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**CREDIT CIRCULAR 2023/02**

**8th February 2023**

PAYMENT OF LOAN INSTALLMENTS AND LEASE RENTALS BY CHEQUES

1. Handling Cheques
2. **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.**

1. **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.**
2. **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**.
3. **For the purpose of section 3 above maximum period of 5 days for realization**
4. **Application of proceeds of cheques**

1. **If the loans repayment is in arrears proceeds of cheques should applied in the following order:-**
2. **Stage one- Recovery charges due**
3. **Stage two -Recover Penal Intertest due**
4. **Stage three -Recover Intertest due**
5. **Stage Four -Apply Balance in reduction of the capital due**
6. **For any deviation’s under (B) (1) above prior approval of the CEO/ Executive Director should be obtained through DGM (Administration.Opertatuions and Recoveries)**
7. **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.**
8. **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.**

**Assistant General Manager**  **CEO//Executive Director**

**(Finance & Strategic Planning)**