



Bank of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DG/icra/bp

January 30, 2025

Mr. David Lyapa Mwambazi
Company Director
ICRA Rating Agency Limited
Plot No. 20848
Corporate Park Alick Nkhata Road, Mass Media
LUSAKA
+260 979 053828

Dear Mr. Mwambazi,

APPLICATION FOR RECOGNITION AS EXTERNAL CREDIT ASSESSMENT INSTITUTION UNDER BASEL PILLARS

We refer to your letters dated August 26, September 12 and October 14, 2024, wherein you sought the Bank of Zambia's recognition of ICRA Rating Agency Limited (ICRA) credit rating services under the Basel pillars as an External Credit Rating Assessment Institution (ECAI).

Kindly note that the Bank of Zambia is in the process of issuing new Capital Adequacy Rules that incorporate aspects of the Basel II and III capital standards. Under the new Capital Adequacy Rules, the Bank of Zambia has largely adopted the standardised approach and assigned standardised risk-weights to exposures for purposes of determining the capital charge for credit risk.

However, the Bank of Zambia is still in the process of developing a framework for recognition of ECAIs for the purpose of computation of capital adequacy or classification and provisioning of loan losses. In the meantime, the Bank of Zambia is not in a position to recognise ECAIs in the absence of the framework.

Further, we note that ECAIs are licenced and supervised by the Securities and Exchange Commission. In this regard, the licence from the Securities and Exchange Commission is adequate for ICRA to conduct its rating activities notwithstanding that such ratings shall not be used in the computation of capital adequacy or provisioning for loan losses. Once the Assessment and Evaluation framework for the recognition of ECAIs is in place, ICRA shall be invited to submit a detailed application for possible recognition by the Bank of Zambia.

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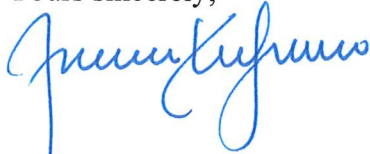
Mr. David Lyapa Mwambazi
Company Director

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Please be advised accordingly.

Yours sincerely,



Francis Chipimo (PhD)
DEPUTY GOVERNOR AND REGISTRAR OF FINANCIAL SERVICE PROVIDERS

cc Governor
Deputy Registrar of Financial Service Providers
General Counsel and Bank Secretary