

CREDIT MARKET MONITORING REPORT 2018







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DEFINITIONS

1. Small Agriculture	Smallholder farmers with up to 5 hectares. Small emergent farmers - between 5-20 hectares. Large emergent farmers - between 20-50 hectares.
2. Large Agriculture	Medium farms to extra-large farms (more than 50 hectares). Large farms owned by foreign investors/non Zambian citizens.
3. Small Businesses	Single person businesses (may have 1 or more unpaid employees).
	Businesses with 1–100 paid employees apart from owner.
4. Large Businesses	Businesses with 101 or more employees.
6. Households and Individuals	The Households and Individuals segment relates total households and individuals, engaged in personal and household activities.
7. Government	The Government segment refers to Government bodies such as central government, local government, parastatals and statutory bodies.
8. Other End-Users	The Other End-Users refers to all other credit end-user categories not accounted for in the above categories, and include banking institutions, non-bank financial institutions, embassies, affiliated companies, non-resident individuals and entities.
9. Mortgage agreements	Mortgage agreements means to credit transactions secured by a pledge of immovable property (i.e. titled land, house, building, or permanent structure).
10. Leases and asset-backed credit	Leases and asset-backed credit products means credit transactions secured by movable property or assets i.e. vehicle, equipment, or any other asset.
11. Revolving credit facilities	Revolving credit facilities refer to facilities where a borrower may access a credit line up to a pre-approved limit. Repayment is made periodically and may include a minimum instalment.

12. Unsecured loans	Unsecured loans refer to term loans which are not secured by a pledge of immovable or movable property, or assets for example, a loan granted to a household for building a house incrementally or for improving a structure is deemed an unsecured loan if it is granted without an asset that is on hold as security should the borrower default on payment.
13. Youth	For the purposes of this report, youth refers to individuals between 18 and 35 years at time of entering into a credit agreement.
13. Banks	Licensed banks on the Bank of Zambia register.
14. Building societies	Non-bank financial institutions largely involved in providing housing finance.
15. Micro Finance Institutions - Small business development	Microfinance institutions with 80% or more of their loan books in SMEs loans
16. Micro Finance Institutions - Other	Microfinance institutions with 80% or more of their loan books in consumer loans.
17. Other NBFIs	Non-bank financial institutions that are not part of the above categorization.
18. Rural/Urban	Credit granted to entities resident in rural and urban areas by province. The rural and urban classification is in Appendix 11. Rural and urban classifications was based on areas according to the address of the borrower. If such information was not available, classification was based on credit granted according to the location of the credit-granting branch.

PREFACE

The Credit Market Monitoring Report presents an annual overview of Zambia's credit market with particular focus on access to credit and quality of the loan book. It analyses the level of credit disbursement, the size of the credit book and debt performance according to defined credit end-user categories. The objective of the report is to provide the credit market with aggregated credit data¹ to promote market development. It is based on quarterly credit returns submitted by the credit providers operating under the supervisory ambit of the Bank of Zambia (BoZ). The formal Zambian credit market comprises the banking and the non-bank financial institutions (NBFIs) sectors. As at 31 December 2018, the banking sector comprised 18² banks while the NBFI sector comprised 48 credit providers (Table 1).

The BoZ has been collecting credit returns from licensed credit providers since the first quarter of 2016. These returns contain data on the number and value of credit disbursements within a quarter, as well as on the number of loans and the value of the loan book at the end of each quarter³. The returns also contain data on credit agreement size, credit performance, and credit maturity. The tables and graphs in the report are built from aggregating the returns across the market.

The purpose of the report is to:



Disseminate qualitative and quantitative credit data to stakeholders in the credit market.



Track and measure credit activity.



Assist the BoZ and credit providers to monitor credit trends and identify financial distress for specific sectors and credit end-user categories.



Assist in the formulation of regulatory interventions that could support effective and appropriate credit policy.



Enable credit
providers to perform
peer and sector
analyses, update their
borrower and market
risk models, and
design new products.
This should result in
improved decisionmaking and market
functioning.

¹ This data includes the number and value of credit disbursements within a quarter, as well as on the number of loans and the value of the loan book at the end of each quarter. Data on credit size, performance and maturity is also collected. Disbursements are cumulative flows of loans in the quarter, while the loan book is the stock of loans measured at the end of the quarter. The data is aggregated across the market and is available on the BoZ website http://www.boz.zm/credit-market-monitoring-reports.htm.

² The analysis contained in this report is based on information submitted by 17 banks as one of the newly opened banks had not yet begun submitting credit market monitoring returns as at end December 2018

 $^{^3}$ Disbursements are the cumulative flow of new loans in the quarter, while the loan book is the stock of loans measured at the end of the quarter

The report analyses the credit market across three main dimensions by:

- 1 Product-type (mortgages, revolving credit, secured loans, and unsecured loans);
- End-user category (households, large businesses, small businesses, large agricultural businesses, small agriculture, government, and other end-users); and
- Institution-type (banks, microfinance institutions, building societies, savings and credit institutions, leasing finance institutions and other financial businesses).

The report also provides a brief overview of credit performance in Zambia, examining credit performance across three dimensions: by credit provider, by credit product type, and by credit end-user. In addition, an overview of the financial inclusion data collected as part of the credit return, focusing on access for women and youths is also given in the report.

EXECUTIVE SUMMARY

22,0

0,985

EXECUTIVE SUMMARY

- 1. In 2018, overall credit posted positive growth, albeit lower than in the preceding year. The credit-to-GDP ratio grew by 55 basis points to 10.4% after credit increased by 20.3%. Although the level of credit increased, it remained persistently low especially when Zambia is compared with its peers. The 2017 World Development Indicators Report revealed that Zambia's proportion of credit fell significantly below the sub-Saharan Africa (SSA) average of 47.1% and the global average of 104.7%. The lower credit-to-GDP ratio could partly be a result of a slower pace of economic growth, which averaged 3.9% between 2013 and 2018 compared with an average of 8.1% during the period between 2007 and 2012.
- 2. Demand for credit, as measured by the number of credit applications, continued on an upward trajectory in 2018, with the number of loan applications increasing by 123.3% in 2018. All credit end-user categories posted increases, with households and individuals reporting the highest growth in credit applications. The increase in demand for credit by households and individuals was primarily as a result of increased usage of the mobile credit application channel, with credit mainly being used to finance living expenses. Demand for credit was mainly for unsecured loans which remained high and increased in 2018. This demand was mainly driven by households and individuals who typically obtained unsecured financing in the form of salary-backed loans and mobile credit facilities. Households and individuals accounted for 98.3% of loan applications in 2018 (98.7% in 2017).
- 3. Credit disbursements by value rose by 31.6%, mainly due to growth in unsecured lending. Salary-backed loans, which constituted the largest proportion of the unsecured loans, went up by 47.9%. Credit providers preferred salary-backed loans due to their perceived low credit risk and ease of administration. In terms of composition, unsecured loans accounted for highest proportion at 46.0% of total credit disbursements by product followed by revolving credit facilities at 22.5%. Other assets-backed loans and mortgages accounted 18.8% and 16.6%, respectively.
- 4. The volume of total credit disbursements increased by 124.3% in 2018. The increase was primarily attributed to an increase in lending to households and individuals. This outturn was mainly explained by the increased usage of the mobile credit channel by credit providers. Mobile credit is characterised by shorter loan processing time achieved through the use of computer algorithms. The usage of the mobile credit channel resulted in lenders expanding their distribution network. Expansion in credit disbursement to low income households suggested that there was an improvement in access to financial services. However, the short tenure, and the fact that most of the loans were used for living expenses could suggest that households and individuals are becoming financially distressed.

- 5. The 2018 credit data also showed that credit flow to small businesses was low. Credit flow to small businesses was only 11.0% of the total credit to all credit end-users. Credit providers experienced challenges in providing credit to small businesses because this category of borrowers were mostly informal businesses without traditional forms of collateral and had inadequate financial records to support credit applications. Therefore, the utilisation of the moveable property collateral registry coupled with the current efforts to improve the business management skills of small businesses, if effectively implemented, could help to minimise these challenges going forward.
- 6. Credit to small emergent farmers remained low at 0.03% due to risks associated with this end-user group. Most farmers in this category were exposed to vagaries of weather with no or limited capacity to mitigate its effects. The use of mitigants such as micro-insurance, credit guarantee schemes and weather insurance could prop-up credit to the emergent farmers.
- 7. Overall, there was an improvement in the level of access to credit by priority end-user categories such as women and women-owned businesses and youths and youth-owned businesses. This was an indication that measures to improve access to credit by these categories were having a positive effect. However, the proportion of credit to rural areas remained largely unchanged. Credit to rural areas accounted for 12.9% (2017: 12.5%) of credit disbursements by value and 20.7% (2017: 24.6%) by number of loans disbursed. These statistics underscore the need to expedite the implementation of the Rural Finance Policy (RFP). In addition, with the advent of mobile technology, this trend is expected to improve as the provision of credit and other financial services in rural areas will no longer be based on the existence of physical delivery channels.
- 8. The assessment of the quality of the loan book showed that credit risk remained elevated in the year under review as shown by the non-performing loans (NPLs) ratio⁴ of 11.8% (December 2017: 12.0) which was above the maximum prudential benchmark of 10%. The small businesses (23.1%) and small and emergent farmers (26.2%) credit end-user categories had the highest levels of NPLs while households and individuals (mainly receiving salary-backed loans) had the lowest level of NPLs at 6.3%. Notwithstanding the fact that credit providers considered salary-backed loans less risky, the level of concentration to this type of loan posed a risk to the stability of the financial system. Delays in the remittances of public workers' loan deductions observed in the second half of 2018 created liquidity challenges for some credit providers with potential adverse implications for the stability of the financial system.

⁴ Loans overdue by 90 days or more as a proportion of total gross loans.measured at the end of the quarter

CHAPTER 1

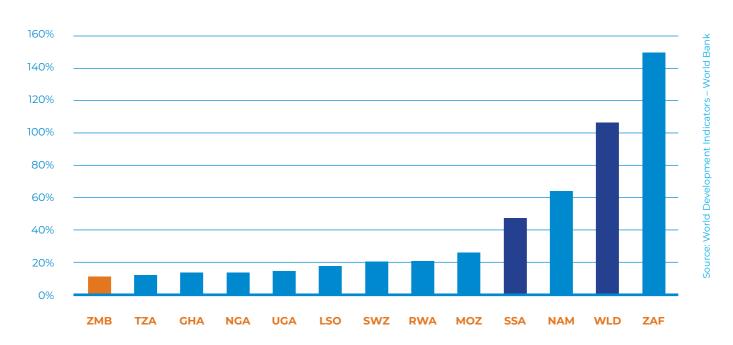
OVERVIEW OF THE ZAMBIAN CREDIT MARKET

1. OVERVIEW OF THE ZAMBIAN CREDIT MARKET

Credit flow

1. The proportion of credit to GDP posted a modest increase in 2018. The ratio of credit-to-GDP grew by 55 basis points to 10.4%, largely due to the increase in credit by 20.3% to K36,544.5 million. Although the level of credit increased, it remained persistently low especially when Zambia is compared with its peers. The 2017 World Development Indicators Report revealed that Zambia's proportion of credit fell significantly below the sub-Saharan Africa (SSA) average of 47.1% and the global average of 104.7%. The lower credit-to-GDP ratio could be partly attributed to a slower pace of economic growth, which averaged 3.9% between 2013 and 2018 compared with an average of 8.1% during the period between 2007 and 2012. Chart 1 shows credit flows to the private sector in Zambia, comparing it to selected neighbouring countries, the sub-Saharan African average, and world average.

Chart 1 · Indicators of Zambia's Credit to the Private Sector - As Percentage of GDP (2017)



Credit Service Providers in the Market

2. The formal Zambian credit market comprises the banking and the non-bank financial institutions (NBFIs) sectors. As at 31 December 2018, the banking sector comprised 18 banks while the NBFI sector comprised 48 credit providers (Table 1)⁵.

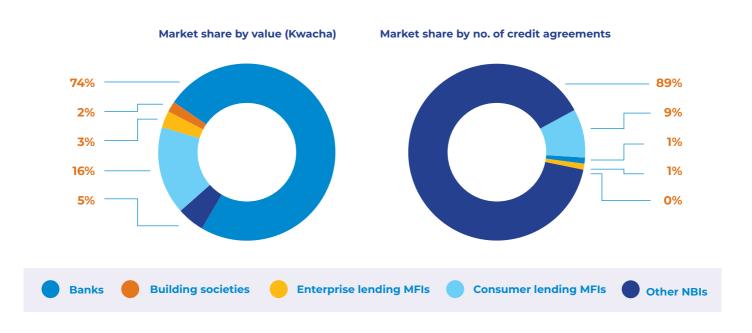
⁵ http://www.boz.zm/financial-institutions.htm provides a list of institutions under each institution type.

Table 1 · Credit Providers

The second transfer about	Number of Institutions						
Type of Institution	Q1	Q2	Q3	Q4			
Commercial Banks	17	17	18	18			
Non-Bank Financial Institutions							
Leasing Finance Institutions	4	4	4	4			
Building Societies	3	3	3	3			
Savings and Credit Institutions	1	1	1	1			
Microfinance Institutions	34	35	35	35			
Development Finance Institutions	1	1	1	1			
Financial Businesses	4	4	4	4			
Sub-total	47	48	48	48			
Grand Total	64	65	66	66			

3. Commercial banks provided the majority of Zambia's formal credit, accounting for 73.7% of the value of credit disbursed. Other financial intermediaries continued to provide credit to market segments that could not be easily serviced by banks, such as higher-risk households and small businesses. Although banks provided the bulk of Zambia's credit by value, banks only accounted for 1.1% of disbursements by volume, whereas NBFIs provided a higher number of credit agreements in the market at 88.8%. Chart 2 shows this supply-by-value versus supply-by-number disparity.

Chart 2 · Share of Credit Market by Financial Intermediaries



CHAPTER 2

DEMAND FOR CREDIT

2. DEMAND FOR CREDIT

Demand by Number

4. Demand for credit, as measured by the number of credit applications, maintained an upward trajectory in 2018. The number of loan applications increased by 123.3% to 13,723,844 in 2018. All credit end-user categories posted increases, with households and individuals reporting the highest growth in credit applications (Table 2). The increase in demand for credit by household and individuals was primarily a result of increased usage of the mobile credit application channel. Credit was mainly used to finance living expenses.

Table 2 · Demand for Credit – Loan Applications (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Agriculture - Large	313	88	125	112	131	456
Agriculture - Small and Emergent	505	230	184	151	563	1,128
Business - Large	1,294	223	284	598	354	1,459
Business - MSME	132,316	43,361	39,792	78,352	61,924	223,429
Government	117	14	9	15	104	142
Households and Individuals	6,011,414	2,643,011	1,826,639	4,052,906	4,974,654	13,497,210
Other end users	385	0	0	1	19	20
Total	6,146,344	2,686,927	1,867,033	4,132,135	5,037,749	13,723,844

Demand by Product Type

5. In terms of product type, demand was mainly for unsecured loans which remained high and increased in 2018 mainly as a result of the increase in loan applications (Chart 3). This was largely driven by households and individuals who typically obtained unsecured financing in form of salary-backed loans and mobile credit facilities. These accounted for 98.3% of loan applications in 2018 (98.7% in 2017).

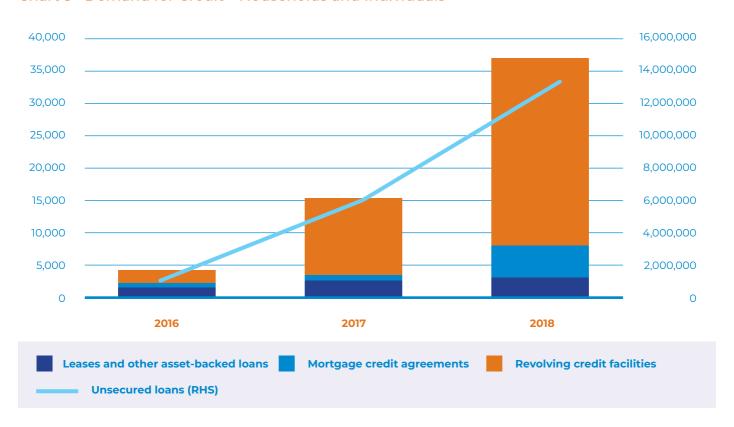
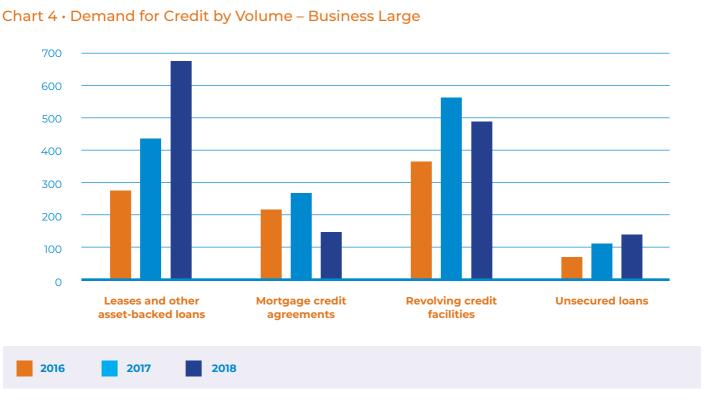


Chart 3 · Demand for Credit – Households and Individuals

6. Demand for credit by large businesses was mainly in the form of leases and other asset-backed loans (Chart 4) whereas demand by small businesses was primarily for unsecured credit (Chart 5).



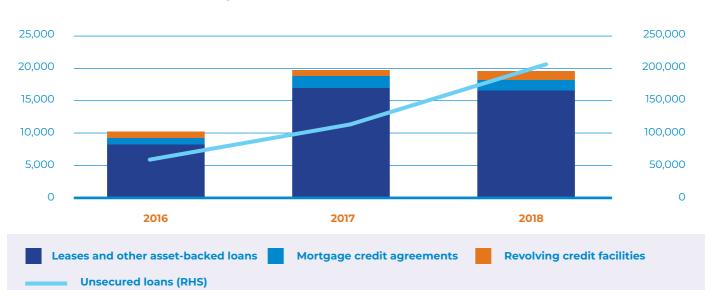


Chart 5 · Demand for Credit by Volume – Business Small

- 7. Large agriculture end-users primarily applied for leases and other asset-backed loans, and to a lesser extent revolving credit. This was in line with their funding needs to procure farming equipment and to fund working capital requirements between farming seasons (Chart 6).
- 8. Small agriculture firms, however, had high demand for unsecured facilities, followed by leases and other asset backed loans. The demand for unsecured facilities was indicative of their inability to obtain other types of funding due to lack of collateral (Chart 7).



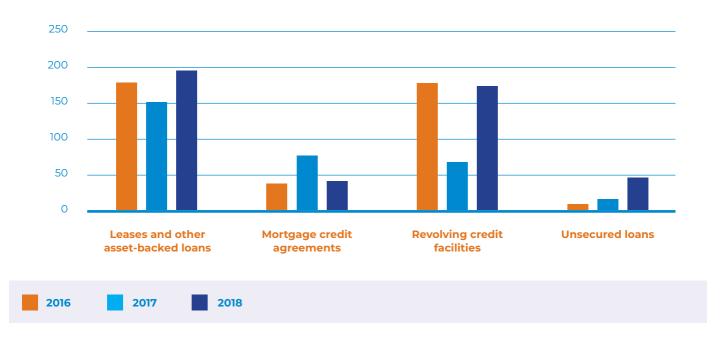
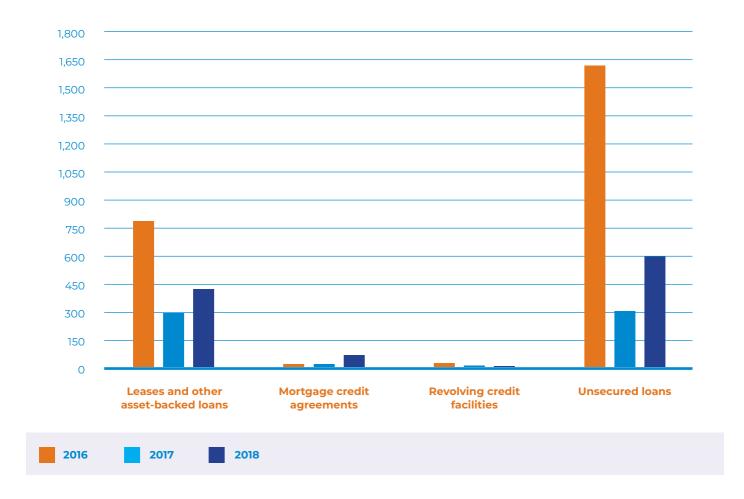


Chart 7 · Demand for Credit by Volume – Agriculture Small





3. CREDIT SUPPLY

Overall Credit Supply

- 9. Credit disbursements by value rose by 31.6% to K20,400.3 million, mainly due to growth in unsecured lending. Salary-backed loans, which were the largest proportion of the unsecured loans, went up by 47.9%. Credit providers preferred salary-backed loans due to their perceived low credit risk and ease of administration.
- 10. In terms of composition of disbursements, unsecured loans accounted for 46.0% of total disbursements (2017: 40.0%), followed by revolving credit facilities at 18.8% (16.7%), leases and other asset-backed loans at 18.5% (22.5%) and mortgages at 16.6% (20.6%) (Table 3).

Table 3 · Credit Supply - Disbursements by Product (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Leases and other asset-backed loans	3,500,005,825	670,490,129	734,705,202	1,285,596,015	1,092,053,779	3,782,845,125
Mortgages	3,206,797,196	475,378,088	760,418,010	1,002,219,145	1,146,051,871	3,384,067,114
Revolving credit facilities	2,596,078,133	673,683,885	719,019,521	770,066,924	1,681,252,416	3,844,022,746
Unsecured loans	6,236,771,477	1,866,240,222	2,384,163,583	2,805,741,016	2,333,183,228	9,389,328,050
Total	15,539,652,632	3,685,792,325	4,598,306,316	5,863,623,100	6,252,541,294	20,400,263,035

11. The volume of total credit disbursements increased by 124.3% to 5,898,691 in 2018. The increase was primarily attributed to an increase in lending to households and individuals (Table 4). This outturn was explained by the increased usage of the mobile credit channel by credit providers. Mobile credit is characterised by shorter loan processing time achieved through the use of computer algorithms that are applied to customers' mobile network behavioural patterns to process an application for credit. In addition, the usage of this channel resulted in lenders expanding their credit distribution network.

Table 4 · Credit Supply – Loan Disbursements (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Agriculture - Large	425	113	148	106	141	508
Agriculture - Small and Emergent	1,417	357	346	315	690	1,708
Business - Large	1,390	231	378	449	454	1,512

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Business - MSME	83,238	23,900	31,491	41,178	40,310	136,879
Government	147	51	25	27	105	208
Households and Individuals	2,542,761	1,221,427	1,248,235	1,638,998	1,649,181	5,757,841
Other end users	301	8	5	2	20	35
Total	2,629,606	1,246,087	1,280,628	1,681,075	1,690,901	5,898,691

12. Average loan sizes across the product types also varied. The average loan size of unsecured loans declined to K1,602 from K2,412 in 2017 on account of a proportionately higher increase in volumes than values. The average size of leases and other asset-backed loans increased to K117,312 from K88,986 in 2017 largely due to revaluation effects⁶ associated with the depreciation of the Kwacha in the third quarter of 2018 (Chart 8, Chart 9 and Table 5).

Disbursements by Product

13. In terms of disbursements by product, unsecured loans increased by 50.5% to K9,389.3 million, revolving credit by 48.1% to K3,844.0 million, leases and other asset-backed loans by 8.1% to K3,782.8 million and mortgages by 5.5% to K3,384.1 million. Credit providers continued to lend on the back of a relatively accommodative monetary policy stance by the Bank of Zambia throughout 2018.





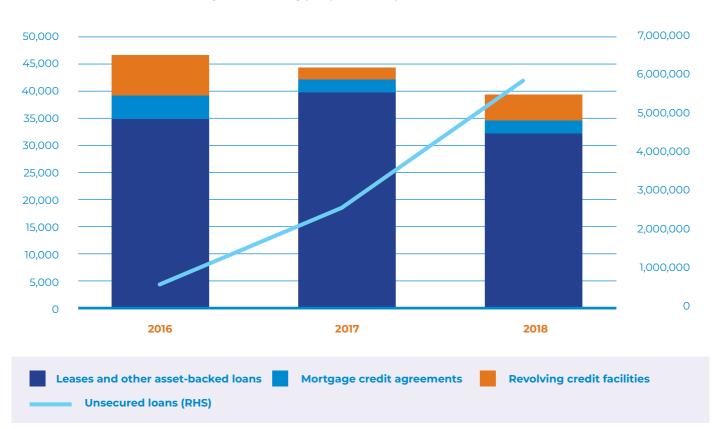
⁵ Most assets financed through leases such as motor vehicles, centre pivots and tractors are imported.

14. Loan disbursements by volume showed that unsecured credit accounted for 99.3% of the total compared to 98.3% in 2017 (Table 5).

Table 5 · Credit Supply - Loan Disbursements by Credit Products (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Leases and other asset-backed loans	39,332	7,153	8,375	8,416	8,302	32,246
Mortgages	2,396	440	568	580	878	2,466
Revolving credit facilities	2,133	442	739	2,126	1,418	4,725
Unsecured loans	2,585,818	1,238,052	1,270,947	1,669,956	1,680,300	5,859,255
Total	2,629,679	1,246,087	1,280,629	1,681,078	1,690,898	5,898,692

Chart 9 · Disbursements by Product Type (Number)



Disbursements by Credit Providers

15. Commercial banks continued to account for the largest proportion of loan disbursements by value at 73.7% in 2018 (2017: 75.3%) compared to 26.3% for NBFIs (2017: 24.7%). In terms of the number of loans, the NBFIs continued to dominate disbursement by volume, accounting for 98.7% compared to 97.7% in 2017 (Table 6 and Table 7). Commercial banks provided fewer but higher-value credit facilities, whereas NBFIs granted many but low value credit facilities.

Table 6 · Proportion of Disbursements by Institution Type (Kwacha)

	2017	Q1 - 2018	Q2 - 2018	Q3 – 2018	Q4 - 2018	2018
Banks	75.3%	71.3%	70.7%	76.2%	76.6%	73.7%
Building Societies	2.5%	2.6%	2.5%	2.1%	2.2%	2.4%
Enterprise lending MFIs	2.9%	3.1%	2.9%	2.8%	2.9%	2.9%
Consumer lending MFIs	14.7%	17.7%	16.8%	13.6%	14.0%	15.5%
Other NBFIs	4.5%	5.4%	7.0%	5.3%	4.2%	5.5%

Table 7 · Proportion of Disbursements by Institution Type (Number)

	2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	2018
Banks	2.3%	1.3%	1.6%	1.3%	1.1%	1.3%
Building Societies	1.1%	0.5%	0.5%	0.4%	0.4%	0.5%
Enterprise lending MFIs	2.2%	1.3%	0.9%	1.1%	1.2%	1.1%
Consumer lending MFIs	14.7%	8.7%	9.1%	7.7%	8.5%	8.5%
Other NBFIs	79.7%	88.2%	87.9%	89.5%	88.8%	88.6%

Disbursements by end-users

- 16. In terms of end-users, the pattern of disbursements in 2018, remained consistent with those exhibited in 2017 with households and individuals continuing to receive the largest proportion of disbursements by both value (42.5%) and number of disbursements (97.6%). Large businesses received the second largest portion of lending by value of loans, accounting for 28.7% of disbursements despite taking less than 0.1% of the loan contracts. SMEs and large agricultural farms were the next largest borrowers, respectively. Lending to Government was relatively stable in the first three quarters but increased significantly in the fourth quarter of 2018 (Table 8 and Table 9).
- 17. It should be noted that in terms of lending by value, households and individuals and Government had a larger proportion in 2018 than in 2017, increasing from 37.7% and 4.7% of loans disbursed to 42.5% and 8.4%, respectively. Conversely, the proportion of credit disbursements to all other credit end-user categories declined over the year. Furthermore, the small agriculture end-user group consistently had the lowest credit supply in 2017 and 2018.

Table 8 • Total Disbursements by End-User (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Agriculture - Large	1,347,062,696	238,056,968	414,343,800	398,809,200	670,680,400	1,721,890,368
Agriculture - Small and Emergent	47,230,638	22,173,262	10,949,504	13,219,363	23,317,545	69,659,674
Business - Large	5,176,270,355	1,096,074,257	1,195,613,260	1,954,467,940	1,614,276,150	5,860,431,607
Business - MSME	2,182,979,612	442,435,588	503,910,733	702,774,840	592,415,650	2,241,536,811
Government	726,324,401	105,091,698	257,938,710	288,987,210	1,055,609,300	1,707,626,918
Households and Individuals	5,858,843,620	1,781,105,127	2,205,513,137	2,433,556,725	2,240,584,172	8,660,759,161
Other end users	200,941,310	855,424	10,036,094	71,808,792	55,657,551	138,357,861
Total	15,529,412,053	3,685,792,325	4,598,305,238	5,863,624,070	6,252,540,768	20,400,262,400

Table 9 · Total Disbursements by End-User (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Agriculture - Large	425	113	148	106	141	508
Agriculture - Small and Emergent	1,417	357	346	315	690	1,708
Business - Large	1,390	231	378	449	454	1,512
Business - MSME	83,238	23,900	31,491	41,178	40,310	136,879
Government	147	51	25	27	105	208
Households and Individuals	2,542,761	1,221,427	1,248,235	1,638,998	1,649,181	5,757,841
Other end users	301	8	5	2	20	35
Total	2,629,606	113	148	106	141	5,898,691

Households and Individuals

18. Credit disbursements to households and individuals received the largest proportion of disbursements during the year by both value and number of disbursements, accounting for 42.5% and 97.6% (2017: 37.5% and 96.6%), respectively. Credit disbursements to this end-user category increased by 47.8% to K8,660.8 million in 2018. Credit extensions to this end-user category increased across all income brackets during the year with the most significant increase noted in the households and individuals with monthly income of up to K2,000 (Table 10). The number of loan disbursements more than doubled to 5,757,840 loans from 2,542,761 in 2017 (Table 11). The rising trend was mainly in the form of unsecured credit products which were the predominant form of credit received by this credit end-user category.

