



REPUBLIC OF ZAMBIA

# GOVERNMENT GAZETTE

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GAZETTE NOTICE No. 892 OF 2018

## Microfinance Classification and Provisioning Directives, 2018

IN EXERCISE of the powers contained in section *One Hundred and Sixty-Seven* of the Banking and Financial Services Act No. 7 of 2017, the following Directives are hereby made:

### *Short title and Commencement*

These Directives may be cited as the Microfinance Classification and Provisioning Directives, 2018 and must be read together with the Banking and Financial Services (Microfinance) Regulations, 2006.

These Directives shall come into effect on the date of publication in the Government Gazette.

### *Definitions*

In these Directives, unless the context otherwise requires—

‘credit facility’ shall have the same meaning as contained in the Banking and Financial Services Act, 2017;

‘microfinance institution’ shall have the same meaning as contained in the Banking and Financial Services (Microfinance) Regulations, 2006

‘non-performing loan’ for purposes of these Directives means a loan in respect of which payment of principal or interest is in arrears for more than thirty days;

### *Application of these Directives*

These directives shall apply to all microfinance institutions regulated by the Bank of Zambia.

### *Non-Performing Loans*

4.1 (1) A microfinance institution shall report, on a monthly basis if a deposit taking microfinance institution or on a quarterly basis if a non-deposit taking microfinance institution, its non-performing loans using the Form set out in the Schedule.

(2) A microfinance institution which fails to report non-performing loans on a timely and accurate basis commits an offence and is liable to such administrative penalties determined by the Bank of Zambia from time to time.

4.2 (1) All categories of non-performing loans shall be placed on a non-accrual basis, in which interest due but uncollected should not be accrued to income but to be shown instead as interest in suspense.

(2) All interest on non-performing loans previously accrued into income but uncollected is to be reversed and credited into the interest in suspense account until paid in cash by the borrower.

(3) A non-accrual loan shall only be restored to accrual status when—

- (a) all payments of the principal and interest become fully current and senior management or a board of a microfinance institution has determined that there is no reasonable doubt of the ultimate collectability of the principal or the interest on the loan; or
- (b) the loan otherwise becomes well-secured and is in the process of recovery.

(4) Any determination by senior management or a board that a loan is ultimately collectable shall be supported by—

- (a) a current, well-documented credit evaluation of the borrower’s financial condition and prospects for repayment; and
- (b) a consideration of the borrower’s historical repayment performance.

### *Classification*

5.1 (1) Credit facilities shall be classified in the following five categories—

- (a) Normal Credit Risk (Pass);
- (b) Watch (Special Mention);
- (c) Substandard;
- (d) Doubtful; and
- (e) Loss.

(2) Non-performing loans include the Substandard, Doubtful and Loss categories which shall be classified by institutions according to the following criteria—

- (a) criteria for a Normal Credit Risk (Pass) is a credit facility, which is up-to-date in payments;
- (b) criteria for Watch (Special Mention) is a credit facility in which the principal or interest is due and unpaid for one day or more but less than thirty days;
- (c) criteria for Substandard is a credit facility in which the principal or interest is due and remains unpaid for thirty days or more but less than sixty days.
- (d) criteria for Doubtful is a credit facility in which the principal or interest is due and remains unpaid for sixty days or more but less than ninety days.
- (e) criteria for Loss is a credit facility in which the principal or interest is due and remains unpaid for ninety days or more.

#### Provisioning

6.1 (1) A microfinance institution shall establish specific provisions for non-performing loans and the provisions shall be reviewed at least quarterly and a report made to the Bank.

(2) General provisions shall be maintained at not less than 1 per cent of the outstanding performing balance of the total credit facility.

(3) All credit facilities classified in the Substandard, Doubtful and Loss categories shall be subject to specific provisions as follows—

- (a) 25 per cent of the outstanding balance for a Substandard credit facility;
- (b) 50 per cent of the outstanding balance for a Doubtful credit facility;
- (c) 75 per cent of the outstanding balance for a Loss credit facility in which the principal or interest is due and unpaid for ninety days or more but less than one hundred and twenty days; and
- (d) 100 per cent of the outstanding balance for a Loss credit facility in which the principal or interest is due and unpaid for one hundred and twenty days or more, which shall be written off the books of the institution within six months of being identified as a loss.

