

## **Notice on Base Rate**

Effective 1 January 2015, Alliance Bank Malaysia Berhad, Alliance Investment Bank Berhad and Alliance Islamic Bank Berhad (“collectively referred to as **the Group**”) uses Base Rate as the reference rate for determination of pricing for all applications (conventional and Islamic) of retail overdraft (including conventional Share Margin Financing and Portfolio Financing), mortgage and term loan/financing products.

The Group’s current Base Rate is 3.82%, effective from 15 May 2019.

### **1. What is the Base rate (“BR”)**

The Bank’s BR comprises our benchmark cost of funds (“**COF**”) and the cost of Statutory Reserve Requirement (SRR) imposed by Bank Negara Malaysia (“BNM”). Our benchmark COF reflects our internal cost of funding new loans/financing, and it is based on the 3-month Kuala Lumpur Interbank Offered Rate (“**KLIBOR**”) and the marginal cost of raising funds from new fixed deposits. The BR methodology is subject to periodic review.

### **2. What are possible scenarios to trigger a change in the BR?**

Our BR can rise or fall due to changes in the benchmark COF and changes in the SRR. Changes in the benchmark COF could occur due to changes in the Overnight Policy Rate (OPR) as decided by the Monetary Policy Committee of BNM, as well as other factors such as changes in the Bank’s funding strategy or cost of raising funds.

Below is the historical trend of the Bank’s benchmark COF and Base Rate:

