



Tel 228888/228903-10

**BANK OF ZAMBIA**

P.O. Box 30080 Lusaka  
10101

21 January 1998

CB Circular No. 1/98

**TO : ALL BANKS AND FINANCIAL INSTITUTIONS**

**SUBJECT : SUBMISSION OF PRUDENTIAL RETURNS**

In accordance with the Banking and Financial Services Act of 1994, and by notice of this circular, the Bank of Zambia hereby notifies that the format prescribed for the balance sheet and the income statement has been amended, and effective 31 January 1998 all such Prudential Returns submitted to the Bank of Zambia shall comply with this notification. It is further notified that, in accordance with the Banking and Financial Services Act of 1994, all financial institutions licenced and operating under this Act are also required to comply with the submission of Prudential Returns. Duly completed Prudential Returns relating to each calendar period of operation, as may be prescribed for each return from time to time, by the Bank of Zambia, shall be submitted to the Financial System Supervision Department.

A penalty of K100,000 per return per day shall be incurred for any delayed submissions or incorrect returns.

Further, for purposes of these Returns, the Income Statement shall be on a cumulative basis, from month to month, and the base month shall be January each year. In other words, regardless of your institution's financial year end, the Income Statement shall depict incomes earned during a calendar year, i.e. from 1 January to 31 December only.

A schedule of the Prudential Returns and required frequencies for filing is attached. Additionally, copies of these returns are attached and the calendar for submission of the 1998 returns has already been communicated to you via our Circular No. SCH/CB/13/97 dated 29 December 1997. Copies of these returns are also available on Microsoft Excel and can be collected on request.

Furthermore, all Chief Executive Officers and their Chief Accounting Officers are reminded that it is a continuing requirement that all submissions are complete, accurate, timely and consistent.

As always, your utmost cooperation is anticipated. If you require any further clarifications, contact the Director of Financial System Supervision.

  
Dr. A. Mwenda  
DEPUTY GOVERNOR, OPERATIONS

The prudential returns and frequencies of filling shall be as follows:

	Prudential return	Frequency
1.	Income Statement	Monthly
2.	Statement of Assets and Liabilities	Monthly
3.	Non-performing Loans	Monthly
4.	Large Credit Exposure	Monthly
5.	Capital Adequacy	Monthly
6.	20 Largest Depositors	Monthly
7.	20 Largest Loans and Advances	Monthly
8.	Insider Loans	Monthly
9.	Foreign Exchange exposure	Monthly
10.	Risk Weighted Assets	Monthly
11.	Money Market Instruments Issued	Monthly
12.	Sectoral Classification of Loans and Advances	Biannually
13.	Fixed Assets	Biannually
14.	Unclaimed funds	Annually

DECLARATION CONCERNING STATUTORY RETURNS AND RELATED SCHEDULES

Reporting institution: .....

Reporting date: .....

We, the undersigned, hereby declare as follows in respect of each of the statutory returns and schedules submitted herewith:

1. General

- (i) The information contained in the returns and schedules is, to the best of our knowledge and belief, correct; and
- (ii) the returns and schedules have been compiled in accordance with the provisions of the Banking and Financial Services Act 1994 and the regulations relating to banks, and
- (iii) the returns and schedules reflect the management accounts as presented to the management and the Board of Directors of the bank.

2. Foreign Exchange Exposure Regulations

The bank has not exceeded, on any day during the reporting month, the limits on its effective net open position(s) in foreign currency as prescribed by Regulations 8 and 9 of the Banking and Financial Services (Foreign Exchange Risk Management and Exposure) Regulations. (If the bank has exceeded the prescribed limits, the declaration shall be qualified, and a statement showing the relevant excess(es), for every day on which an excess existed, shall accompany this return).

3. Certification by Chief Accounting Officer and Chief Executive Officer

Signed at ....., this ..... day of ..... 19 .....

\_\_\_\_\_  
Chief Accounting Officer

\_\_\_\_\_  
Chief Executive Officer

## BANK OF ZAMBIA

## CONSOLIDATED BALANCE SHEET

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

ASSETS		K 'millions
1. NOTES AND COIN		
Domestic currency		
Notes		
Coin		
Foreign currency notes and coin		
2. BALANCES WITH BANK OF ZAMBIA		
Statutory reserves on Kwacha deposits		
Statutory reserves on foreign currency deposits		
Current account		
Open market operations (OMO) deposits		
Clearing house - collateral deposit		
Other		
3. BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS IN ZAMBIA		
Banks		
Other financial institutions		
Items in transit		
4. BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS ABROAD		
Affiliated banks		
Non-affiliated banks		
Other financial institutions		
5. INVESTMENTS IN SECURITIES (Schedules 1 and 1A)		
Issued or guaranteed by the Government of Zambia		
Treasury bills		
Government bonds		
Statutory bonds		
Other bonds		
Other securities		

6. LOANS AND ADVANCES - net of capitalised interest on non-performing loans (Schedule 2)  ALLOWANCE FOR LOAN LOSSES - general and specific (Schedule 3)	
7. BILLS OF EXCHANGE Customers' liability under acceptances (as per contra)	
8. INTERBRANCH (Schedule 10)	
9. FIXED ASSETS (net of accumulated depreciation)	
10. OTHER ASSETS Accrued interest receivable Prepaid and deferred charges Goodwill and other intangibles Taxes Repossessed properties (Schedule 9) Securities held under repurchase agreement All other	
11. TOTAL ASSETS (Note 1 below)	

NOTE 1:

State below, on a per currency basis, the rates used in converting foreign denominated assets and liabilities.



LIABILITIES AND SHAREHOLDERS' EQUITY	K 'millions
<b>12. DEPOSITS (Schedules 11 and 11A)</b> Demand Savings Time	
<b>13. BALANCES DUE TO BANK OF ZAMBIA</b> Current account Open market operations (OMO) loans Refinancing credit Other	
<b>14. BALANCES DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS IN ZAMBIA</b> Banks Other financial institutions Items in transit	
<b>15. BALANCES DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS ABROAD</b> Affiliated banks Non-affiliated banks Other financial institutions	
<b>16. BILLS OF EXCHANGE</b> Customers' liability under acceptances (as per contra)	
<b>17. INTERBRANCH (Schedule 10)</b>	
<b>18. OTHER LIABILITIES</b> Accrued interest payable Taxes Deferred income Dividend payable Securities held under repurchase agreement All other	
<b>19. OTHER BORROWED FUNDS</b> Maturing in less than 1 year Maturing in 1 year or more Subordinated debt Shareholders' loans Other (specify)	

**20. SHAREHOLDERS' EQUITY**

Preferred shares (Schedule 12)  
Common shares (Schedule 12)  
Share premium (Schedule 12)  
Retained earnings (Schedule 13)  
Revaluation reserves (Schedule 13)  
Statutory reserves (Schedule 13)  
Other reserves (Schedule 13)

**21. TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (Note 1)****22. OFF BALANCE SHEET**

## Contingent liabilities

- a) Guarantees
- b) Letters of credit
- c) Assets pledged as collateral security
- d) Other

## Commitments

- a) Arising out of sale and option to repurchase transactions
- b) Credit / debit cards
- c) Foreign exchange and interest rate related contracts
- d) Other

Allowance for losses on acceptances and off balance sheet  
items included in Other Liabilities

## BANK OF ZAMBIA

## CONSOLIDATED STATEMENT OF INCOME

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

(In K. 'millions)

1. INTEREST INCOME	
Loans, advances and overdrafts (excluding leasing income)	
From banks and financial institutions	
Securities:	
Treasury bills	
GRZ bonds	
Statutory bonds	
Money market instruments	
Other securities	
Trading securities	
Leasing	
Credit / debit cards	
All other	
TOTAL INTEREST INCOME (excluding dividends)	
2. INTEREST EXPENSE	
Deposits	
Demand	
Savings	
Time certificates of deposits	
other	
Interest paid to banks and financial institutions:	
Loans	
Deposits	
Subordinated debt	
All other	
TOTAL INTEREST EXPENSE	
3. NET INTEREST INCOME	
4. PROVISION FOR LOAN LOSSES	
General	
Specific	
TOTAL PROVISION FOR LOAN LOSSES	
5. NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	
6. NON-INTEREST INCOME	
Commissions, fees and service charges	
Foreign exchange:	
Fees from f/x transactions	
Realised trading gains (losses)	
Unrealised trading gains (losses) from foreign exchange holdings	
Dividend income	
All other	
TOTAL NON-INTEREST INCOME	
7. NET INTEREST AND OTHER INCOME	



	(In K 'millions)
8. NON-INTEREST EXPENSES Salaries and employee benefits Occupancy expenses Equipment expenses Depreciation Education and training Audit, legal and professional fees Insurance Frauds and forgeries All other	
TOTAL NON-INTEREST EXPENSES	
9. INCOME (LOSS) BEFORE TAXES AND EXTRAORDINARY ITEMS	
10. TAXATION	
11. INCOME (LOSS) AFTER TAXES BUT BEFORE EXTRAORDINARY ITEMS	
12. EXTRAORDINARY ITEMS (net of taxes of K )	
13. NET INCOME (LOSS) (ties in to Schedule 13 - Net income (loss) for the period	

## DETAILS OF INVESTMENTS IN SECURITIES

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

	INVESTMENT SECURITIES		TRADING SECURITIES	(In K 'millions)
	Affiliated Organisations	Unaffiliated Organisations		TOTAL
ISSUED OR GUARANTEED BY THE GOVERNMENT OF ZAMBIA (Balance sheet 5)				
Treasury bills				
Government bonds				
Statutory bonds				
Other bonds				
TOTALS				
OTHER SECURITIES (Balance sheet 5)				
RESIDENT				
Debt securities issued by local government				
Debt securities issued by statutory bodies				
Debt securities issued by private companies				
Debt securities issued by banks				
Debt securities issued by non-bank financial institutions				
TOTAL - debt securities				
Equity securities issued by private companies				
Equity securities issued by banks				
Equity securities issued by non-bank financial institutions				
TOTAL - equity securities				
All other				
TOTAL - RESIDENT				
NON-RESIDENT (provide details in a separate schedule if more than 25% of total Investments in securities)				
TOTAL OTHER SECURITIES (resident and non res.)				
ALLOWANCE FOR LOSSES (on total securities)				
TOTAL INVESTMENTS IN SECURITIES (net)				
(ties in with total of Balance sheet item 5)				

## BANK OF ZAMBIA

## SCHEDULE 1A

## INVESTMENTS IN SECURITIES (for purposes of Financial Markets Department)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

Security	Face value 1	Discount 2	Cost * 1 - 2 = 3	Discount earned 4	Interest earned 5
Treasury bills - 28 days					
Treasury bills - 91 days					
Treasury bills - 182 days					
Total treasury bills					
<b>BONDS</b>					
Discount bonds					
Premium bonds					
Zero coupon bonds					
Other bonds (specify)					
Total bonds					
Grand total - treasury bills and bonds					

\* ties in to Balance Sheet 5

## DISTRIBUTION OF LOANS AND ADVANCES

**SCHEDULE 2**

Reporting institution:

Reporting date:

[illegible]

CHANGES IN THE ALLOWANCE  
FOR LOAN LOSSES ACCOUNT

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

(In K 'millions)

	Specific	General	Total
1. Balance of allowance account at beginning of period			
2. Add recoveries			
3. Deduct write-offs	( )	( )	( )
4. Balance of allowance account before provision			
5. Provision for loan losses (ties in with item 4 of Statement of income)			
6. Balance of allowance account at end of period (Total ties in with Balance sheet 6)			



THE BANKING AND FINANCIAL SERVICES (CLASSIFICATION  
AND PROVISIONING OF LOANS) REGULATIONS

## CLASSIFICATION OF LOANS AND PROVISIONS (Regulation 20 - Second Schedule)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

	(In K millions)		
	Total gross balances	Total of specific and general provisions	Net balances
(I) PASS			
Number of accounts	( )	( )	( )
(II) SUBSTANDARD			
(a) List names of accounts (K10 m and above):			
(b) Others (in total K)			
No. of accounts below K10m	( )	( )	( )
Sub-total (II) - a + b			
(III) DOUBTFUL			
(a) List names of accounts (K10 m and above):			
(b) Others (in total K)			
No. of accounts below K10m	( )	( )	( )
Sub-total (III) - a + b			
(IV) LOSS			
(a) List names of accounts (K10 m and above):			
(b) Others (in total K)			
No. of accounts below K10m	( )	( )	( )
Sub-total (IV) - a + b			
TOTALS (I) to (IV)			

Notes: (1) The total of the "Total Gross Balances" column must agree with Balance sheet item 6 (Loans and advances)

(2) The total of the specific and general provisions column must agree with item 6 (Total) of Schedule 3 and also with Balance Sheet item 6 (Allowance for loan losses)

(3) The total of the "Net Balances" column must agree with the net of the Loans account balance less the Allowance for the Loan Losses Account in the institution's balance sheet

SCHEDULE OF PAST DUE  
AND NON-ACCRUAL LOANS

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

(In K 'millions)

	Past due 1 to 89 days	Past due 90 to 119 days	Past due 120 to 179 days	Past due 180 days and over
1. Agriculture, forestry, fishing and hunting				
2. Mining and quarrying				
3. Manufacturing				
4. Electricity, gas, water and energy				
5. Construction				
6. Wholesale and retail trade				
7. Restaurants and hotels				
8. Transport, storage and communications				
9. Financial services				
10. Community, social and personal services				
11. Real estate				
12. Other sectors				
13. Allowance for loan losses on above				
TOTALS				

SCHEDULE 6

THE BANKING AND FINANCIAL SERVICES (LARGE LOAN EXPOSURES) REGULATIONS  
LARGE LOANS EXPOSURES

Reporting institution:

Reporting date:

Regulatory Capital (as per Regulatory Capital Calculation):

K

[illegible]

## SCHEDULE 7

## INSIDER LENDING EXPOSURES (Regulation 10)

Reporting date:

Regulatory Capital (as per item IV of Regulatory Capital Calculation: K

[illegible]







