



**Bank of Zambia**

**OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS**

BOZ/EXEC/DGO/bsd/bp

September 21, 2023

CB Circular No. : 27/2023

To : All Heads of Financial Service Providers

**REVERSAL OF PRUDENTIAL RELIEF MEASURES OFFERED DURING THE COVID-19 PANDEMIC**

Reference is made to CB Circular No. 13/2020 dated April 14, 2020, relating to prudential relief measures introduced by the Bank of Zambia in view of the COVID-19 pandemic outbreak.

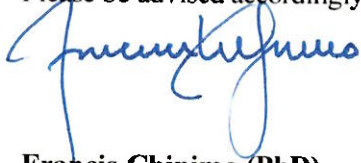
As highlighted in the said circular, the aim of the measures was to support the financial sector during the stressful period which could have been disruptive in both the short and long term across various sectors of the economy. The Bank has however, noted minimal reliance on these measures due to the reduced prevalence of COVID-19. The Bank therefore wishes to unwind all the relief measures in CB Circular No. 13 of 2020 as follows:

1. The relief measure relating to restructuring of existing credit facilities, which allowed renegotiation of terms of credit facilities to counterparties that were adversely impacted by the COVID-19 pandemic, while treating such facilities as current, without a requirement for classification and provisioning, will end effective December 31, 2023. All Financial Service Providers (FSPs) using this provision will now be required to assess their restructured facilities in line with Part IV of the Bank of Zambia (Classification and Provisioning of Loans Directives), 2020 and ensure that non-performing credit facilities are classified, and provisions raised accordingly.
2. Collateral transition arrangements, under Directive 32 of the Banking and Financial Services (Classification and Provisioning of Loans) Directives, 2020, which allowed FSPs to use collateral for purposes of the computation of loan loss allowances without prior approval from the Bank of Zambia will end effective December 31, 2023. Therefore, FSPs will need to obtain approval from the Bank of Zambia prior to utilising collateral relief. Approval shall only be granted where the Bank of Zambia satisfies itself that all the requirements under Part VI have been met.
3. The dispensation that was given to non-bank financial institutions to partially use Capital Instruments that do not qualify as Common Equity Tier 1 and Tier 2 Capital, will cease effective December 31, 2023.

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Should you require any further clarification on the above matter, please do contact the office of the Director – Bank Supervision, on [gmposha@boz.zm](mailto:gmposha@boz.zm) or Director – Non-Bank Financial Institutions Supervision on [ftamba@boz.zm](mailto:ftamba@boz.zm).

Please be advised accordingly.



**Francis Chipimo (PhD)**  
**DEPUTY GOVERNOR – OPERATIONS**

cc Governor  
Director – Bank Supervision  
Director – Non-Bank Financial Institutions Supervision