

INTERNAL OFFICE MEMORANDUM

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| FROM: - | CEO/ EXECUTIVE DIRECTOR |
| TO: - | Branch Managers & Credit Managers at Head Office Credit Department. |
| SUBJECT | CREDIT WORTHINESS OF THIRD-PARTY GUARANTORS |
| Copy | Manager Internal Audit |
| Date | 18 TH November 2022 |

The Examiners of the Central Bank of Sri Lanka has expressed their concern over the inadequacy of the assessment of the Credit Worthiness of **3rd Party guarantors** when granting credit facilities, the inefficiency on the part of Branch Managers in collecting data to conduct a prudent assessment of guarantors, and the inability of the Credit Managers at Head Office Credit Department to have the following lapses rectified when examining credit proposal.

Concerns

- Non-verification of Monthly Salary / Income
- Non - availability of evidence of Monthly income / Salary Slip etc.,
- Non – Evaluation of monthly income properly
- Details of Source of income / Occupation / Profession
- Details of Assets
- Non- availability of monthly expenses / debt obligations / liabilities.
- Details of Bank account analysis
- Details as guarantor to any other person
- Contact number

We note that our format “Guarantor’ s Statement” has been formulated to capture the above data / information. Therefore, Branch Managers and Credit Managers at Head Office Credit Department should strictly ensure that the lapses stated above do not occur in the future, when evaluating credit proposals,

Branch Managers should also examine the existing credit files and have the files updated as per the above stated concerns of CBSL immediately, where = applicable.

The Manager Internal Audit should note to ensure compliance with the above requirements when conducting their Branch Audits.



CEO/ Executive Director

(Our Reference CBSL Table3)