BANK OF ZAMBIA

SCHEDULE 10

## INTERBRANCH ANALYSIS

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

Total interbranch receivables (as per total of columns 2 and 3) \_\_\_\_\_

Total interbranch liabilities (as per total of columns 4 and 5) \_\_\_\_\_

Net position - Debit (Credit) \_\_\_\_\_

(to agree with BS-8 if a net Debit balance or BS-17 if a net Credit balance)

Branch name (1)	Interbranch receivables (DR)		Interbranch liabilities (CR)		Comments re: 60 days and over (6)
	Amounts within 59 days (2)	Amounts 60 days and over (3)	Amounts within 59 days (4)	Amounts 60 days and over (5)	
1.					
2.					
3.					
4.					
5.					
6.					
etc.					
TOTALS					

## BANK OF ZAMBIA

## SCHEDULE 11

## ANALYSIS OF DEMAND, SAVINGS AND TIME DEPOSITS

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

	Demand deposits	Savings deposits	Time deposits			(In K millions)
			Less than 30 days' notice	Fixed or notice of 30 days or more	Certificates of deposit	
I. DOMESTIC CURRENCY DEPOSITS						
(A) RESIDENTS OF ZAMBIA						
Private corporations and partnerships						
Individuals and households						
Government - central						
Government - local						
Parastatals						
Statutory bodies						
Non-profit organisations (NGO's)						
Other banking institutions						
Non-bank financial institutions						
Affiliated companies						
Other						
TOTAL - Residents of Zambia						
(B) NON-RESIDENTS (provide details in a separate schedule if more than 25% of Domestic Currency Deposits - Residents of Zambia)						
TOTAL DOMESTIC CURRENCY (A + B)						

## BANK OF ZAMBIA

## SCHEDULE 11A

## ANALYSIS OF DEMAND, SAVINGS AND TIME DEPOSITS (C not in)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

	Demand deposits	Savings deposits	Time deposits		
			Less than 30 days' notice	Fixed or notice of 30 days or more	Certificates of deposit
2. FOREIGN CURRENCY DEPOSITS					
(C) RESIDENTS OF ZAMBIA					
Private corporations and partnerships					
Individuals and households					
Non-profit organisations (NGOs)					
Other banking institutions					
Non-bank financial institutions					
Affiliated companies					
Other					
TOTAL - FOREIGN CURRENCY RESIDENT DEPOSITS (C)					
(D) NON-RESIDENTS					
Private corporations and partnerships					
Individuals and households					
Non-profit organisations (NGOs)					
Other banking institutions					
Non-bank financial institutions					
Affiliated companies					
Donor funds					
Other					
TOTAL - FOREIGN CURRENCY NON-RESIDENT DEPOSITS (D)					
TOTAL - FOREIGN CURRENCY (C) + (D)					
3. TOTAL DEPOSITS (domestic and foreign)					
(Totals tie in to Balance sheet 12)					

(In K millions)

STATEMENT OF CHANGES IN CONSOLIDATED  
SHAREHOLDERS' EQUITY ACCOUNTS

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

## 1. SHARE CAPITAL

	Common Shares	Preferred Shares	Total
Balance at beginning of period			
Add: a) shares issued for cash b) capitalisation from Retained Earnings			
Less shares redeemed	( )	( )	( )
Balance at end of period			

\* of which K represents non-redeemable shares

## 2. SHARE PREMIUM

	Common Shares	Preferred Shares	Total
Balance at beginning of period			
Additions from share issues			
Less decreases	( )	( )	( )
Balance at end of period			



STATEMENT OF CHANGES IN CONSOLIDATED  
SHAREHOLDERS' EQUITY ACCOUNTS (CONT'D)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

## RETAINED EARNINGS / RESERVES

	Retained Earnings	Revaluation Reserves	Statutory Reserves	Other Reserves
Balance at beginning of period				
Net income (loss) for the period (after taxes) (item 13 of statement of income)				
Prior period adjustments (net of income taxes of K )				
Transfers to (from) Retained Earnings				
Dividends	( )			
Other increases (decreases) during the year (state details below)				
Balance at end of period				

## THE BANKING OF FINANCIAL SERVICES (CAPITAL ADEQUACY) REGULATIONS

## CALCULATION OF RISK-WEIGHTED ASSETS (First schedule - Regulations 21 and 24)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

(Part 1)

(In K millions)

	Risk weight %	Balance (net of allowance for losses)	Risk-weighted assets (1 x 2)
<b>ASSETS</b>			
Notes and coin			
- Zambian notes and coin	0		
- other notes and coin	0		
Balances held with Bank of Zambia			
- statutory reserves	0		
- other balances	0		
Balances held with commercial banks			
a) in Zambia			
- with residual maturity of up to 12 months	20		
- with residual maturity of more than 12 months	100		
b) abroad			
- with residual maturity of up to 12 months	20		
- with residual maturity of more than 12 months	100		
Assets in transit			
- from other commercial banks	50		
- from branches of reporting bank	20		
Investment in debt securities			
- treasury bills	0		
- other government securities	20		
- issued by Local Government Units	100		
- private securities	100		
Bills of Exchange			
- portion secured by cash or treasury bills	0		
- others	100		
Loans and advances			
- portion secured by cash or treasury bills	0		
- loans to or guaranteed by the Government of Zambia	50		
- loans repayable in instalments and secured by a mortgage on owner-occupied residential property	50		
- loans to or guaranteed by local Government Units	100		
- loans to parastatals	100		
Inter-bank advances and loans/advances guaranteed by other banks:			
- with residual maturity of 12 months	20		
- with a residual maturity of more than 12 months	100		
Bank premises	100		
Acceptances	100		
Other assets	100		
Investment in equity of other companies	100		
<b>TOTAL RISK-WEIGHTED ASSETS (on-balance sheet)</b>			

(Part 2)

(In K millions)

	Risk weight %	Balance (net of allowance for losses)	Risk-weighted assets (1 x 2)
<b>OFF BALANCE SHEET OBLIGATIONS</b>			
Letters of credit			
- sight import letters of credit	20		
- portion secured by Cash / Treasury bills	0		
- standby letters of credit	100		
- portion secured by Cash / Treasury bills	0		
- export letters of credit confirmed	20		
Guarantees and indemnities			
- guarantees for loans, trade and securities	100		
- portion secured by Cash / Treasury bills	0		
- performance bonds	50		
- portion secured by Cash / Treasury bills	0		
- securities purchased under resale agreement	100		
- other contingent liabilities	100		
- net open position in foreign currencies	100		
<b>TOTAL RISK-WEIGHTED ASSETS (off balance sheet)</b>			
<b>TOTAL RISK-WEIGHTED ASSETS (on and off-balance sheet)</b>			

## THE BANKING AND FINANCIAL SERVICES (CAPITAL ADEQUACY) REGULATIONS

## COMPUTATION OF CAPITAL POSITION (Second schedule - Regulations 16, 17, 18)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

(In K millions)