Table 10 · Disbursement by Income Category (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Income ZMW 0 - ZMW 2000	578,417,733	225,179,182	268,868,973	308,400,844	239,965,891	1,042,414,890
Income ZMW 2001 - ZMW 4000	984,267,602	321,411,093	389,205,505	360,758,304	421,073,683	1,492,448,585
Income ZMW 4001 - ZMW 6000	1,098,499,842	343,134,034	353,868,045	424,112,698	554,849,713	1,675,964,490
Income above ZMW 6000	3,197,658,442	894,896,526	1,193,570,862	1,340,282,542	1,024,694,443	4,453,444,373
Total	5,858,843,620	1,784,620,834	2,205,513,385	2,433,554,388	2,240,583,731	8,664,272,338

Table 11 · Disbursement by Income Category (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Income ZMW 0 - ZMW 2000	1,463,266	700,302	782,874	1,030,121	976,268	3,489,565
Income ZMW 2001 - ZMW 4000	512,796	230,142	199,643	258,850	319,589	1,008,223
Income ZMW 4001 - ZMW 6000	468,606	266,907	239,441	320,312	320,471	1,147,131
Income above ZMW 6000	98,094	24,076	26,277	29,715	32,853	112,921
Total	2,542,761	1,221,427	1,248,235	1,638,997	1,649,181	5,757,840

19. In terms of tenure, a large proportion of credit disbursements were for loan periods of up to 3 months. These accounted for 96.0% of unsecured loans disbursed to the household and individual credit end-user category in 2018 (2017: 93.1%). However, the inverse applied in terms of Kwacha value where a larger proportion of Kwacha loans were issued for longer tenures of more than 48 months. A total of K4,241.0 million was issued for tenures of more than 48 months which accounted for 52.8% of disbursements. This was followed by loans with a tenure of 13-48 months which accounted for 23.8% of disbursements at K1,915.1 million (Table 12 and Table 13).

Table 12 · Disbursements of Unsecured Credit by Loan Tenure (Kwacha)

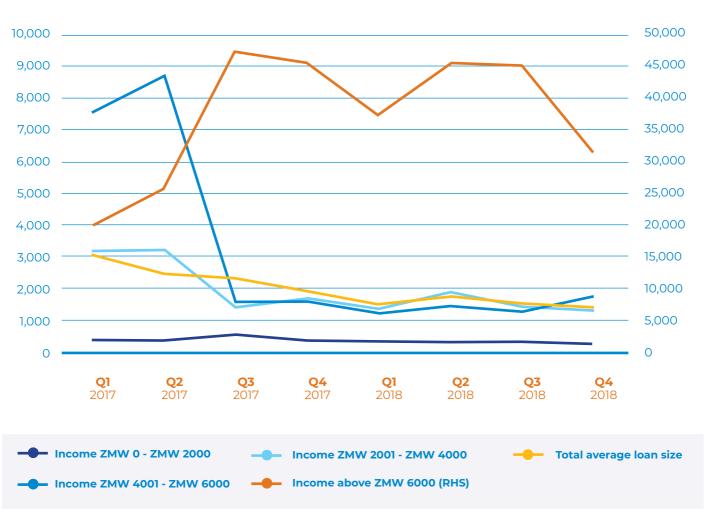
	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
0 to 3 months	698,133,193	298,664,054	367,925,782	465,396,209	378,794,917	1,510,780,962
4 - 6 months	138,088,576	12,842,558	18,863,435	27,374,583	73,858,466	132,939,042
7 - 12 months	176,022,777	61,335,721	53,114,255	54,129,041	61,349,948	229,928,965
13 - 48 months	1,579,149,721	388,844,090	497,586,181	512,146,661	516,490,130	1,915,067,062
More than 48 months	2,540,443,963	882,667,663	1,108,908,232	1,213,019,640	1,036,432,884	4,241,028,418
Total	5,131,838,230	1,644,354,085	2,046,397,885	2,272,066,134	2,066,926,345	8,029,744,449

Table 13 · Disbursements of Unsecured Credit by Loan Tenure (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
0 to 3 months	2,352,254	1,165,924	1,191,120	1,580,750	1,581,536	5,519,330
4 - 6 months	14,814	2,240	3,393	5,489	12,584	23,706
7 - 12 months	20,430	10,830	4,999	4,843	5,936	26,608
13 - 48 months	72,594	18,154	21,171	19,803	22,057	81,185
More than 48 months	67,189	23,112	26,116	25,267	24,982	99,477
Total	2,527,281	1,220,260	1,246,799	1,636,152	1,647,095	5,750,306

20. The average size of loans to households and individuals continued to decline during 2018. The average loan size dropped to K1,505 in 2018 from K2,288 in 2017. This decline in average loan size was attributed to the significant growth in mobile lending and the number of low value loans at the low-income end of the market. Similarly, the average loan size for higher-income individuals in the ZMW 6000 and above category recorded a decline in 2018 (Chart 10).

Chart 10 · Average Loan Size by Income



21. Credit disbursements in the household and individuals credit end-user category was concentrated in unsecured loan products, which accounted for 92.7% (2017: 88.5%) and 99.9% (2017: 99.6%) in terms of the value and number of disbursements, respectively (Table 14, Table 15 and Chart 11). Unsecured loans increased by 56.6% to K8,030.0 million in 2018 largely on account of the significant increase in salary-backed loans.

Table 14 · Disbursement by Product Type (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Leases and other asset-backed loans	328,407,280	43,057,486	42,073,785	58,724,073	42,726,935	186,582,279
Mortgages	366,559,447	84,675,839	104,459,262	86,481,011	97,146,252	372,762,364
Revolving credit facilities	36,393,269	9,017,717	12,315,651	16,283,684	33,786,516	71,403,568
Unsecured loans	5,127,483,624	1,644,354,085	2,046,664,735	2,272,066,566	2,066,924,714	8,030,010,100
Total	5,858,843,620	1,781,105,127	2,205,513,433	2,433,555,334	2,240,584,417	8,660,758,310

Table 15 ⋅ Disbursement by Product Type (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Leases and other asset-backed loans	12,394	704	831	1,143	620	3,298
Mortgages	1,195	250	230	259	415	1,154
Revolving credit facilities	918	213	374	1,444	1,051	3,082
Unsecured loans	2,528,254	1,220,260	1,246,800	1,636,152	1,647,095	5,750,307
Total	2,542,761	1,221,427	1,248,235	1,638,998	1,649,181	5,757,841

Chart 11 · Disbursements by product type (K' million)



22. Disbursements of unsecured loans by purpose for which credit was obtained showed that on average, in value terms, credit was obtained for paying education fees (13.9%), living expenses (12.6%), home improvement and construction (9.2%) and businesses (6.2%). Credit obtained for 'other reasons' not specified, however, accounted for the highest proportion at 52.3% of disbursements by Kwacha value⁷. In terms of number of loans disbursed, on the other hand, the majority of loan contracts were on account of living expenses which represented 40.3% of disbursements (Table 16 and Table 17).

Table 16 · Disbursements of Unsecured Credit - Purpose of Borrowing (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Home improvement/construction	640,253,362	136,205,636	195,704,093	224,028,230	186,757,410	742,695,369
Business	285,894,362	102,062,535	116,506,126	136,166,582	143,492,961	498,228,205
Education fees	815,123,106	275,882,729	265,835,007	273,906,745	302,346,499	1,117,970,980
Farming	61,321,372	13,392,647	16,153,068	23,377,338	24,045,703	76,968,756
Living expenses	429,496,205	159,466,502	213,960,572	301,024,115	334,230,847	1,008,682,036
Medical or funeral expenses	84,984,685	42,346,269	51,137,311	60,136,915	47,692,814	201,313,309
Other purpose	2,669,480,546	875,271,962	1,143,914,553	1,197,834,961	985,709,252	4,202,730,727
Purchase of land	45,966,408	24,586,073	26,813,102	31,300,386	21,777,505	104,477,066
Purchase of vehicle	94,963,579	15,139,734	16,641,292	24,290,450	20,871,037	76,942,513
Total	5,127,483,624	1,644,354,085	2,046,665,124	2,272,065,723	2,066,924,029	8,030,008,961

Table 17 · Disbursement of Unsecured Credit - Purpose of Borrowing (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Home improvement/construction	44,723	5,626	7,505	7,503	6,664	27,298
Business	388,974	244,755	218,991	291,709	315,448	1,070,903
Education fees	271,592	157,730	190,110	260,790	219,989	828,619
Farming	3,576	717	753	1,258	1,283	4,011
Living expenses	857,103	494,055	479,272	648,406	698,237	2,319,970
Medical or funeral expenses	271,040	198,309	185,749	232,235	230,978	847,271
Other purpose	686,333	117,985	163,174	192,352	172,981	646,492
Purchase of land	1,770	556	615	900	745	2,816
Purchase of vehicle	3,128	527	630	998	770	2,925
Total	2,528,238	1,220,260	1,246,799	1,636,151	1,647,096	5,750,306

⁷ This significant proportion of undisclosed usage is not unusual for personal loans as the borrowers are not obliged to state the purposes for which they obtain credit.

23. In terms of loan size, the largest proportion of loans disbursed were for amounts above K50,000, which represented 43.7% of disbursements (2017:41.0%). With regard to volume, the largest proportion of loans were for amounts up to K2,000 which accounted for 94.3% of disbursements (2017:91.5%) due to the growth in mobile credit transactions (Table 18 and Table 19). However, even after adjusting for the mobile credit transactions, loans of this size still accounted for the highest proportion of disbursements at 45.8% of disbursements by number.

Table 18 · Disbursements of Unsecured Credit by Loan Size (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
ZMW 0 - ZMW 2,000	534,765,778	232,177,408	282,789,693	337,563,784	294,981,908	1,147,512,794
ZMW 2,000 - 5,000	211,231,881	97,596,038	99,346,739	132,697,944	140,275,265	469,915,988
ZMW 5,000 -10,000	287,019,552	87,085,710	94,884,736	97,352,405	150,893,721	430,216,572
ZMW 10,000 - 50,000	1,962,499,609	560,265,979	657,107,943	611,871,973	645,166,614	2,474,412,510
Above ZMW 50,000	2,080,189,836	667,228,949	912,268,610	1,092,580,590	835,607,694	3,507,685,843
Total	5,075,706,656	1,644,354,085	2,046,397,722	2,272,066,697	2,066,925,203	8,029,743,707

Table 19 · Disbursements of Unsecured Credit by Loan Size (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
ZMW 0 - ZMW 2,000	2,312,573	1,146,727	1,166,659	1,547,739	1,559,404	5,420,529
ZMW2,000 - 5,000	68,051	31,527	30,539	36,990	36,479	135,535
ZMW 5,000 -10,000	39,387	11,648	12,772	13,345	15,859	53,624
ZMW 10,000 - 50,000	86,369	23,501	26,832	26,228	26,549	103,110
Above ZMW 50,000	20,901	6,857	9,993	11,853	8,805	37,508
Total	2,527,281	1,220,260	1,246,795	1,636,155	1,647,096	5,750,306

24. The expansion in credit disbursement to low income households suggested an improvement in access to financial services. However, the short tenure of the loans, and the fact that most of the loans were used for living expenses suggested that households and individuals were becoming financially distressed.

Businesses - Small

25. The value of loan disbursements to small businesses experienced a modest increase of 2.7% to K2,241.5 million. This growth was lower than the 15.4% recorded in 2017. (Chart 12 and Table 20). The volumes of loans increased by 64.4% to 136, 879 compared with 19.5% in 2017. The disparity between the growth in value and number indicates that smaller loans were given to this credit end-user category in

- 2018. The disbursement of smaller loans was a result of credit providers' lower risk appetite in view of higher risks associated with lending to this end-user category.
- 26. Credit disbursements to this credit end-user segment varied across firm sizes. Credit to single person small businesses registered the highest growth of 58.3% to K521.2 million.





Table 20 · Disbursements by Enterprise Size (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Group loan ⁸	258,789,279	68,986,714	64,180,180	77,490,810	89,677,310	300,335,014
Single person MSME	329,312,096	89,854,512	119,387,520	154,832,490	157,159,816	521,234,338
1-4 People employed	182,356,700	38,216,029	55,788,198	57,318,815	50,529,250	201,852,292
5-10 People employed	382,703,869	64,427,583	49,210,960	56,607,680	58,691,997	228,938,220
11-20 People employed	368,799,345	63,594,151	77,240,735	43,872,265	48,546,839	233,253,989
21-50 People employed	260,256,844	69,641,731	58,499,052	163,660,666	85,705,987	377,507,436
51-100 People employed	401,257,559	47,714,868	79,604,013	148,992,160	102,104,511	378,415,552
Total	2,183,475,692	442,435,588	503,910,658	702,774,886	592,415,710	2,241,536,842

27. In terms of volumes, credit to single person small businesses also registered the highest growth of 149.7% to 70,463 (Table 21).

 $^{^{\}mathrm{s}}$ These are loans given to organized groups of people and are usually secured by members of the group.

Table 21 · Disbursements by Enterprise Size (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Group loan	44,106	13,499	8,418	15,502	16,076	53,495
Single person MSME	28,223	7,471	19,452	22,427	21,113	70,463
1-4 People employed	7,380	2,182	2,724	2,424	2,225	9,555
5-10 People employed	2,735	591	660	591	659	2,501
11-20 People employed	492	100	130	115	112	457
21-50 People employed	167	31	50	79	87	247
51-100 People employed	150	26	57	40	38	161
Total	83,253	23,900	31,491	41,178	40,310	136,879

28. In terms of type of credit product accessed by small businesses, as was the case in 2017, leases and other asset-backed loans accounted for the highest proportion of lending by value in the year under review at 37.6% (2017: 34.9%). Revolving credit facilities and mortgages were the second and third largest lending product types at 26.4% (2017: 27.8%) and 21.5% (2017: 22.8%), respectively. In terms of the number of disbursements, the proportion of unsecured loans remained the highest, accounting for 79.0% of disbursements compared to 83.7% in 2017 (Table 22 and Table 23).

