

CREDIT FACILITIES
OFFER LETTER / AGREEMENT / DEBT RECOVERY

The Monetary Board of The Central Bank of Sri Lanka acting under and in terms of section 10(c) of The Monetary Law act, No. 58 of 1949 has published in Gazette Extraordinary Number 2344/17 dated 9.8.2023 the “FINANCE CUSTOMER PROTECTION REGULATIONS” there by making it essential that the financial institutions operate in compliance with all legal and regulatory requirements therein

We have also submitted the aforesaid Gazette to our Board of Directors and they have granted their approval to comply with the regulations stipulated in the gazette.

Accordingly, we quote below the section that relates to Credit Facilities, for compliance with immediate effect.

(As per these regulations the “Financial Service Provider” is our Company and “Financial Consumer” is our Customer / Borrower)

Quote

“ SECTION 37. INFORMATION ON CREDIT FACILITIES AND CREDIT INSTRUMENTS

37.1 The Financial Service Provider shall provide an application / offer letter/ agreement to the financial consumer and the application / offer letter/ agreement, at minimum, must contain the following basic information, as applicable,

- i. Name of the borrower
- ii. Contract Number (Loan Reference Number)
- iii. Amount granted
- iv. Date granted and the credit repayment period
- v. Annual effective Rate of interest and basis (Fixed or Floating)
- vi. If floating, benchmark rate and frequency of rate revision
- vii. Repayment schedule and frequency of instalments (daily, weekly, monthly or any other basis)
- viii. Details of security/ collateral offered
- ix. Breakdown of additional charges, commissions and other costs payable by the financial consumer such as insurance, valuation, documentation, registration, etc. (if applicable)
- x. Penal interest rate (per annum) in the event of delayed payment
- xi. The recovery procedure in the event of default of payments by the financial consumer, including the timing and the types of costs involved in repossession of assets, the procedure to be followed by the financial consumer after repossession, any other types of charges as applicable, etc.
- xii. Procedures to revoke or stop payment on a credit instrument by the financial

- consumer
- xiii. Liability of parties in the event of unauthorized transactions on their accounts or fraud involving a credit instrument
 - xiv. Consequences and costs to the financial consumer on using credit instrument to the account with insufficient funds
 - xv. Terms and conditions of all tied or bundled financial products or services sold together with the credit facility
 - xvi. The conditions applicable for early settlement by financial consumer

37.2 For The purpose of this Regulation, "credit instrument" includes a document except paper money that serves as evidence of a debt, including cheques, letters of credit, promissory notes, etc.

SECTION 28. DEBT RECOVERY

- 28.1 The Financial service Provider shall ensure that the debt recovery processes are transparent, courteous and fair, devoid of undue pressure, intimidation, harassment, humiliation or threat on the financial consumer.
- 28.2 The Financial service Provider shall ensure that sales proceeds from foreclosure assets are immediately applied on recovery of the credit facility, and the financial consumers shall be informed and refunded with the balance, if any subject to the provisions in applicable laws. Further, The Financial service Provider shall provide a report on the sale of collateral, which includes but not limited to the process involved, total sales proceeds, all incidental expenses/ costs and the net proceeds, to the financial consumer within reasonable time period from the date of sale/ transfer of title of the asset.

28.3 The Financial service Provider shall not engage in any of the following:

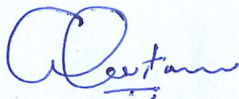
- i. Contacting friends, employer, relatives or neighbors of a financial consumer for any information other than information or verification of employment status, telephone numbers or address, except where:
 - a. The person has guaranteed the loan; or
 - b. The person has been nominated to be contacted by the financial consumer.
- ii. Requiring any persons listed in the (i) above to offset the debt, except where the person has acted as a guarantor.
- iii. Unnecessary or excessive contact or communication with a person, beyond what is reasonable in the circumstances.
- iv. Disclosing the existence of a debt to a third party (including friends, family, etc.).
- v. Making any misrepresentation in connection with a debt, such as its characteristics, the amount owed, The Financial service Provider's legal rights or the potential legal consequences for any person if the debt is not paid.
- vi. Public shaming.
- vii. Calling or visiting the work place of the financial consumer to seek repayment, except with the prior consent of the financial consumer.

- viii. Threatening to harm or harming any person.
- ix. Threatening to seize, or seizing, property which has not been provided as collateral.
- x. Threatening to damage, or damaging property.
- xi. Contacting financial consumers in person or by other means such as telephone between the hours of 9.00 pm and 6.00 am, for the purpose of debt recovery."

Unquote

Please note that any violations of the aforesaid regulations will result in, among others, the Central Bank of Sri Lanka publishing the name of our company as a Financial service Provider on which the Monetary Board has serious supervisory concerns, and direct relevant regulatory department/s to initiate regulatory actions against our company.

Therefore, Heads of Departments. Senior Managers . Regional Managers , and Branch Managers are required to bring the contents of this circular to the notice of their staff members and ensure compliance.



Head of Compliance



CEO/ Executive Director