<b>I PRIMARY (TIER 1) CAPITAL</b>	
(a) Paid-up common shares	
(b) Eligible preferred shares	
(c) Contributed surplus	
(d) Retained earnings (note 1)	
(e) General reserves	
(f) Statutory reserves	
(g) Minority interests (common shareholders' equity)	
(h) Sub-total	
<b>LESS:</b>	
(i) Goodwill and other intangible assets	
(j) Investments in unconsolidated subsidiaries and associates	
(k) Lending of a capital nature to subsidiaries and associates	
(l) Holding of other banks' or financial institutions' capital instruments	
(m) Assets pledged to secure liabilities	
Sub-total (A) (items i to m)	
<b>OTHER ADJUSTMENTS:</b>	
Provisions (note 2)	
Assets of little or no realizable value (note 3) - specify details or use separate list if necessary:	
Other adjustments (specify)	
(n) Sub-total (B) - (Sub-total A above + Other adjustments)	
(o) Total primary capital (h - n)	
<b>II SECONDARY (TIER 2) CAPITAL</b>	
(a) Eligible preferred shares (Regulations 13 and 17)	
(b) Eligible subordinated term debt (Regulation 17 (b))	
(c) Eligible loan stock / capital (Regulation 17(b))	
(d) Revaluation reserves (Regulation 17 (a)). Maximum is 40% of revaluation res.	
(e) Other (Regulation 17 (c)). Specify	
(f) Total secondary capital	



III	ELIGIBLE SECONDARY CAPITAL (the maximum amount of secondary capital is limited to 100% of primary capital)	
IV	ELIGIBLE TOTAL CAPITAL (I(o) + III) (Regulatory capital)	
V	MINIMUM TOTAL CAPITAL REQUIREMENT: (10% of total on and off balance sheet risk-weighted assets as established in the First schedule) Note 4	
VI	EXCESS (DEFICIENCY) (IV minus V)	

#### NOTES:

- (1) including loss as at date of reporting, or profits net of a reasonable tax provision if accounts are not adjusted or closed.
- (2) these are for unbooked provisions which are deemed necessary to reflect loans and advances and / or other investments such as shares at realistic and realisable values
- (3) these include prepaids of all types, including inventories of materials which would normally be consumed within the year, outstanding and unreconciled or uncleared suspense and inter-branch accounts, including all unreconciled amounts and balances of two months or more, unrealized gains included in profits, and any other amount for which full or partial receipt or collectibility is in doubt
- (4) minimum Primary (Tier 1) capital (item I(o) on previous page) for all banks shall be K2.0 billion by 31 December 1996



## THE BANKING AND FINANCIAL SERVICES (FIXED ASSETS INVESTMENT) REGULATIONS

STATEMENT OF INVESTMENTS IN FIXED ASSETS OF A BANK,  
OR FINANCIAL INSTITUTION INCORPORATED IN ZAMBIA

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

(In K '000)

1	TOTAL REGULATORY CAPITAL (As calculated by using the Second Schedule of the Banking and Financial Services (Capital Adequacy) Regulations, 1995. Attach calculation.  Less revaluation reserves included in the Regulatory Capital Calculation  REGULATORY CAPITAL (NET OF REVALUATION RESERVES)		
2	FIXED ASSETS (ACQUISITION COST) (a) Bank Premises (including land) (b) Furniture and fixtures (c) Equipment (d) Vehicles (e) Leasehold improvements (f) Other  TOTAL (a to f)		
3	INVESTMENTS IN CORPORATIONS HOLDING THE FIXED ASSETS OF THE REPORTING BANK OR FINANCIAL INSTITUTION (a) Stock (b) Bonds (c) Debentures (d) Obligations  TOTAL (a to d)		
4	ADVANCES/LOANS MADE TO OR ON THE SECURITY OF THE STOCK OF A CORPORATION HOLDING THE FIXED ASSETS OF THE REPORTING BANK OR FINANCIAL INSTITUTION (a) Advances (b) Loans  TOTAL		
5	TOTAL INVESTMENT IN FIXED ASSETS (Items 2 + 3 + 4)		
6	TOTAL INVESTMENT IN FIXED ASSETS (LINE 5) AS A PERCENTAGE OF REGULATORY CAPITAL (NET OF REVALUATION RESERVES - line 1)		%

THE BANKING AND FINANCIAL SERVICES  
(RETURN OF UNCLAIMED FUNDS) REGULATIONS

RETURN OF UNCLAIMED FUNDS (SECTION 76(2)) - (First Schedule - Regulation 2)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

This return relates to the calendar year ended 31st December, 19 .....

1. Total amount of items reported in detail on attached sheets numbered 1 to ..... of Second Schedule	K
2. Total of accounts and instruments under K10,000 not reported in detail	K
3. Interest accrued on interest bearing accounts not added to individual accounts	K
4. Total amount of unclaimed funds as at 31st December, 19 .....	K



THE BANKING AND FINANCIAL SERVICES (FOREIGN EXCHANGE RISK  
MANAGEMENT AND EXPOSURE) REGULATIONS

FOREIGN CURRENCY EXPOSURE ON A PER CURRENCY BASIS

(First schedule - Regulations 7 and 8)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

1. TOTAL REGULATORY CAPITAL: K \_\_\_\_\_

(as calculated by using the Second Schedule of the Banking and Financial  
Services (Capital Adequacy) Regulations, 1993) Attach calculation.

2. OVERALL FOREIGN CURRENCY EXPOSURE: K \_\_\_\_\_  
(item 3 of Schedule 20)

3. AS A PERCENTAGE OF REGULATORY CAPITAL (item 1) ABOVE \_\_\_\_\_ %

(In K millions)

CURRENCY	LONG (SHORT)	AS A PERCENTAGE OF REGULATORY CAPITAL
DEM		
FFR		
ZAR		
GBP		
USD		
OTHERS (SPECIFY):		
TOTALS		

THE BANKING AND FINANCIAL SERVICES (FOREIGN EXCHANGE  
RISK MANAGEMENT AND EXPOSURE) REGULATIONS

POSITIONS IN DOMESTIC CURRENCY EQUIVALENT OF THE SPOT AND  
FORWARD POSITIONS OF FOREIGN CURRENCIES (1)

(Second schedule - Regulations 7 and 8)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

POSITIONS IN DOMESTIC CURRENCY EQUIVALENT OF THE SPOT AND FORWARD POSITIONS OF FOREIGN CURRENCIES (1) (using prevailing rates quoted in the Third Schedule)						
CURRENCY	BALANCE SHEET		FORWARD		OVERALL	
	Long	Short	Long	Short	Long	Short
DEM						
FFR						
ZAR						
GBP						
USD						
OTHERS (Specify):						
NET POSITION						
OVERALL EXPOSURE						

(1) Report all unhedged positions including interest rate hedges, forward contracts, derivatives, etc.

(2) The net position is the difference between the "total long" and "total short" positions.

(3) The overall foreign currency exposure is the sum total of all long and short positions.



