CIMB BANK CIMB ISLAMIC

Frequently Asked Questions (FAQs) - Goodwill Discount for Early Settlement of Existing Hire-Purchase Agreements

No.	Question	Answer
1	What is Rule of 78 method?	Rule of 78 method under the Hire Purchase Act refers to the method of calculating interest/ profit where interest/profit are allocated disproportionately at the earlier months of the payment schedule, meaning borrowers/customers pay more interest/ profit upfront and receive a smaller rebate if they settle early.
2	What is goodwill discount?	Goodwill discount is offered by the bank at the point of early settlement for existing fixed-rate hire-purchase agreements and/or which apply the Rule of 78 method.
3	Why is goodwill discount being introduced?	Goodwill discount is being introduced to ensure fairness for customers, these changes apply to customers who signed fixed-rate hire-purchase agreements before the effective date of HPAA or during the grace period.
4	Where can I get further information on the goodwill discount?	You may refer to official websites of: • The Association of Banks in Malaysia (ABM): www.abm.org.my • Association of Islamic Banking and Financial Institutions Malaysia (AIBIM): www.aibim.com
5	Who is eligible and qualifies for the goodwill discount?	You may refer to the Association of Banks in Malaysia (ABM)'s Press Release: https://www.abm.org.my/press-releases/banks-announce-goodwill-discounts-for-early-settlement-of-existing-hire-purchase-agreements-to-commence-upon-the-effective-date-of-the-hire-purchase-amendment-act/
6	How can I apply for the goodwill discount, and how much will I be eligible for?	A more comprehensive goodwill discount framework will be introduced in due course. Please stay tuned for further updates.
7	Would I be entitled to the goodwill discount if I settle my hire-purchase loan/financing today?	No, the goodwill discount will start from the effective date of the HPAA, which is expected in the first quarter of 2026. Customers settling their hire purchase loan/financing before this date will not be eligible for the goodwill discount.
8	What if I choose to continue making my current payments as per my hire-purchase agreement?	Customers who wish to continue making payments according to their agreed schedule until the end of the tenure will not be affected by the change. As such, customers may continue to pay the same instalments as originally agreed and do not need to take any action.
9	When will I know the HPAA is effective?	Details will be published on our website once the HPAA comes into effect.
10	I need to speak to someone regarding the hire-purchase agreement.	You may contact CIMB via these channels: • **Visit an Auto Finance Center**: Auto Finance Centers Listing • **Call our Consumer Contact Centre:** +03 6204 7788 • **Connect With Us Digitally**: contactus@cimb.com

Note: This FAQ is subject to revision by CIMB in line with regulatory updates.