Table 22 · Disbursement by Product Type (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Mortgages	497,090,124	68,188,276	97,605,010	143,082,070	173,342,340	482,217,696
Leases and other asset-backed loans	761,438,166	158,710,972	194,091,058	273,383,579	215,711,766	841,897,375
Unsecured loans	317,286,659	66,424,962	74,025,717	91,578,977	92,872,037	324,901,692
Revolving credit facilities	607,660,742	149,111,378	138,188,830	194,730,390	110,489,530	592,520,128
Total	2,183,475,692	442,435,588	503,910,615	702,775,016	592,415,673	2,241,536,892

Table 23 · Disbursement by Product Type (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Mortgages	1,833	127	264	259	384	1,034
Leases and other asset-backed loans	18,826	6,063	7,020	6,619	6,935	26,637
Unsecured loans	110,757	17,558	24,041	33,764	32,814	108,177
Revolving credit facilities	900	152	166	536	177	1,031
Total	132,316	23,900	31,491	41,178	40,310	136,879

29. Credit flow to small businesses, at 11.0% (2017:14.1%) of the total credit disbursement, was lower than what was accessed by other end users.

Credit providers experienced challenges in providing credit to small businesses because this category of borrowers were mostly informal businesses without traditional forms of collateral and had inadequate financial records to support credit applications. In this regard, it is expected that increased the utilisation of the moveable property collateral registry coupled with the current efforts to improve their business management skills will help to minimise these challenges going forward.

Small Agricultural

- 30. Credit to small agriculture end-user category increased by 47.5% to K69.6 million in 2018 (Table 24). Notwithstanding the increase in credit disbursed, the end-user received the least amount of credit representing only 0.3% of total disbursements as was the case in 2017. The number of loans disbursed also increased by 20.1% to 1,708 loans (Table 25).
- 31. Credit to small emergent farmers remained low due to risks associated with this end-user group. Most farmers in this category were exposed to vagaries of weather with no or limited capacity to mitigate its effects. The use of mitigants such as micro-insurance, credit guarantee schemes and weather insurance could prop-up credit to the emergent farmers.

Table 24 · Disbursement by Farm Size (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Group loan to farmer group	9,098,266	29,422	67,082	13,990	1,309,690	1,420,184
Smallholder up to 5 hectares	10,818,801	4,491,602	4,383,992	6,959,431	5,214,563	21,049,588
Small emergent farmer - Between 5-20 hectares	13,045,804	17,652,238	4,902,830	6,245,942	6,496,890	35,297,900
Large emergent farmer - Between 20-50 hectares	14,267,766	-	1,595,600	-	10,296,402	11,892,002
Total	47,230,638	22,173,262	10,949,504	13,219,363	23,317,545	69,659,675

Table 25 · Disbursement by Farm Size (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Group loan to farmer group	59	15	7	2	368	392
Smallholder up to 5 hectares	1,036	243	237	225	236	941
Small emergent farmer - Between 5-20 hectares	304	99	101	88	81	369
Large emergent farmer - Between 20-50 hectares	18	-	1	-	5	6
Total	1,417	357	346	315	690	1,708

32. In terms of credit product types, mortgages accounted for the highest amount in value with K37.0 million loans disbursed representing 53.1% (2017:70.5%) of disbursements. However, the volume of mortgages at 3.7% was lower because they were accessed by fewer borrowers because they had high values (Table 26 and Table 27).

Table 26 · Disbursement by Product Type (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Mortgages	33,294,357	5,303,824	6,322,620	8,252,410	17,132,000	37,010,854
Leases and other asset-backed loans	10,970,688	16,129,578	3,736,000	4,317,125	3,997,453	28,180,156
Unsecured loans	1,869,492	689,860	660,884	149,828	1,896,092	3,396,664
Revolving credit facilities	1,096,100	50,000	230,000	500,000	292,000	1,072,000
Total	47,230,638	22,173,262	10,949,504	13,219,363	23,317,545	69,659,674

Table 27 · Disbursement by Product Type (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Mortgages	48	7	17	20	19	63
Leases and other asset-backed loans	1,016	200	260	273	297	1,030
Unsecured loans	340	149	66	21	370	606
Revolving credit facilities	13	1	3	1	4	9
Total	1,417	357	346	315	690	1,708

Agriculture - Large

- 33. Credit disbursements to the large agriculture end-user category accounted for 8.4% (2017: 8.7%) of total disbursements in value in the year under review increasing to K1,721.9 million from K1,347.1 million (Table 28). Although the volume increased by 19.5% to 508, the proportion of credit to large agriculture remained low at 0.01% compared to 0.02% in 2017 (Table 29). Lending to this segment remained low as credit providers were cautious given the high level of intra-sector NPLs, which was a dis-incentive for further lending.
- 34. In terms of recipient categories, disbursements were skewed towards extra-large farms. Credit more than doubled to K1,342.2 million, while the volume rose by 89.7% to 332. Relative to other agriculture categories, credit providers considered large farmers as less risky because they usually possessed better quality collateral and other credit risk mitigants.

Table 28 · Disbursement by Farm Size (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Medium farms (51 - 200 ha)	183,576,478	16,961,088	13,913,670	9,967,190	10,017,460	50,859,408
Large farms (201 - 500 ha)	524,613,841	12,475,883	40,737,600	-	13,850,000	67,063,483
Extra Large farms (above 500 ha)	638,872,376	196,678,140	252,621,000	294,086,600	598,848,800	1,342,234,540
Farms owned by foreign investors/non Zambian citizens	-	11,941,857	107,071,500	94,755,500	47,964,200	261,733,057
Total	1,347,062,696	238,056,968	414,343,770	398,809,290	670,680,460	1,721,890,488

Table 29 · Disbursement by Farm Size (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Medium farms (51 - 200 ha)	28	33	6	6	4	49
Large farms (201 - 500 ha)	222	18	23	-	3	44
Extra Large farms (above 500 ha)	175	61	67	80	124	332
Farms owned by foreign investors/non Zambian citizens.	-	1	52	20	10	83
Total	425	113	148	106	141	508

35. A review of credit disbursements by credit product type showed that credit disbursements to the large agriculture end-user category were, by value, concentrated in revolving credit facilities, accounting for 41.0% in 2018 compared to 27.2% in 2017. In value terms, revolving credit increased by 92.3% to K705.3 million mainly due to increased operating costs. Revolving credit facilities were normally obtained to finance working capital requirements. In terms of volumes, growth was also highest in revolving credit at 52.6% (Chart 13, Table 30 and Table 31).





Table 30 · Disbursement by Product Type (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Mortgages	329,044,408	114,259,998	81,064,200	128,464,040	81,086,800	404,875,038
Leases and other asset-backed loans	640,807,888	22,029,562	113,490,700	164,691,500	173,977,010	474,188,772
Unsecured loans	10,402,901	56,186,470	27,072,200	-	54,269,400	137,528,070
Revolving credit facilities	366,807,499	45,580,938	192,716,700	105,654,000	361,347,100	705,298,738
Total	1,347,062,696	238,056,968	414,343,800	398,809,540	670,680,310	1,721,890,618

Table 31 · Disbursement by Product Type (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Mortgages	51	27	13	10	16	66
Leases and other asset-backed loans	251	35	62	54	70	221
Unsecured loans	9	23	18	-	6	47
Revolving credit facilities	114	28	55	42	49	174
Total	425	113	148	106	141	508

Business - Large

36. In 2018, credit disbursements to the large businesses increased by 13.2% to K5,860.4 million and accounted for 28.7% (2017: 33.3%) of total credit in value. The

increase was partly due to the depreciation of the Kwacha. The volume of credit disbursements increased by 8.8% to 1,512 and accounted for only 0.03% of total disbursements (2017:0.05%). The proportion of disbursements to large businesses was very low on account of the high average loan size (Table 32 and Table 33).



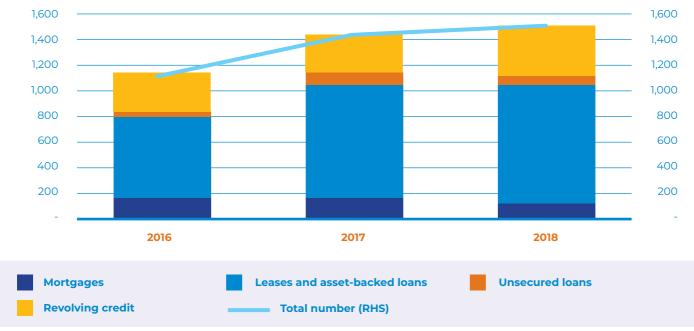


Table 32 · Disbursement by Business Size (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Businesses with 101-300 employees	1,649,695,750	617,068,331	534,115,400	905,239,380	1,158,431,430	3,214,854,541
Businesses with 300 to 500 employees	625,398,767	129,534,074	242,595,100	224,869,230	136,241,400	733,239,804
Businesses with more than 500 employees	2,901,175,839	349,471,852	418,902,760	824,359,420	319,602,859	1,912,336,891
Total	5,176,270,355	1,096,074,257	1,195,613,260	1,954,468,030	1,614,275,689	5,860,431,236

Table 33 · Disbursement by Business Size (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Businesses with 101-300 employees	543	139	172	149	183	643
Businesses with 300 to 500 employees	129	11	36	42	19	108
Businesses with more than 500 employees	718	81	170	258	252	761
Total	1,390	231	378	449	454	1,512

37. In terms of product breakdown, large businesses mainly obtained credit in the form of mortgages and revolving credit which accounted for 33.0% (2017:37.2%) and 29.6% (2017:29.6%), respectively as illustrated in Table 34 and Table 35.

Table 34 · Disbursement by Product Type (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Mortgages	1,924,448,162	180,278,361	429,861,890	547,543,630	777,344,400	1,935,028,281
Leases and other asset-backed loans	1,571,807,198	430,470,444	364,826,100	559,575,206	237,917,460	1,592,789,210
Unsecured loans	164,779,560	15,451,600	29,157,400	434,344,770	117,220,100	596,173,870
Revolving credit facilities	1,515,235,436	469,873,853	371,767,660	413,005,170	481,793,571	1,736,440,254
Total	5,176,270,355	1,096,074,257	1,195,613,050	1,954,468,776	1,614,275,531	5,860,431,614

Table 35 · Disbursement by Product Type (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Mortgages	178	22	37	26	44	129
Leases and other asset-backed loans	822	149	189	311	275	924
Unsecured loans	93	13	16	14	17	60
Revolving credit facilities	297	47	136	98	118	399
Total	1,390	231	378	449	454	1,512

Government

38. In 2018, the value of credit disbursements to the Government end-user category increased by 135.1% to K1,707.6 million and accounted for 8.4% (2017: 4.7%) of total disbursements. In terms of volume, lending to Government increased by 41.5% to 208 in 2018 (Table 36). Central Government accounted for the bulk of lending to this category obtaining K1,209.7 million which represented 70.8% of the value of total lending to Government in 2018 (2017: 89.7%) due to elevated Government financing requirements (Table 37).

Table 36 · Disbursement to Government (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Central Government	651,398,962	83,117,500	210,026,000	124,298,460	792,256,000	1,209,697,960
Local Government	34,021,648	19,375,087	21,005,600	7,180,100	90,505,300	138,066,087
Parastatals	9,391,554	-	-	77,978,700	172,081,800	250,060,500
Statutory Bodies	31,512,238	2,599,111	26,907,110	79,529,687	766,114	109,802,023
Total	726,324,401	105,091,698	257,938,710	288,986,947	1,055,609,214	1,707,626,570

Table 37 · Disbursement to Government (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Central Government	92	45	7	16	6	74
Local Government	33	5	15	6	90	116
Parastatals	7	-	-	3	4	7
Statutory Bodies	15	1	3	2	5	11
Total	147	51	25	27	105	208

39. Credit disbursements to the Government end-user category were predominantly in the form of revolving credit facilities which accounted for 43.2% of loans disbursed (with a total value of K736.9 million). This was followed by leases and other asset-backed loans which accounted for 31.1% of disbursements with a total value of K531.5 million (Chart 15, Table 38 and Table 39).

Chart 15 · Disbursement by Product Type

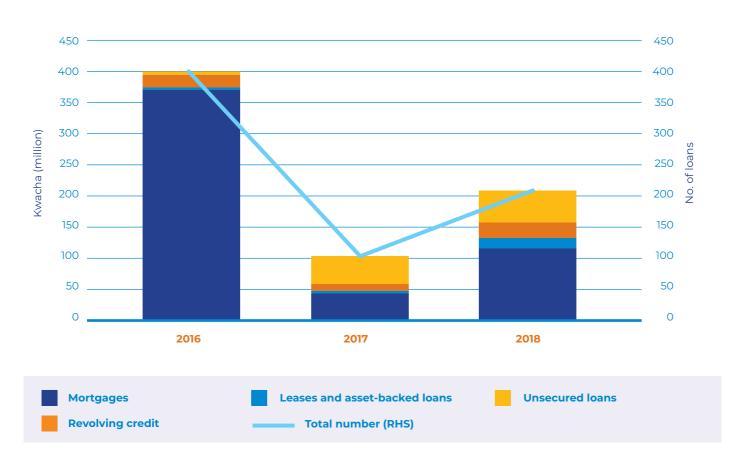


Table 38 ⋅ Disbursement by Product Type (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Leases and other asset-backed loans	67,074,776	92,087	16,005,600	153,101,107	362,306,300	531,505,094
Mortgages	29,607,390	21,882,111	31,557,110	88,396,160	-	141,835,381
Revolving credit facilities	18,318,396	-	3,800,000	39,893,700	693,303,000	736,996,700
Unsecured loans	611,323,840	83,117,500	206,576,000	7,596,190	-	297,289,690
Total	726,324,401	105,091,698	257,938,710	288,987,157	1,055,609,300	1,707,626,866

Table 39 ⋅ Disbursement by Product Type (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Leases and other asset-backed loans	42	2	12	15	89	118
Mortgages	4	4	5	6	-	15
Revolving credit facilities	12	-	5	5	16	26
Unsecured loans	89	45	3	1	-	49
Total	147	51	25	27	105	208

CHAPTER 4

ACCESS TO CREDIT BY PRIORITY END-USERS

4. ACCESS TO CREDIT BY PRIORITY END-USERS

40. Women, youth and borrowers in rural areas have been identified as priority enduser categories. According to the 2015 FinScope survey women, youths and rural households had lower levels of access to financial services. In this regard, the Bank collects credit data in order to monitor the progress achieved in providing these priority credit end-users with improved access to credit.

Credit Supply to Women

41. The value of credit disbursed to women increased by 45.4% to K2,830.6 million and accounted for 13.9% of the total value of disbursements compared to 12.5% in 2017 (Table 40). The number of loans to women nearly tripled to 1,307,822 and accounted for 22.2% of total disbursements compared to 17.0% in 2017 (Table 41). The rising trend in women's access to credit was influenced by an increase in the number of mobile credit, as was the case with other borrowers in the household and MSME end-user categories.