THE BANKING AND FINANCIAL SERVICES (FOREIGN EXCHANGE RISK  
MANAGEMENT AND EXPOSURE) REGULATIONS

POSITIONS IN FOREIGN CURRENCIES AND NET DOMESTIC CURRENCY EQUIVALENT  
POSITIONS (Third Schedule - Regulations 7 and 8)

Reporting institution: \_\_\_\_\_

Reporting date: \_\_\_\_\_

POSITIONS IN FOREIGN CURRENCIES AND NET DOMESTIC CURRENCY EQUIVALENT POSITIONS ( - sign indicates a short position )					
Currency	Net Balance	Off Balance Sheet (Forward)	Total	Prevailing Spot Forex Rate (at date of this return)	Net domestic currency equivalent position
DEM					
FFR					
ZAR					
GBP					
USD					
OTHERS Specify					

Report all unhedged positions, including options, interest rate hedges, forward contracts, derivatives, etc

BANK OF ZAMBIA

---

INSTRUCTIONS for completing the statutory  
returns and schedules required under  
the Banking and Financial Services Act

## GENERAL

### PURPOSE

The purpose of these returns is for financial institutions to provide Bank of Zambia with uniform consolidated balance sheets, statements of income and related schedules. This package reflects the information required by Bank of Zambia for purposes of analyzing and monitoring the individual and aggregate financial condition of institutions.

At present, the major user Departments have been identified as Financial System Supervision, Economics, Financial Markets and Finance.

### STATUTORY

These returns are required under the provisions of the Banking and Financial Services Act. The Act also authorizes Bank of Zambia to request, from institutions subject to it, additional material which it deems necessary.

### APPLICATION

These returns apply to all financial institutions which are subject to the Banking and Financial Services Act, 1994.

### PUBLICATION

Information from these returns are subject to publication, either on an individual or on an aggregate basis.

### REPORTING DATES

These returns are to be completed as of the last day of each month and submitted within 10 working days of the reporting date. Financial System Supervision staff will arrange to distribute to all identified user departments the returns which pertain to them.

### WHERE / HOW TO SUBMIT

Bank of Zambia  
c/o Financial System Supervision  
PO Box 30080  
Cairo Road  
LUSAKA

These returns may be submitted in one of 2 ways:

- (a) by hard copy to Bank of Zambia;

- (b) by using a copy of the diskette made available by Bank of Zambia (on Microsoft Excel, version 5.0). However, it should be noted that where the diskette is used, all required information must be consistent and in exactly the form and content required under the preprinted financial statements and schedules, and copies of diskettes must be maintained on the institution's premises. Titles or line captions must not, under any circumstances, be changed or altered. If clarification is required concerning a particular entry, please refer to the contact person mentioned in these instructions. Returns submitted which are not entirely consistent with the preprinted format will be considered as not having been filed and returned.

## OTHER

The format of the consolidated balance sheet, statement of income and related schedules are identical for all banks and other financial institutions regardless of size and type. Consequently, certain balance sheet components may not be applicable to some institutions because of the nature of their operations. In such cases, the line should be left blank.

The word "institution", used throughout this text and the financial statements and schedules, refers to all institutions subject to the Banking and Financial Services Act. These include bank and non-bank financial institutions.

Consolidated financial statements include the combined assets, liabilities, income and expenses of a bank or financial institution and its subsidiaries, after eliminating offsetting intercompany transactions.

All income statement amounts are to be entered on a year to date basis.

If there are any doubts as to the classification of particular items, requests for information or assistance should be directed to Bank of Zambia as follows:

Assistant Director  
Regulatory Policy and Financial Analysis Department  
Financial System Supervision

Direct line: 221392  
Fax: 223502

Assets held in safekeeping for clients are not to be included on the balance sheet.

All balance sheet assets are to be reported gross of accumulated allowances for losses (whether specific or general). Allowances are to be reported separately as a deduction from their respective assets in the appropriate section of the balance sheet or schedule.



For reporting purposes, non-performing loan balances should not contain any element of capitalized interest. However, past due accrued interest on non-performing loans may be accounted for in sub-accounts which do not actually form part of the balance sheet submitted to Bank of Zambia. These sub-accounts would, in cases of litigation, be available to the courts as part of an institution's records and arrears.

Where interest has been accrued (capitalized) on loans on which a provision exists, whether general or specific, and where the counterpart entry is to a suspense account, these accounts should be reported separately in accordance with the Classification and Provisioning regulations and, for reporting purposes, be offset and not appear in the consolidated balance sheet. However, details of these amounts should be available on request from Bank of Zambia.

Interest income accrued on performing loans and securities should be included in the line reserved for that purpose in Other Assets. Interest income should not be capitalized directly to loan or securities accounts.

Securities purchased at a premium or a discount are to be reported at their actual cost in the balance sheet. The premium or discount should be amortised over the remaining life of the security.

Balances with Banks and other financial institutions in Zambia (Balance sheet item 3) include all non-interest bearing balances and interest-bearing balances, including correspondent relationships in Zambia and elsewhere placed in the normal course of market trading.

Include, in the appropriate deposit liabilities category, liabilities of subsidiaries (on consolidation of accounts) that are similar in nature and characteristics to those of the parent institution and that, if issued by the parent, would rank equally or relatively equally with deposit liabilities of the parent.

Except where specifically provided for in these instructions (for example accrued or capitalised interest on non-performing loans and the related suspense contra account and Interbranch accounts), offset (netting off) of balance sheet asset and liability accounts are not permitted.

Unless specifically provided for otherwise, all amounts reported in these returns should be determined and reported in accordance with Generally Accepted Accounting Principles (GAAP) in Zambia and/or any other authority competent and authorized to issue such directives.

The name of the financial institution and the period ending must be entered on each page of the financial return and schedules.

It is expected that all data will be checked and totals verified by those preparing the returns or those signing them before they are forwarded to Bank of Zambia. Many of the accounts on the consolidated balance sheet and the income statement are supported by schedules and the totals



of those schedules should be cross-checked to ensure that they are in agreement with the main financial statements.

The certification page applies to all returns, including the balance sheet, the statement of income and the schedules. Any other officer or official signing the certification page on behalf of either the Chief Accounting Officer or the Chief Executive Officer would do so with the full knowledge and understanding that the substitute signatures do not nullify or abrogate the obligations and accountabilities intended from the original signatories.

Section 3 of these instructions includes a limited glossary of terms used throughout these returns.

## 2. ASSETS AND LIABILITIES: OBSERVATIONS AND COMMENTS

### A S S E T S

#### BS-1 NOTES AND COIN (Cash)

This is legal tender in the form of notes and coins circulating in the economy.

Domestic currency includes legal tender notes and coins issued in Zambia held by the institution.

Foreign currency represents legal tender notes and coins issued by foreign central banks held by the institution. These must be converted to their local currency equivalent using the exchange rate prescribed by Bank of Zambia.

For both domestic and foreign currency, notes and coins on hand include those in transit between any units of the institution. Units of the institution include any branches or offices of the institution's subsidiaries.

#### BS-2 BALANCES WITH BANK OF ZAMBIA

##### Statutory Reserves on Kwacha deposits

These are legal (obligatory) deposits maintained by a commercial bank with Bank of Zambia based on a percentage of the customer deposits. Statutory reserves are usually in the form of cash or other liquid assets acceptable to Bank of Zambia.

