



Standardised Base Rate (SBR) Public Frequently Asked Questions

1 August 2022

1. What is Standardised Base Rate (SBR)?

Effective 1 August 2022, SBR is the reference rate that all banks will use in the pricing of new retail floating-rate loans/financing, refinancing of existing retail loans/financing, and the renewal of revolving retail loans/financing. Retail loans/financing refer to loans/financing granted to individuals (not SMEs or businesses), while 'floating-rate loans/financing' refer to loans/financing where the interest rate / profit rate can change during the lifetime of the loan/financing. The SBR is linked solely to the Overnight Policy Rate (OPR), as determined by the Monetary Policy Committee of Bank Negara Malaysia (BNM).

2. Why is the SBR being introduced?

In line with BNM's announcement on 11 August 2021, SBR will be the same across all banks, unlike the Base Rate (BR) which is different for each bank. With the BR, changes to the BR are driven by factors that vary across banks. The SBR makes it simple and easy for you to understand and compare floating-rate loans/financing across banks, and allows you to make an informed decision when deciding which bank to take a new floating-rate retail loan/financing from.

3. How does an OPR change affect the SBR?

When the OPR is revised, CIMB will adjust the SBR by the same amount as the change in the OPR. This applies to both upward and downward adjustments in the OPR.

4. If the SBR can change, and that affects the interest/profit rate on a loan/financing, what about the spread above the SBR?

The spread above the SBR will not change unless it is adjusted to address other factors such as borrowers'/customers' credit risk profiles (e.g. payment track record).

5. Why is the spread above the SBR larger than the spread above the BR? Am I being charged more given the larger spread above SBR?

You are not being charged more just because the spread is larger. The effective interest/profit rate on any loan/financing is the same, regardless of the reference rate used. This can be seen from the example below:

Example of comparison between BLR/BFR, BR and SBR

Loan /Financing amount : RM350,000

Tenure of the facility : 30 years

	Base Lending Rate/ Base Financing Rate [BLR/BFR]	Base Rate [BR]	Standardised Base Rate [SBR]
Reference Rate	BLR/BFR as at 1 August 2022 6.10%	BR as at 1 August 2022 3.25%	SBR as at 1 August 2022 2.25%
Interest / Profit (p.a)	BLR/BFR – 2.10%	BR + 0.75%	SBR + 1.75%
Effective interest/profit rate (p.a.)	4.00% (6.10% - 2.10%)	4.00% (3.25% + 0.75%)	4.00% (2.25% + 1.75%)
Monthly Instalment	RM1,671	RM1,671	RM1,671

6. **Which products are impacted by this?**

Products impacted are Property Financing, ASB Financing and Overdraft Facility.

7. **If I have a BR or BFR/BLR based loan/financing , will it be affected by a change in the SBR?**

Yes, both BR and BLR/BFR will move exactly in tandem with the SBR. This means that for any change to the SBR following a change in the OPR, banks will adjust the BLR/BFR and BR by a corresponding change in the SBR.

8. **Will my loan/financing instalment be affected when there is a change in the SBR, BR and BLR/BFR?**

Yes, your loan/financing instalment will be revised appropriately to reflect the revision.

9. **When my loan/financing instalment amount is revised, will CIMB inform me?**

Yes. Any revisions to the loan/financing instalment amount require at least 7 calendar days before the new instalment amount is due for payment. Notice(s) will be mailed to customers' correspondence address as per the Bank's record.

10. **What happens if I can't afford the higher loan/financing instalment amount when there is an increase in SBR, BR or BLR/BFR?**

If you are facing difficulties, please reach out to us to discuss other payment options as soon as possible.

11. **Is there any difference if I take a new loan/financing before or after 1 August 2022.**

- Applications received *before* 1 August 2022 will still be *priced against the BR (i.e. BR + spread).
- Applications received *on or after* 1 August 2022 will be priced against the SBR (i.e. SBR + spread).
- Whichever the case, both BR and SBR will move exactly in tandem with the OPR from 1 August 2022.

** Facility priced against BR will be Property Financing and ASB financing. For Overdraft, please refer to Q14.*

12. **Why are banks allowed to continue offering floating-rate Hire Purchase that are priced against the BLR/BFR, instead of SBR?**

- Banks use the BLR for floating-rate car loans/financing due to the requirements under the Hire Purchase Act 1967 ("Act"). If the Act is revised in the future, banks will follow the revised Act accordingly.
- Nevertheless, as the BLR/BFR will move exactly in tandem with the SBR, there will be no difference in the impact to customers' payments whether the Hire Purchase facility is quoted in BLR/BFR or SBR.

13. **Where can I view the SBR, BR and BLR/BFR?**

- Notices at our branches, AFCs (Auto Finance Centers) etc. and on our digital channels, i.e. Clicks Important Notice, CIMB website, etc.
- For new customers, banks will disclose the SBR and the interest rate/profit rate on a loan/financing (or 'effective lending rate/effective profit rate') in the product disclosure sheet of the loan/financing.
- The historical series of the SBR, BR and BLR/BFR will also be available on CIMB website.

14. **If I have an Overdraft facility prior to 1 August 2022, will the existing pricing facility be replaced from BR or BLR to SBR?**

For overdraft bundled with a home loan product where the terms of the overdraft are reflected in the home loan agreement (or letter of offer), the overdraft will continue to be priced against BR or BLR until the home loan is fully settled.

For all other overdraft facility, the pricing will be converted from BR or BLR to SBR effective 1 August 2022. A notification has been sent to all affected customers accordingly.