Table 40 · Credit Access by Women (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Total Disbursement	15,529,412,053	3,685,792,325	4,598,305,238	5,863,624,070	6,252,540,768	20,400,262,400
Disbursement to Women	1,947,051,246	569,476,175	643,682,761	819,174,889	798,301,551	2,830,635,376
Portion of disbursement accessed by women	12.5%	15.5%	14.0%	14.0%	12.8%	13.9%

Table 41 · Credit Access by Women (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Total Disbursement	2,629,606	1,246,087	1,280,629	1,681,078	1,690,898	5,898,692
Disbursement to Women	447,273	212,656	251,082	422,038	422,046	1,307,822
Portion of disbursement accessed by women	17.0%	17.1%	19.6%	25.1%	25.0%	22.2%

42. In 2018 women accounted for 26.2% of disbursements to households by number, declining from 27.3% in 2017. As a proportion of lending to small businesses, women-owned businesses accounted for 24.4% of disbursements which was an increase from 2017 when they accounted for 20.6%. Women-owned small agriculture firms received 16.4% of lending to small agriculture firms representing a decline of 1.9% from the 18.3% recorded in 2017 (Table 42).

Table 42 · Credit Access by Women by Type of Credit (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Portion of total agriculture credit to women	18.3%	5.87%	33.62%	16.89%	9.25%	16.4%
Portion total business credit to women	20.6%	22.95%	26.93%	21.07%	26.60%	24.4%
Portion of total households credit to women	27.3%	26.13%	22.86%	27.49%	28.50%	26.2%

43. Overall, there was an improvement in the level of access to credit by women and women-owned businesses in 2018, an indication that measures to improve women's access to credit were beginning to have a positive impact.

Credit Supply to Youths

44. Credit disbursement to youths increased by 53.6% to K3,365.9 million in 2018 and accounted for 16.5% of total disbursements. The volume of loans to youths rose by 162.9% to 3,502,702. NBFIs contributed 58,2% and 99.4% of the value and numbers of loans to youths, with the mobile credit accounting for 15.2% in terms of value of loans and 92.4% in terms of volumes. (Table 43 and Table 44).

Table 43 · Access by Youth (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Total Disbursement	15,529,412,053	3,685,792,325	4,598,308,083	5,863,623,945	6,252,539,448	20,400,263,801
Disbursement to Youths	2,190,907,772	697,971,952	811,922,788	912,096,014	943,938,791	3,365,929,545
Portion of disbursement accessed by Youths	14.1%	18.9%	17.7%	15.6%	15.1%	16.5%

Table 44 · Access by Youth (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Total Disbursement	2,629,606	1,246,087	1,280,629	1,681,078	1,690,898	5,898,692
Disbursement to Youths	1,332,580	745,517	727,343	1,009,271	1,020,571	3,502,702
Portion of disbursement accessed by Youths	50.7%	59.8%	56.8%	60.0%	60.4%	59.4%

45. As a proportion of credit provided to households and individuals, youths received 33.7%, as was the case in 2017. As a proportion of value of credit to small businesses, youth-owned businesses accessed 20.0%, up from 14.1% in 2017 while as a proportion of loans to small agriculture firms, youths-owned agricultural firms received 18.2% of total credit extended, up from 11.5% (Table 45).

Table 45 ⋅ Access by Youth as a Portion of End-User Types

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Portion of total agriculture accessed by youths	11.5%	3.81%	23.47%	33.66%	11.75%	18.2%
Portion total business credit accessed by youths	14.1%	19.99%	19.86%	15.16%	24.83%	20.0%
Portion of total households accessed by youths	33.7%	34.13%	32.16%	32.92%	35.44%	33.7%

46. The improvements in statistics for the level of access to credit by youths and youth-owned businesses was an indication that youth empowerment measures were having a positive effect.

Credit Supply to Rural Areas

47. Credit disbursements to rural households and businesses increased by 35.3% to K2,634.0 million and accounted for 13.1%. The volumes more than doubled to 1,222,363 and accounted for 20.5% of the total (Table 46, Table 47, Table 48 and Table 49).

Table 46 · Total Disbursements by Rural/Urban (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 – 2018	Total 2018
Rural	1,947,353,659	548,211,483	588,616,677	687,431,700	809,793,339	2,634,053,200
Urban	13,592,944,588	3,137,580,842	4,009,690,764	5,176,188,082	5,442,750,778	17,766,210,467
Total	15,539,652,632	3,685,792,325	4,598,307,441	5,863,619,782	6,252,544,118	20,400,263,666

Table 47 · Disbursements by Rural/Urban (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Rural	648,133	234,401	253,494	355,478	378,990	1,222,363
Urban	1,981,546	1,011,686	1,027,134	1,325,596	1,311,911	4,676,327
Total	2,629,679	1,246,087	1,280,628	1,681,074	1,690,901	5,898,690

Table 48 · Proportion of Disbursements by Rural/Urban (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Rural	12.8%	14.85%	12.80%	11.72%	12.95%	13.1%
Urban	87.2%	85.15%	87.20%	88.28%	87.05%	86.9%

Table 49 · Proportion of Disbursements by Rural/Urban (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Rural	26.3%	18.81%	19.79%	21.15%	22.41%	20.5%
Urban	73.7%	81.19%	80.21%	78.85%	77.59%	79.5%

- 48. In terms of geographical distribution, credit disbursements remained concentrated in Lusaka and Copperbelt provinces, which jointly accounted for 77.0% (2017: 75.0%) of disbursements by value and 67.5% (2017: 66.6%) by number of loans (Table 50 and Table 51).
- 49. Luapula and Muchinga provinces received the least credit by value at 1.2% and 1.4%, respectively. The distribution of credit was in line with the geographical distribution of the commercial banks and NBFIs branches in the country. However, with the advent of mobile technology, the trend was expected to improve as the provision credit and other financial services was no longer predicated on the existence of physical delivery channels.

Table 50 · Total Disbursements by Province (Kwacha)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Central	909,316,709	190,506,249	268,642,744	322,891,198	341,026,495	1,123,066,686
Copperbelt	3,431,267,122	670,744,279	869,604,980	946,536,839	1,129,496,579	3,616,382,677
Eastern	316,235,975	108,113,888	112,995,243	140,912,084	129,513,689	491,534,904
Luapula	205,708,045	57,072,465	68,294,887	75,762,073	79,987,676	281,117,102
Lusaka	8,213,292,879	2,041,511,626	2,605,241,106	3,592,318,661	3,842,554,223	12,081,625,616
Muchinga	110,870,753	46,025,936	59,846,828	74,372,272	56,765,919	237,010,955
Northern	262,439,270	75,838,266	108,140,940	92,935,017	90,409,094	367,323,317
North-Western	865,234,702	147,073,873	197,278,271	204,608,852	167,430,226	716,391,222
Southern	1,008,978,400	289,915,809	235,252,217	329,610,014	337,637,519	1,192,415,559
Western	216,308,776	58,989,936	73,010,225	83,672,772	77,722,697	293,395,630
Total	15,539,652,632	3,685,792,325	4,598,307,441	5,863,619,782	6,252,544,118	20,400,263,666

50. Credit disbursements by number of loans increased substantially for each province over the year, which was attributed to an expanding high-volume, low-value mobile credit that was not geographically concentrated to the main commercial centres of Lusaka and Copperbelt Provinces. This notwithstanding,

Western, Luapula and Muchinga provinces received the least number of loans, accounting for only 2.9%, 2.8% and 1.7% of disbursements by number respectively (Table 51).

Table 51 · Total Disbursements by Province (Number)

	Total 2017	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	Total 2018
Central	187,500	87,198	92,905	129,338	138,007	447,448
Copperbelt	1,180,255	578,604	526,208	555,089	417,918	2,077,819
Eastern	69,024	34,151	40,250	57,254	68,312	199,967
Luapula	96,712	31,807	34,060	48,212	48,688	162,767
Lusaka	572,094	284,974	345,030	571,813	699,817	1,901,634
Muchinga	99,763	41,653	41,158	49,576	41,386	173,773
Northern	114,325	47,382	48,204	59,436	54,272	209,294
North-Western	149,358	73,564	73,259	90,048	75,939	312,810
Southern	119,713	49,895	61,629	90,849	111,871	314,244
Western	40,935	16,859	17,925	29,459	34,691	98,934
Total	2,629,679	1,246,087	1,280,628	1,681,074	1,690,901	5,898,690

51. The proportion of credit to rural areas remained largely unchanged. Urban areas accounted for 87.1% (2017: 87.5%) of credit disbursements by value with loans of K17,766.2 million and 79.3% (2017: 75.4%) by number of credit contracts. These statistics underscored the need to expedite the implementation of the Rural Finance Policy.

Growth of the Loan Book

52. The financial sector loan book grew by 20.3% to K36,544.5 million in 2018 partly due to increase in net loan disbursements arising from improved liquidity supported by the relatively accommodative monetary policy stance. In addition, the effect of the 19.4% depreciation of the Kwacha on the foreign currency denominated loans that accounted for 35.2% of the stock of loans, contributed to the rise in the loans (Chart 16).

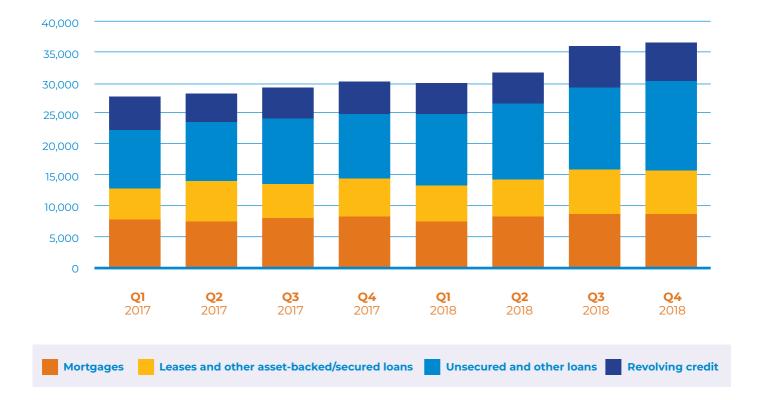


Chart 16 · Total Value of Credit Book by Product (K'million)

53. The increase in total gross loans in 2018 occurred across all credit product types. Particularly, there was a significant increase in unsecured credit which increased by 36.8% to K14,430.9 million, followed by revolving credit which increased by 18.9% to K6,307.9 million over the same period. Leases and other asset-backed loans increased by 12.0% to K7,074.7 million while mortgages increased by only 6.4% to K8,730.9 million. The growth of the loan book was broadly consistent with the pattern of disbursements.

Table 52 · Total Book by Product (Kwacha)

	31 Dec - 2017	31 Mar - 2018	30 Jun - 2018	30 Sep - 2018	31 Dec - 2018
Mortgages	8,202,535,840	7,497,595,013	8,264,295,853	8,832,165,964	8,730,925,742
Leases and other asset-backed loans	6,317,303,115	5,778,860,282	6,052,133,460	7,154,360,980	7,074,763,155
Unsecured loans	10,545,972,910	11,759,344,538	12,338,261,407	13,421,959,217	14,430,930,810
Revolving credit facilities	5,303,762,383	5,136,864,648	5,081,095,498	6,778,740,539	6,307,895,230
Total	30,369,574,248	30,172,664,481	31,735,786,218	36,187,226,700	36,544,514,937

54. The number of loans increased by 51.6% to 1,372,422 at the end of 2018 (Chart 17 and Table 53). The increase was driven by the expansion in unsecured loans, particularly mobile credit.

Chart 17 · Loans in Credit Book by Product (Number)

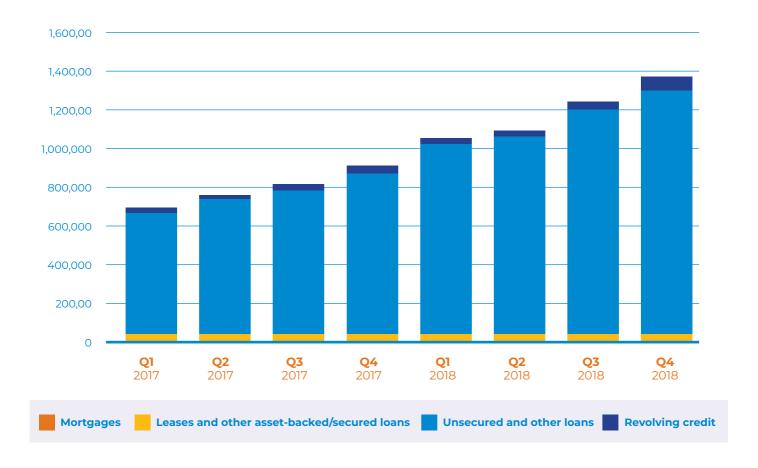
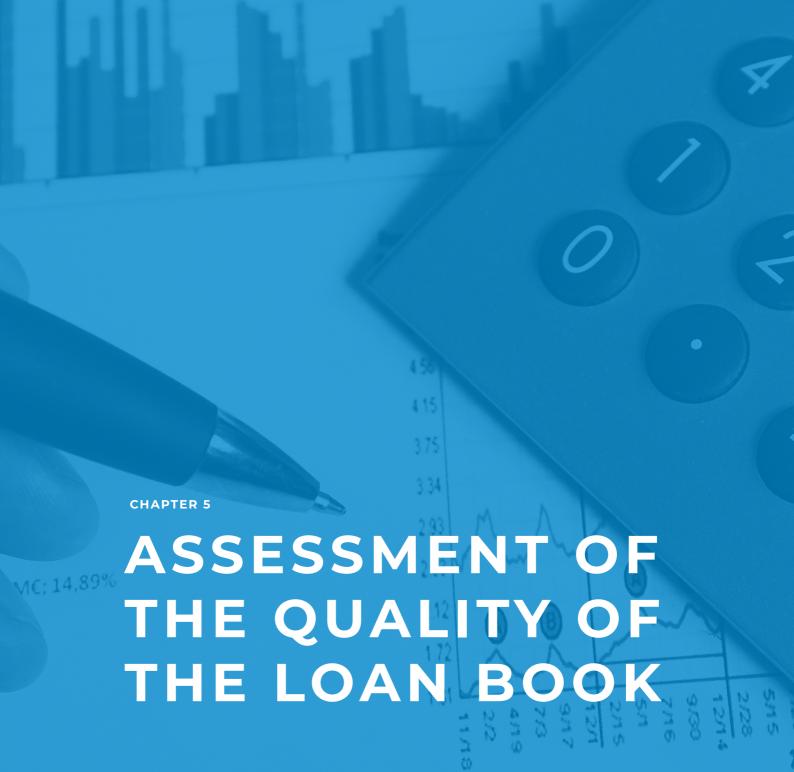


Table 53 · Total Book by Product (Number)

	31 Dec - 2017	31 Mar - 2018	30 Jun - 2018	30 Sep - 2018	31 Dec - 2018
Mortgages	8,728	7,498	7,859	7,852	8,000
Leases and other asset-backed loans	33,440	38,776	34,931	36,342	37,917
Unsecured loans	823,501	974,949	1,021,123	1,156,046	1,256,129
Revolving credit facilities	39,753	38,193	30,230	46,108	70,376
Total (Number)	905,422	1,059,416	1,094,143	1,246,348	1,372,422



Date (

5. ASSESSMENT OF THE QUALITY OF THE LOAN BOOK

- 55. This section presents an assessment of the quality of the loan book within Zambia's credit market. Loan quality has implications on the stability of the financial service providers and is an important input into the functioning and stability of the financial system as a whole.
- 56. The non-performing loans (NPLs) ratio⁹ declined to 11.8% from 12.0% (Table 54) at end December 2017, on account of an increase in gross loans by 20.3% to K36,544.5 million. In absolute terms, however, gross NPLs increased by 18.4% to K4,312.3 million at end-December 2018. The increase was mostly noted in loans in the 90 to 119 days past-due bracket which increased by 28.5% while loans in the 120 to 179 days past due category declined by 10.1% as they were reclassified into the loss category.