##### Statutory reserves on foreign currency deposits

These are legal (obligatory) deposits maintained by a commercial bank with Bank of Zambia based on a percentage of the amount of foreign deposits. These are usually in the form cash or other liquid assets acceptable to Bank of Zambia.

Bank of Zambia can raise or lower reserve requirements as the situation warrants.

##### Current account

This account represents the amount in the current account with Bank of Zambia and must be reconciled with the balance shown on the books of the Bank of Zambia at the reporting date. The account should normally be fully reconciled on a daily basis.

### Open Market operations

This refers to the purchase and sale of funds by Bank of Zambia to commercial banks in daily money market operations so as to influence the liquidity conditions in the money market.

### Clearing House - collateral deposit

This represents the book value of collateral placed with Bank of Zambia relating to the clearing house operations.

### Other

All other amounts on deposit with Bank of Zambia that cannot be classified or grouped in any of the above categories. Dormant balances relating to agricultural credit and OGL accounts should be included here. Specify details in a separate schedule.

## BS-3 BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS IN ZAMBIA

**Banks.** These balances represent loans, advances and deposits (claims) receivable from banks and financial institutions in Zambia.

**Other financial institutions** include amounts receivable from any financial institution based in Zambia which is not subject to the Banking and Financial Services Act, such as insurance companies, pensions funds, savings and housing societies, etc.

**Items in transit** includes cheques and other items in the process of collection or being cleared. These should be reconciled, at a minimum, on a weekly basis.

## BS-4 BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS ABROAD

**Affiliated banks.** Report total held in all affiliated banks abroad.

**Non-Affiliated Banks.** Report total held in non-affiliated banks abroad.

**Other financial Institutions.** Enter total of all other balances held in other financial institutions abroad.

For each of the three categories above, a detailed listing of amounts and locations should be kept on hand and be available on request to Bank of Zambia.



## BS-5 INVESTMENTS IN SECURITIES

### Treasury Bills

Enter the cost of treasury bills issued by Bank of Zambia. Interest accrued on treasury bills at the date of reporting should be reported in asset 10 - "Accrued interest receivable".

### Government Bonds / Statutory bonds / Other bonds

Enter the cost of the bonds held in the appropriate line. Any premium or discount resulting from the acquisition of the bonds should be recorded as a separate entry (at the date of acquisition) and amortized over the remaining life of the bonds.

Income earned on bonds but not yet received and taken into income should be entered in Asset 10 - "Accrued interest receivable".

### Other securities

These comprise all other securities not issued or guaranteed by the Government of Zambia and include preferred and common shares (equity securities), debt instruments, and investments in subsidiary and affiliated companies.

### General comments on securities:

1. Securities which are held for investment purposes (ie: the long term) should be accounted for in accordance with generally accepted accounting principles (GAAP) in Zambia.
2. Securities held for trading purposes should be marked to market value at all times (refer to Schedule 1).
3. All securities are to be reported in Schedule 1 gross of allowance for losses. Allowance for losses should be reported in the appropriate line of Schedule 1 and the "net" investments in Securities for each category reported in the Balance sheet asset 5.

## BS-6 LOANS AND ADVANCES

Report loans and advances "gross" of allowances whether specific or general (and Net Investment in Finance Leases). This total should agree with column 13, line 14 of Schedule 2.

Also, all loans should be reported net of (that is, excluding) accrued interest so that reported balances reflect outstanding funds actually advanced. Accruals booked on performing loans

should be recorded in Asset 10 - "Accrued interest receivable". Accruals (capitalised interest) pertaining to non-performing loans should be offset against a related suspense account and details should be available on demand to Bank of Zambia.

#### Allowance for loan losses

This account includes the total accumulated allowances for loans and leases, (specific and general). Details of the allowances must be determined in accordance with the Classification and Provisioning of Loans Regulations. The total of the Allowances must agree with item 6 (the "total" column) of Schedule 3 and must be deducted from the gross loans figure on the balance sheet to arrive at the net loans and advances.

### BS-7           BILLS OF EXCHANGE (refer also to BS-16)

#### Customers' liability under acceptances

These are Bills of Exchange that have been accepted or endorsed by an institution and provide the holder with the ultimate assurance that the bill will be honoured on presentation. Report the total of all acceptances, endorsements, guarantees, etc. at full nominal value.

### BS-8           INTERBRANCH

Report the net receivable which appears in Schedule 10. However, from the details of Schedule 10, amounts due and uncleared which are 60 days and more will be considered as "not admitted" and deducted from the calculation of regulatory capital. Examples of items which would normally be found under this balance sheet asset are:

- head office and branch clearing accounts representing cheque lists, transfers of funds, etc. between branches or temporarily in suspense;
- uncleared remittance accounts;
- other similar accounts dealing with items in the course of settlement or in transit.

### BS-9           FIXED ASSETS

Fixed assets include land, buildings, furniture and equipment (including computers), leasehold improvements that are to be written off during the term of a lease; former bank premises no longer used as such; motor vehicles and leased assets owned by the institution.



Also include real estate held as an investment from which the institution earns an income and real estate held as an investment (ie: development and resale) which does not earn income. Repossessed real estate must be reported in BS-10 - "Reposessed properties". All amounts should be stated at net book values.

## BS-10 OTHER ASSETS

These are assets not included elsewhere in the balance sheet.

### Accrued interest receivable

Includes the interest earned but not yet received on all earning assets, including loans and advances and securities.

### Prepaid and Deferred Charges

These are expenses disbursed in advance and include such items as stationary inventory, insurance premiums paid in advance, postage inventories, etc. Normally, these would be expensed if the goods or services are to lapse within a one year period.

### Goodwill and other intangibles

Includes unamortised goodwill and other intangibles not yet absorbed in the income statement. Goodwill should be treated in accordance with generally accepted accounting principles.

### Taxes

Includes income taxes recoverable or other taxes (such as property taxes) paid in advance, or refundable to the institution.

### Reposessed properties

These are properties reposessed as a result of foreclosure action. Amount should agree with Schedule 9.

### Securities held under repurchase agreement

These are a combination of transactions whereby a security is sold and concurrently an agreement is made to buy back or repurchase the same security at a later date at an agreed price.

### All Other

Enter all other assets not reported above. If amount exceeds 5% of the total of Other Assets, then submit details in a separate schedule.

## LIABILITIES AND SHAREHOLDERS' EQUITY

### BS-12        DEPOSITS

Enter the totals for Demand, Savings and Time deposits. Totals should agree with Schedules 11 and 11A.

### BS-13        BALANCES DUE TO BANK OF ZAMBIA

#### Current account

This account represents the overdrawn position in the current account maintained with Bank of Zambia and must agree with the balance shown on the books of the Bank of Zambia at the reporting date. This account should be reconciled on a daily basis.

#### Open Market operations

This refers to the purchase and sale of funds by Bank of Zambia to commercial banks in daily money market operations so as to influence the liquidity conditions in the money market.

#### Refinancing credit

These are amounts or funds transferred by the Bank of Zambia to financial institutions for purposes of lending to a specified sector in the economy.

#### Other

Report all other obligations or amounts to Bank of Zambia that do not fall into any of the above categories.