(4) The outstanding balance shall consist of the principal, interest that has been capitalised, and all other charges, fees, and other amounts which have been capitalised to the outstanding balance; and interest in suspense may be deducted from the outstanding balance before determining the provisions.

#### SCHEDULE

Reporting Microfinance Institution: \_\_\_\_\_

Reporting Date: \_\_\_\_\_

	<i>K' Millions</i> (A)	<i>Provision</i> % (B)	<i>Provision</i> (C) = (A)*(B)	<i>Provision</i> (D) = (A)*(B)	<i>Net Credit</i> <i>Facilities</i> (F) = (A) - (D)	<i>Suspended</i> <i>Interest</i>
Current Portfolio (Pass)					0	
Current Rescheduled Credit facility Portfolio		10%		0		
Portfolio Past-Due 1 - 29 Days (Watch/Special mention)		10%		0		
Portfolio Past-Due 30 - 59 Days (Substandard)		25%		0		
Portfolio Past-Due 60 - 89 Days (Doubtful)		50%		0		
Portfolio Past-Due 90 - 119 Days (Loss)		75%		0		
Portfolio Past-Due ≥ 120 Days (Loss)		100%		0		

	<i>K' Millions (A)</i>	<i>Provision % (B)</i>	<i>Provision (C) = (A)*(B)</i>	<i>Provision (D) = (A)*(B)</i>	<i>Net Credit Facilities (F) = (A) - (D)</i>	<i>Suspended Interest</i>
Portfolio in Legal Recovery		100%		0		
Rescheduled Portfolio Past-Due 1 - 29 Days Rescheduled		50%		0		
Portfolio Past-Due 30 - 59 Days		75%		0		
Rescheduled Portfolio Past-Due 60 - 89 Days		100%		0		
Rescheduled Portfolio Past-Due 90 - 119 Days		100%		0		
Rescheduled Portfolio Past-Due $\geq$ 120 Days		100%		0		
Rescheduled Portfolio in Legal Recovery		100%		0		
<b>TOTAL PORTFOLIO AND PROVISIONS</b>			0	0	0	0

LUSAKA  
15th October, 2018

DR. B. E. NG'ANDU,  
Deputy Governor - Operations

GAZETTE NOTICE No. 893 OF 2018 [8330650]

**The Marriage Act**  
(Volume V, Cap. 50 of the Laws of Zambia)

**Appointment of a Person to Solemnise Marriages**

IT IS HEREBY NOTIFIED for public information that in exercise of powers conferred upon the Town Clerk/Council Secretary Lusaka District by section 5(2) of the Marriage Act Cap. 50 of the Laws of Zambia, the person named in the Schedule set out hereto is appointed to solemnise Marriages in the Republic of Zambia.

P.O. Box 30077  
LUSAKA

A. MWANSA,  
Town Clerk,  
Lusaka City Council

**SCHEDULE**

<i>Name</i>	<i>Place</i>
Pastor Ephraim Mwamba	African Methodist Episcopal Church, Amechurch Messiah Temple, Kafue

GAZETTE NOTICE No. 894 OF 2018 [8330622]

**The Marriage Act**  
(Volume V, Cap. 50 of the Laws of Zambia)

**Appointment of a Person to Solemnise Marriages**

IT IS HEREBY NOTIFIED for public information that in exercise of powers conferred upon me as Acting Town Clerk for Ndolla City Council by section 5(2) of the Marriage Act, the person named in the Schedule set out hereto is appointed to solemnise Marriages in the Republic of Zambia.

