



Bank Of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DGO/banksup/bp

October 14, 2016

CB Circular No. : 05/2016

To : All Heads of Commercial Banks and Financial Institutions

DISCREPANCIES IN THE CLASSIFICATION AND PROVISIONING OF LOANS

The Bank of Zambia has observed during on-site examinations that some commercial banks and financial institutions do not make provisions in accordance with Statutory Instrument No. 142 of 1996; The Banking and Financial Services (Classification and Provisioning of Loans), Regulations, 1996. In most cases, the provisions are understated, while in some instances, the provisions are not raised at all. At a minimum the Bank expects every bank and financial institution to raise provisions as stipulated in the Statutory Instrument.

Consequently, the Bank of Zambia will be taking appropriate supervisory action to enforce compliance with these provisioning requirements. In the event of breaches, commercial bank or financial institution found to be non-compliant shall be penalised. In addition, the Chief Executives and Chief Financial Officers of concerned institutions may be held accountable in their personal capacities.

Bwalya K. E. Ng'andu (Dr)
DEPUTY GOVERNOR – OPERATIONS

Cc Governor
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