### BS-14        BALANCES DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS IN ZAMBIA

**Banks.** These balances represent amounts owing to banks and other financial institutions in Zambia.

**Other financial institutions** include amounts owing to any financial institution based in Zambia which is not subject to the Banking and Financial Services Act, such as insurance companies, pension funds, savings and housing societies, etc.

### Items in transit

Includes cheques and other items in the process of collection or being cleared. These should be reconciled on a weekly basis at a minimum.

### BS-15 BALANCES DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS ABROAD

Affiliated banks. Report total held in all affiliated banks abroad.

Non-Affiliated Banks. Report total held in non-affiliated banks abroad.

Other financial Institutions. Enter total of balances held in other financial institutions abroad.

For each of the three categories above, a detailed listing of amounts and locations should be kept on hand and be available on request to Bank of Zambia.

### BS-16 BILLS OF EXCHANGE (refer also to BS-7)

Customers' liability under acceptances

These are the institution's obligations that have been accepted or endorsed and provide the holder with the ultimate assurance that the liability will be honoured. Report the total of all acceptances, endorsements, guarantees, etc. at full nominal value.

### BS-17 INTERBRANCH

Report the net payable which appears in Schedule 10. Also refer to BS-8.

### BS-18 OTHER LIABILITIES

These are other liabilities not included elsewhere in the balance sheet.

Accrued interest payable

Report all accruals made to reflect amounts due but unpaid at the date of reporting.

Taxes

Include all tax liabilities.



**Deferred income**

Include all amounts which were deferred for one reason or another but exclude interest accrued on non-performing loans, which must be netted (offset) for Bank of Zambia reporting purposes with the related asset account. The amortization of a bond discount should be included here.

**Dividend payable**

Enter all dividends declared (but not paid) at date of reporting.

**Securities held under repurchase agreement**

These are a combination of transactions whereby a security is sold and concurrently an agreement is made to buy back or repurchase the same security at a later date at an agreed price.

**All other**

Enter all liabilities not reported above. If amount exceeds 5% of total of Other liabilities, then submit details in a separate schedule.

**BS-19 OTHER BORROWED FUNDS**

Report all other borrowed funds - maturing in less than 1 year and maturing in 1 year or more. Also report, in the appropriate line, loans obtained by way of subordinated debt or from shareholders.

**BS-20 SHAREHOLDERS' EQUITY****Preferred shares**

Enter the total amount of fully paid preferred shares (par value). Total to agree with Schedule 12.

**Common shares**

Enter the total amount of common shares issued by the bank which have been fully subscribed to and paid. Total to agree with Schedule 12.

**Share premium**

Enter the excess (premium) of the amount received for preferred and common shares over their respective par values (net of the cost of issuing shares). Total to agree with Schedule 12.

**Retained earnings**

These are distributable reserves resulting from the cumulative profits/losses of the institution. Total to agree with Schedule 13.

**Net income (loss) - current period**

This represents the undistributed profit/loss for the current period after providing for tax and dividends. To agree with item 13 of Consolidated statement of income.

**Revaluation reserves**

These are undistributable reserves arising mainly from the revaluation of certain assets. Total to agree with Schedule 13.

**Statutory reserves**

These are reserves required to be made under the Banking and Financial Services (Reserve Account) Regulations. Total to agree with Schedule 13.

**Other reserves**

These are reserves that do not fall in any of the above categories such as capital redemption reserves, reserves for purchase of own shares, and reserves provided for by the articles of association. Total to agree with Schedule 13.

**BS-22 OFF BALANCE SHEET ITEMS****CONTINGENT LIABILITIES**

- (a) Guarantees. Report the nominal amount of each type of guarantee.
- (b) Letters of credit. Report nominal value of all standby letters of credit.
- (c) Assets pledged as collateral security. Report nominal amount of collateral pledged.
- (d) Other. Report nominal amount of all other contingent liabilities not reported under above items.

**COMMITMENTS**

- (a) Arising out of sale and option to repurchase transactions. Report all underwriting commitments entered into but which have not been exercised by the reporting date.



- (b) Credit / debit cards. Report the nominal value of the maximum unused credit that the institution could be obliged to extend on its credit / debit cards.
- (c) Foreign exchange and interest rate related contracts. Report the principal amount underlying the contract. Translate into Zambian Kwacha using the exchange rate prescribed by Bank of Zambia.
- (d) Other. Include, at nominal values, all other commitments not covered above. This would include all undrawn overdrafts and / or cash advance facilities that the institution has committed to provide to clients; and undrawn commitments on loans facilities.

#### ALLOWANCE FOR LOSSES

Report details of all provisions made for losses on acceptances and off-balance sheet items which are included in Other liabilities (in the balance sheet).

### 3. GLOSSARY

#### AFFILIATED BANK / COMPANY

An institution closely related to another through ownership by a parent company. A company owning between 15% but less than 50% of the shares in another company is said to be affiliated.

#### AGRICULTURAL LOANS

These are advances to individuals or corporate farming units for the purposes of acquiring farms, agricultural requisites and farming implements and are secured by either a fixed or floating charge on assets and are repayable at a specific future date. Advances to agricultural marketing agents should not be treated as agricultural loans.

#### ALLOWANCE FOR LOAN LOSSES

An allowance set aside from income to absorb anticipated loan losses. It is decreased by write-offs and by realized losses and increased by new provisions and recoveries.

#### BANKER'S ACCEPTANCE

Bankers' acceptances are Bills of Exchange (see definition) that have been drawn on a bank and "accepted" or endorsed by that bank and provide the holder with the ultimate assurance that the bank will honour the bill on presentation. By accepting the draft, the bank agrees to pay the face value of the obligation if the issuer (the drawer of the draft) fails to pay.

#### BILL OF EXCHANGE

A payment order written by one person (the drawer) to another, directing the latter (the drawee) to pay a certain amount of money at a future date to a third party.

#### CENTRAL GOVERNMENT

This term refers to the Government of the Republic of Zambia, its departments and ministries, but excludes institutions in which the Central Government has a direct or indirect interest.

#### COMMERCIAL LOAN

These are loans / advances to a corporation, commercial enterprise, or joint venture as opposed to a loan to a consumer. These loans are generally short term, and may be secured by collateral pledged by the borrower (a fixed or floating charge on assets) or can be fully unsecured. The loan may be repayable on demand or at a specific future date.

## CONSTRUCTION LOAN

An interim loan or advance covering construction and development costs, normally secured by a mortgage on the property financed.

## CUSTOMERS' LIABILITY UNDER ACCEPTANCES (see also Banker's Acceptance)

This terminology (in the balance sheet assets and liabilities) refers to the total Bills of Exchange which have been accepted or endorsed by the bank.

## DEPOSITS

**Demand deposit.** Funds held in an account on which cheques can be drawn and taken out without advance notification.

**Savings deposits.** Funds held in an account that may be subject to limited or written notification prior to withdrawal.

**Time deposit.** Funds held in an account paying interest for a fixed term with the understanding that funds cannot be withdrawn without giving advance notice.

