

1ST AMENDMENT TO CREDIT CIRCULAR 2023/02 OF 8TH FEBRUARY 2023

Date of Amendment 7th January 2025

PAYMENT OF LOAN INSTALLMENTS AND LEASE RENTALS BY CHEQUES

A. Handling Cheques

1. We observe that there had been instances of recovering loan instalments and rentals before realization of the relevant cheque (s) deposited to the Bank account.
2. Please note that cheques received from borrowers in settlement Loan Installments or Lease rentals should be Deposited to the Bank account on the same day.
3. Thereafter the proceeds of the cheque should be posted to the savings account only after the cheque is recorded as realized in the Bank Statement.
4. For the purpose of section 3 above the branch should note that under the Cheque Imaging and Transaction System (CITS) of Lanka Pay cheque clearing cycle has been brought down to one working day from previous five-day period. (Please Refer Attachment) However Branch managers should ensure that cheques are reflected in the bank statement as realized within 3 working from the date of deposit of the cheque, having reconciled the Banks Statement.
5. If a cheque returned notice (CRN) is received please follow procedure in Credit Policy Manual Part II paragraph 24 sections 8 to 12 having informed Deputy General Manager (Recoveries) Immediately.

B. Application of proceeds of cheques

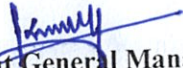
1. If the loans repayment is in arrears proceeds of cheques should applied in the following order:-
 - a) Step one- Recovery charges due
 - b) Step two -Recover Penal Intertest due
 - c) Step three -Recover Intertest due
 - d) Step four -Apply Balance in reduction of the capital due
2. For any deviation's under (B) (1) above prior approval of the CEO/ Executive Director should be obtained through DGM (Recoveries)

C. Reconciliation of the Branch Bank Accounts

3. Assistant General Manager (Finance & Strategic Planning) having reconciled Bank accounts of Branches on the last working day of each week , report without any delay to the

Chief Internal Auditor if a cheque used to recover any Credit Faculty remains unrealized in the bank account exceeding 3 working days. Chief Internal Auditor should to initiate appropriate investigations to such report immediately taking into consideration the contents in paragraph 6 below.

6. Please note that any violation of any requirement in this circular will be treated as grave act of misconduct warranting disciplinary action leading to dismissal from service.
7. Branch Managers are responsible to ensure compliance with the requirements in this circular with immediate effect, having brought the contents of this circular to the notice of all staff members. Please file this amendment with the original circular


Assistant General Manager
(Finance & Strategic Planning)


CEO//Executive Director