamic Financing:

Account that has defaulted in payment for 30dpd / 60dpd / NPF and upon full regularization of the account to current status, the profit rate of the account will be at effective profit rate + 1.00% for the next 12 months or at effective profit rate + 1.50% for the next 12 months, whichever is applicable. Profit rate will be reverted to your effective profit rate upon account regularization with prompt payments consecutively for 12 months subject to no event of default during the said period.

- Q3** : What should I do for the interest/profit rate of my account to be revised back to my prescribed interest/effective profit rate?
A3 : Interest/Profit rate will be reverted to your prescribed interest rate/effective profit rate upon account regularization with prompt payments consecutively for 12 months subject to no event of default during the said period.
- Q4** : Based on what reasons the Bank revises my interest/profit rate?
A4 : Credit deterioration of the account which changes your risk profile is one of the criteria that will trigger a review of your account and such review may result in the revision of your interest/profit rate.
- Q5** : Was I informed prior to the interest/profit rate revision?
A5 : The Bank has sent reminder notices to you when your account defaulted in payment 21 days prior to the interest/profit rate revision.
- Q6** : Why is my instalment being revised although the difference in instalment is RM50 and lesser?
A6 : Under the revised guideline by regulatory, all Financial Institutions are required to revise the instalment amount regardless the changes in the instalment amount if the changes is due to repricing of the interest/profit rate.
- Q7** : What happens if I failed to pay the revise instalment amount?
A7 : If you failed to pay the revise instalment amount promptly, you:
(a) will not be able to settle in full your loan/financing within the original loan/financing tenure;
(b) may be required to pay a lump sum amount in excess of the revised monthly instalment upon maturity of the loan/financing; and
(c) will incur additional cost of financing.
- Q8** : What should I do if I can't afford to pay the revised instalment amount?
A8 : Please do not hesitate to contact our Loans Service Centres or your account branch for assistance.

- Q9** : Can I appeal for the Bank to revise back to my prescribed interest rate/effective profit rate upon full payment of all arrears?
- A9** : Yes. If your account was previously under the 30dpd default stage and was never in the 60dpd/NPL/NPF, you may write in to appeal and the Bank will give due consideration based on justification provided by you.

Please contact our Loan Support Centres or your account branch for assistance.

If your account was previously in the 60dpd/NPL/NPF default stage, please contact our Retail Collection Centre for assistance at Tel No. 03-2783 2109.

- Q10** : Do I have to update my Standing Instruction with your Bank?
- A10** : If you maintain a Standing Instruction to pay the loan/financing amount due into your loan/financing account, no action is required from you.

However, if you maintain a Standing Instruction to pay a fixed amount into your loan/financing account, please provide to us a fresh Standing Instruction for the revised instalment amount, failing which, if the revised instalment amount is more than your Standing Instruction payment amount, any amount in arrears may cause your account to be in default or if the revised instalment amount is less than the amount stated in the Standing Instruction, the excess amount may not be treated as prepayment but will be treated as advance payment. It will not be applied towards reduction of the outstanding principal amount.

- Q11** : How can I find out what is my current prescribed interest rate/effective profit rate?
- A11** : You may assess your Loan/Financing Account via internet banking or alternatively, you may contact our Loans Service Centres below:

Pudu Loan Service Centre : 03-9221 0068
USJ Taipan Loan Service Centre : 03-5565 2060
Klang Loan Service Centre : 03-3361 2000
Puchong Loan Service Centre : 03-8062 0021

or your account branch for assistance. Please visit our website at www.uob.com.my for the contact numbers of our branches.