**Foreign currency deposits.** Deposits held in currency which is other than the Zambian Kwacha. Foreign currency deposits should be converted to local currency equivalents on the basis of the exchange rate prescribed by Bank of Zambia.

**Central Government deposits.** These are deposits of the Government of the Republic of Zambia. They exclude donor project funds deposited in banks. Donor funds should be included in item 1A - Other of Schedule 11.

## ENDORSEMENTS

Signature on the back of a negotiable instrument, such as a cheque. An endorsement legally transfers ownership to another party.

## FOREIGN CURRENCY TRANSLATION GAIN/LOSS

The unrealized gain or loss that is recorded when assets and liabilities denominated in foreign currencies are translated into Zambia Kwacha on the balance sheet date when the exchange rates on that date differ from the corresponding rates on the previous balance sheet date.

## FOREIGN EXCHANGE CONTRACT

These are commitments to buy or sell a specified amount of foreign currency on a set date and at a predetermined rate of exchange.



## GUARANTEES

A commitment undertaken by one party (the guarantor) to be responsible for a liability of another party in the event of a default by that party.

## INDIVIDUAL AND HOUSEHOLD

An individual or household loan is an advance made by a bank or financial institution to an individual or jointly to members of a household. A household is a small group of persons, normally members of a same family, who share the same living accommodation, who pool some or all of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food.

## INTERBRANCH

Interbranch balances represent amounts which are owing amongst branches (which should be reciprocal ) or between the branch and Head Office.

## LETTER OF CREDIT

A document issued by the institution on behalf of its customers, authorizing a third party to draw drafts on the institution up to a stipulated amount and with specified terms and conditions. It is a conditional commitment on the institution's part to provide payment according to the document's terms.

## LOCAL GOVERNMENT

These are governmental units exercising an independent competence and whose powers and authority are derived from the Central Government. As examples, local governments would include city and district councils.

## MANUFACTURING LOAN

These are advances to individuals or corporate customers involved in the manufacturing of goods.

## MARK TO MARKET

This refers to the valuation of securities and off-balance sheet instruments, such as interest and exchange rate contracts, at market prices as of the balance sheet date. A gain resulting from the revaluation is accounted for as Unearned Income in the balance sheet while a loss is recognized immediately in the Income Statement.



## MONEY MARKET INSTRUMENTS

These are debt instruments issued by private organisations, governments, and government agencies, generally with maturities of one year or less. Such instruments are highly liquid investments, and include Treasury bills, bankers' acceptances, commercial paper and negotiable bank CD's.

## MORTGAGE LOAN

A long-term loan or advance used to purchase real estate that is backed by the property. Most mortgages amortise the principal over the life of the loan. It is common to have a provision permitting the borrower to repay the mortgage prior to maturity.

## NON-BANK FINANCIAL INSTITUTION

These are financial institutions that are not defined as commercial banks in the Banking and Financial Services Act.

## NON-PROFIT ORGANISATION

Non-profit organisations are legal or social entities that produce goods and services, and whose aim is not to generate profit or financial gain.

## NON-RESIDENT

For reporting purposes, non-resident means an individual, corporation or other organisation not ordinarily resident in Zambia and includes those individuals, corporations or organizations domiciled outside Zambia and those domiciled in Zambia with diplomatic privileges.

In general in determining whether an individual, corporation or other organization is not ordinarily resident in Zambia, it would be sufficient for a financial institution to rely on the residential status determined from their mailing address contained in the records of the appropriate branch or from details of loan applications unless the financial institution is aware that the residential status is different from its records.

However, it is granted that it sometimes is difficult to establish residency or non-residency especially in the case of deposits and in that regard, it might be useful to establish a simple rule: eg: for small deposit accounts, a local address is sufficient for treating deposits as resident.

Following are specific examples of non-residents which may be of assistance in completing the returns.

individuals, including citizens of Zambia domiciled outside Zambia;

any foreign government and its representatives within the country, including official institutions like central banks, embassies and high commissions etc. are to be considered non-resident.

all international institutions, whether worldwide or regional, and whether their head office is located in Zambia or not, are considered non-resident.

### **OFF-BALANCE SHEET ITEMS**

These are accounts not included in the balance sheet of a financial institution but rather considered as off-balance activities. These include letters of credit, guarantees, and any other contingent liabilities recorded as off-balance sheet items.

### **OPEN MARKET OPERATIONS**

This refers to the purchase and sale of funds by Bank of Zambia to commercial banks in daily money market operations so as to influence the liquidity conditions in the money market.

### **OTHER BANKING INSTITUTION**

These are banks which are not deposit taking institutions, such as Development Bank of Zambia and provides services through established commercial banks.

### **PARASTATAL ORGANIZATION**

Parastatal organizations are enterprises that are majority owned and / or controlled by the central government.

### **PRIVATE CORPORATION**

These are corporate entities where the majority of the shares are held by private parties.

### **PRIVATE SECTOR**

Any corporation which is not, directly or indirectly, owned by the central government, parastatals or other government controlled entities.

### **PROVISION FOR LOAN LOSSES**

The amount added to the allowance for loan losses to ensure that the allowance remains adequate to absorb all anticipated loan related losses, after taking into account any write-offs or recoveries of specific loans. Provisions are deducted from income.



## RESIDENT

For reporting purposes, a resident is an individual, corporation or other organization that is ordinarily resident in Zambia. A resident would normally have a centre of economic interest in Zambia. Zambian citizens actually living in Zambia and all corporations or other organizations operating in Zambia should be considered residents.

Residency is not based on nationality or the currency of denomination of financial holdings and obligations.

Non-Zambian citizens living in Zambia would normally be considered residents if they lived in Zambia for one year or more. However, the diplomatic staff of embassies and high commissions in Zambia should be considered non-residents.

Following are specific examples of residents which may be of assistance in completing the returns.

- military and civil servants (including diplomats) employed outside of Zambia continue to have centres of economic interest in Zambia while they work abroad, regardless of the length of their stay and hence are considered residents;

- partnerships, corporations and other organizations created under the laws of a foreign country operating in Zambia are considered to be residents of Zambia;

- branches and subsidiaries of domestic organizations operating in foreign countries (ie: abroad) should be treated as foreigners, but their domestic headquarters and other domestic offices would be considered as resident.

## RISK-ADJUSTED ASSETS

Risk-adjusted assets are calculated by applying internationally agreed risk-weighting factors to the face amount of certain assets to bring the assets to a comparable risk level. Off-balance sheet instruments are also converted to balance sheet (loan) equivalents and then adjusted by the appropriate risk-weighting. The Risk-adjusted total forms the denominator of the various BIS (Bank for International Settlements) capital ratios.

## STATUTORY BODY

These are legal entities established by a statute of Parliament and are wholly owned by the state.

## STATUTORY BONDS

These are Government of Zambia securities which may be issued to commercial banks in exceptional circumstances.

## SUBORDINATED DEBENTURES

These are direct, unsecured debt of the Bank or institution which ranks behind the claims of depositors and certain other creditors in the event of liquidation.

## TRADING PORTFOLIO

Liquid assets used for trading on financial markets. This portfolio is recorded on the balance sheet at its market value.