Table 54 · Age Analysis

	31 Dec - 2017	31 Mar - 2018	30 Jun - 2018	30 Sep - 2018	31 Dec – 2018	% Change of Kwacha Value (Y-on-Y)
Portion of book: Current (%)	76.8%	78.0%	78.3%	76.0%	75.3%	17.9%
Portion of book: 1-59 Days late (%)	8.5%	7.2%	7.0%	10.0%	11.2%	58.4%
Portion of book: 60-89 Days late (%)	2.7%	2.1%	2.3%	2.4%	1.7%	-23.9%
Portion of book: 90-119 days late (%)	1.2%	1.3%	1.0%	1.2%	1.3%	28.5%
Portion of book: 120-179 days late (%)	1.2%	1.5%	1.1%	1.1%	0.9%	-10.1%
Portion of book: 180+ days late (%)	9.6%	10.0%	10.3%	9.5%	9.6%	20.6%
Total: 90 days or over	12.0%	12.8%	12.4%	11.7%	11.8%	18.4%

57. Despite the high levels of non-performing loans, the financial sector remained resilient to credit stress on account of the high coverage ratio of 87.2%, which increased from 73.1% at the end of 2017. The increase in the level of provisions for loans losses was attributed in part to the implementation of International Financial Reporting Standard 9 (IFRS 9), which became effective on 1 January

⁹ Loans overdue by 90 days or more as a proportion of total gross loans.

2018. Credit providers recognised higher levels of loan impairments because IFRS 9, has more stringent loan provisioning requirements because loan impairments are recognised using an expected loss model.

58.

The quality of loans across credit end-user categories varied, with the Government and the households and individuals' categories having the lowest levels of NPLs at end-December 2018 at 0.1% and 6.3%, respectively. Large agriculture firms, small agriculture firms and small businesses had high levels of NPLs at 24.7%, 19.5% and 19.5%, respectively (Table 55).

59.

In terms of quality of loans by credit product, unsecured loans were the best performing product as only 7.3% were non-performing. The worst performing products were leases and other asset-backed loans at 16.1% and mortgage at 14.9% (Table 56).

Table 55 · Non-Performing Loans according to Credit End-User

	31 Dec - 2017	31 Mar - 2018	30 Jun - 2018	30 Sep - 2018	31 Dec - 2018
Business - Large	12.2%	14.5%	13.5%	13.7%	13.3%
Business - MSME	21.7%	25.4%	26.9%	13.6%	19.5%
Agriculture - Large	21.0%	22.7%	24.6%	25.3%	24.7%
Agriculture - Small and Emergent	29.0%	20.8%	21.6%	18.6%	19.5%
Households and Individuals	6.9%	6.7%	6.1%	6.2%	6.3%
Government	1.3%	1.4%	0.2%	0.1%	0.1%
Other end users	7.4%	4.2%	7.8%	16.7%	29.1%

Table 56 · Non-Performing Loans according to Credit Products

	31 Dec - 2017	31 Mar - 2018	30 Jun - 2018	30 Sep - 2018	31 Dec - 2018
Mortgages	11.7%	14.0%	12.1%	19.7%	14.9%
Leases and other asset-backed loans	23.3%	26.7%	24.9%	12.6%	16.1%
Revolving credit facilities	10.3%	11.7%	13.0%	12.2%	13.1%
Unsecured loans	8.0%	7.4%	7.2%	5.7%	7.3%

Distribution of Outstanding Loans

60. The outstanding loans at end-December 2018 continued to be concentrated in the households and individuals category, accounting for 39.3% (2017: 37.6%). In terms of number of outstanding loans, households and individuals accounted for 91.8% compared to 88.6% in 2017 (Table 57 and Table 58).

Table 57 · Total Outstanding Loans by End-User (Number)

	31 Dec 2017	31 Mar 2018	30 Jun 2018	30 Sep 2018	31 Dec 2018
Business – Large	5,720	4,610	5,273	5,298	5,524
Business – MSME	89,356	83,195	70,075	98,868	96,653
Agriculture – Large	1,359	1,434	1,389	1,517	1,453
Agriculture – Small	5,322	4,486	4,678	9,930	7,192
Households & Individuals	801,880	962,933	1,011,457	1,129,290	1,259,766
Government	1,088	1,003	879	1,031	1,510
Other end-users	697	1,755	392	414	324
Total	905,422	1,059,416	1,094,143	1,246,348	1,372,422

Table 58 · Total Outstanding Loans by End-User (Kwacha)

	31 Dec 2017	31 Mar 2018	30 Jun 2018	30 Sep 2018	31 Dec 2018
Business – Large	9,952,575,018	9,743,780,971	10,735,200,903	11,973,550,404	12,292,177,368
Business – MSME	2,739,992,992	2,488,812,190	2,394,912,998	3,379,111,938	2,443,988,796
Agriculture – Large	4,382,679,277	4,112,755,266	4,061,151,384	4,603,173,880	4,445,814,984
Agriculture – Small	263,332,164	176,835,794	180,719,426	249,811,526	324,201,951
Households & Individuals	11,424,284,928	12,095,707,188	12,811,725,962	13,784,272,831	14,367,978,195
Government	1,134,859,637	1,147,874,675	1,215,984,184	1,759,290,318	2,206,057,809
Other end-users	471,850,232	406,925,290	336,098,457	437,999,967	464,300,354
Total	30,369,574,248	30,172,691,373	31,735,793,314	36,187,210,865	36,544,519,458

61. Notwithstanding the fact that credit providers considered salary-backed loans less risky, the level of concentration to this type of loan posed a risk to the stability of the financial system. Delays in the remittances of public workers' loan deductions observed in the second half of 2018 created liquidity challenges for some credit providers with potential adverse implications for the stability of the financial system.

CHAPTER 6

CONCLUSION

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6. CONCLUSION

- 62. Demand for credit continued to be on an upward trajectory in 2018. Demand for unsecured loans remained high and increased, driven mainly by households and individuals who typically obtained unsecured financing in the form of salary-backed loans and mobile credit.
- 63. In terms of disbursements, credit to low income households increased, suggesting an improvement in access to financial services. However, the short tenure of the loans, and the fact that most of the loans were used for living expenses suggested that households and individuals were becoming financially distressed.
- 64. A notable improvement in the level of access to credit by women and youth was noted, indicating that measures to improve access to credit by these priority credit end-users were having a positive effect.
- 65. With regard to geographical distribution of credit, Luapula, Muchinga and Western Provinces continued to receive the least amount of credit. The development of the mobile credit channel offers prospects for improved provision of credit in these areas that had the least physical presence of financial service providers.
- 66. The level of non-performing loans remained elevated in 2018. The financial sector however, remained resilient to credit stress on account of a high loans coverage ratio.
- 67. The BoZ will continue to collect and publish the credit information in order to facilitate credit market development.

APPENDICES

Appendix 1 · Overall Credit Market Data

Demand for Credit – Loan Applications (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Agriculture - Large	88	125	112	131
Agriculture - Small and Emergent	230	184	151	563
Business - Large	223	284	598	354
Business - MSME	43.361	39.792	78.352	61.924
Government	14	9	15	104
Households and Individuals	2.643.011	1.826.639	4.052.906	4.974.654
Other end users	0	0	1	19
Total	2.686.927	1.867.033	4.132.135	5.037.749

Credit Supply - Loan Disbursements (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Agriculture- Large	113	148	106	141
Agriculture- Small and Emergent	357	346	315	690
Business- Large	231	378	449	454
Business- MSME	23.900	31.491	41.178	40.310
Government	51	25	27	105
Households and Individuals	1.221.427	1.248.235	1.638.998	1.649.181
Other end users	8	5	2	20
Total	1.246.087	1.280.628	1.681.075	1.690.901

Credit Supply - Disbursements by Product (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Leases and Other asset-backed loans	670.490.129	734.705.202	1.285.596.015	1.092.053.779
Mortgages	475.378.088	760.418.010	1.002.219.145	1.146.051.871
Revolving credit facilities	673.683.885	719.019.521	770.066.924	1.681.252.416
Unsecured loans	1.866.240.222	2.384.163.583	2.805.741.016	2.333.183.228
Total (Kwacha)	3.685.792.325	4.598.306.316	5.863.623.100	6.252.541.294

Credit Supply - Loan Disbursements by Credit Products (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Leases and Other asset-backed loans	7.153	8.375	8.416	8.302
Mortgages	440	568	580	878
Revolving credit facilities	442	739	2.126	1.418
Unsecured loans	1.238.052	1.270.947	1.669.956	1.680.300
Total	1.246.087	1.280.629	1.681.078	1.690.898

Proportion of Disbursements by Institution Type (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Banks	71,3%	70,7%	76,2%	76,6%
Building Societies	2,6%	2,5%	2,1%	2,2%
Enterprise lending MFIs	3,1%	2,9%	2,8%	2,9%
Consumer lending MFIs	17,7%	16,8%	13,6%	14,0%
Other NBFIs	5,4%	7,0%	5,3%	4,2%

Proportion of Disbursements by Institution Type (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Banks	1,3%	1,6%	1,3%	1,1%
Building Societies	0,5%	0,5%	0,4%	0,4%
Enterprise lending MFIs	1,3%	0,9%	1,1%	1,2%
Consumer lending MFIs	8,7%	9,1%	7,7%	8,5%
Other NBFIs	88,2%	87,9%	89,5%	88,8%

Total Disbursements by End-User (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Agriculture- Large	238.056.968	414.343.800	398.809.200	670.680.400
Agriculture- Small and Emergent	22.173.262	10.949.504	13.219.363	23.317.545
Business- Large	1.096.074.257	1.195.613.260	1.954.467.940	1.614.276.150
Business- MSME	442.435.588	503.910.733	702.774.840	592.415.650
Government	105.091.698	257.938.710	288.987.210	1.055.609.300
Households and Individuals	1.781.105.127	2.205.513.137	2.433.556.725	2.240.584.172
Other end users	855.424	10.036.094	71.808.792	55.657.551
Total	3.685.792.325	4.598.305.238	5.863.624.070	6.252.540.768

Total Disbursements by End-User (Number)

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Agriculture- Large	113	148	106	141
Agriculture- Small and Emergent	357	346	315	690
Business- Large	231	378	449	454
Business- MSME	23.900	31.491	41.178	40.310
Government	51	25	27	105
Households and Individuals	1.221.427	1.248.235	1.638.998	1.649.181
Other end users	8	5	2	20
Total	1.246.087	1.280.628	1.681.075	1.690.901

Total Disbursements by Province (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Central	190.506.249	268.642.744	322.891.198	341.026.495
Copperbelt	670.744.279	869.604.980	946.536.839	1.129.496.579
Eastern	108.113.888	112.995.243	140.912.084	129.513.689
Luapula	57.072.465	68.294.887	75.762.073	79.987.676
Lusaka	2.041.511.626	2.605.241.106	3.592.318.661	3.842.554.223
Muchinga	46.025.936	59.846.828	74.372.272	56.765.919
Northern	75.838.266	108.140.940	92.935.017	90.409.094
North-Western	147.073.873	197.278.271	204.608.852	167.430.226
Southern	289.915.809	235.252.217	329.610.014	337.637.519
Western	58.989.936	73.010.225	83.672.772	77.722.697
Total	3.685.792.325	4.598.307.441	5.863.619.782	6.252.544.118

Total Disbursements by Province (Number)

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	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018	
Central	87.198	92.905	129.338	138.007	
Copperbelt	578.604	526.208	555.089	417.918	
Eastern	34.151	40.250	57.254	68.312	
Luapula	31.807	34.060	48.212	48.688	
Lusaka	284.974	345.030	571.813	699.817	
Muchinga	41.653	41.158	49.576	41.386	
Northern	47.382	48.204	59.436	54.272	
North-Western	73.564	73.259	90.048	75.939	
Southern	49.895	61.629	90.849	111.871	
Western	16.859	17.925	29.459	34.691	
Total	1.246.087	1.280.628	1.681.074	1.690.901	

Total Disbursements by Rural/Urban (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Rural	548.211.483	588.616.677	687.431.700	809.793.339
Urban	3.137.580.842	4.009.690.764	5.176.188.082	5.442.750.778
Total	3.685.792.325	4.598.307.441	5.863.619.782	6.252.544.118

Total Disbursements by Rural/Urban (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Rural	234.401	253.494	355.478	378.990
Urban	1.011.686	1.027.134	1.325.596	1.311.911
Total	1.246.087	1.280.628	1.681.074	1.690.901

Access by Women (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Total disbursements	3.685.792.325	4.598.305.238	5.863.624.070	6.252.540.768
Disbursements to women	569.476.175	643.682.761	819.174.889	798.301.551
Portion of total disbursements accessed by women	15,5%	14,0%	14,0%	12,8%

Access by Women (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Total disbursements	1.246.087	1.280.629	1.681.078	1.690.898
Disbursements to women	212.656	251.082	422.038	422.046
Portion of total disbursements accessed by women	17,1%	19,6%	25,1%	25,0%

Access by Youth (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Total disbursements	3.685.792.325	4.598.308.083	5.863.623.945	6.252.539.448
Disbursements to youth	697.971.952	811.922.788	912.096.014	943.938.791
Portion of total disbursements accessed by youth	18,9%	17,7%	15,6%	15,1%

Access by Youth (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Total disbursements	1.246.087	1.280.629	1.681.078	1.690.898
Disbursements to youth	745.517	727.343	1.009.271	1.020.571
Portion of total disbursements accessed by Youth	59,8%	56,8%	60,0%	60,4%

Appendix 2 • Credit Market Data – Households and Individuals

Disbursement by Income Category (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Income ZMW 0 - ZMW 2000	225.179.182	268.868.973	308.400.844	239.965.891
Income ZMW 2001 - ZMW 4000	321.411.093	389.205.505	360.758.304	421.073.683
Income ZMW 4001 - ZMW 6000	343.134.034	353.868.045	424.112.698	554.849.713
Income above ZMW 6000	894.896.526	1.193.570.862	1.340.282.542	1.024.694.443
Total Kwacha disbursed	1.784.620.834	2.205.513.385	2.433.554.388	2.240.583.731