NDOLA

W. BWALYA,  
Acting Town Clerk,  
Ndolla City Council

**SCHEDULE**

<i>Name</i>	<i>Place</i>
Pastor Davis Ndlovu	Mount Zion Church of Christ Ministries, Hilcrest Brach P.O. box 290275 Ndola

**SUB: REVISION OF ADVERTISING  
CHARGES—GOVERNMENT PRINTING DEPARTMENT**

AS A RESULT of a recent review of costs pertaining to the Printing and Publishing Operations of the Government Printing Department and in view of rising costs of Printing materials, prices of official Gazette and Supplements were reviewed with effect from 1st January, 2017 as follows:

<i>Item</i>	<i>Current Price</i>	<i>New Price</i>
Payment Voucher per Pad	K75.00	K85.00
A4 Forms printed One Side	K135.00	K150.00
Letter Heads One Ream	K150.00	K165.00
Business Cards Round Corner	K175.00	K250.00
Backing Sheet	K215.00	K265.00
Deposit Slip (Accts form 25 Rev)	K200.00	K215.00
A4 forms printed both sides	K150.00	K165.00
A3 forms printed one side	K175.00	K215.00
A3 forms printed both sides	K250.00	K265.00
Newspaper Binding	K150.00	K200.00
Marriage Certificates Books	K165.00	K200.00
A4 books in triplicate, One Colour	K75.00	K85.00
A4 books in duplicate, One Colour	K50.00	K65.00
A4 books in quadruplet, One Colour	K85.00	K90.00
A4 books in quintuplet, One Colour	K90.00	K95.00
A5 books in duplicate, One Colour	K30.00	K40.00
A5 books in triplicate, One Colour	K50.00	K65.00
A5 books in quadruplet, One Colour	K60.00	K65.00
A2 forms printed both sides	K350.00	K375.00
A4 Manila forms printed one side	K1.50	K1.65
A4 Manila forms printed both sides	K1.65	K1.75
A5 Manila forms printed one side	K1.00	K1.00
A5 Manila forms printed both sides	K1.35	K1.25
A5 Complimentary Slips	K75.00	K120.00
A6 Complimentary Slips	K35.00	K80.00
A5 Admission of Guilty	K55.00	K65.00
Firearm License Copy	K20.00	K25.00
International Driving Permit	K30.00	K35.00
Field Cash Book	K85.00	K90.00
General Revenue Cash Book	K85.00	K90.00
General Receipts	K50.00	K65.00
Market Levy	K65.00	K75.00
Manufacturers License	K75.00	K85.00
Retail License	K75.00	K85.00
Wholesale License	K75.00	K85.00
Gazette Notice	K200.00	K250.00
Gazette Annual Subscription (Within Lusaka)	K250.00	K300.00
Gazette Annual Subscription (Outside Lusaka)	K300.00	K350.00
Form DL 6	K10.00	K10.00
Invitation Cards on Alabaster Cards Large	K20/Card	K25/Card
Invitation Cards on Alabaster Cards Medium	K15/Card	K20/Card
Invitation Cards on Alabaster Cards Small	K12/Card	K15/Card
Prices of S.Is and Acts are determined by the number of pages.		K2.00/Page
Occurrence Books	K165/Bk	K175/Bk
APPB	K170/Bk	K175/Bk
Impret Register	K65/Bk	K185/Bk
Register of Accountable Documents	K95/Bk	K100/Bk
Vehicle Log Books	K95/Bk	K100/Bk
Ante Natal Register	K165/Bk	K175/Bk
Family Planning Register	K165/Bk	K175/Bk
T.B. Register	K165/Bk	175/Bk
Out-Patient Register	K165/Bk	175/Bk
In-Patient Register	K165/Bk	K175/Bk
Admission Register	K165/Bk	K175/Bk
Log-In-out Book	K165	K175/Bk
Executive Binding A4 1-200 pages	K125/Bk	K150/Bk
Executive Binding A4 200-300 pages	K125/Bk	K150/Bk
Executive Binding A4 300-400 pages	K150/Bk	K165/Bk
Executive Binding A4 400-600 pages	K175/Bk	K185/Bk
Executive Binding A4 600-800 pages	K225/Bk	K250/Bk
Executive Binding A4 800-1,000 pages	K250/Bk	K275/Bk
Executive Binding A4 1,000-1,200 pages	K300/Bk	K375/Bk

The prices of all publications sold or services rendered by Government Printing Department be raised accordingly.