** INTERNAL OFFICE MEMORANDUM**

**FROM: - CEO/ EXECUTIVE DIRECTOR**

**TO:** - **Deputy General Manager (Credit & Recoveries)/ Manager Credit Head Office / Branch Managers**

**SUBJECT SINGLE BORROWER EXPOSURE LIMITS**

**COPY TO Head of Compliance / Chief Risk Officer / Manager Audit**

**DATE**: - 4th August 2022

According to Direction No 4 of 2006 of CBSL relating to the above subject we give below a summary of limitations which we should comply with in terms of Part I. page 9 paragraph 5 of our Credit Policy and procedures Manual Version II

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| --- | --- |
| Category | Limit |
| 1. Maximum of a single accommodation or the aggregate of accommodations granted by us and outstanding at any point of time from and **individual borrower** | Shall not exceed 15% of **our capital funds** as shown in the last audited balance sheet of our company |
| 1. Maximum of a single accommodation or the aggregate of accommodations granted by us and outstanding at any point of time from any **group of borrowers or from subsidiary companies and/ or associate companies** | Shall not exceed **20% of the capital funds** as shown in the last audited balance sheet of our company |
| 1. Single accommodations granted to and outstanding in respect of borrowers referred to in 1 & 2 above **each of which exceeds 10% of our capital funds as shown in the last audited balance sheet,** when all such outstanding accommodations are aggregated | Shall not exceed **50% of the total outstanding accommodation** granted by us as shown in the last audited balance sheet of our company |
| 1. The maximum of a single **unsecured accommodation** or the aggregate of unsecured accommodations granted by us and outstanding at any point of time from **a single borrower** | Shall not exceed **1% of the core capital** of our company as shown in the last audited Balance sheet |
| 1. The aggregate of unsecured accommodations granted to and outstanding at any point of time from **all borrowers** | Shall not exceed **5 % of the capital funds** of our company as shown in the last Audited balance sheet |

Please note that an **unsecured accommodation** means accommodations made without aa security or any accommodation with **security** constituting of assets the market value of which is not adequate to cover at least 75% of the accommodation. However, “**Security**” shall include guarantees given by third parties;

A copy of the CBSL direction referred to above is attached to ascertain the interpretation of other terms used above.

Deputy General Manager (Credit and Recoveries) shall ensure compliance with the above requirements through the Head office Credit Department.

Signed

**CEO / EXECUTIVE DIRECTOR**