Disbursement by Income Category (Number)

Income ZMW0 - ZMW 2000	700.302	782.874	1.030.121	976.268
Income ZMW 2001 - ZMW 4000	230.142	199.643	258.850	319.589
Income ZMW 4001 - ZMW 6000	266.907	239.441	320.312	320.471
Income above ZMW 6000	24.076	26.277	29.715	32.853
Total number of loans disbursed	1.221.427	1.248.235	1.638.997	1.649.181

Disbursements of Unsecured Credit by Loan Tenure (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
0 to 3 months	298.664.054	367.925.782	465.396.209	378.794.917
4 - 6 months	12.842.558	18.863.435	27.374.583	73.858.466
7 - 12 months	61.335.721	53.114.255	54.129.041	61.349.948
13 - 48 months	388.844.090	497.586.181	512.146.661	516.490.130
More than 48 months	882.667.663	1.108.908.232	1.213.019.640	1.036.432.884
Total	1.644.354.085	2.046.397.885	2.272.066.134	2.066.926.345

Disbursements of Unsecured Credit by Loan Tenure (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
0 to 3 months	1.165.924	1.191.120	1.580.750	1.581.536
4 - 6 months	2.240	3.393	5.489	12.584
7 - 12 months	10.830	4.999	4.843	5.936
13 - 48 months	18.154	21.171	19.803	22.057
More than 48 months	23.112	26.116	25.267	24.982
Total	1.220.260	1.246.799	1.636.152	1.647.095

Disbursement by Product Type (Kwacha)

	Q1 - 2018	Q2- 2018	Q3- 2018	Q4- 2018
Leases and Other asset-backed loans	43.057.486	42.073.785	58.724.073	42.726.935
Mortgages	84.675.839	104.459.262	86.481.011	97.146.252
Revolving credit facilities	9.017.717	12.315.651	16.283.684	33.786.516
Unsecured loans	1.644.354.085	2.046.664.735	2.272.066.566	2.066.924.714
Total	1.781.105.127	2.205.513.433	2.433.555.334	2.240.584.417

Disbursement by Product Type (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Leases and Other asset-backed loans	704	831	1.143	620
Mortgages	250	230	259	415
Revolving credit facilities	213	374	1.444	1.051
Unsecured loans	1.220.260	1.246.800	1.636.152	1.647.095
Total	1.221.427	1.248.235	1.638.998	1.649.181

Disbursement by Collection Method (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
From employer payroll	953.305.046	1.077.044.697	1.265.884.860	1.131.756.839
From salary receiving bank account	597.465.260	880.849.024	867.692.743	776.106.864
Other means of collection	230.334.822	247.351.991	299.979.255	332.721.085
Total (Kwacha)	1.781.105.127	2.205.245.712	2.433.556.858	2.240.584.788

Disbursements of Unsecured Credit - Purpose of Borrowing (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Home improvement/incremental home construction	136.205.636	195.704.093	224.028.230	186.757.410
Business	102.062.535	116.506.126	136.166.582	143.492.961
Education fees	275.882.729	265.835.007	273.906.745	302.346.499
Farming	13.392.647	16.153.068	23.377.338	24.045.703
Living expenses	159.466.502	213.960.572	301.024.115	334.230.847
Medical or funeral expenses	42.346.269	51.137.311	60.136.915	47.692.814
Other purpose	875.271.962	1.143.914.553	1.197.834.961	985.709.252
Purchase of land	24.586.073	26.813.102	31.300.386	21.777.505
Purchase of vehicle	15.139.734	16.641.292	24.290.450	20.871.037
Total (Kwacha)	1.644.354.085	2.046.665.124	2.272.065.723	2.066.924.029

Disbursement of Unsecured Credit - Purpose of Borrowing (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Home improvement/incremental home construction	5.626	7.505	7.503	6.664
Business	244.755	218.991	291.709	315.448
Education fees	157.730	190.110	260.790	219.989
Farming	717	753	1.258	1.283
Living expenses	494.055	479.272	648.406	698.237
Medical or funeral expenses	198.309	185.749	232.235	230.978
Other purpose	117.985	163.174	192.352	172.981
Purchase of land	556	615	900	745
Purchase of vehicle	527	630	998	770
Total	1.220.260	1.246.799	1.636.151	1.647.096

Disbursements of Unsecured Credit by Loan Size (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
ZMW 0- ZMW 2 000	232.177.408	282.789.693	337.563.784	294.981.908
ZMW 2.1K- ZMW 5K	97.596.038	99.346.739	132.697.944	140.275.265
ZMW 5.1K - 10K	87.085.710	94.884.736	97.352.405	150.893.721
ZMW 10.1K - 50K	560.265.979	657.107.943	611.871.973	645.166.614
Above 50K	667.228.949	912.268.610	1.092.580.590	835.607.694
Total	1.644.354.085	2.046.397.722	2.272.066.697	2.066.925.203

Disbursements of Unsecured Credit by Loan Size (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
ZMW 0- ZMW 2 000	1.146.727	1.166.659	1.547.739	1.559.404
ZMW 2.1K- ZMW 5K	31.527	30.539	36.990	36.479
ZMW 5.1K - 10K	11.648	12.772	13.345	15.859
ZMW 10.1K - 50K	23.501	26.832	26.228	26.549
Above 50K	6.857	9.993	11.853	8.805
Total	1.220.260	1.246.795	1.636.155	1.647.096

Appendix 3 · Credit Market Data – Small and Medium Businesses

Disbursements by Enterprise Size (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Group loan	68.986.714	64.180.180	77.490.810	89.677.310
Single person MSME	89.854.512	119.387.520	154.832.490	157.159.816
1-4 People employed	38.216.029	55.788.198	57.318.815	50.529.250
5-10 People employed	64.427.583	49.210.960	56.607.680	58.691.997
11-20 People employed	63.594.151	77.240.735	43.872.265	48.546.839
21-50 People employed	69.641.731	58.499.052	163.660.666	85.705.987
51-100 People employed	47.714.868	79.604.013	148.992.160	102.104.511
Total Kwacha disbursed	442.435.588	503.910.658	702.774.886	592.415.710

Disbursements by Enterprise Size (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Group loan	13.499	8.418	15.502	16.076
Single person MSME	7.471	19.452	22.427	21.113
1-4 People employed	2.182	2.724	2.424	2.225
5-10 People employed	591	660	591	659
11-20 People employed	100	130	115	112
21-50 People employed	31	50	79	87
51-100 People employed	26	57	40	38
Total number of loans disbursed	23.900	31.491	41.178	40.310

Disbursement by Product Type (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	68.188.276	97.605.010	143.082.070	173.342.340
Leases and Other asset-backed loans	158.710.972	194.091.058	273.383.579	215.711.766
Unsecured loans	66.424.962	74.025.717	91.578.977	92.872.037
Revolving credit facilities	149.111.378	138.188.830	194.730.390	110.489.530
Total	442.435.588	503.910.615	702.775.016	592.415.673

Disbursement by Product Type (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	127	264	259	384
Leases and Other asset-backed loans	6.063	7.020	6.619	6.935
Unsecured loans	17.558	24.041	33.764	32.814
Revolving credit facilities	152	166	536	177
Total	23.900	31.491	41.178	40.310

Appendix 4 • Credit Market Data – Large Businesses

Disbursement by Business Size (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Businesses with 101-300 employees	617.068.331	534.115.400	905.239.380	1.158.431.430
Businesses with 300 to 500 employees	129.534.074	242.595.100	224.869.230	136.241.400
Businesses with more than 500 employees	349.471.852	418.902.760	824.359.420	319.602.859
Total Kwacha disbursed	1.096.074.257	1.195.613.260	1.954.468.030	1.614.275.689

Disbursement by Business Size (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Businesses with 101-300 employees	139	172	149	183
Businesses with 300 to 500 employees	11	36	42	19
Businesses with more than 500 employees	81	170	258	252
Total number of loans disbursed	231	378	449	454

Disbursement by Product Type (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	180.278.361	429.861.890	547.543.630	777.344.400
Leases and Other asset-backed loans	430.470.444	364.826.100	559.575.206	237.917.460
Unsecured loans	15.451.600	29.157.400	434.344.770	117.220.100
Revolving credit facilities	469.873.853	371.767.660	413.005.170	481.793.571
Total	1.096.074.257	1.195.613.050	1.954.468.776	1.614.275.531

Disbursement by Product Type (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	22	37	26	44
Leases and Other asset-backed loans	149	189	311	275
Unsecured loans	13	16	14	17
Revolving credit facilities	47	136	98	118
Total	231	378	449	454

Appendix 5 · Credit Market Data – Small Agriculture

Disbursement by Farm Size (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Group loan to farmer group	29.422	67.082	13.990	1.309.690
Smallholder up to 5 hectares	4.491.602	4.383.992	6.959.431	5.214.563
Small emergent farmer - Between 5-20 hectares	17.652.238	4.902.830	6.245.942	6.496.890
Large emergent farmer - Between 20-50 hectares	-	1.595.600	-	10.296.402
Total Kwacha disbursed	22.173.262	10.949.504	13.219.363	23.317.545

Disbursement by Farm Size (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Group loan to farmer group	15	7	2	368
Smallholder up to 5 hectares	243	237	225	236
Small emergent farmer - Between 5-20 hectares	99	101	88	81
Large emergent farmer - Between 20-50 hectares	-	1	-	5
Total number of loans disbursed	357	346	315	690

Disbursement by Product Type (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	5.303.824	6.322.620	8.252.410	17.132.000
Leases and Other asset-backed loans	16.129.578	3.736.000	4.317.125	3.997.453
Unsecured loans	689.860	660.884	149.828	1.896.092
Revolving credit facilities	50.000	230.000	500.000	292.000
Total	22.173.262	10.949.504	13.219.363	23.317.545

Disbursement by Product Type (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	7	17	20	19
Leases and Other asset-backed loans	200	260	273	297
Unsecured loans	149	66	21	370
Revolving credit facilities	1	3	1	4
Total	357	346	315	690

Appendix 6 • Credit Market Data – Large Agriculture

Disbursement by Farm Size (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Medium farms (51 - 200 hectares)	16.961.088	13.913.670	9.967.190	10.017.460
Large farms (201 - 500 hectares)	12.475.883	40.737.600	-	13.850.000
Extra Large farms (above 500 hectares)	196.678.140	252.621.000	294.086.600	598.848.800
Farms owned by foreign investors/non Zambian citizens (any size).	11.941.857	107.071.500	94.755.500	47.964.200
Total Kwacha disbursed	238.056.968	414.343.770	398.809.290	670.680.460

Disbursement by Farm Size (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Medium farms (51 - 200 hectares)	33	6	6	4
Large farms (201 - 500 hectares)	18	23	-	3
Extra Large farms (above 500 hectares)	61	67	80	124
Farms owned by foreign investors/non Zambian citizens (any size).	1	52	20	10
Total number of loans disbursed	113	148	106	141

Disbursement by Product Type (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	114.259.998	81.064.200	128.464.040	81.086.800
Leases and Other asset-backed loans	22.029.562	113.490.700	164.691.500	173.977.010
Unsecured loans	56.186.470	27.072.200	-	54.269.400
Revolving credit facilities	45.580.938	192.716.700	105.654.000	361.347.100
Total	238.056.968	414.343.800	398.809.540	670.680.310

Disbursement by Product Type (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	27	13	10	16
Leases and Other asset-backed loans	35	62	54	70
Unsecured loans	23	18	-	6
Revolving credit facilities	28	55	42	49
Total	113	148	106	141

Appendix 7 • Credit Market Data – Government

Disbursement to Government (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Central Government	83.117.500	210.026.000	124.298.460	792.256.000
Local Government	19.375.087	21.005.600	7.180.100	90.505.300
Parastatals	-	-	77.978.700	172.081.800
Statutory Bodies	2.599.111	26.907.110	79.529.687	766.114
Total Kwacha disbursed	105.091.698	257.938.710	288.986.947	1.055.609.214

Disbursement to Government (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Central Government	45	7	16	6
Local Government	5	15	6	90
Parastatals	-	-	3	4
Statutory Bodies	1	3	2	5
Total number of loans disbursed	51	25	27	105

Disbursement by Product Type (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Leases and Other asset-backed loans	92.087	16.005.600	153.101.107	362.306.300
Mortgages	21.882.111	31.557.110	88.396.160	-
Revolving credit facilities	-	3.800.000	39.893.700	693.303.000
Unsecured loans	83.117.500	206.576.000	7.596.190	-
Total	105.091.698	257.938.710	288.987.157	1.055.609.300

Disbursement by Product Type (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Leases and Other asset-backed loans	2	12	15	89
Mortgages	4	5	6	-
Revolving credit facilities	-	5	5	16
Unsecured loans	45	3	1	-
Total	51	25	27	105

Appendix 8 · Credit Market Data – Other Credit Services End-Users

Disbursement to Other End-Users (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Non-profit organisations	0	0	0	0
Other banking institutions	0	0	0	0
Non-bank financial institutions	50.000	0	0	240.000
Embassies and international organisations	0	0	0	0
Affiliated companies	0	0	71.804.000	0
Non-resident individuals and entities	0	0	0	0
All others	805.425	10.036.094	4.792	55.417.551
Total Kwacha disbursed	855.425	10.036.094	71.808.792	55.657.551

Disbursement to Other End-Users (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Non-profit organisations	0	0	0	0
Other banking institutions	0	0	0	0
Non-bank financial institutions	1	0	0	3
Embassies and international organisations	0	0	0	0
Affiliated companies	0	0	1	0
Non-resident individuals and entities	0	0	0	0
All others	7	5	1	17
Total number of loans disbursed	8	5	2	20

Disbursement by Product Type (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Leases and Other asset-backed loans	-	481.227	71.804.000	55.417.000
Mortgages	789.679	9.547.490	-	-
Revolving credit facilities	50.000	-	-	240.000
Unsecured loans	15.746	7.377	4.792	551
Total	855.425	10.036.094	71.808.792	55.657.551

Disbursement by Product Type (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Leases and Other asset-backed loans	-	1	1	16
Mortgages	3	2	-	-
Revolving credit facilities	1	-	-	3
Unsecured loans	4	2	1	1
Total	8	5	2	20

Appendix 9 · Credit Market Data – Financial Inclusion

Access by Women (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of total agriculture accessed by women (%)	5,87%	33,62%	16,89%	9,25%
Small businesses	22,95%	26,93%	21,07%	26,60%
Portion of total household credit accessed by women (%)	26,13%	22,86%	27,49%	28,50%

Access by Youth as a Portion of End-User Types (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of small total agriculture accessed (%)	3,81%	23,47%	33,66%	11,75%
Portion of total small business credit accessed (%)	19,99%	19,86%	15,16%	24,83%
Portion of total household credit accessed (%)	34,13%	32,16%	32,92%	35,44%

Total Disbursements by Rural/Urban (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Rural	14,85%	12,80%	11,72%	12,95%
Urban	85,15%	87,20%	88,28%	87,05%

Total Disbursements by Rural/Urban (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Rural	18,81%	19,79%	21,15%	22,41%
Urban	81,19%	80,21%	78,85%	77,59%

Appendix 10 • Credit Market Data – Quality of the Loan Book

Age Analysis

7.50 7.1101,915				
	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of book: Current (%)	77,97%	78,35%	75,97%	75,31%
Portion of book: 1-59 Days late (%)	7,17%	6,95%	9,97%	11,17%
Portion of book: 60-89 Days late (%)	2,06%	2,28%	2,37%	1,72%
Portion of book: 90-119 days late (%)	1,29%	1,01%	1,17%	1,32%
Portion of book: 120-179 days late (%)	1,53%	1,10%	1,05%	0,86%
Portion of book: 180+ days late (%)	9,97%	10,32%	9,47%	9,63%
Total: 90 days or over	12,80%	12,43%	11,69%	11,81%

Non-Performing Loans according to Credit End-User Categories (90 Days late or more)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Business- Large	14,51%	13,50%	13,65%	13,26%
Business- MSME	25,36%	26,87%	13,56%	19,54%
Agriculture- Large	22,74%	24,60%	25,26%	24,68%
Agriculture- Small and Emergent	20,76%	21,62%	18,57%	19,48%
Households and Individuals	6,70%	6,13%	6,19%	6,33%
Government	1,36%	0,23%	0,06%	0,08%
Other end users	4,22%	7,78%	16,71%	29,11%

Non-Performing Loans according to Credit

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	13,99%	12,08%	19,67%	14,87%
Leases and Other asset-backed loans	26,70%	24,94%	12,56%	16,07%
Revolving credit facilities	11,73%	12,97%	12,16%	13,09%
Unsecured loans	7,45%	7,18%	5,73%	7,30%

Total Book by Product (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	7.497.595.013	8.264.295.853	8.832.165.964	8.730.925.742
Leases and Other asset-backed loans	5.778.860.282	6.052.133.460	7.154.360.980	7.074.763.155
Unsecured loans	11.759.344.538	12.338.261.407	13.421.959.217	14.430.930.810
Revolving credit facilities	5.136.864.648	5.081.095.498	6.778.740.539	6.307.895.230
Total	30.172.664.481	31.735.786.218	36.187.226.700	36.544.514.937

Total Book by Product (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	7.498	7.859	7.852	8.000
Leases and Other asset-backed loans	38.776	34.931	36.342	37.917
Unsecured loans	974.949	1.021.123	1.156.046	1.256.129
Revolving credit facilities	38.193	30.230	46.108	70.376
Total	1.059.416	1.094.143	1.246.348	1.372.422

Total Outstanding Loans by End-User (Number)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Business - Large	4.610	5.273	5.298	5.524
Business - MSME	83.195	70.075	98.868	96.653
Agriculture - Large	1.434	1.389	1.517	1.453
Agriculture - Small and Emergent	4.486	4.678	9.930	7.192
Households and Individuals	962.933	1.011.457	1.129.290	1.259.766

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Government	1.003	879	1.031	1.510
Other end users	1.755	392	414	324
Total	1.059.416	1.094.143	1.246.348	1.372.422

Total Outstanding Loans by End-User (Kwacha)

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Business - Large	9.743.780.971	10.735.200.903	11.973.550.404	12.292.177.368
Business - MSME	2.488.812.190	2.394.912.998	3.379.111.938	2.443.988.796
Agriculture - Large	4.112.755.266	4.061.151.384	4.603.173.880	4.445.814.984
Agriculture - Small and Emergent	176.835.794	180.719.426	249.811.526	324.201.951
Households and Individuals	12.095.707.188	12.811.725.962	13.784.272.831	14.367.978.195
Government	1.147.874.675	1.215.984.184	1.759.290.318	2.206.057.809
Other end users	406.925.290	336.098.457	437.999.967	464.300.354
Total	30.172.691.373	31.735.793.314	36.187.210.865	36.544.519.458

Allowance for Losses by End User

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Business - Large	11,1%	9,6%	9,7%	11,2%
Business - MSME	20,9%	23,7%	11,2%	15,9%
Agriculture - Large	14,9%	18,0%	19,6%	16,1%
Agriculture - Small and Emergent	18,8%	18,0%	18,4%	20,4%
Households and Individuals	7,1%	7,0%	7,5%	7,8%
Government	0,1%	0,2%	0,1%	1,8%
Other end users	2,9%	4,9%	12,3%	11,0%

Note: As % of end user book, not total book

Allowance for Losses - Institution Types

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Gross Value of the debtors book (ZMW)	23.863.086.315	24.815.472.578	29.000.831.984	28.990.212.522
Allowance for loan losses (ZMW)	2.296.741.451	2.361.743.789	2.672.981.668	2.742.271.046
Banks	9,62%	9,52%	9,22%	9,46%
Gross Value of the debtors book (ZMW)	755.682.511	781.645.784	831.649.337	866.192.739
Allowance for loan losses (ZMW)	92.681.590	95.352.494	134.806.617	148.094.510
Building Societies	12,26%	12,20%	16,21%	17,10%
Gross Value of the debtors book (ZMW)	272.629.436	360.863.869	419.504.313	502.783.882
Allowance for loan losses (ZMW)	19.249.113	21.231.068	20.372.731	47.703.373
Micro Finance Institutions - Small business development	7,06%	5,88%	4,86%	9,49%
Gross Value of the debtors book (ZMW)	4.018.981.771	4.298.577.055	4.699.969.958	4.949.204.620
Allowance for loan losses (ZMW)	299.698.990	314.217.092	342.488.536	418.801.293
Micro Finance Institutions - other	7,46%	7,31%	7,29%	8,46%

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Gross Value of the debtors book (ZMW)	1.262.076.452	1.455.170.423	1.235.255.272	1.236.125.694
Allowance for loan losses (ZMW)	413.329.275	485.099.225	406.226.334	405.447.613
Other	32,75%	33,34%	32,89%	32,80%
Total Gross Value of debtors book (ZMW)	30.172.456.485	31.711.729.710	36.187.210.865	36.187.210.865
Allowance for loan losses (ZMW)	3.121.700.419	3.277.643.668	3.576.875.885	3.762.317.835
Net Book (ZMW)	27.050.756.066	28.434.086.042	32.610.334.979	32.424.893.030
Allowance as percentage of gross book (%)	10,35%	10,34%	9,88%	10,40%

Allowance as a Percentage of each Product's Gross Book

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	17,3%	16,5%	16,7%	12,2%
Leases and Other asset-backed loans	9,2%	8,8%	10,0%	12,1%
Unsecured loans	8,0%	8,0%	6,7%	8,2%
Revolving credit facilities	7,0%	7,8%	7,3%	10,4%

Portion of the Value of each End User's Book that is 90 Days and more Late

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Business- Large	14,51%	13,50%	13,65%	13,26%
Business- MSME	25,36%	26,87%	13,56%	19,54%
Agriculture- Large	22,74%	24,60%	25,26%	24,68%
Agriculture- Small and Emergent	20,76%	21,62%	18,57%	19,48%
Households and Individuals	6,70%	6,13%	6,19%	6,33%
Government	1,36%	0,23%	0,06%	0,08%
Other end users	4,22%	7,78%	16,71%	29,11%

Portion of the Value of each Institution Type's Book that is 90 Days and more Late

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Banks	12,5%	12,4%	11,3%	11,0%
Building Societies	16,0%	17,5%	18,9%	19,9%
Enterprise lending MFIs	0,5%	0,7%	0,7%	0,8%
Consumer lending MFIs	88,3%	62,3%	63,1%	68,0%
Other NBFIs	35,5%	30,0%	37,8%	47,3%

Portion of the Value of each Product Type's Book that is 90 Days and more Late

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Mortgages	21,7%	20,6%	19,7%	14,9%
Leases and Other asset-backed loans	13,8%	11,8%	12,6%	16,1%
Unsecured loans	7,1%	7,0%	5,7%	7,3%
Revolving credit facilities	11,7%	13,0%	12,2%	13,1%

Age analysis of Non-Performing Loans - Business Large

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of book: Current	78,20%	80,29%	79,22%	79,31%
Portion of book: 1-29 days late	3,17%	2,87%	4,44%	5,53%
Portion of book: 30-59 days late	2,78%	1,91%	1,22%	0,89%
Portion of book: 60-89 days late	1,34%	1,43%	1,46%	1,01%
Portion of book: 90-119 days late	1,43%	1,22%	1,47%	1,18%
Portion of book: 120-179 days late	1,96%	1,85%	1,72%	1,24%
Portion of book: 180 and more days late	11,12%	10,43%	10,46%	10,84%
Total	9.743.768.282	10.735.211.000	11.973.546.312	12.292.184.404

Age Analysis of Non-Performing Loans - MSME

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of book: Current	64,29%	62,46%	79,06%	72,64%
Portion of book: 1-29 days late	6,84%	5,22%	5,55%	5,97%
Portion of book: 30-59 days late	1,78%	4,30%	6,84%	5,49%
Portion of book: 60-89 days late	1,73%	1,16%	0,94%	0,80%
Portion of book: 90-119 days late	0,90%	0,85%	1,12%	0,89%
Portion of book: 120-179 days late	1,32%	1,39%	0,52%	0,60%
Portion of book: 180 and more days late	23,14%	24,63%	11,92%	18,05%
Total	2.488.812.333	2.394.912.425	3.379.111.059	2.443.990.881

Age Analysis of Non-Performing Loans - Agriculture Large

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of book: Current	61,28%	63,62%	62,55%	63,64%
Portion of book: 1-29 days late	8,10%	3,48%	3,43%	3,71%
Portion of book: 30-59 days late	1,15%	0,33%	0,98%	0,80%
Portion of book: 60-89 days late	6,73%	7,96%	7,78%	7,17%
Portion of book: 90-119 days late	3,45%	2,41%	2,39%	3,15%
Portion of book: 120-179 days late	3,18%	0,63%	0,89%	0,59%
Portion of book: 180 and more days late	16,11%	21,56%	21,99%	20,94%
Total	4.112.756.820	4.061.149.973	4.603.174.781	4.445.816.138

Age Analysis of Non-Performing Loans - Agricultural Small

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of book: Current	70,26%	62,69%	70,76%	67,25%
Portion of book: 1-29 days late	6,69%	3,45%	5,63%	10,76%
Portion of book: 30-59 days late	2,00%	2,65%	3,20%	0,93%
Portion of book: 60-89 days late	0,30%	9,59%	1,83%	1,57%
Portion of book: 90-119 days late	1,39%	1,11%	0,55%	2,24%

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of book: 120-179 days late	3,40%	3,02%	0,73%	0,30%
Portion of book: 180 and more days late	15,97%	17,49%	17,29%	16,94%
Total	176.835.813	180.719.391	249.811.538	324.201.899

Age Analysis of Non-Performing Loans - Households and Individuals

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of book: Current	84,35%	85,38%	75,77%	74,73%
Portion of book: 1-29 days late	5,71%	5,96%	15,05%	15,56%
Portion of book: 30-59 days late	2,27%	1,68%	2,01%	2,27%
Portion of book: 60-89 days late	0,97%	0,85%	0,98%	1,12%
Portion of book: 90-119 days late	0,64%	0,53%	0,69%	0,71%
Portion of book: 120-179 days late	0,80%	0,65%	0,75%	0,83%
Portion of book: 180 and more days late	5,27%	4,95%	4,75%	4,79%
Total	12.095.707.830	12.811.708.893	13.784.260.208	14.367.977.767

Age Analysis of Non-Performing Loans - Government

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of book: Current	98,3%	75,0%	92,8%	86,3%
Portion of book: 1-29 days late	0,1%	4,0%	7,1%	13,4%
Portion of book: 30-59 days late	0,2%	20,8%	0,0%	0,2%
Portion of book: 60-89 days late	0,1%	0,0%	0,0%	0,0%
Portion of book: 90-119 days late	0,6%	0,0%	0,0%	0,0%
Portion of book: 120-179 days late	0,3%	0,0%	0,0%	0,0%
Portion of book: 180 and more days late	0,5%	0,2%	0,0%	0,1%
Total	1.147.874.811	1.215.984.042	1.759.290.766	2.206.057.445

Age Analysis of Non-Performing Loans - Other

	Q1 - 2018	Q2 - 2018	Q3 - 2018	Q4 - 2018
Portion of book: Current	81,35%	59,70%	45,82%	66,34%
Portion of book: 1-29 days late	1,34%	2,33%	1,37%	1,64%
Portion of book: 30-59 days late	0,20%	3,04%	0,83%	2,91%
Portion of book: 60-89 days late	12,88%	27,16%	35,27%	0,00%
Portion of book: 90-119 days late	0,04%	0,02%	0,15%	14,29%
Portion of book: 120-179 days late	0,15%	1,26%	2,69%	0,00%
Portion of book: 180 and more days late	4,03%	6,49%	13,88%	14,81%
Total	406.925.362	336.098.363	437.999.980	464.300.317

Appendix 11 • Rural and Urban Classification (List of Districts)

Used to classify credit granted to rural and urban areas in the return pages to follow.

Rural	Urban	
Central Province		
Chibombo	Kabwe	
Kapiri Mposhi		
Mkushi		
Mumbwa		
Serenje		
Copperbelt Province		
Lufwanyama	Chililabombwe	
Masaiti	Chingola	
Mpongwe	Kalulushi	
	Kitwe	
	Luanshya	
	Mufulira	
	Ndola	
Eastern Province		
Chadiza	Chipata	
Katete		
Lundazi		
Mambwe		
Nyimba		
Petauke		
Luapula Province		
Chienge	Mansa	
Kawambwa		
Milenge		
Mwense		
Nchelenge		
Samfya		
Lusaka Province		
Chongwe	Lusaka	
Kafue		
Luangwa		
Muchinga Province		
Chama	Mafinga	
Chinsali		
Isoka		

Rural	Urban
Mpika	
Nakonde	
Northen Province	
Chilubi	Kasama
Kaputa	
Luwingu	
Mbala	
Mporokoso	
Mpulungu	
Mungwi	
North-Western Prov	ince
Chavuma	Solwezi
Ikelenge	
Kabompo	
Kasempa	
Mufumbwe	
Mwinilunga	
Zambezi	
Southern Province	
Gwembe	Choma
Itezhi Tezhi	Livingstone
Kalomo	
Kazungula	
Mazabuka	
Monze	
Namwala	
Siavonga	
Sinazongwe	
Western Province	
Kalabo	Mongu
Kaoma	
Lukulu	
Senanga	
Sesheke	
Shang'ombo	



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